

FOXTONS GROUP PLC
TRADING UPDATE
11 JANUARY 2017

Foxtons plc (LSE: FOXT) (the “Company”), London’s leading estate agency, issues its trading update for the year ended 31 December 2016 ahead of its audited results announcement on 8 March 2017.

Total group revenue for the year was circa £133m (2015: £150m), with revenue for the quarter ended 31 December 2016 totalling circa £26m (2015: £35m). Adjusted EBITDA¹ for the full year ended 31 December 2016 is expected to be approximately £25m (2015: £46m).

The reduction in Group revenue for the year reflects the significant fall in sales volumes immediately following the first quarter of 2016. In the final quarter of 2016, sales revenues were circa £12m (2015: £20m) as volumes remained subdued. Lettings revenues in Q4 were circa £13m (2015: £13m) and have remained more resilient, benefitting from our high levels of renewals despite lower levels of new tenant activity and some downward pressure on rents arising from increased stock availability. Our lettings business remains a consistent and recurring revenue stream which comprises over half of group revenues.

We have continued to focus on maintaining tight cost control while market conditions remain challenging, which provided protection to our EBITDA margin during the second half of the year.

Nic Budden, CEO, commented:

“Despite a challenging year across the residential property markets, we have continued to make good progress in respect of our strategic initiatives, including building our presence in PRS and new homes, and leveraging our technology using data analytics and digital marketing to enhance our customer proposition. We also opened seven new branches in 2016 and a further two branches in outer London are due to open in Q1 2017.

Looking ahead, we expect trading conditions to remain challenging in 2017. Should current levels of sales activity continue in the short term, it is likely that 2017 volumes will be below those in 2016. Our balanced business model provides resilience against sales market cycles and we have a strong balance sheet with no debt. Our high-touch approach to customer service continues to be a key differentiator and as the most recognised residential brand in London, we are uniquely positioned to manage through the market uncertainties and take advantage of any change in conditions.”

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014). Upon the publication of this announcement via a Regulatory Information Service this inside information is now considered to be in the public domain

Forward Looking Statements

This trading update may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date such statements are published.

Notes

1. Adjusted EBITDA is defined as profit for the period before finance costs, finance income, tax, exceptional items, depreciation, amortisation, profit on disposal of property, plant and equipment and share-based payments.

About Foxtons Group plc

Foxtons was founded in 1981 with the first branch opened in Notting Hill Gate. Today with 65 branches and growing, the Group focuses on the higher-volume, higher-value property markets in London. The Company is able to generate high margins through its business model, which combines:

- A strong single brand;
- High levels of centralisation allowing low cost expansion of branches;
- An innovative application of technology; and
- A powerful culture of sales and service through outstanding training and staff development

The Group has a clear strategy to grow profitability by:

- Targeting higher-volume, higher-value residential property markets in London;
- Maintaining a balance between sales and lettings;
- Providing a premium service which supports premium prices;
- Expanding organically to maximise return on capital; and
- Positioning itself for sales volume market growth.

Foxtons is a multi-award-winning estate agency, winning numerous awards at prestigious industry events. These awards acknowledge our work-hard, results-driven attitude and dedication to quality service.