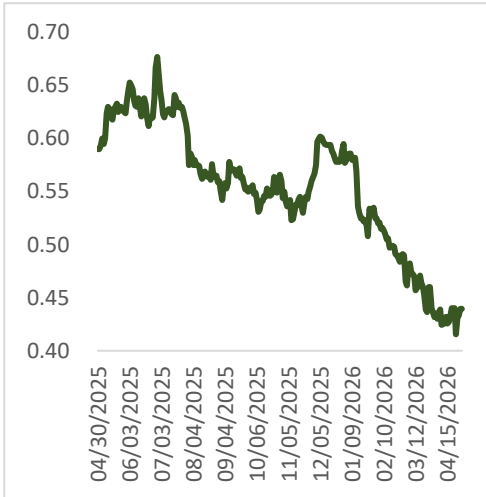


Initiation – large structural opportunity in Lettings

1 Year share price chart (£)



Foxtons is London’s leading estate agency and the UK’s largest lettings brand. The Group provides lettings and sales, under the Foxtons brand, and also offers financial services, under the Alexander Hall brand. We believe that the market does not fully appreciate how the Group is now so much more focussed on Lettings (64% of revenue in FY25) than Sales (30%). Lettings provides recurring revenues and defensiveness, and when combined with the Financial Services’ refinance revenues, it means that non-cyclical and recurring revenues comprise 67% of Group revenues.

Guy Gittins returned to Foxtons as CEO in September 2022 and has significantly improved its operational and financial performance, with adjusted operating profit rising by 126% from £9.8m in FY21 to £22.2m in FY25. Mr Gittins has refocussed the Group on growth, both organically (especially by taking market share) and by pursuing acquisitions in Lettings, with the goal of further increasing the proportion of non-cyclical, recurring revenues. In 2025, the Group updated the strategy with ambitious new goals of £240m of revenues (39% higher than the £173m of FY25) and £50m in adjusted operating profit (125% higher than the £25m of FY25) which would see the adjusted operating profit margin increase from 13% in FY25 to 20%.

Foxtons Group PLC is a research client of H2 Radnor Ltd.

MiFID II – this research is deemed to be a minor, non-monetary benefit.

30th April 2026

Robert Plant

rp@radnorcp.com

+44 (0) 203 897 1846

- Lettings acquisitions** are the main contributor to the £50m adjusted operating profit target. The Group has accelerated acquisition spending in recent years, achieving a very impressive 24% ROIC, as it buys at attractive multiples and improves what are usually small private firms by adding scale and efficiency. Foxtons is increasingly focussed on non-London acquisitions, in commuter markets and, recently, Birmingham, and we think these are attractive regions as it is the leading company in London with 6% market share yet just 1% in other markets.
- Next event;** the Group will release H126 results on 30 July. The Q126 trading update, released on 23 April, said that “the Group is trading in line with previous expectations and full year guidance remains unchanged”.
- Valuation;** Foxtons’ share price, at 44p is 37% below the five-year high of 70p it reached in 2024 and considerably below the 230p IPO price and we believe that this represents an attractive entry point; with the share price offering a FY26 PER of just 8.9x. Our illustrative fair value, based on a DCF valuation is 90p per share, twice the current share price.

Y/E Dec, £m	Revenue	Adj PBT	Adj EPS (p)	Div (p)	Net Debt	PE	Yield
2024 A	163.9	19.8	5.1	1.17	12.7	8.7	2.7
2025 A	172.5	19.8	4.9	1.17	16.9	8.9	2.7
2026 E	178.6	20.0	5.0	1.21	17.5	8.9	2.8
2027 E	183.6	23.5	5.9	1.44	7.9	7.5	3.3
2028 E	192.4	27.3	6.8	1.67	Net cash	6.4	3.8

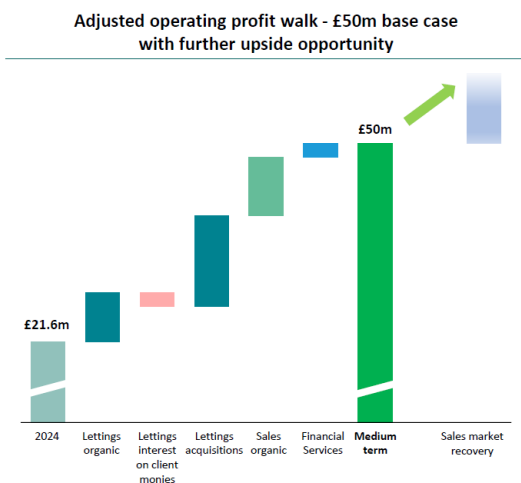
Source: h2Radnor

Foxtons in four key charts

Focus on growing non-cyclical and recurring revenues (March 2026)

Area	Operational progress	2026 focus
Organic Lettings growth	<ul style="list-style-type: none"> +8% market share. Stable portfolio of 32,000 tenancies. +53% since 2021. +7% property management cross-sell. 	Lettings growth formula: landlord attraction and retention, and cross-selling high-margin services.
Earnings enhancing Lettings acquisitions	<ul style="list-style-type: none"> Delivering returns from Watford and Reading acquisitions. Bolt-on acquisition in Watford. 20% ROIC. Platforms acquired in Milton Keynes and Birmingham (January 2026). 	Delivering returns from recent acquisitions.
Improving Sales profitability	<ul style="list-style-type: none"> Stable market share in a volatile market. New MD appointed. 	Operational plan to reposition the business to market conditions.
Financial Services	<ul style="list-style-type: none"> +13% adviser productivity (deals per head). +5% improved lead conversion. 	Operational improvements to drive productivity and efficiency.
Cost base	<ul style="list-style-type: none"> Focus on cost control in the year. £1.5m annual operating cost saving from HQ relocation. 	Ongoing cost control programme to mitigate cost pressures.

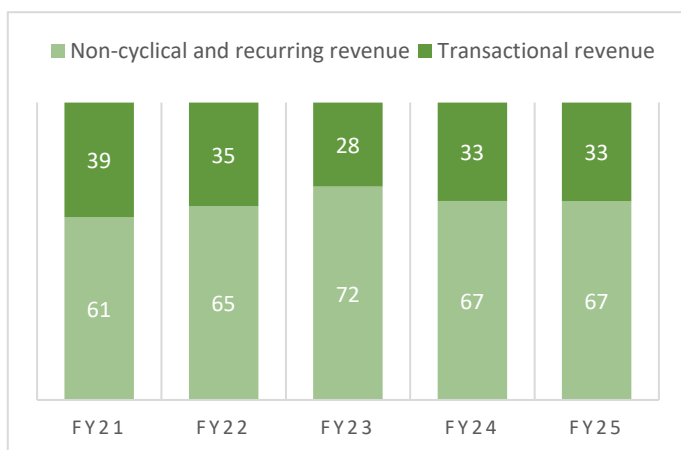
Plan to increase adjusted operating profit from £22m to £50m over the medium term



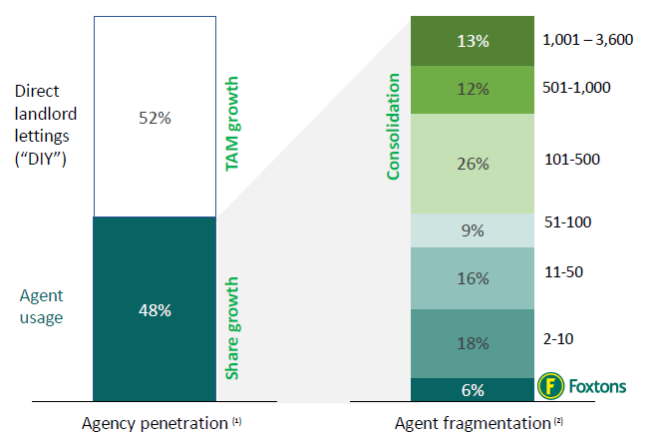
Key assumptions and drivers

Lettings organic	<ul style="list-style-type: none"> Inflation-linked revenue. Driving organic growth through customer retention, new customer attraction and sell-through of value-add services.
Lettings acquisitions	<ul style="list-style-type: none"> £15m+ annual spend, building with improving cash generation. 20% total ROIC target (post synergies). Earnings enhancing from year 2.
Interest on client monies	<ul style="list-style-type: none"> Expected headwind as interest rates reduce. Hedged by increased sales market activity.
Sales organic	<ul style="list-style-type: none"> Medium-term: 95k London annual transaction volumes (vs. 100k long run average). Further market share progression. Growing revenue per deal.
Financial Services	<ul style="list-style-type: none"> Scaling up to maximise the opportunities presented by Foxtons' lead generation and an improving market backdrop.
Sales market recovery	<ul style="list-style-type: none"> Transactional revenue growth from a recovery in sales market volumes above long-term average levels.

Focus on non-cyclical and recurring revenues (%)



In a highly fragmented market (London and SE)



Investment case

Non-cyclical and recurring revenues

We believe that the market does not fully appreciate the contribution that Lettings now makes to Group revenue and how the Group is much less dependent on Sales. Instead, judging by the share price and valuation, we think the market perceives Foxtons to be much more cyclical than it is. Lettings has been the largest of the Group's three segments since FY08 and accounts for 64% of revenue. Non-cyclical and recurring revenue includes all of Lettings' revenue and the revenues from the refinance segment of Financial Services and this rose from 61% in FY21 to 67% in FY25, increasing the defensiveness of the Group.

Demanding financial targets

Since Mr Gittins became CEO the operational and financial performance of the Group has improved considerably. Between FY21 and FY25, Foxtons' revenue rose by 36% from £126.5m to £172.5m and its adjusted operating profit increased by 126% from £9.6m to £22.2m, with the adjusted operating profit margin improving from 7.8% to 12.9%. At the Capital Markets Day in June 2025, Mr Gittins set out demanding new targets with the medium-term goal of £240m of revenues, £50m in adjusted operating profit and a 20% operating profit margin, which we believe offer considerable upside to the share price if performance reaches these sorts of levels.

Consolidating fragmented markets

Both Foxtons' main London markets of lettings and sales are highly fragmented – it is the market leader but with only 5% to 7% market share in its main markets. We believe that the Group has a large opportunity to take further market share, both organically, and in the case of lettings through acquisitions too. Most of Foxtons' competitors are small, privately owned companies who lack its scale and we think will struggle in the face of rising compliance and technology costs and may exit through selling to Foxtons.

High ROIC on lettings acquisitions

The Group's strategy is to acquire earnings-accretive, lettings-focused businesses which expand its portfolio of non-cyclical and recurring revenues. Acquisitions are focussed on lettings, albeit these usually have a sales operation attached. Targets are usually small, privately owned companies where the catalyst for the vendors is usually a change in lifestyle (e.g. retirement). At the FY25 results, management said that the acquisition pipeline was excellent and that multiples had not changed in the last two years. Foxtons has a very good track record of generating attractive returns from acquisitions, with an average of 24% ROIC on deals in recent years. Although Foxtons also undertakes share buybacks we think that acquisitions are even more appealing.

The Group is increasingly targeting acquisitions in commuter markets outside of London as seen by its recent entry into Milton Keynes, Reading and Watford. Commuter markets should benefit from customer flows from London. Commuter markets offer considerable penetration upside, for instance in lettings Foxtons has 6% of the market in London but only around 1% in commuter markets.

Birmingham – a very large opportunity

This year, the Group entered Birmingham through the purchase of FleetMilne, marking its first expansion outside of the London commuter belt. Birmingham is different to the recent acquisition of commuter market businesses as it is a 'hub' market. Foxtons was attracted to the city for a number of reasons including; it is a large market in itself, rents are not that much lower than in Foxtons' current locations, there is a large and growing build to rent (BTR) market, a number of banks are relocating their back offices to the city, connectivity to London will improve with the opening of the HS2 rail connection, and it is fairly close to Foxtons' existing property management centre in Worcester. Longer-term, if Birmingham is a success, we think that the Group could replicate the strategy in other larger cities like Leeds and Manchester.

Regulatory change leads to increasing market share

Rental regulation continues to tighten, with the next change being the Renters' Rights Act (RRA) which comes into effect on 1 May. We believe that the Group benefits from increased regulation as it is likely to continue to encourage the 52% of independent landlords in London and the South East to switch to using an agent due to concerns about breaching regulations which can lead to heavy fines. Dealing with regulation is also placing an increased burden on smaller agents which should help Foxtons to continue to gain market share especially by prompting acquisition opportunities.

Property Management Service - cross-sell opportunity

A major opportunity for the Group is to increase the proportion of tenancies involving a Property Management Service (PMS). PMS maximises the financial returns for landlords by effectively managing property maintenance and administrative issues and by providing a higher level of credit control to minimise levels of rent arrears. The proportion of tenancies involving PMS has risen from 32% before the 2013 IPO to 43% in FY25. We believe that the RRA could prompt more landlords to use PMS to avoid the risk of breaching the new regulations (of which there are many). Management said that PMS has an adjusted profit margin, at +50%, which we note is much higher than the 27% for Lettings as whole.

Foxtons Operating Platform – scale and efficiency

A major competitive advantage of the Group, especially compared with smaller agents, is the scale and efficiency it has created through the Foxtons Operating Platform. Over two decades, Foxtons has centralised functions include sales support, comprehensive property management service, marketing, finance, IT and administrative services onto the Foxtons Operating Platform. In particular, we see the database and website that the Group has created as a major differential to competitors, making it the go-to market place for landlords and tenants and buyers and sellers. Rebuilding and strengthening of the Foxtons Operating Platform was a key focus of the Group's operational turnaround programme under Mr Gittins. The operational leverage created by the Foxtons Operating Platform has been a major contributor to recent margin expansion.

Sales recovery upside

Although the focus of the Group is on growing non-cyclical and recurring revenue, we see potential upside from reducing the current losses in Sales. Returning the Sales business to profitability is a fundamental priority for the Group and to support this objective, James Stevenson was appointed Managing Director in November 2025 to enact an operational plan to accelerate the path to profitability by repositioning the business to reflect current market conditions. We note that Mr Stevenson has been with Foxtons' Sales segment for 21 years (we think it is encouraging how many of the senior people at the Group have risen internally).

In the Q126 trading update, the Group set out a cost-reduction programme targeting at least £3m of annualised savings, weighted to Sales. Key to the programme is repositioning Sales to improve its margin, in a lower transaction environment, and this is being delivered through enhancements to the operating model to reduce costs while protecting revenue. Some of the main elements of the programme are; reallocating headcount towards higher-growth opportunities in Lettings, redeploying support roles into fee-earning roles to drive productivity and lowering support costs through more efficient workflows and processes.

A return to profit probably requires a sustained London property market recovery but we believe that Foxtons is likely to continue to take market share which is likely to help. At the current share price valuation, we believe that new investors are effectively being offered 'free' upside on a Sales recovery.

A highly cash generative business model

The Group is highly cash generative, with low levels of working capital and capex. Free cash provides Foxtons with plenty of options to pursue acquisitions and also increase shareholder returns (both through a progressive dividend and share buybacks). At the current share price, share buybacks are highly accretive.

Strong balance sheet

Net debt was only 0.7x at the end of FY25, comfortably below management's target of not more than 1.25x. A strong balance sheet offers the Group further opportunities to make acquisitions. We think if the Group's share price rerates then it could potentially issue equity to fund an even higher level of acquisition spending, but at current share price levels this is unlikely.

Highly attractive share price valuation

At 44p, the Group's share price offers a FY26 PER of just 8.9x, the second lowest of our peer group. If Foxtons can achieve its medium target of £50m of adjusted operating profit then the PER would be just 3.8x. Our DCF based illustrative fair value of 90p per share is twice the current level, offering very significant upside.

Risks

Sales remains challenged

Sales has been challenging for many years and the adjusted operating profit loss widened from £3.8m in FY24 to £5.7m in FY25. We think that the backdrop of a subdued London property market and the challenging macro makes returning the segment to profit difficult in the near-term. Since the start of FY25, expectations for a further cut to the Bank of England base rate, which might have boosted the market, have been scaled back given the likelihood of higher inflation following the rise in energy prices as a result of the current Iran conflict. Reducing costs further may be hard given previous reductions, the desire to maintain fee earner staff levels and the fact that lettings and sales share branch offices. That said, the current backdrop is very fluid and at the current share price valuation, we believe that new investors are being offered free upside on Sales' recovery anyway and reducing losses could be helped by a further improvement in Foxtons' scale through market share gain and the current cost reduction programme.

Renters' Rights Act

In the short term there is the risk of flux when the Act comes into effect; for example, independent landlords (who are the Group's key market) may decide to sell. However, we see the RRA as positive in the medium term for the Group, especially if it encourages more DIY landlords to switching to use an agent and existing clients to use PMS. It is not unreasonable to assume with enhanced regulation and compliance, the market will institutionalise and professionalise to the benefit of firms like Foxtons.

Decline in the number of small landlords

There has been a gradual decline in the number of independent landlords mainly as a result of tax changes and also rising interest rates and this could be accelerated by the RRA. That said, we think many independent landlords who were considering exiting will already have done so and positively the gap in this market is being replaced by institutional landlords and through BTR, which is a major growth market for the Group.

London as a place to live

London is Foxtons' key market, and a reduction in London's standing as a major financial city caused by the macro-economic and political environment would therefore be a risk. We note that the London sales market has been affected by Brexit, Covid and the general economic backdrop. However, the market should be buoyed long-term by ongoing population growth and we note that Foxtons is becoming less dependent on London as it expands into commuter markets and Birmingham.

Competition

The Group operates in a highly competitive marketplace and we note that its commission rate is higher than rivals. However, Foxtons has seen ongoing market share growth in recent years and we believe that its higher commission levels are justified by the superior service that it offers to clients. We think that the Group is likely to continue to gain share partly due to the scale and efficiency created by the Foxtons Operating Model. Plus, smaller competitors are being squeezed by rising regulatory, compliance and technology costs.

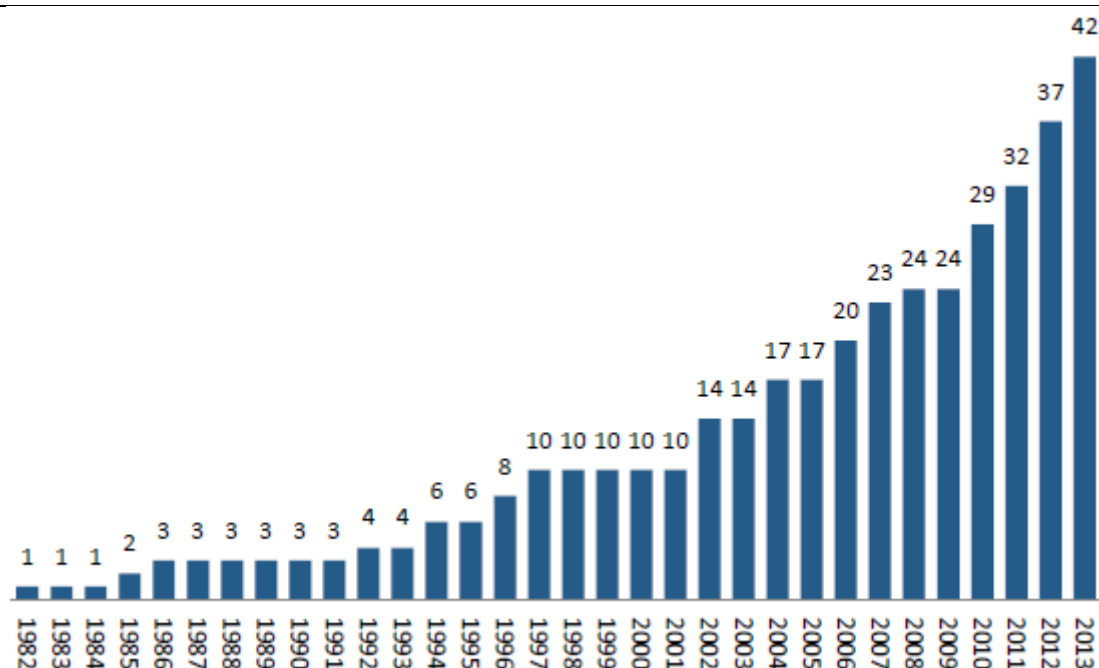
Compliance

Breaches of laws or regulations could lead to financial penalties and reputational damage for the Group. Foxtons estate agency business operates under a range of legal and regulatory requirements, such as complying with certain money laundering regulations and protecting client money in line with the relevant regulations. The Group's Financial Services business is authorised and regulated by the Financial Conduct Authority (FCA) and could be subject to sanctions for non-compliance.

History

Foxtons, based in Chiswick, is London's leading estate agency and the UK's largest lettings brand. The Group provides lettings and sales, under the Foxtons brand, and also offers financial services, under the Alexander Hall brand, primarily based around independent mortgage advice. Foxtons was founded by Jon Hunt in 1982, who named it after a village near his childhood home. The Group was initially only a sales business. Foxtons started with a two-person branch in Notting Hill Gate and grew rapidly to 42 branches in 2013 at IPO (Figure 1).

Figure 1: Foxtons' number of branches



Source: Company, h2Radnor

BC European Capital, a private equity company, acquired a controlling interest in the Group in June 2007 for £390m, including Mr Hunt's 90% stake. Mr Hunt has not been involved with the business since. Soon after the purchase, Foxtons was heavily impacted by the GFC, albeit through cost cutting it still reported positive adjusted EBITDA even whilst maintaining its branch network (Figure 2).

Figure 2: Foxtons' pre-IPO financial performance (£m)

December year end	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Revenue	54	68	80	104	124	84	88	102	115	118
Growth		26%	18%	30%	19%	(32%)	5%	16%	13%	3%
Adjusted EBITDA	10.0	11.9	17.8	30.7	33.2	9.9	23.1	31.8	37.1	37.9
Growth		19%	50%	72%	8%	(70%)	133%	38%	17%	2%
Adjusted EBITDA margin	19%	18%	22%	30%	27%	12%	26%	31%	32%	32%
Branches	14	17	17	20	23	24	24	29	32	37
Growth		21%	0%	18%	15%	4%	0%	21%	10%	16%

Source: Company, h2Radnor

During the GFC, Foxtons' Lettings business grew revenues each year, reinforcing to us how defensive this market is, and partly offset the sharp revenue decline at both Sales and Mortgage broking (Figure 3). We believe that the lettings market is much more stable than sales as tenancies typically last two years and there is some counter-cyclicality with people switching from buying to renting in a recession. In contrast, Sales' revenues declined by 59% in FY08 mirroring the 67% reduction in London property sales transactions between July 2007 and June 2009. The Group's revenue rebounded swiftly post the GFC.

Figure 3: Foxtons' pre-IPO financial performance by segment revenue (£m)

December year end	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Lettings	19	24	31	36	42	47	48	52	58	61
Growth		26%	29%	16%	17%	12%	3%	8%	12%	5%
Sales	28	36	40	58	66	27	35	46	53	53
Growth		29%	11%	45%	14%	(59%)	30%	31%	15%	0%
Mortgage broking	7	8	9	10	16	9	4	4	4	4
Growth		14%	13%	11%	60%	(44%)	(56%)	0%	0%	0%
Total	54	68	80	104	124	83	87	103	116	120
Growth		26%	18%	30%	19%	(33%)	5%	18%	13%	3%

Source: Company, h2Radnor

During the GFC, Lettings became the largest segment by revenue and has remained so since (Figure 4).

Figure 4: Foxtons' pre-IPO proportion of revenues by segment (%)

December year end	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Lettings	35	35	39	35	34	57	55	51	50	52
Sales	52	53	50	56	53	33	40	45	46	45
Mortgage broking	13	12	11	10	13	11	5	4	3	3
Total	100	100	100	100	100	100	100	100	100	100

Source: Company, h2Radnor

The Group listed on the Main Market of the LSE in September 2013, at 230p per share giving it an initial market cap of £649m (Figure 5). The IPO comprised a Primary (8% of total) which raised gross proceeds of £55m (£49m net) which was used to fully repay debt. Plus, there was a Secondary of £374m (58% of total).

Figure 5: Foxtons' IPO structure

Shares	Number (m)	Value (£m)	Proportion (%)
Primary	24	55	8
Secondary	162	374	58
Existing	96	220	34
Total	282	649	100

Source: Company, h2Radnor

Post IPO, Foxtons' free float was 66%, with Michael Brown, CEO at the time (who had become CEO in 2007, having joined the Group in 2002), owning 8% (Figure 6).

Figure 6: Foxtons' pre and post IPO equity structure (%)

Shareholder	Pre-IPO	Post-IPO
BC Parners	75	22
Michael Brown	18	8
Employee shareholders	7	3
Free float		66
Total	100	100

Source: Company, h2Radnor

Strategy

Mr Gittins, who started his career at Foxtons, returned to become CEO in September 2022 and set about improving operational and financial performance, setting this out in a strategy update at the FY22 results in March 2023.

We note that, prior to Mr Gittins's arrival, Foxtons' performance had waned with its adjusted operating profit reducing by 80% from £46.1m in FY13 to £9.8m in FY21. Some of this decline in profit was market related; Brexit, Covid and the rise in Stamp Duty Land Tax (SDLT), but some was also due to previous management decisions, for example too much capital was returned to shareholders and not enough invested in organic growth and acquisitions. Mr Gittins identified operational neglect and failure in all areas of the business (Figure 7).

Figure 7: Foxtons - areas of historic neglect/failure – pre FY22

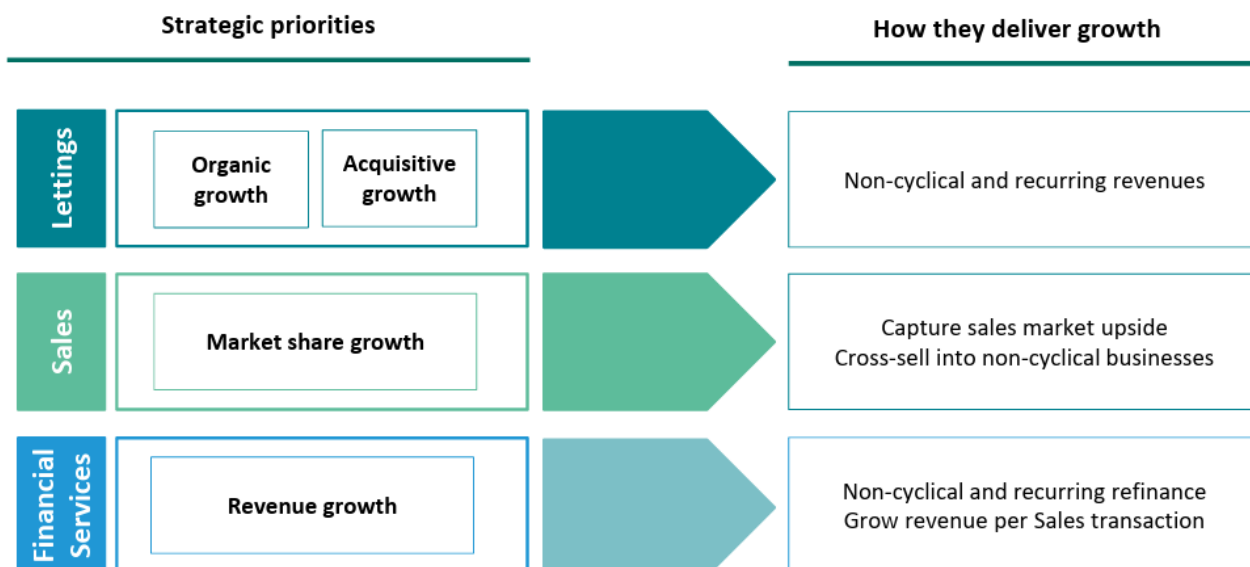
<p>Group</p>	<p>Capital allocation and operational decisions</p> <ul style="list-style-type: none"> • Insufficient investment in growth drivers, costs cut in the wrong areas • Tech investments focused on admin tasks rather than revenue generation • No innovation in estate agency processes throttling growth 	<p>Lettings</p>	<p>Organic portfolio growth not prioritised or delivered. Acquisitions should have started earlier</p> <ul style="list-style-type: none"> • 1% organic portfolio growth p.a.⁽⁴⁾ • Acquisitions only started in 2020, well after competitors
<p>Sales</p>	<p>Cost cutting in the wrong areas, core damaged and Foxtons USP diluted</p> <ul style="list-style-type: none"> • Market share decline from c.4.5% in 2016, to c.3.4% in 2022⁽²⁾ • Share decline highest in higher value markets. Average price change since 2016; Foxtons: 4%, London: 14%⁽³⁾ 	<p>Financial Services</p>	<p>Sub-scale, lack of confidence to invest for growth</p> <ul style="list-style-type: none"> • Little volume growth despite high levels of leads from estate agency • Lack of adviser headcount throttled growth

Source: Company, h2Radnor

Mr Gittins' strategic plan focussed on both reviving organic revenue growth and making acquisitions, seeking to further expand the over two-thirds of revenues which are non-cyclical and recurring in nature, primarily by growing Lettings (Figure 8).

Figure 8: Foxtons - 2023 strategic plan

Refocused strategic priorities
Emphasis on non-cyclical and recurring revenue streams

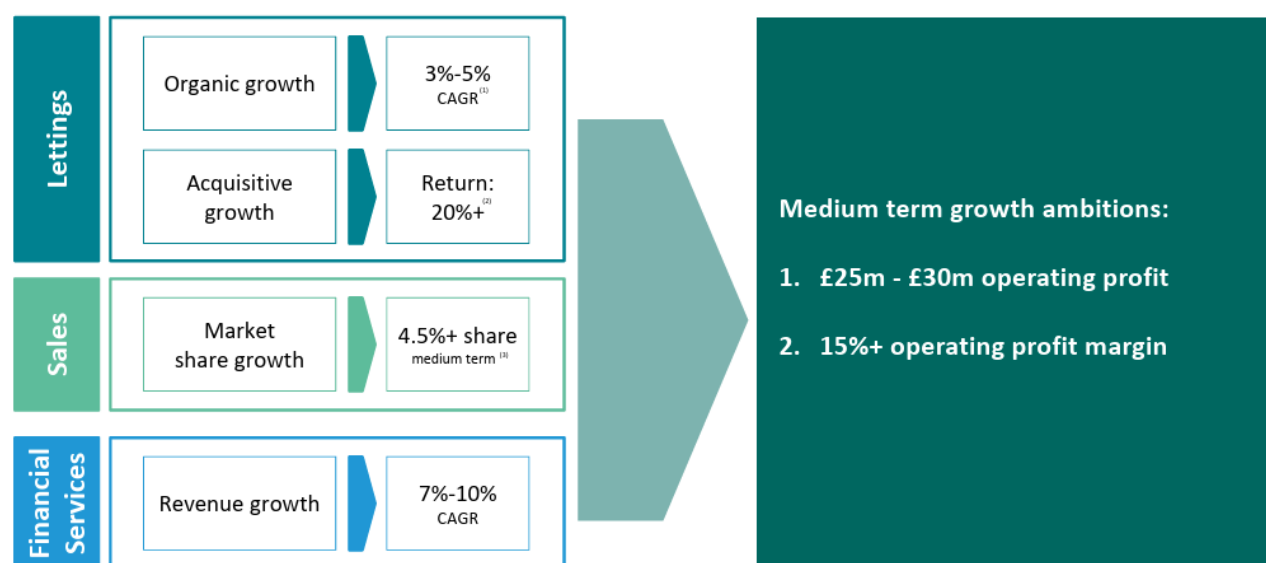


Source: Company, h2Radnor

The plan set a medium-term target of £25m to £30m operating profit target (Figure 9).

Figure 9: Foxtons' strategic priorities – 2023 strategic plan

Refocused strategic priorities
Tangible objectives drive medium term growth ambitions



Source: Company, h2Radnor

In FY25, Foxtons achieved £22m of operating profit, narrowly missing the lower end of the target, we think primarily because of the uncertainty caused to Sales by the long run-up to the Autumn Budget.

We think it very impressive how the Group’s financial performance improved under Mr Gittins, with a 126% increase in adjusted operating profit between FY21 and FY25 (Figure 10). The Group’s inherent operational gearing can be seen by the 36% rise in revenue which generated a 41% increase in contribution and 126% growth in adjusted operating profit.

Figure 10: Foxtons’ financial performance (FY21 to FY25)

December year end	FY21	FY25	Change (%)
Revenue (£m)	126.5	172.5	36
Contribution (£m)	78.5	110.4	41
Contribution margin (%)	62.1	64.0	
Adjusted operating profit (£m)	9.8	22.2	126
Adjusted operating profit margin (%)	7.8	12.9	

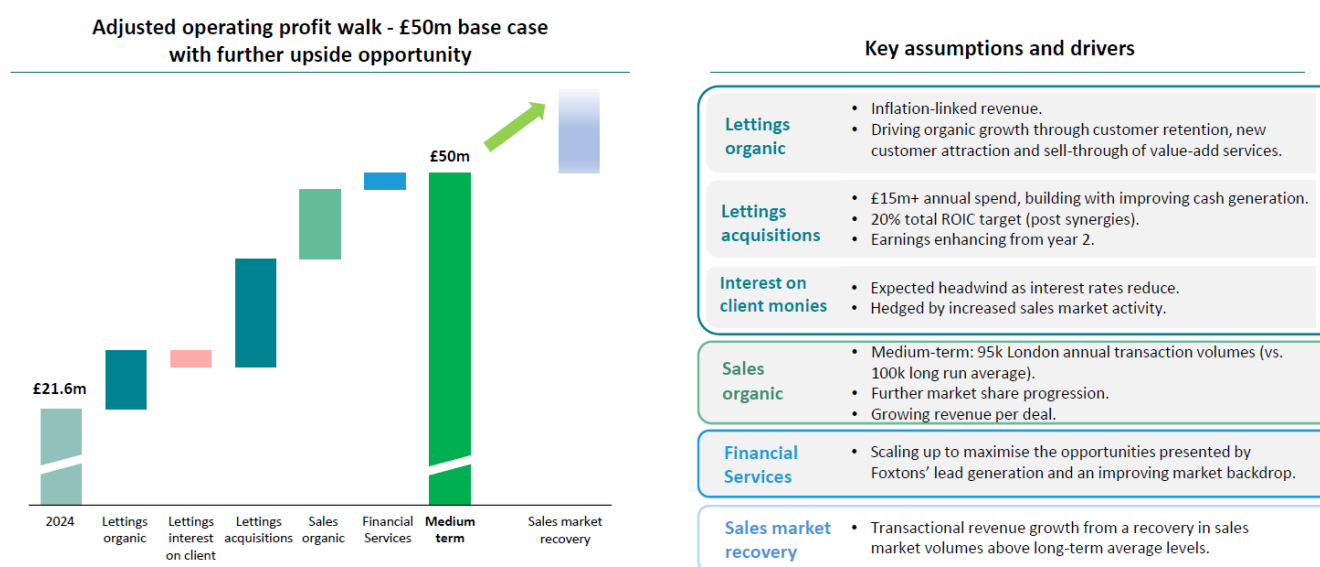
Source: Company and h2Radnor

In 2025, Foxtons’ management updated the strategic plan, outlining the next stages of growth, and setting new medium-term financial targets;

- £240m in revenue,
- £50m in adjusted operating profit,
- a 20% adjusted operating profit margin, and
- 60% to 70% net free cash flow conversion

We note that Foxtons did have a margin higher than 20% from FY10 to FY15. Lettings acquisitions are expected to be the largest contributor to reaching the targets and good progress has already been made here, noting the recent acquisitions in Milton Keynes and Birmingham (Figure 11).

Figure 11: Foxtons - business drivers to deliver the medium-term £50m adjusted operating profit



Source: Company, h2Radnor

We think it interesting that consensus does not yet forecast Foxtons achieving anything like £50m of adjusted operating profit (or EBITA according to FactSet consensus), suggesting considerable upside market surprise if it starts to look like that it will (Figure 12).

Figure 12: Foxtons' EBITA consensus

December year end	FY26	FY27	FY28
EBITA	23.4	26.0	28.7

Source: FactSet, h2Radnor

At the FY25 results presentation, in March 2026, management provided an update on the plan (Figure 13).

Figure 13: Foxtons - operational progress being delivered

Area	Operational progress	2026 focus
Organic Lettings growth	<ul style="list-style-type: none"> ✓ +8% market share. ✓ Stable portfolio of 32,000 tenancies. +53% since 2021. ✓ +7% property management cross-sell. 	Lettings growth formula: landlord attraction and retention, and cross-selling high-margin services.
Earnings enhancing Lettings acquisitions	<ul style="list-style-type: none"> ✓ Delivering returns from Watford and Reading acquisitions. ✓ Bolt-on acquisition in Watford. 20% ROIC. ✓ Platforms acquired in Milton Keynes and Birmingham (January 2026). 	Delivering returns from recent acquisitions.
Improving Sales profitability	<ul style="list-style-type: none"> ✓ Stable market share in a volatile market. ✓ New MD appointed. 	Operational plan to reposition the business to market conditions.
Financial Services	<ul style="list-style-type: none"> ✓ +13% adviser productivity (deals per head). ✓ +5% improved lead conversion. 	Operational improvements to drive productivity and efficiency.
Cost base	<ul style="list-style-type: none"> ✓ Focus on cost control in the year. ✓ £1.5m annual operating cost saving from HQ relocation. 	Ongoing cost control programme to mitigate cost pressures.

Source: Company, h2Radnor

Segments

Foxtons operates through three segments; Lettings, Sales and Financial Services which are interlinked (Figure 14). Lettings and Sales share the same branches, and there is a degree of customer overlap, for example someone buying a property through Sales and then renting it out through Lettings and/or being introduced to Financial Services to find the best mortgage. That said, the employees of the three segments are quite separate.

Figure 14: Foxtons' segmental revenue (£m)

December year end	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Revenue										
Lettings	52.9	59.9	63.1	66.4	67.4	69.0	68.3	66.3	67.0	65.7
Sales	46.0	52.7	53.1	67.4	69.8	72.5	55.5	42.6	36.2	32.6
Financial Services	4.0	3.7	3.5	4.9	6.3	8.3	8.9	8.8	8.3	8.5
Other	0.3	0.1	0.3	0.5	0.4					
Total	103.1	116.4	120.0	139.2	143.9	149.8	132.7	117.6	111.5	106.9

December year end	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue									
Lettings	57.3	74.3	86.9	101.2	106.0	111.0	117.2	120.1	126.3
Sales	28.2	42.7	43.2	37.2	48.6	51.3	50.7	52.5	54.6
Financial Services	8.1	9.5	10.2	8.8	9.3	10.3	10.8	11.0	11.4
Other									
Total	93.6	126.5	140.3	147.1	163.9	172.5	178.6	183.6	192.4

Source: Company, h2Radnor

Lettings is the largest segment by revenue, at 64% in FY25, which we do not think that the market fully appreciates as our sense is that a lot of investors still see the Group as much more exposed to Sales than it is (Figure 15).

Figure 15: Foxtons' segmental revenue proportion (%)

December year end	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Revenue proportion										
Lettings	51	51	53	48	47	46	52	56	60	62
Sales	45	45	44	48	49	48	42	36	32	31
Financial Services	4	3	3	4	4	6	7	7	7	8
Other	0	0	0	0	0					
Total	100	100	100	100	100	100	100	100	100	100

December year end	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue proportion									
Lettings	61	59	62	69	65	64	66	65	66
Sales	30	34	31	25	30	30	28	29	28
Financial Services	9	7	7	6	6	6	6	6	6
Other									
Total	100	100	100	100	100	100	100	100	100

Source: Company, h2Radnor

We think that the proportion of Foxtons' revenue generated by Lettings is likely to continue to increase due to;

- All acquisitions being Lettings focused,
- The PMS cross-sell opportunity in Lettings,
- The RRA will be a catalyst for Lettings to take share from both the DIY market and amongst the agent market, and,
- the current subdued macro backdrop for Sales.

Foxtons has reported segmental contribution since FY16 (Figure 16). Contribution is defined as revenue less direct salary costs of front office staff and bad debt charges.

Figure 16: Foxtons' segmental contribution (£m)

December year end	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Contribution							
Lettings	50.2	48.6	47.8	46.6	40.2	51.7	64.8
Sales	34.0	25.1	19.2	16.4	14.1	22.8	22.0
Financial Services	4.2	4.4	3.9	4.0	3.8	4.1	4.5
Total	88.4	78.1	70.9	67.1	58.1	78.5	91.3

December year end	FY23	FY24	FY25	FY26E	FY27E	FY28E
Contribution						
Lettings	75.4	78.1	82.9	87.9	90.5	96.1
Sales	14.5	22.7	23.3	22.4	23.6	25.0
Financial Services	3.4	4.0	4.2	4.4	4.4	4.7
Total	93.2	104.9	110.4	114.7	118.5	125.8

Source: Company, h2Radnor

Lettings accounted for an even greater proportion of Foxtons' contribution, at 75% in FY25, than of revenue (Figures 17).

Figure 17: Foxtons' segmental contribution proportion (%)

December year end	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Contribution proportion							
Lettings	57	62	67	69	69	66	71
Sales	38	32	27	25	24	29	24
Financial Services	5	6	5	6	7	5	5
Total	100	100	100	100	100	100	100

December year end	FY23	FY24	FY25	FY26E	FY27E	FY28E
Contribution proportion						
Lettings	81	74	75	77	76	76
Sales	16	22	21	20	20	20
Financial Services	4	4	4	4	4	4
Total	100	100	100	100	100	100

Source: Company, h2Radnor

The high proportion of contribution from Lettings also reflects its higher margin (Figure 18). We believe that there are a number of reasons why Lettings' margin of 74.7% is so much higher than Sales' 45.4%;

- Lettings has greater scale, with a volume of 21k in FY25 vs 4k at Sales,
- There is a greater cross-selling potential with Lettings, through PMS, whereas Sales is typically a one-and-done transaction,
- Sales is a more costly business e.g. arranging the presentation of the property for sales pictures and the sales process is more involved,
- The Sales process is much longer, taking typically four months.

Figure 18: Foxtons' segmental contribution margin (%)

December year end	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Contribution margin							
Lettings	73.5	73.3	71.4	70.9	70.2	69.5	74.5
Sales	61.2	59.0	53.0	50.4	50.0	53.4	51.0
Financial Services	46.9	49.8	47.1	47.2	46.8	42.9	43.9
Total	66.6	66.4	63.6	62.8	62.1	62.1	65.1

December year end	FY23	FY24	FY25	FY26E	FY27E	FY28E
Contribution margin						
Lettings	74.5	73.7	74.7	75.0	75.3	76.1
Sales	38.9	46.8	45.4	44.3	45.0	45.9
Financial Services	38.8	43.0	40.7	40.5	40.4	41.0
Total	63.4	64.0	64.0	64.2	64.6	65.4

Source: Company, h2Radnor

Foxtons reported segmental adjusted EBITDA between FY12 to FY19 and adjusted operating profit from FY19 (Figure 19). Adjusted operating profit is comparable from FY21 onwards, as before then central costs were not split out.

Figure 19: Foxtons' segmental adjusted EBITDA and adjusted operating profit (£m)

December year end	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Adjusted EBITDA								
Lettings	22.0	23.0	21.8	20.9	16.2	12.1	6.7	6.0
Sales	16.0	26.4	23.2	23.8	7.0	1.2	(4.5)	(5.0)
Financial Services	0.2	0.3	0.7	1.3	1.4	1.7	1.4	1.4
Other	0.1	0.0	0.4					
Total	38.3	49.6	46.2	46.0	24.6	15.1	3.6	2.5

December year end	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Adjusted operating profit										
Lettings	4.2	6.6	10.7	18.9	27.1	27.4	29.8	31.6	32.6	35.0
Sales	(6.3)	(5.8)	0.5	(3.1)	(9.9)	(3.8)	(5.7)	(6.8)	(4.6)	(3.3)
Financial Services	1.4	1.4	1.5	1.8	0.7	1.1	1.1	1.2	1.2	1.3
Corporate costs			(2.9)	(2.6)	(2.3)	(2.6)	(3.0)	(2.7)	(2.8)	(2.9)
Total	(0.7)	2.2	9.8	15.0	15.7	22.1	22.2	23.2	26.5	30.0

Source: Company, h2Radnor

Lettings

Overview

Foxtons is the largest lettings estate agency brand in London and the UK, with a portfolio of over 32k tenancies. The Group provides tenant find, rent collection, tenancy renewal and property management services to landlords to ensure the best returns from their investment. Since 2022, the segment has been headed by Gareth Atkins, who started in the business as a lettings negotiator in 2003.

Lettings' service involves it agreeing a rental valuation with its landlord client, finding a tenant, concluding a tenancy agreement, ensuring that landlords are compliant with regulations, collecting the tenant's deposit, arranging for the deposit to be registered with an authorised deposit protection scheme, and collecting rent payments on behalf of its client (although a small minority of Foxtons' clients opt to collect rent payments themselves). Foxtons also provides administrative services in connection with new lettings, including arranging cleaning and inventories on behalf of landlords and tenants if required.

Lettings has a specialist corporate team, based at the Group's HQ rather than in branches, which also offers corporate tenants a professional relocation and property finding service. Foxtons' corporate lettings advisers provide local information and advice and guidance on the letting process and the rental market, search for suitable short and long-term rental properties, and arrange for tenancy agreements to be completed.

New lettings account for around two-thirds of Foxtons' total lettings of units, with renewals the remainder. In FY25, we are impressed by the fact that 88% of tenancies were agreed with repeat landlords. In relation to tenancies which were renewed, Foxtons aims that average rent increases at least cover inflation, plus any extra that can be achieved when there is an imbalance between supply and demand. Foxtons' lettings last an average of 26 months, with some variability for example shorter length for student properties. We think that inflation+ linked rents and the long tenure profile of tenancies adds to the appeal of the business for shareholders.

A lettings fee is calculated as a percentage of the value of the total rent payable by the tenant during the non-cancel term of the tenancy agreement, Foxtons charges non-negotiable rates of 11% for initial long-lets, 20% for initial short-lets (and short-let renewals) and 9% for renewals of long-lets.

New strategy 2023

In the strategy update of March 2023 (not long after Mr Gittins arrived as CEO), set out in the RNS, management set out their plan for Lettings, focussed on both organic and acquisition led growth;

Organic

Limited Lettings organic growth has been delivered in recent years. We will reverse this trend by:

- *Winning new property instructions by better leveraging our database and embedding a culture of proactive lead generation both in our central hub and branches.*

- *Being the fastest agent to bring new instructions to market and improve our instruction to exchange success rate.*
- *Improving landlord retention through post-transaction service excellence in Property Management and back office operational processes.*

Acquisitions

We will continue to pursue Lettings acquisitive growth and build on our successful acquisition track record by:

- *Identifying and acquiring high quality portfolios that meet our investment criteria and expand our footprint in existing and untapped markets adjacent to our current footprint.*
- *Integrating acquired portfolios into our scalable operating platform to deliver revenue and cost synergies and drive significant margin growth.*
- *Delivering recurring revenues and profits through retention of acquired landlords by delivering ongoing excellent customer outcomes.*

Medium-term ambition: 20%+ return on capital from bolt-ons and ROI > WACCC for new hubs in new markets lettings portfolio acquisitions.

PMS

The proportion of tenancies involving PMS has risen from 32% before IPO to 43% in FY25. Foxtons' PMS team, of around 200 people, is based at its HQ, and maximises the financial returns for landlords by effectively managing property maintenance and administrative issues and by providing a higher level of credit control to minimise levels of rent arrears. Services include arranging property repairs, maintenance, payments of service charges, transferring utilities accounts, carrying out annual property inspections, managing the departure of tenants at the end of the tenancy, and sorting out any dispute around deposits.

Foxtons' panel of c.60 contractor firms (including plumbers, electricians, gas engineers and builders) provide maintenance and other services in connection with its PMS. Foxtons enters into service level agreements with its contractors with the aim of ensuring a consistent, high-quality service which is good value for money.

Foxtons' PMS fee is charged at a monthly rate of 6% of the monthly rent payable by the tenant under the relevant tenancy. The Group negotiates a volume discount from contractors and then bill landlords including its margin, which means the landlord is not worse off than if they went direct. Clients may terminate the comprehensive property management service by giving one month's notice to Foxtons, subject to a minimum term of three months.

Management have said that PMS has an adjusted profit margin, at +50% compared with the 27% for Lettings as whole, which we think partly reflects the fact that it is an up-sell to an existing service and therefore has low acquisition cost (compared with marketing for new landlords) and the return is boosted by discounts given by contractors. A good PMS also probably encourages a landlord so stay with the Group for longer.

Interest on client monies

Lettings also receives interest income on tenants' deposits held on behalf of landlords under secure deposit arrangements, although it has no right to the capital amount of

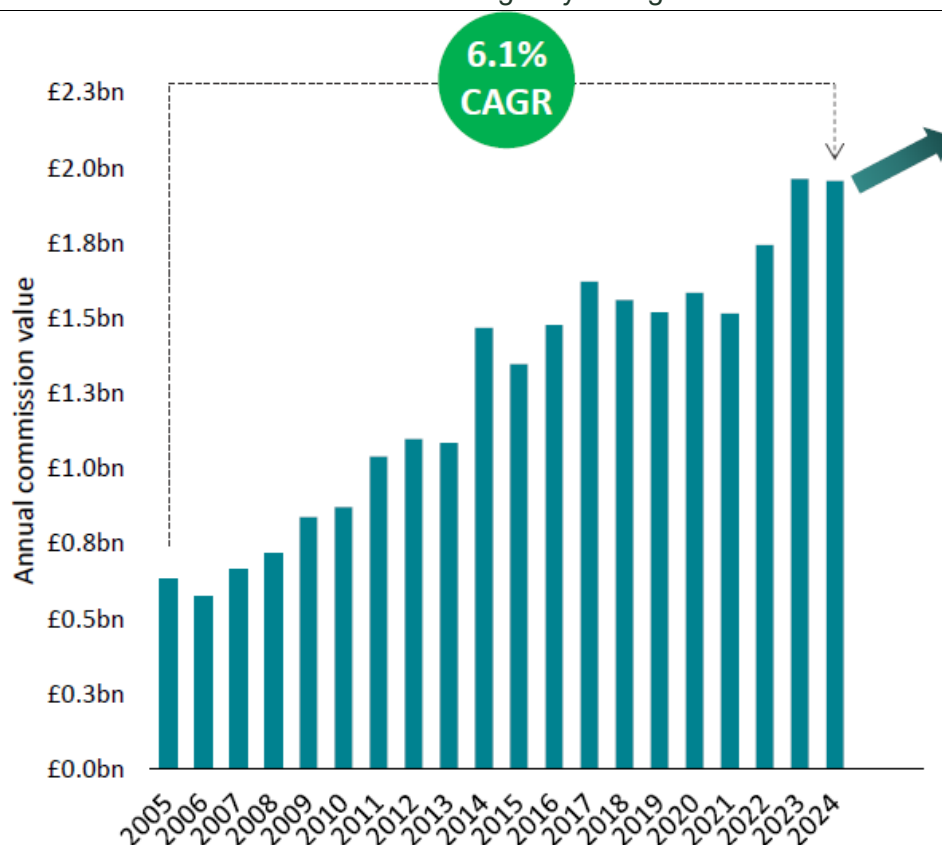
tenants’ deposits. Client monies held within the Group increased from £127m in FY24 to £133m in FY25. Interest earned on client monies supports the operating costs of managing client money, such as staff costs, bank and card fees, and compliance costs.

We think there could be a risk that the UK Government, at some point, looks into whether lettings agents should return the interest from client monies to clients, or in an extreme case takes a large share of the interest itself, as it is currently proposing to do in the legal sector, but if that was the case we think that letting agents would increase rates given that the interest currently subsidises the operating costs of managing client money, albeit we think that it might take time to do this.

The market

The London lettings market has been a much more stable than the sales one, with 6.1% (2005 to 2024) value growth, buoyed in part by organic growth from a mismatch between supply and demand and some counter-cyclicality (Figure 20).

Figure 20: Commission value of London agency lettings



Source: Company, h2Radnor

London has a large private lettings market, due to a housing shortage coupled with rising population, comprising almost a third of the UK’s entire private rental bill. There were only 29k new homes built in 2024/25, 45% short of the city’s target.

Regulation

Rental regulation continues to tighten – if a landlord breaches regulations they may face fines which can be equivalent to a least a year’s rent. The table below, from the UK

Government, shows some of the responsibilities of being a landlord (Figure 21). On top of national requirements, local authorities often have their own regulations which may differ even within an authority.

The risk of breaching landlord regulation received considerable attention last year when Rachel Reeves, the UK's Chancellor of the Exchequer, admitted to inadvertently breaking housing rules by renting out her Southwark & Bermondsey home without the specific £945 licence required by the local council as her agent had failed to apply for the licence.

Tighter rules should encourage DIY landlords to use an agent and for existing clients of Foxtons to use PMS. Plus, a rising regulatory and compliance burden may pressure smaller agents to exit the market.

Figure 21: UK landlords - some responsibilities

Responsibility

- Keep your rented properties safe and free from health hazards
- Make sure all gas equipment and electrical equipment is safely installed and maintained
- Provide an Energy Performance Certificate for the property
- Protect your tenant's deposit in a government-approved scheme
- Check your tenant has the right to rent your property if it's in England
- Give your tenant a copy of the How to rent checklist when they start renting from you

Source: Gov.UK

The RRA is the next regulatory change and applies to England only (Figure 22). Scotland has already introduced similar legislation.

Figure 22: Changes from the RRA

Key changes

- Abolition of fixed term tenancies. All former assured shorthold tenancies will now be on a periodic basis.
- Rent increases now available once a year, providing landlords with an opportunity to increase rents in line with inflation.
- More enforcement powers for local authorities, including higher penalties for non-compliance.

Other changes

- Section 21 "no-fault" evictions abolished, possession will require valid grounds (e.g. landlord moving in or selling).
- Increased compliance requirements including property registration and landlord membership of an ombudsman.
- Higher property standards through expansion of the Decent Homes Standard.

What is not included

- No rent caps or maximum rental increase levels.
- No removal of eviction options for landlords.

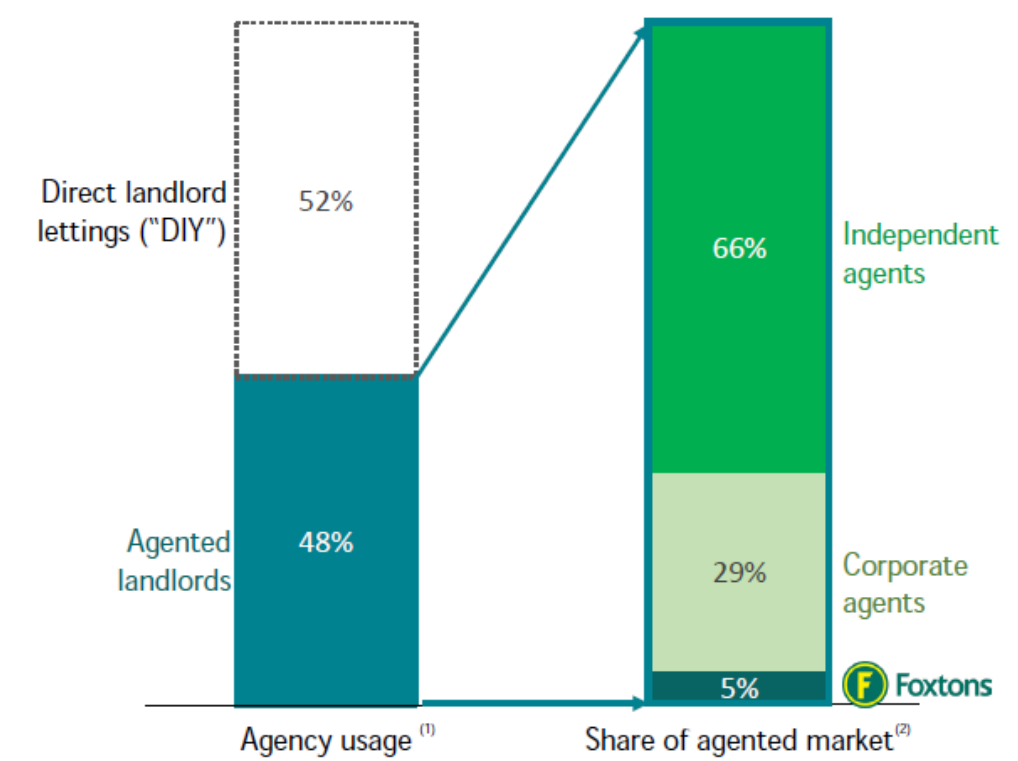
Source: Company, h2Radnor

No major change to the size of private rental sector is expected, in-line with the experience in Scotland. Whilst the move to periodic tenancies provides tenants with more flexibility, tenant length of occupation is not expected to change significantly, although the RRA may create a period of adjustment as landlords and tenants respond to the new requirements. Generally, though, we believe that the RRA creates a number of structural opportunities for Foxtons in the medium term;

- **Portfolio stability** and annual inflation-linked revenues from longer occupation lengths and annual rent reviews,

- **Total addressable market growth;** the legislation increases the importance of working with a professional, high-quality agent who can ensure compliance and protect landlords from the risk of fines or rental repayment orders. Some DIY landlords, who comprise over half the market, are therefore likely to convert to using agents (Figure 23).
- **Market share gain;** the changes are expected to benefit high-quality agents, as increasing regulatory complexity drives demand for expert guidance.
- **Acquisition** opportunities as regulation disproportionately impacts independent agents due to complexity, accelerating sector consolidation.
- **Margin expansion;** the new legislation, including the creation of a new landlord ombudsman and upcoming Decent Homes Standard, presents an opportunity to upsell managed tenancies which are currently let only as landlords.

Figure 23: Market dynamics in London and South East England



Sources; 1) English Private Landlord Survey. MHCLG 2) TwentyCi, publicly available information, Foxtons

On the negative side, Foxtons’ main customers are independent landlords, some of whom may sell due to the RRA and those properties are therefore ‘lost’ to the rental market. Given the time it has taken to enact the RRA many independent landlords may have already exited, with Foxtons’ management saying on the FY25 results call that this had been an ongoing trend over the last 18 months. Plus, those landlords looking to sell now may find that difficult in a weak market. Moreover, landlords might think twice about selling as under the RRA they have to give tenants four months’ notice and are not allowed to rent the home out for one year after the tenant has left so they probably need to be sure of a sale if they are not to lose money by having a vacant property.

Foxtons may capture the sale of a former independent landlord's property through its Sales segment. Also, if the number of rental properties shrink then Foxtons is likely to benefit from higher rents on the remainder given underlying demand for rental properties in London is likely to continue.

Build to Rent

A large opportunity for Lettings is its exposure to the growing market for BTR. According to the British Property Federation as of March 2026, 53k BTR units were in construction or planning in London. Foxtons is London's leading BTR agent. According to data from Foxtons, BTR volumes expanded by an average of 2.6% per quarter in the first three quarters of 2025, a slight acceleration on the 2.4% in 2024. Some of London's larger BTR providers include Get Living, Greystar, Quintain Living, Vertus, and Grainger.

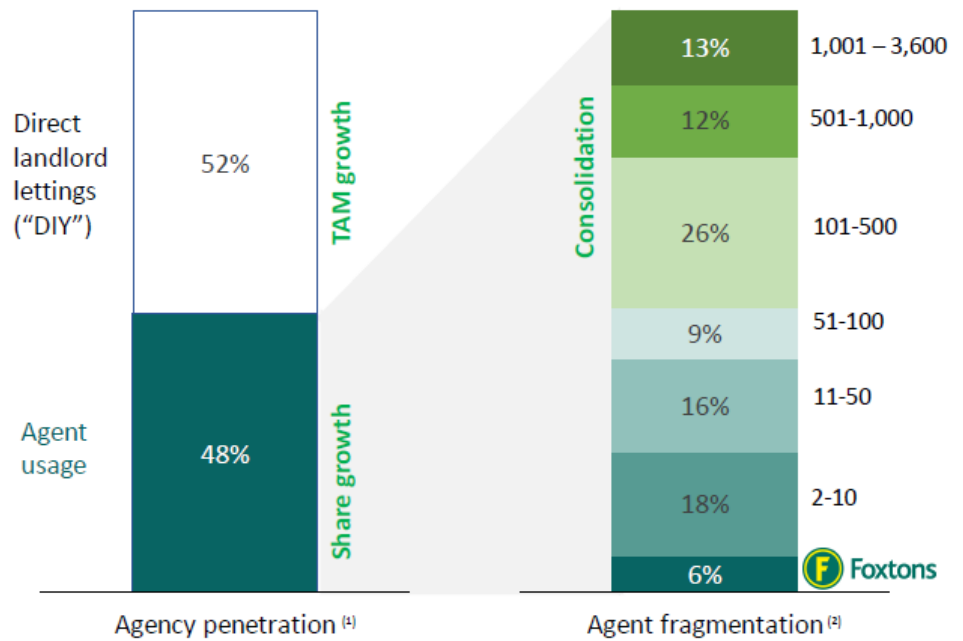
BTR probably offers Foxtons greater scalability through dealing with larger customers (who will have hundreds or even thousands of London homes in their portfolios), rather than having to deal with lots of individual independent landlords. Plus, the relationship with large BTR clients is probably more long-term and professional than it is with independent landlords. On the negative side, we think BTR clients are likely to expect lower fees and may undertake more support work themselves, which would have been provided to an independent landlord by Foxtons' PMS service.

Whilst Foxtons is the leading BTR agent, we cannot determine its position in the existing homes institutional owned market. A risk could be that independent landlords exit to institutional landlords who manage the properties themselves, albeit we think that Foxtons will be an important agent in this market too and/or it may be that BTR companies operate in both the new-build and existing markets.

Consolidation

The London lettings market is highly fragmented with over half of properties let by DIY landlords. We believe that increased regulation will force many DIY landlords to switch to using agents. Amongst those who does use agents, we are encouraged by the fact Foxtons is the market leader with only 6% market share (Figure 24). Consolidation of the agent market will be partly prompted by the increased costs of regulation, compliance and technology (especially AI) on smaller agent. Foxtons' scale, especially its database and website, means that increasingly landlords and tenants are likely to use it.

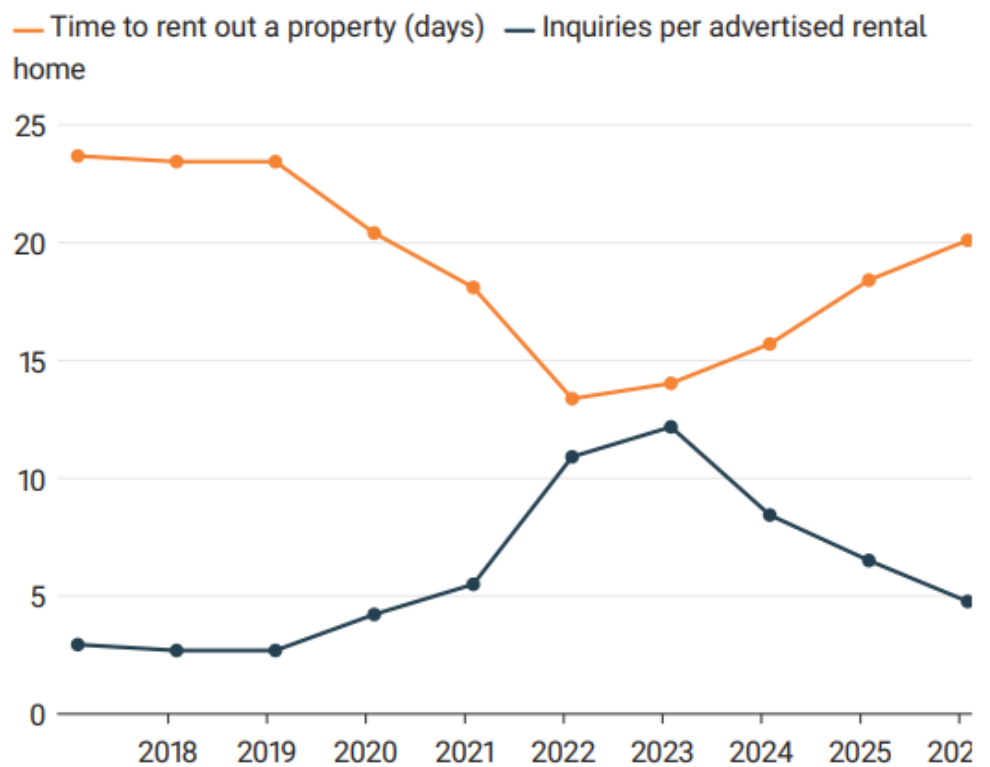
Figure 24: Agency penetration – in the London and South East market



Source; 1) English Private Landlord Survey, Ministry of Housing, Communities and Local Government 2) TwentyCi, Foxtons

A cooler market may also increase the appeal to DIY landlords of using an agent. The time it takes for landlords to let has increased over the last few years, to 20 days nationally, as demand and supply have become more balanced (Figure 25).

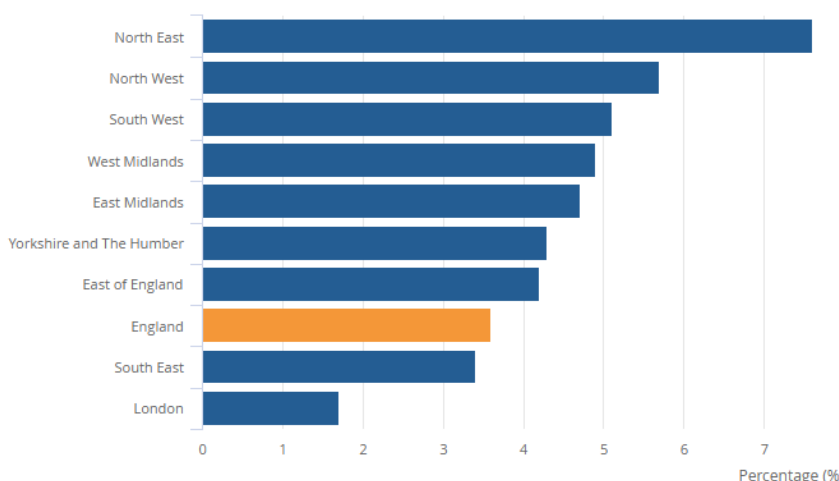
Figure 25: UK rental market



Source; Zoopla

Signs of a slower market show in London’s annual rental price growth, at 1.7% to February, was the weakest of any English region. Nonetheless, rent prices are increasing whereas house prices are falling which further supports Foxtons’ focus on Lettings over Sales (Figure 26). Moreover, the company is increasingly focused beyond London, as evidenced through recent M&A in Milton Keynes and Birmingham.

Figure 26: Private rents annual inflation, English regions, February 2026

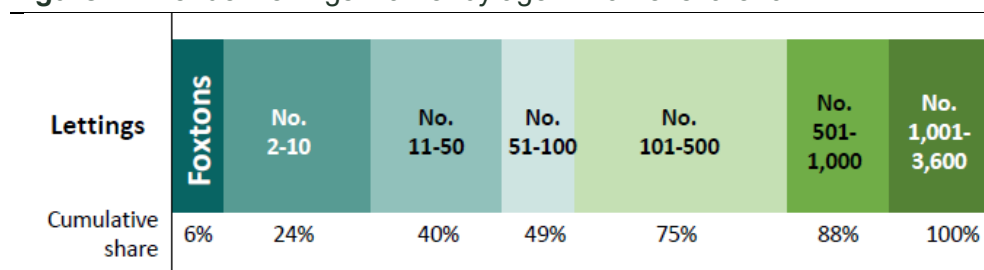


Source; ONS

Market share gains

The London lettings market is highly fragmented and we see a large opportunity for Foxtons to gain share organically, particularly as its scale will attract more landlords and tenants (Figure 27). The Group is likely to accelerate market share gain through further bolt on acquisitions.

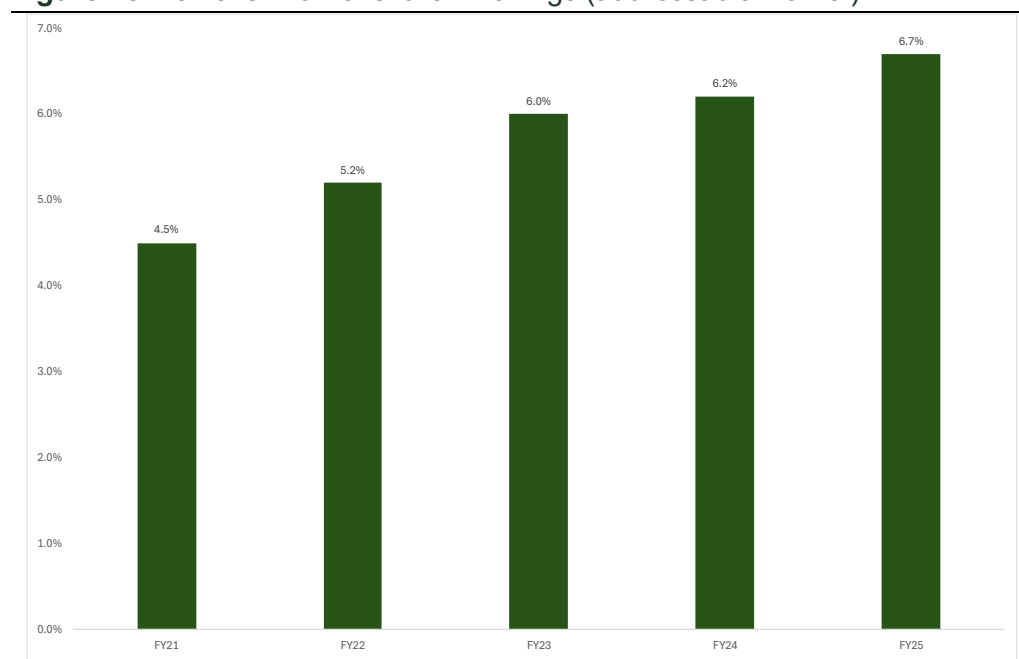
Figure 27: London lettings market by agent market share rank



Source; Company, h2Radnor

We note that Lettings' market share has increased each year from 4.5% in FY21 to 6.7% in FY25 (Figure 28).

Figure 28: Foxtons' market share in lettings (addressable market)



Source; Company, h2Radnor

Below is a table of Foxtons' main competitors, most of whom have both a lettings and sales business (Figure 29). Only Savills (£1.2bn market cap) and Winkworth (£22m market cap) are listed, with Savills in particular being a much more diverse property business.

Figure 29: Foxtons' main competitors

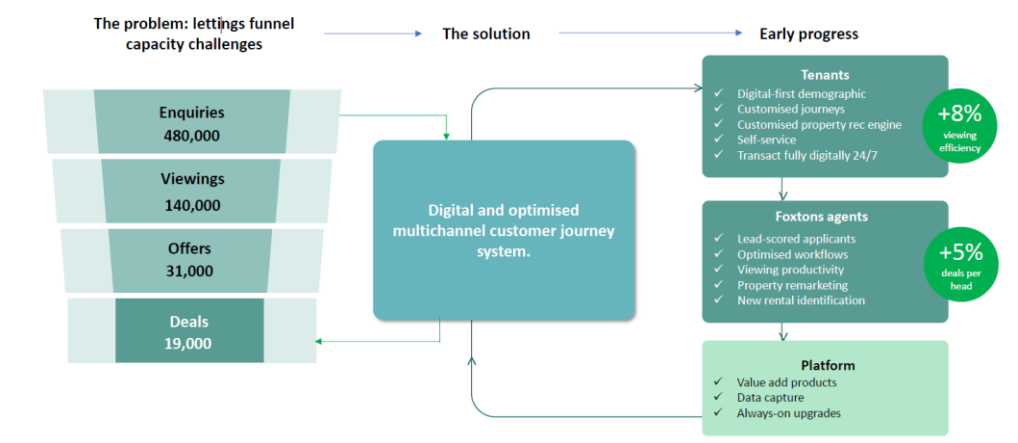
Company
Chestertons
Dexters
Hamptons
Kinleigh Folkard & Hayward
Knight Frank
Marsh & Parsons
Savills
Stirling Ackroyd
Winkworth

Source; Company, h2Radnor

Productivity

Lettings' adjusted operating margin has risen steadily in recent years, partly because it has improved productivity through the better use of technology, for instance, it seeks to avoid letting agents wasting time contacting and doing viewings with inappropriate prospective tenants, or tenants can transact themselves or agents can target the most appropriate tenants. The Group has a tried and test growth formula to improve productivity (Figure 30).

Figure 30: Growth formula: using technology to drive lettings funnel optimisation



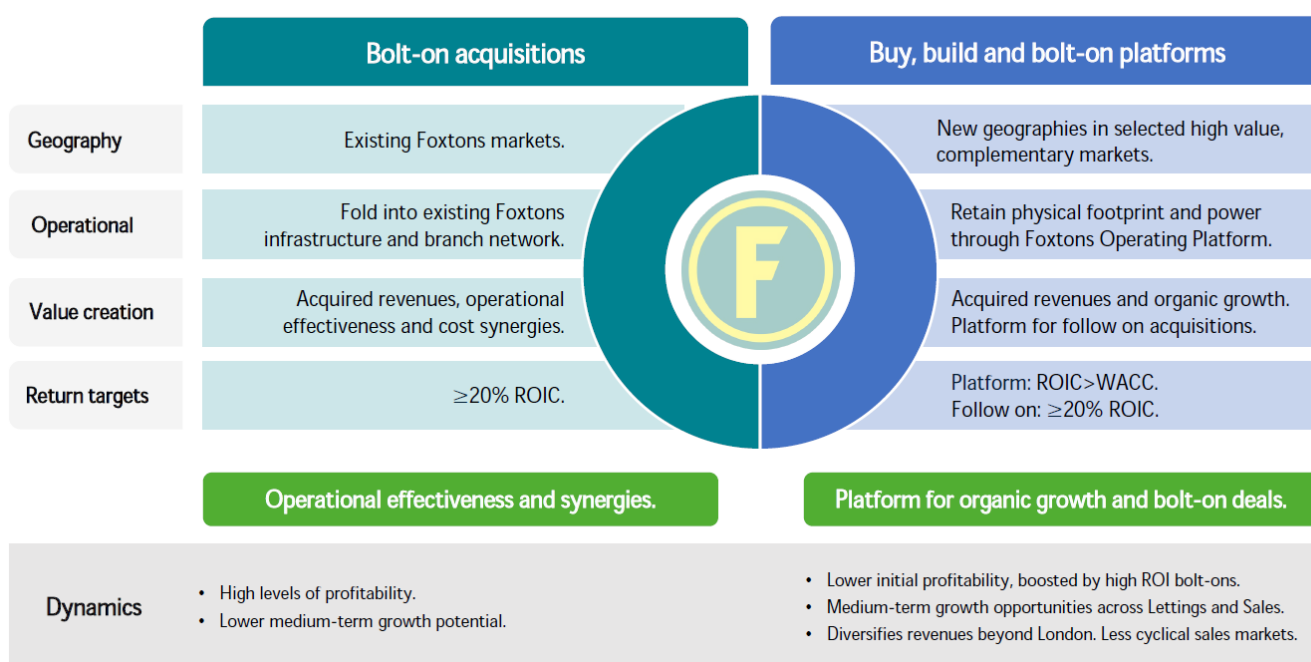
Source; Company, h2Radnor

Acquisitions

The Group is focussed on lettings acquisitions to increase the proportion of non-cyclical and recurring revenues, albeit these businesses often have sales business attached. Foxtons targets small, privately owned companies where the catalyst for the vendors is usually a change in lifestyle (e.g. retirement). Data is an important contributor to where Foxtons chooses to buy businesses. At the FY25 results, Foxtons’ management said that the acquisition pipeline was excellent and that multiples had not changed in the last two years.

Acquisitions fall into two categories: 1) bolt-ons which are located within existing Foxtons markets; and 2) platforms which expand the Group’s operations into new markets (Figure 31).

Figure 31: Foxtons’ dual track acquisition strategy

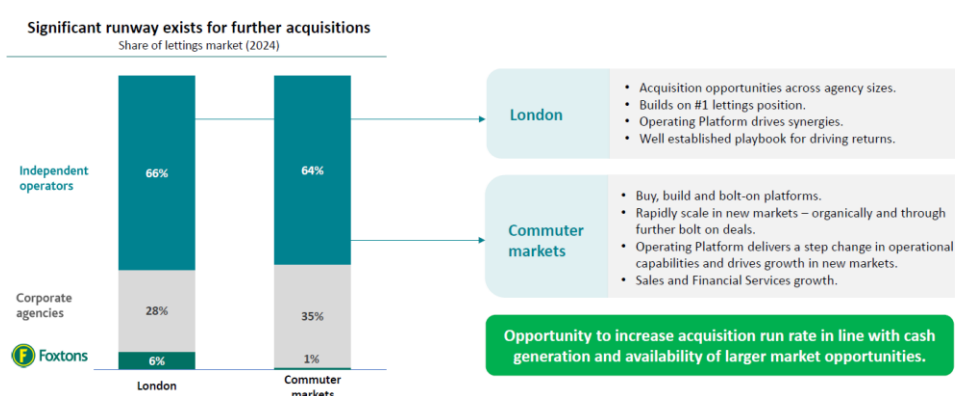


Source; Company, h2Radnor

Nowadays, Foxtons only enters new areas through acquisitions, where it can leverage an existing tenant portfolio, as it learnt historically that opening new offices organically takes too long to generate acceptable returns. Historically, Foxtons would open sales offices organically and offered three months of 0% commission to attract business and then it could take over two years for such offices to meet the required ROIC target.

The Group is increasingly targeting acquisitions in commuter markets outside of London. Post Covid, flexible working patterns, affordability pressures in London, and strong transport connectivity have supported rental market growth across the South East of England. Commuter markets offer considerable penetration upside, for instance in lettings, Foxtons has 6% share in London but only 1% in commuter markets (Figure 32).

Figure 32: Agency penetration – London vs Commuter markets



Source; Company, h2Radnor

The map below shows the Group's existing branch network in the commuter markets alongside potential new markets (Figure 33).

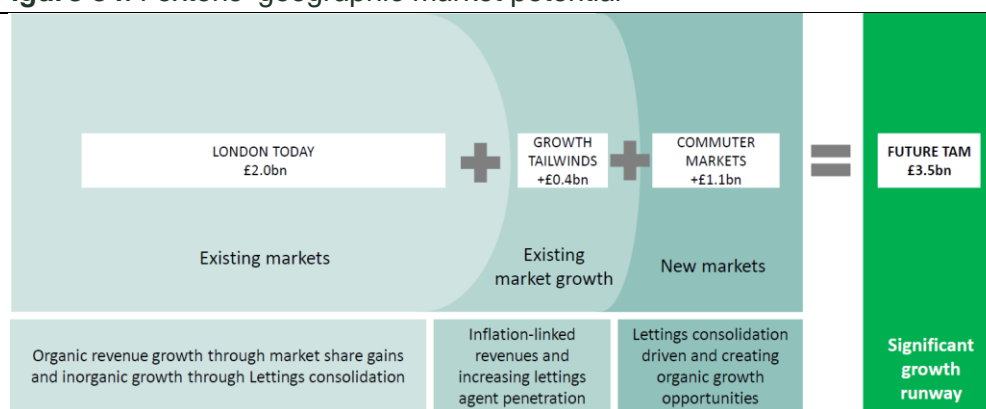
Figure 33: Foxtons’ branches and potential targets in the commuter markets



Source; Company, h2Radnor

Commuter markets represent a total addressable market (TAM) opportunity of £1.1bn, and we note that this does not include Birmingham (Figure 34).

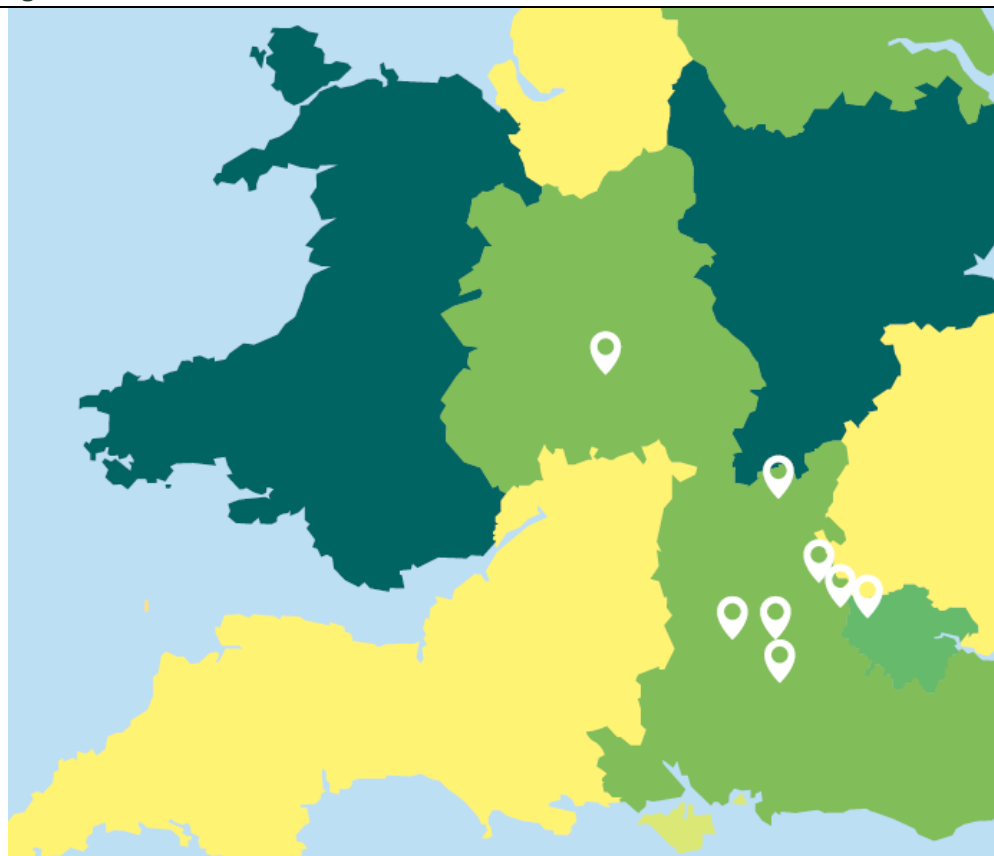
Figure 34: Foxtons’ geographic market potential



Source; Company, h2Radnor

Through acquisitions, outside of London Foxtons now has offices in Birmingham, Bushey, Crowthorne, Hemel Hempstead, Milton Keynes, Reading, Watford and Wokingham (Figure 35).

Figure 35: Foxtons’ offices outside of London



Source; Company, h2Radnor

Foxtons has achieved a highly attractive average of 24% ROIC on acquisitions (Figure 36).

Figure 36: Foxtons’ acquisition track record

Year	Portfolios acquired	Enterprise value ⁽¹⁾	Pre acquisition EBITDA	(Post-acquisition annualised)			Acquisition multiple (synergised EBITDA)	Return on invested capital ⁽²⁾
				Revenue	EBITDA	EBITDA margin		
2020	3	£4.8m	£0.6m	£3.0m	£1.5m	51%	3.2x	27%
2021	1	£14.3m	£0.6m	£10.1m	£6.2m	61%	2.3x	32%
2022	2	£10.5m	£0.2m	£7.4m	£3.7m	50%	2.8x	27%
2023	2	£16.8m	£0.7m	£8.7m	£4.7m	54%	3.6x	20%
2024 (Reading and Watford platforms)	2	£15.5m	£1.9m	£9.8m	£2.8m	29%	5.5x	16%
Total (>1 year ownership)	10	£61.6m	£4.0m	£39.0m	£18.9m	48%	3.3x	24%
2025 (Watford bolt-on) ⁽³⁾	1	£2.3m	£0.4m	£0.9m	£0.6m	68%	3.8x	20%
2026 (M.K. and B’ham platforms)	2	£10.5m	£1.0m			n/a		

Source: Company, h2Radnor

We think it especially impressive that the Group can increase the EBITDA of acquisitions by nearly five times. Foxtons usually buys small, privately owned companies where it can improve their performance, especially by putting them onto the Foxtons Operating Platform.

Year to date, Foxtons has acquired two companies;

1) Milton Keynes

In January, the Group entered Milton Keynes through the purchase of Cauldwell, a leading independent agent. We view Milton Keynes as attractive as it is a high-growth commuter town with strong road and rail links to London. The city is located within both the London commuter belt and the Government-backed "Oxford-Cambridge Growth Corridor". The city ranks among the highest areas in the UK for GDP per capita and has seen strong population growth, supported by significant levels of New Homes and BTR developments.

The initial consideration was £5.7m with a further £0.8m deferred for 12 months and contingent on performance targets being met. Cauldwell's unaudited total revenue and operating profit for the 12 months ended 30 November 2025 was £3.1m (so an EV/revenue of 1.8x on the initial consideration) and £0.8m, respectively. Around two-thirds of the company's revenue are lettings. We think it reassuring that the directors of Cauldwell stayed with the business.

2) Birmingham

Also in January, Foxtons acquired FleetMilne, a high-quality, independent lettings agent with a leading market share position in central Birmingham, which has operated for over 20 years. Lettings comprised c.95% of FleetMilne's revenue. We thought it encouraging that Nicola Fleet-Milne, the founder, and all the other directors will remain with the business post-acquisition.

The initial consideration was £3.2m, with a further £0.8m deferred for 12 months and contingent on performance targets being met. FleetMilne's unaudited total revenue and PBT for the 12 months ended 30 September 2025 was £1.5m (so an EV/revenue of 2.1x on the initial consideration) and £0.2m, respectively, before the delivery of any revenue or cost synergies. The acquisition is expected to be accretive to the Group's earnings from 2026 onwards and over the medium-term a total return on investment of 20% in Birmingham, in line with its disciplined return targets.

Birmingham is different to the recent acquisition of commuter market businesses in Milton Keynes, Reading and Watford as it is not really a commuter market for London. Foxtons was attracted to the city for a number of reasons including; it is a large market in itself, rents are not that much lower than in some of its existing locations, there is a large, and growing, BTR market, a number of banks are relocating their back offices to the city, connectivity to London will improve with the opening of the HS2 rail connection and it is close to Foxtons' existing property management centre in Worcester.

The Birmingham acquisition could well be a platform for further local M&A. Foxtons' management said on the FY25 result call that the acquisition was in the centre of the city and they were next looking to expand to more affluent areas and were talking to multiple agencies who may sell. Management added that at the Group level for acquisitions they were very much focussed on London but the deals outside of London being offered was very compelling. We think that Birmingham is especially exiting as a new market as it is UK's second city, with its own commuter market.

Longer-term we wonder whether Foxtons will enter other large cities such as Leeds and Manchester, albeit it will have to weigh whether the level of rents in a city is attractive and whether the distance from the London HQ makes it harder to manage cities even further away than Birmingham.

Markets outside London have lower deal value (diluting revenue per branch and per deal) but this is balanced by higher volumes - meaning that Foxtons can deliver the same profitability and this is the main reason why Foxtons' average revenue per branch (for the Group) declined by 3% in FY25, albeit on a like-for-like basis it rose by 1% (Figure 37).

Figure 37: Foxtons' average revenue per branch

December year end	FY24	FY25
Average revenue per branch (£'000)	2,739	2,654
Growth		(3.1%)
Average number of branches	63	67
Growth		6.3%

Source; Company, h2Radnor

Could Foxtons be acquired?

The UK stock market has seen many companies taken over in recent years and it may be the case that Foxtons is acquired, especially given the low share price valuation. A number of the Group's main competitors are owned by private equity, as it used to be too. Private equity may find Foxtons particularly appealing due to its strong cash flow, recurring revenues, low debt levels and potential to accelerate acquisitions. Some of Foxtons' main activist shareholders, frustrated with the share price performance, have pushed in recent years for it to be sold. That said, we think there are good reasons for Foxtons to be listed; it has raised its profile, it provides opportunities to reward and attract employees with equity, and if the share price rises and the market improves then this could give the Group an opportunity to issue equity to fund more acquisitions.

Financial performance

Lettings' revenue has proved more resilient historically than Sales, although under previous management the level of growth was low reflecting both a lack of investment in organic projects and an acquisition programme which only commenced in FY20, due we think partly to an over distribution of capital to shareholders rather than investment in the business (Figure 38).

Figure 38: Foxtons' Lettings revenue (£m)

December year end	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Revenue	52.9	59.9	63.1	66.4	67.4	69.0	68.3	66.3	67.0
Total growth		13.2%	5.4%	5.2%	1.5%	2.5%	(1.0%)	(3.0%)	1.0%
Volumes			19,242	20,538	20,895	19,367	19,832	19,806	19,621
Change				6.7%	1.7%	n/a	2.4%	(0.1%)	(0.9%)
Revenue per transaction			3,279	3,231	3,225	3,565	3,446	3,348	3,415
Change				(1.5%)	(0.2%)	n/a	(3.3%)	(2.8%)	2.0%

December year end	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	65.7	57.3	74.3	86.9	101.2	106.0	111.0	117.2	120.1	126.3
Organic growth			12.3%	10.2%	7.2%	(0.5%)	0.6%			
Acquisition growth			17.5%	6.7%	4.5%	4.2%	4.9%			
Interest on client monies					4.7%	1.0%	(0.8%)			
Total growth	(1.9%)	(12.9%)	29.8%	16.9%	16.4%	4.8%	4.7%	5.6%	2.5%	5.2%
Volumes	19,844	18,595	22,091	20,640	19,334	19,384	20,089	21,495	22,140	22,605
Change	1.1%	(6.3%)	18.8%	(6.6%)	(6.3%)	0.3%	3.6%	7.0%	3.0%	2.1%
Revenue per transaction	3,313	3,081	3,365	4,210	5,234	5,470	5,524	5,452	5,425	5,588
Change	(3.0%)	(7.0%)	9.2%	25.1%	24.3%	4.5%	1.0%	(1.3%)	(0.5%)	3.0%
Portfolio size	19,800	21,700	25,200	26,200	28,500	31,000	32,000			
Change		9.6%	16.1%	4.0%	8.8%	8.8%	3.2%			

Source: Company, h2Radnor

Revenue declined in FY16 and FY17, mainly as Brexit led to less demand from tenants, partly as some left London. The Tenant Fees Act 2019 abolished most letting fees, capping deposits and prohibiting charges for administration, referencing, and renewals and this was one of the reasons why revenue declined again in FY19 and FY20 as (unlike some agents) Foxtons did not seek to compensate for the abolished fees with higher rates.

In FY20, revenue declined by 13% due to Covid, as demand from new tenants dropped, some existing tenants did not pay rent and new rental properties came on to the market causing excess supply, particularly in Central London following the temporary closure of a number of short let booking platforms as landlords sought to re-let their properties as more traditional longer lets.

Adjusted operating profit is comparable from FY21 onwards as before then central costs were not split out. The adjusted operating profit margin rose sequentially each year, from 14.3% in FY21 to 26.8% in FY23, we think primarily due to operational gearing from higher revenue and also the cost reduction benefit from branch closures (Figure 39).

Figure 39: Foxtons' Lettings profit (£m)

December year end	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Contribution					50.2	48.6	47.8	46.6
Change						(3.2%)	(1.7%)	(2.5%)
Contribution margin					73.5%	73.3%	71.4%	70.9%
Change						(0.2%)	(2.7%)	(0.6%)
Adjusted EBITDA	22.0	23.0	21.8	20.9	16.2	12.1	6.7	6.0
Change		4.6%	(5.1%)	(4.3%)	(22.6%)	(25.0%)	(44.8%)	(10.4%)
Adjusted EBITDA margin	34.8%	34.6%	32.4%	30.2%	23.6%	18.3%	10.0%	9.1%
Change		(0.5%)	(6.5%)	(6.6%)	(21.8%)	(22.7%)	(45.3%)	(8.7%)

December year end	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Contribution	46.6	40.2	51.7	64.8	75.4	78.1	82.9	87.9	90.5	96.1
Change	(2.5%)	(13.7%)	28.4%	25.4%	16.4%	3.6%	6.2%	5.9%	3.0%	6.2%
Contribution margin	70.9%	70.2%	69.5%	74.5%	74.5%	73.7%	74.7%	75.0%	75.3%	76.1%
Change	(0.6%)	(0.9%)	(1.0%)	7.2%	(0.1%)	(1.1%)	1.5%	0.3%	0.5%	1.0%
Adjusted operating profit	4.2	6.6	10.7	18.9	27.1	27.4	29.8	31.6	32.6	35.0
Change		57.5%	60.6%	77.4%	43.6%	1.1%	8.8%	5.8%	3.3%	7.3%
Adjusted operating profit margin	6.4%	11.6%	14.3%	21.7%	26.8%	25.9%	26.9%	26.9%	27.2%	27.7%
Change		80.7%	23.8%	51.7%	23.4%	(3.5%)	3.9%	0.2%	0.8%	2.0%

Source: Company, h2Radnor

FY24

Lettings' revenue rose by 4.8%, with acquisitions adding 4.2% (two additional months of trading from Atkinson McLeod, acquired in March 2023, 10 additional months of trading from Ludlow Thompson, acquired in November 2023 and two additional months of trading from Haslams and Imagine, acquired in October 2024). There was a 1.0% increase from higher interest earned on client monies.

There was a 0.5% organic revenue decline as strong new business growth and increased PMS revenues, were offset by an expected temporary reduction in the volume of existing tenancies re-transacting following longer tenancy terms signed in FY22 and FY23.

Growth of 4.8% comprised a 4.5% rise in average revenue per transaction and a 0.3% increase in transaction volumes. The rise in average revenue per transaction reflected improved PMS cross-sell and a change in mix towards higher-fee new business volumes. Rental prices for new deals completed in the year were flat as year-on-year rental growth moderated as supply and demand dynamics continue to normalise, with an increase in available rental stock, with the supply and demand imbalance that had driven sharp rental price increases in prior years reduced towards historical norms, but with rental prices remaining at elevated levels.

Transaction volumes were flat, with a 12% increase in new business volumes offset by a reduction in the volume of existing tenancies renewing/re-letting in 2024, following longer tenancy terms signed across 2022 and 2023. Average tenancy lengths had increased by c.15% since 2022 as part of the Group's strategy to improve client retention and grow its portfolio of recurring revenues. Encouragingly, Lettings' market share rose from 6.0% in FY23 to 6.2% in FY24.

London's market rental prices in the market were broadly flat over the year, declining by 0.3% from £574 to £572 per week, with somewhat lower tenant demand (albeit still

high) and somewhat higher property stock supply. Increasing stock levels supported Foxtons' delivery of 12% new business volume growth, and combined with stronger landlord retention, this drove organic portfolio growth up by 4%.

Lettings' contribution margin declined proportionally by 1.1% from 74.5% in FY23 to 73.7% in FY24, which reflected a temporary reduction in higher margin re-transaction volumes and we think that was probably magnified by operational gearing with the result that the adjusted operating profit margin declined proportionally by 3.5% from 26.8% in FY23 to 25.9% in FY24. The impact of mix was partly offset by efficiencies driven by the Foxtons Operating Platform.

Operational improvements, included improved brand visibility, enhanced data capabilities, and proactive customer acquisition strategies, supported strong landlord retention and incremental growth in revenue per landlord. Foxtons also embedded a real-time customer satisfaction feedback system.

FY25

Lettings' revenue rose by 4.7% (4.3% in H1 and 5.0% in H2), due to a 4.9% incremental contribution from acquisitions (10 additional months of trading from Haslams and Imagine, and 10 months of trading from Marshall Vizard, acquired in February 2025), and 0.6% organic revenue growth, offset by a 0.8% reduction from lower interest earned on client monies reflecting cuts to the Bank of England base rate, with four base rate cuts across the year.

The 4.7% growth comprised an increase of 3.6% in volumes and 1.0% in average revenue per transaction. The rise in average revenue per transaction was supported by improved PMS cross-sell, with uptake of PMS increasing from 36% at the end of FY24 to 43% at the end of FY25 (and up from 32% in FY21), which offset lower interest earned on client monies and the move into higher volume commuter markets, which command lower average fees. Encouragingly we note that Lettings' market share, which has been a focus of management, rose from 6.2% in FY24 to 6.7% in FY25.

London rental prices for new deals were said to be broadly flat after significant increases in prior years, with a slowdown in supply ahead of the Autumn Budget, albeit supply increased in December following no major changes to landlords' tax rates (Figure 40).

Figure 40: London market – renters per property and average rental price

December year end	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Average London weekly rent (£)	461	433	442	529	574	579	579
Change		(6.1%)	2.1%	19.7%	8.5%	0.9%	0.0%
Average London renters per property			20	26	20	18	18
Change				30.0%	(23.1%)	(10.0%)	0.0%

Source: Company, h2Radnor

A number of factors contributed to stable rent rates; increased mortgage availability helped first-time buyers, and a more difficult sales market has created more 'accidental landlords' who have rented their property out as they cannot sell increasing supply and on the other side some landlords selling up ahead of the RRA reducing supply.

Proportionally, the segments' contribution margin rose 1.5%, from 73.7% in FY24 to 74.7% in FY25, and the adjusted operating margin by 3.9%, from 25.9% in FY24 to

26.9% in FY25, benefitting primarily from cross-sell at higher margin PMS, ancillary penetration and increased returns from prior acquisitions.

Q126

In Q126, Lettings revenues rose by 5%, from £25.2m in Q125 to £26.4m in Q126, the same level of growth as in FY25. The 5% growth comprised £0.6m (c.2.4%) from organic and £0.9m (c.3.6%) from acquisitions partly offset by £0.2m (c.0.8%) from lower interest on client monies.

Organic growth was driven by continued momentum in the cross-selling of PMS, growth in BTR revenues, and further growth from the Reading acquisition in 2024. We were encouraged by the further progress in PMS cross-sell given that this is a major focus for Foxtons. Acquisition growth was due to the previously announced acquisitions in Milton Keynes and Birmingham and management pointed to a pipeline of further acquisition opportunities which is currently being worked on.

Outlook

In FY26, we forecast 5.6% revenue growth comprised of 7.0% volume growth (split 4% organic and 3% from the annualised impact from acquisitions) but a 1.3% decline in revenue per transaction (reflecting the dilution from the addition of commuter market volume, which also has some annualised impact into FY27).

The main risk to our estimates in FY25 is probably the introduction of the RRA, as landlords and tenants respond to the new system, albeit in the medium/long-term we think it will benefit the Group particularly from DIY landlords moving to Foxtons, higher PMS revenue and market share gain (both organically and from acquisitions) as regulation makes it harder for less professionalised agents to compete.

We model a sequential improvement in the adjusted operating profit margin, from 26.9% in FY25 to 27.7% in FY28, driven primarily from improved returns at recent acquisitions and operational gearing, partly offset by the decline in revenue per transaction in FY26 and FY27.

Sales

Overview

Foxtons is London's number 1 sales agent with the highest brand prominence, providing residential property sales agency for private sellers and developers. The Group provides expert support to sellers through the entire transaction process, including valuing properties by leveraging its data insights and market expertise, marketing to potential buyers, negotiating deals and overseeing the conveyancing process.

Foxtons' mantra is to sell a property at the best possible price in the shortest possible time-period, which it seeks to achieve by providing a premium service, including extended opening hours with branches open from 8am to 8pm weekdays, 10am to 4pm on Saturdays and 9am to 6pm on Bank Holidays, which is much longer than its main competitors. As a result of these extended hours, 40% of Foxtons' property viewings are carried out during evenings and weekends, outside the normal hours of operation. Housebuilders are an important market for Foxtons, for example it is Berkley Group's number 1 agent in London. Foxtons has a high degree of repeat customers, with 32% of sellers in 2025 having been previous customers. It normally takes between three and four months for property transactions to complete.

Foxtons' sales commissions are calculated as a percentage on the sale price achieved, at a non-negotiable 2.5% below a certain price (typically £1m) and negotiable above that and with bespoke pricing for new homes developments; which equated to a 2.25% average commission rate overall.

In the table below we show both Foxtons' reported commission rate and, to give a longer history, our calculation using Foxtons' revenue per transaction and average price of property sold (which may not be accurate given the weighting of the averages across a year). Foxtons last reported commission rate of 2.25% in FY24 is slightly lower than the 2.5% in FY12 mentioned at IPO, primarily reflecting a more subdued market (Figure 41). Foxtons' commission rates are higher than most of its competitors reflecting its premium service, for example its much longer opening hours, and we note the Group continues to deliver high levels of customer satisfaction with a Google rating of 4.6 out of 5 in FY25, an increase on the 4.5 in FY24.

Figure 41: Foxtons' Sales commission rates

December year end	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
h2Radnor calculated commission	2.48%	2.41%	2.37%	2.43%	2.48%	2.47%	2.35%	2.41%	2.37%
Change		(2.6%)	(1.7%)	2.3%	2.1%	(0.5%)	(4.5%)	2.5%	(1.9%)

December year end	FY22	FY23	FY24	FY25
Commission rate	2.29%	2.25%	2.25%	n/a
Change		(1.7%)	0.0%	
h2Radnor calculated commission	2.28%	2.21%	2.20%	2.02%
Change	(3.9%)	(3.0%)	(0.3%)	(8.3%)

Source: Company, h2Radnor

New strategy 2023

In the FY23 results RNS, management set out their plan for Sales, which is focussed primarily on organic market share gain;

Sales: Market share growth;

We have c.3.4% share of our addressable market, compared to c. 4.5% in 2016. We aim to get back to those levels by:

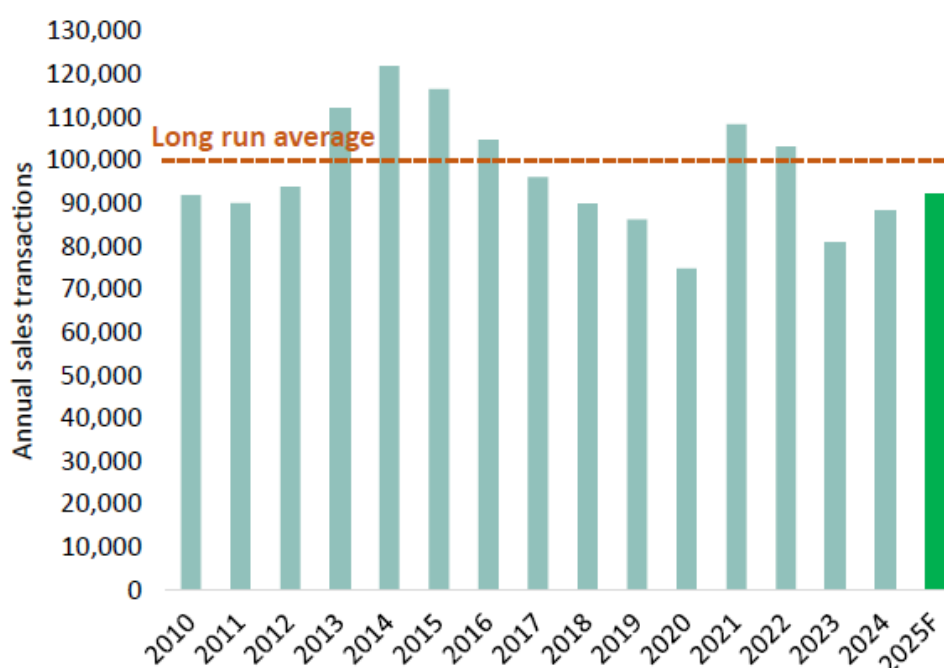
- *Increasing market share of instructions in our core markets by re-establishing Foxtons' premium brand positioning.*
- *Improving rate of sell through from instruction to exchange by maintaining sufficient workforce capacity across our branch network and delivering industry leading training.*
- *Improving cross-sell by deepening connectivity with the Financial Services business and in-house conveyancing panel to improve conversion of instructions.*

Medium-term ambition: 4.5%+ market share in our addressable markets

The market

For Sales to return to profit, the London market probably needs to recover above the 100K pa long term average, albeit further market share gain will help (Figure 42).

Figure 42: London's sales market volumes



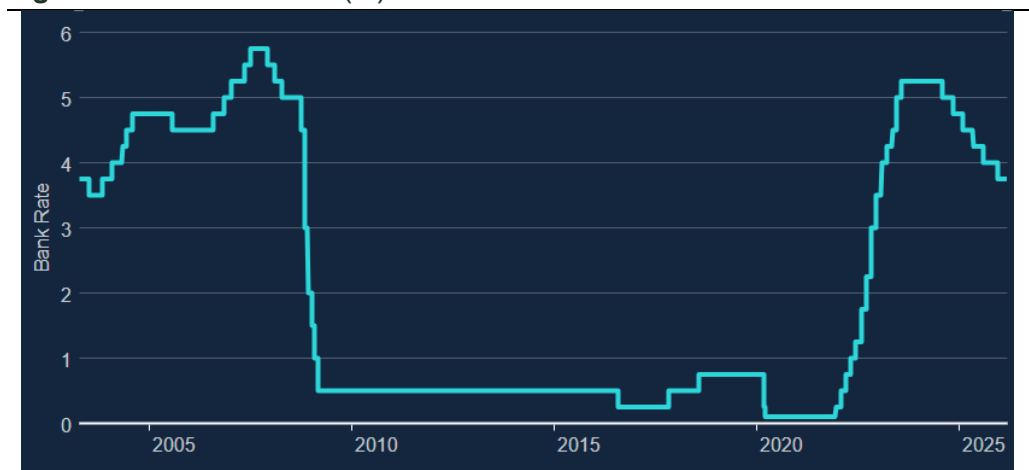
Source: Company, h2Radnor

A number of factors impacted the London market over the last decade;

- **Consecutive increases in SDLT** increased the cost of moving, especially for higher value homes.

- **Affordability levels** had become the most stretched in London of the UK regions,
- **Flats** comprise a greater share of the London market, and this property category has been impacted especially by issues around cladding and service charge inflation,
- **The rise in the Bank of England (BoE) base rate**, after a period of historically low rates, to a high of 5.25% in August 2023 (Figure 43). This trend was most acute after the mini budget of September 2022, which led to the cheapest two-year mortgage deal rising from 0.84% in 2021 to 4.39% in 2023 and the withdrawal of hundreds of mortgage products.

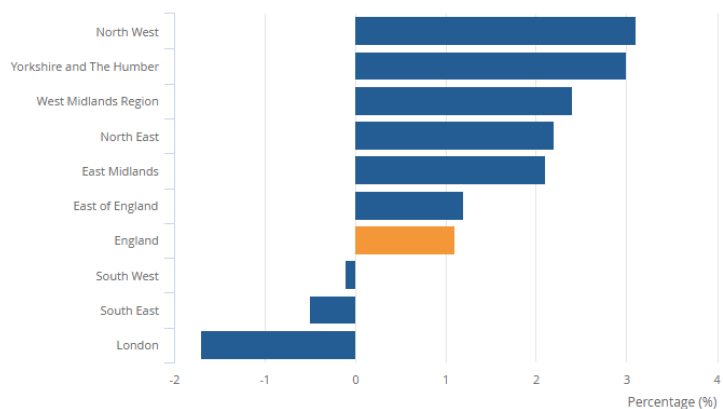
Figure 43: BoE base rate (%)



Source: BoE

The London market remains sluggish, data released in March showed that the average house price in London in the year to January dropped 1.7% to £556k, making it the worst English regional performer, whereas house prices for England as a whole rose by 1.3% over the same period to £286k. London’s house prices have contracted year-on-year since August, whereas since then English house prices rose and January’s figure market the sharpest decline since February 2024 (Figure 44).

Figure 44: Annual house price inflation, English regions, January 2026



Source; ONS

The rise in UK interest rate expectations since the start of the Iran conflict are likely to further dampen the outlook for the London housing market, reversing the more positive trend in the direction of rates at the time of Foxtons' FY25 results (Figure 45).

Figure 45: UK five year swap rates

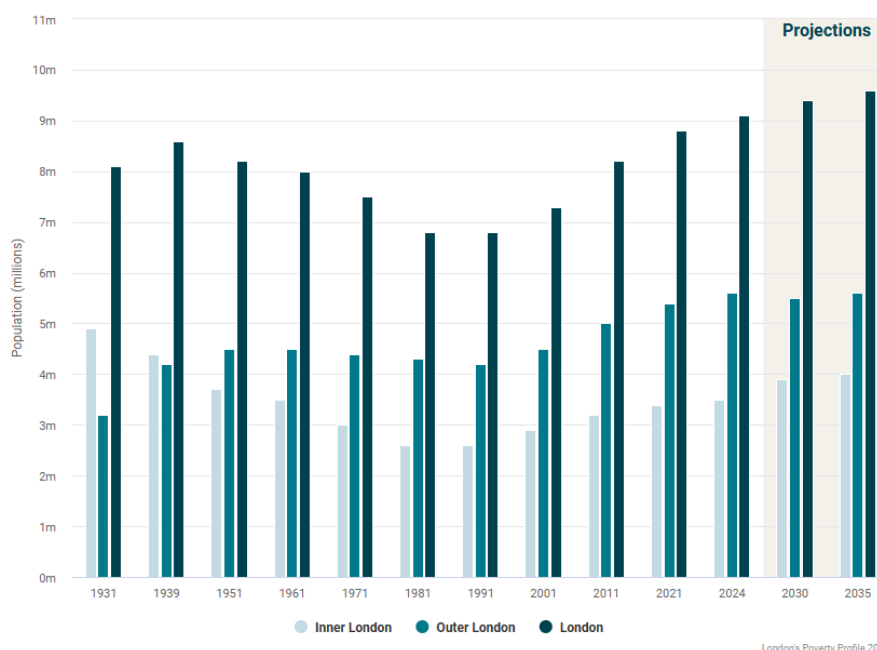


Source; Bloomberg

On the positive side;

- **The population of London** has grown in recent decades and is expected to continue to do so (Figure 46). London's population rose from 8.9m in 2024 to 9.1m in 2025,
- **London as a global city** which has survived countless impacts over the years and continues to benefit from a predictable and robust legal system, attractive time zone, it is a significant financial centre and has numerous cultural attractions,
- **London property** is still seen as a safe haven, for example the recent Iran conflict may encourage demand for Gulf residents to buy property in London,
- **Improving affordability**, with wage growth and broadly flat house prices since 2002.

Figure 46: London’s population growth



Source; Trust for London (2025)

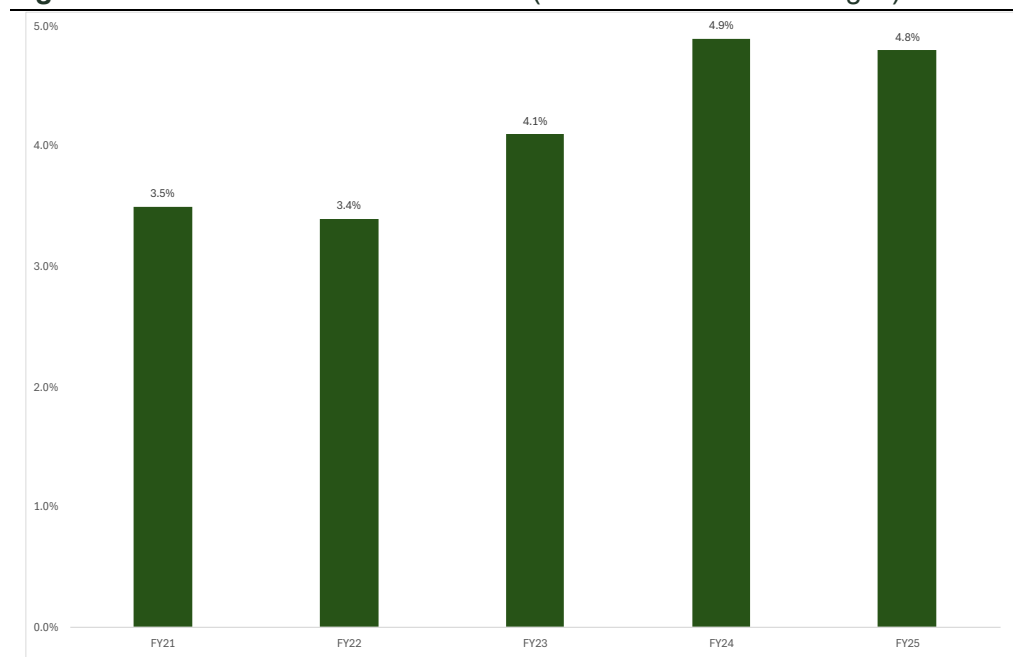
Long-term, Sales would be significantly boosted if the UK abolished SDLT, perhaps by increasing council tax rates. We note that the Conservative Party recently adopted abolishing SDLT as their main tax proposal. Many countries have higher property taxes but lower sales taxes.

Foxtons does not target acquisitions in Sales, but most acquired lettings businesses come with a sales operation attached, for instance in FY25 the Reading and Watford acquisitions contributed £3.5m of revenue (c.7%).

The move to target commuter markets through acquisitions could be beneficial for Sales as the sales markets outside of London are currently more buoyant; for example, Nationwide, a building society, reported an annual increase in Q425 of 0.7% in London but 1.4% in the Outer Metropolitan region.

Foxtons’ market share of home exchanges rose from 3.5% in FY21 to 4.8% in FY25 which we think is likely continue, especially driven by the scalability of the Foxtons Operating Platform in a fragmented market (Figure 47).

Figure 47: Foxtons' Sales market share (market share of exchanges)

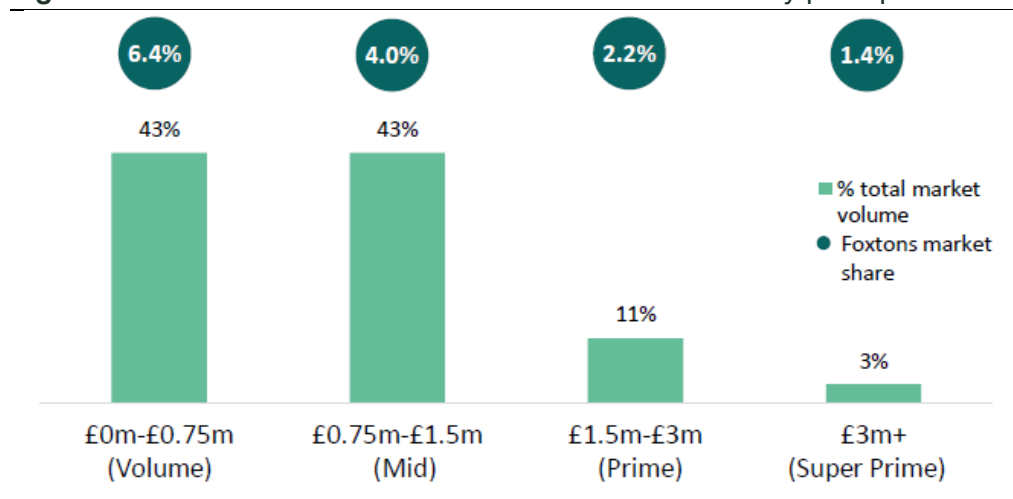


Source; Company, h2Radnor

There are a number of online-only estate agents, most notably Purplebricks, however, we believe that they do not compete much with Foxtons as they do not provide buyers and sellers with the personal, knowledgeable and intermediated service which many sellers and purchasers expect.

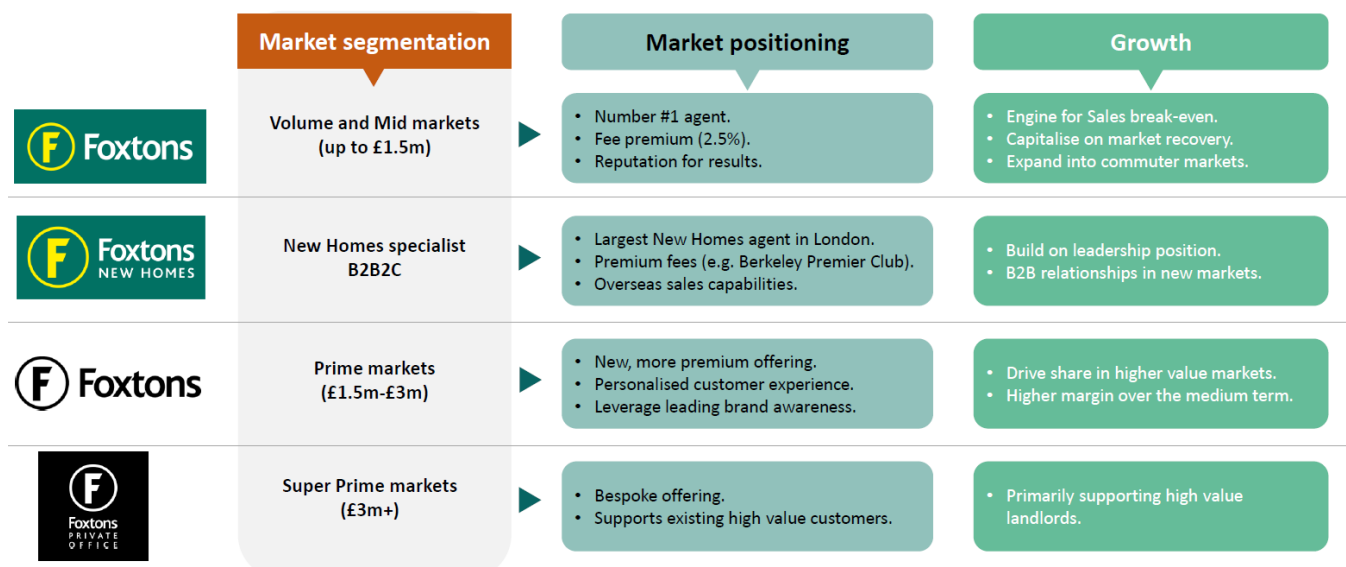
Foxtons' market share is highly weighted to the 'volume' and 'mid' markets (below £1.5m) (Figure 48 and Figure 49). The introduction of the UK 'mansion tax' from 2028, whereby owners of properties in England valued at more than £2m will pay a surcharge of at least £2,500, will have limited impact on the Group given its market position, albeit there could be a knock-on effect if chains which include a Foxtons property stretch above £2m. The vast majority of Foxtons' sales are <£1m.

Figure 48: London market distribution and Foxtons' share by price point



Source; Company, h2Radnor

Figure 49: Foxtons’ market segmentation



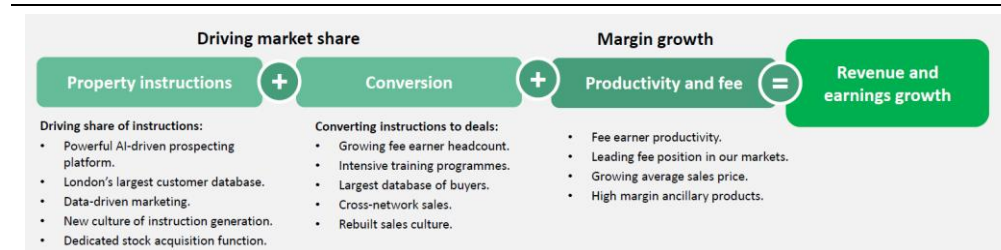
Source: Company, h2Radnor

Whilst there is some variation around Sales’ £574k average sales price, management have said that they want to be firmly in the volume market. There is a minimum fee in each location (e.g. £6k in Watford or £10k in London) which prevents the Group from operating at the very low end e.g. selling garages (which did occur historically) albeit at the top end there are some recent examples where it has conducted £10m+ transactions. A small increase in the average price would make a larger contribution to adjusted operating profit as price increases drop straight through to profit.

Productivity

Sales’ activity and productivity is being supercharged by the increased scale of the Foxtons Operating Platform; for example, prospective buyers and sellers are attracted to it because it has London’s largest property sales database and website, which in turn attracts more buyers and sellers (Figure 50).

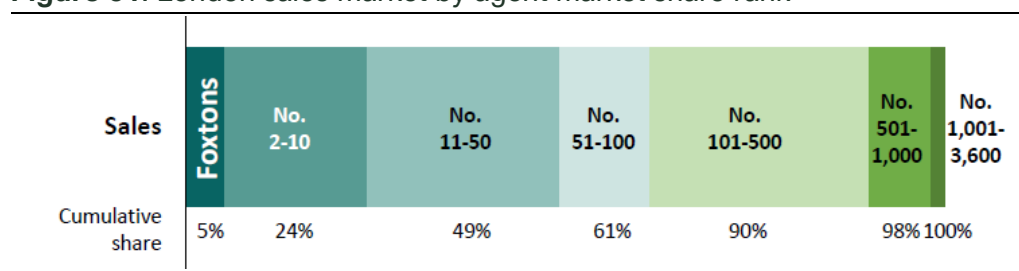
Figure 50: Driving growth by leveraging platform advantages



Source; Company, h2Radnor

Market share gains

The London sales market is highly fragmented which offers a huge opportunity for Foxtons to increase its share above the current 5% (Figure 51).

Figure 51: London sales market by agent market share rank


Source; Company, h2Radnor

Financial performance

Sales' revenue dropped sequentially by nearly-two thirds between FY15 and FY20, then it lost share during the post Covid-boom (turbocharged by the SDLT holiday), because it underinvested in sales staff and it was then impacted by the mini budget of 2022, with its revenue declining by 14% in FY23 (Figure 52). Some of the impact on revenue was due to external events but a large part was because of underinvestment in organic growth.

Figure 52: Foxtons' Sales revenue (£m)

December year end	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Revenue	46.0	52.7	53.1	67.4	69.8	72.5	55.5	42.6	36.2	32.6
Growth		14.5%	0.8%	27.0%	3.6%	3.8%	(23.5%)	(23.3%)	(14.9%)	(10.0%)
Volumes			4,512	5,525	5,323	5,558	4,026	2,962	2,529	2,423
Change				22.5%	(3.7%)	4.4%	(27.6%)	(26.4%)	(14.6%)	(4.2%)
Revenue per transaction			11,765	12,202	13,119	13,043	13,783	14,376	14,324	13,463
Change				3.7%	7.5%	n/a	5.7%	4.3%	(0.4%)	(6.0%)
Average price of properties sold (£k)			475	493	544	550	568	580	581	572
Change				3.8%	10.3%	1.1%	3.3%	2.1%	0.2%	(1.5%)

December year end	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	28.2	42.7	43.2	37.2	48.6	51.3	50.7	52.5	54.6
Growth	(13.6%)	51.4%	1.2%	(14.0%)	30.7%	5.5%	(1.2%)	3.6%	4.0%
Volumes	2,034	3,122	3,215	2,871	3,725	4,423	4,511	4,620	4,740
Change	(16.1%)	53.5%	3.0%	(10.7%)	29.7%	18.7%	2.0%	2.4%	2.6%
Revenue per transaction	13,854	13,668	13,431	12,942	13,038	11,589	11,230	11,364	11,524
Change	2.9%	(1.3%)	(1.7%)	(3.6%)	0.7%	(11.1%)	(3.1%)	1.2%	1.4%
Average price of properties sold (£k)	574	577	590	586	592	574			
Change	0.3%	0.5%	2.3%	(0.7%)	1.0%	(3.0%)			

Source: Company, h2Radnor

Sales' contribution margin declined from 61.2% in FY16 to 38.9% in FY23 before recovering to 45.4% in FY25 (Figure 53). Sales' adjusted operating loss widened from £6.3m in FY19 to £9.9m in FY23, reduced to £3.8m in FY24 but then widened to £5.7m in FY25.

Figure 53: Foxtons' Sales profit (£m)

December year end	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Contribution					34.0	25.1	19.2	16.4
Change						(26.1%)	(23.6%)	(14.3%)
Contribution margin					61.2%	59.0%	53.0%	50.4%
Change						(3.7%)	(10.2%)	(4.8%)
Adjusted EBITDA	16.0	26.4	23.2	23.8	7.0	1.2	(4.5)	(5.0)
Change		64.3%	(11.9%)	2.5%	(70.5%)	(83.2%)	(477.1%)	11.8%
Adjusted EBITDA margin	30.2%	39.1%	33.3%	32.8%	12.7%	2.8%	(12.3%)	(15.3%)
Change		29.4%	(15.0%)	(1.2%)	(61.5%)	(78.1%)	(543.2%)	24.2%

December year end	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Contribution	16.4	14.1	22.8	22.0	14.5	22.7	23.3	22.4	23.6	25.0
Change	(14.3%)	(14.4%)	61.9%	(3.3%)	(34.4%)	57.3%	2.4%	(3.6%)	5.2%	6.1%
Contribution margin	50.4%	50.0%	53.4%	51.0%	38.9%	46.8%	45.4%	44.3%	45.0%	45.9%
Change	(4.8%)	(0.9%)	6.9%	(4.5%)	(23.8%)	20.4%	(3.0%)	(2.5%)	1.5%	2.0%
Adjusted operating profit	(6.3)	(5.8)	0.5	(3.1)	(9.9)	(3.8)	(5.7)	(6.8)	(4.6)	(3.3)
Change		(6.6%)	(109.1%)	(681.1%)	218.2%	(61.3%)	50.3%	18.6%	(32.6%)	(27.2%)
Adjusted operating profit margin	(19.2%)	(20.8%)	1.3%	(7.2%)	(26.6%)	(7.9%)	(11.2%)	(13.4%)	(8.7%)	(6.1%)
Change		8.1%	(106.0%)	(674.2%)	269.8%	(70.4%)	42.4%	20.0%	(35.0%)	(30.0%)

Source: Company, h2Radnor

FY24

Sales' revenue increased by 30.7%, driven by a 29.7% increase in exchange volumes and it entered 2025 with an under-offer pipeline at its highest level since the Brexit vote in 2016, with the market bouncing back from the impact of the mini budget. In particular, the Group's performance benefitted from enhancements to lead generation, customer service, and staff productivity and was considerably better than the London market with the latter seeing 9% growth in exchange volumes, from 81k in FY23 to 88k in FY24, with the result that Foxtons' market share increased by 20% from 4.1% in FY23 to 4.9% in FY24.

The London market experienced some recovery from the depressed levels of 2023, as the economy improved and interest rates reduced. Despite the change in government in 2024, market conditions remained stable over the year and unlike in previous election years, the General Election in June had minimal impact, with the Autumn Budget introducing no material property market policy changes.

London's 9% increase in transaction volumes reflected this increased market demand, with a notable divergence between the first and second halves of the year, as interest rates decreased and mortgage availability and affordability levels improved. In H1, sales volumes were flat while H2 saw a 16% increase in transaction activity, with the volume market, being the most active.

New buyer and seller activity increased through the year, with buyer demand and instruction levels showing good growth vs 2023, which drove an 18% increase in sales agreed in the London market over the year. Q424 buyer demand bolstered by first time buyers looking to transact ahead of SDLT changes proposed for April 2025.

Sales' average revenue per transaction was 0.7% higher than FY23 reflecting a 1% increase in the average price of properties sold (from £586k in FY23 to £592k in FY24)

which compared with an average 1% reduction in London property values according to the Land Registry. Foxtons' commission rate remained flat at 2.25%.

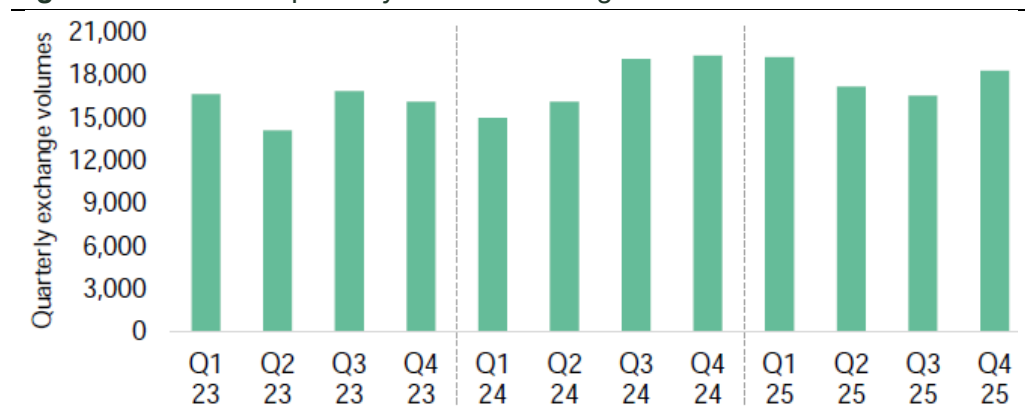
Sales' contribution margin increased proportionally by 20.4% from 38.9% in FY23 to 46.8% in FY24 and the adjusted operating loss narrowed from a margin of (26.6%) in FY23 to (7.9%) in FY24, The main reasons for the reduced operating loss were; operational gearing and the increased productivity of fee earners (especially due to improved retention), partly offset by an increased allocation of central costs to the segment.

FY25

Sales' revenue increased by 6%, with 25% growth in H1 and a 10% decline in H2, with volume pulled forward to the first half by the end of the SDLT holiday. The strong revenue performance of H224 also made for a tough H225 comparable. Acquisitions added 8% to the segment's revenue and the Reading and Watford acquisitions were said to have performed well, delivering 9% revenue growth in the first full year of ownership, driven by market share growth. Sales reported a 2% organic revenue decline, with the market remaining challenging, plus it saw a slight decline in market share from 4.9% in FY24 to 4.8% in FY25. A slight concern could be that if the market remains very sluggish then Foxtons may have to discount its premium pricing.

Foxtons' volumes rose by 19%, partly due to the boost from the ending of the SDLT holiday and the move into commuter areas, which were more buoyant than London. The London market itself remained subdued, with 73k transactions, less than in 2008 during the GFC. In the London market, Q125 volumes, rose strongly by 30% year-on-year, due to the impact of the end of the SDLT holiday (Figure 54). Volumes were depressed between April and November, reflecting the pull-forward effect of Q1 and then the market uncertainty ahead of the Autumn Budget, albeit volumes bounced back post Budget, which benefitted December. Volume markets (<£1m), the Group core market, outperformed higher-value markets (£3m+), where exchange volumes were 12% lower partly as recent tax changes and uncertainty around "non-dom" status dampened demand from international and high-net-worth buyers.

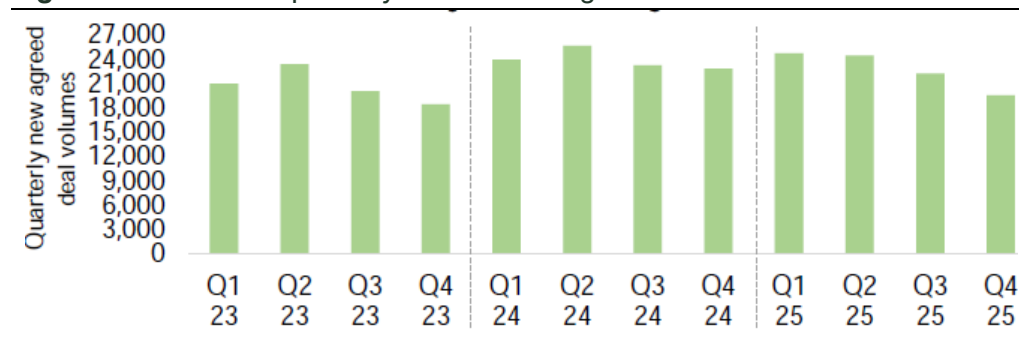
Figure 54: London - quarterly market exchange volumes



Source; TwentyCi, Company

New buyer activity was weaker in H225 due to uncertainty ahead of the Autumn Budget, with H225 new agreed deal volumes 9% lower than 2024, with Q4 at levels seen in 2023's depressed market (Figure 55).

Figure 55: London - quarterly market new agreed deal volumes



Source; TwentyCi, Company

Sales' average revenue per transaction declined by 11% due to the dilution from commuter markets, with a decline of 5% in Foxtons' core addressable market which excludes commuter markets. The 5% decline in average revenue per transaction in Foxtons' core addressable market was due to volume pulled forward by the end of the SDLT holiday which was highly weighted to first-time buyers who typically purchase lower value homes as seen by the average price of homes sold by Foxtons decreasing by 3% from £592k in FY24 to £574k in FY25.

Sales' contribution margin decreased proportionally by 3.0% from 46.8% in FY24 to 45.4% in FY25 the adjusted operating loss margin increased from (7.9%) in FY24 to (11.2%) in FY25 mainly due to Foxtons' decision to maintain fee-earner levels.

Q126

In Q126, Sales' revenues declined by 35%, from £16.4m in Q125 to £10.7m in Q126, which reflected an exceptionally strong prior-year comparator that benefited from elevated transaction volumes ahead of the 31 March 2025 SDLT deadline, as well as a more challenging market backdrop. We note that Q125 had seen 73% revenue annual growth due to the impact of the SDLT deadline. Compared to Q124, during which market volumes were at more normalised levels, like-for-like Sales revenue was £0.2m higher (Q124: £9.5m).

New buyer activity during the period was lower than initially expected, impacted by elevated levels of uncertainty stemming from recent geopolitical developments and subsequent increases in mortgage rates and lower mortgage product availability. To reflect these headwinds, the Group is taking action to reposition the Sales business to current market conditions through a cost-reduction programme.

Outlook

In FY26, we forecast 1.2% revenue decline comprised of 2.0% volume growth and a 3.1% reduction in revenue per transaction. Volume growth is the result of a 3.0% contribution from the annualised impact of acquisitions partly offset by a 1.0% organic reduction as we expect the market to continue to remain sluggish due to the difficult macro and the diminished prospect of further interest rate cuts since the start of the Iran conflict.

We forecast a widening in the adjusted operating loss margin, from (11.2%) in FY25 to (13.4%) in FY26 due to the sluggish market backdrop, and then an improvement to (8.7%) in FY27 and (6.1%) in FY28 due mainly to operational improvements and cost reduction.

Returning Sales to profitability is a key priority for the Group and to support this objective, James Stevenson was appointed Managing Director in November 2025. Mr Stevenson was tasked with enacting an operational plan to accelerate the path to profitability by repositioning the business to reflect current market conditions. We note that Mr Stevenson has been with Foxtons' Sales segment for 21 years. Foxtons' management said on the FY25 results call that the improvement plan will be nuanced geographically, and data led, for example in FY25 cost cutting was weighted to Central London but less so in South-West London as the latter was performing better.

In the Q126 trading update, the Group outlined a proactive cost-reduction programme targeting at least £3m of annualised savings, which is currently under way. Central to this programme is repositioning the Sales business to optimise margins in a lower transaction environment and this is being delivered through enhancements to the operating model to reduce costs while protecting revenue. Key initiatives include reallocating headcount towards higher-growth opportunities in Lettings, redeploying support roles into fee-earning roles to drive productivity and lowering support costs through more efficient workflows and processes.

Although Sales is currently loss making we see it as an integral part of the Group's full-service agency offering and highly complementary to Lettings and as such we regard a small Sales loss as acceptable to boost Lettings. Foxtons' proposition is built on supporting customers throughout their entire property lifecycle, and Sales provides an important channel in helping landlords expand or reposition their portfolios, with each branch including both a sales and a lettings business. By delivering this full-service approach across Sales and Lettings, Foxtons significantly strengthens landlord loyalty. If Foxtons exited Sales it would miss out on some follow-on volume - e.g. from the purchaser of a buy-to-let property then giving Foxtons the rental contract.

Plus, by having Sales, Lettings benefits from landlord retention as by positioning itself as the sales agent for its landlords, if the property does not sell then it returns to the lettings portfolio, whereas if Foxtons did not have Sales, then the landlord would go to another agent and there is a good chance they would win that landlord, so in a way it is a cost of landlord retention.

It may be hard for Sales to be profitable in the current market context as further material cost reductions may be difficult given that it shares branches with Lettings, its technology is already efficient and management appear keen to maintain bench strength. We think that Mr Stevenson will focus on improving fee earner productivity and other efficiencies. We also wonder if more of Sales' cost could be allocated to Lettings given the overlap in activity.

Financial Services

Overview

Foxtons, under the Alexander Hall brand, provides independent mortgage broking and ancillary financial services products, offering high quality advice and support to customers to help them navigate the complex mortgage market. The Group operates on a ‘no deal-no fee’ basis and generate fees from clients for arranging mortgages and earn commissions from lenders when successfully completing a mortgage. Alexander Hall was founded in 1992 and after a strategic review in FY21 Foxtons decided to retain it. Unlike the estate agency business, Financial Services is regulated by the FCA.

The segment derives 85% of its revenue from arranging mortgage products and the rest from advice in relation to financial protection products (life insurance, critical illness cover and income protection, building and contents insurance and currency exchange). Fees are paid by clients and by lenders. For mortgages, client fees are £499 for residential mortgage loans, 0.5% of the value of the mortgage loan in respect of buy-to-let properties, and 1% of the value of the mortgage loan in respect of overseas or commercial properties.

Financial Services participates in the independent distribution channel for mortgage products in the UK alongside other mortgage intermediaries and lenders also distribute mortgage products directly. In the UK, the share of mortgages arranged by intermediaries has risen to around 90% of volume. Non-cyclical, refinancing activity accounts for 42% of the segment’s revenue (Figure 56).

Figure 56: Financial Services’ revenue split by activity

December year end	FY22	FY23	FY24	FY25
Revenue (£m)				
Refinance	4.5	4.4	3.7	4.3
Purchase	5.7	4.3	5.6	6.0
Total	10.2	8.8	9.3	10.3
Proportion				
Refinance	44%	51%	40%	42%
Purchase	56%	49%	60%	58%
Total	100%	100%	100%	100%

Source; TwentyCi, Company

We think that Foxtons has probably taken market share in recent years, given that its volumes increased by 16% between FY21 and FY25, whilst UK residential mortgages reduced by 6% (Figure 57).

Figure 57: UK residential mortgage gross advances

Year	2021	2022	2023	2024	2025
Gross advances (£m)	315,931	322,491	225,069	246,100	296,149
Change		2.1%	(30.2%)	9.3%	20.3%

Source; Bank of England, h2Radnor

New strategy 2023

In the strategy update, management set out their plan for Financial Services, which is focussed primarily on cross-sell;

Financial Services: Revenue growth

We can better leverage our referral leads to Financial Services by:

- *Growing capacity by increasing adviser headcount to take advantage of existing referral opportunities.*
- *Improving adviser productivity by reducing adviser data entry processes and improving customer contact times through the use of paraplanners and investment into technology solutions.*
- *Improving cross-sell through an increased emphasis on secondary products, such as protection products, to drive revenue and profit per customer.*

Medium-term ambition: 7%-10% revenue CAGR

Cross-sell

A large opportunity for Foxtons is to generate leads between the estate agency and Financial Services, which are currently weighted to new buyers, with the potential especially to generate more referrals from sellers and high-value landlords (Figure 58). In FY25, 36% of buyers with Foxtons were advised on their mortgage by Financial Services, suggesting considerable upside to cross-sell more.

Figure 58: Foxtons' cross-sell opportunity



Source; Company, h2Radnor

Productivity

A focus for Financial Services is how to rapidly scale without impacting service or regulatory standards (Figure 59).

Figure 59: Financial Services – planned operational improvements

People
Growing broker headcount
Stand-alone marketing function created
New compensation packages to drive staff retention
Tech and data
New data platform embedded
Data platform optimising lead identification and conversion
Real-time KPIs tracking and embedding insights into process upgrades
CRM Email Automation to drive refinance conversion
Operational processes
Growing Protection and other cross-sell
Foxtons referral process and incentivisation
Reducing time to appointment
Re-booking processes to reduce broker "no-show" slots

Source; Company, h2Radnor

A key measure for Financial Services' productivity is how many leads it takes to generate a deal, which improved by 8% from 6.4 in FY21 to 5.9 in FY25 (Figure 60). The Group did not disclose the data for FY25.

Figure 60: Financial Services' leads to deal ratio (x)

December year end	FY21	FY22	FY23	FY24
Leads to deals	6.4	6.4	5.9	5.9

Source; Company, h2Radnor

Financial performance

In the post-Brexit years, the segment's revenue performance was sluggish, mirroring the subdued performance from Sales (Figure 61). Financial Services' revenue rebounded post-Covid but it was then heavily impacted by the withdrawal of many mortgages after the mini budget, with revenue declining by 14% in FY23, before rising by 6% in FY24 and by 10% in FY25.

Figure 61: Foxtons' Financial Services revenue (£m)

December year end	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Revenue	4.0	3.7	3.5	4.9	6.3	8.3	8.9	8.8	8.3	8.5
Total growth		(6.4%)	(6.1%)	42.0%	26.8%	31.8%	7.3%	(1.1%)	(5.5%)	3.2%
Volumes			1,938	2,556	3,154	3,801	4,221	4,243	4,318	4,442
Change				31.9%	23.4%	20.5%	11.0%	0.5%	1.8%	2.9%
Revenue per transaction			1,795	1,932	1,985	2,171	2,097	2,062	1,915	1,921
Change				7.6%	2.7%	9.4%	(3.4%)	(1.7%)	(7.1%)	0.3%

December year end	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	8.1	9.5	10.2	8.8	9.3	10.3	10.8	11.0	11.4
Total growth	(5.3%)	17.1%	8.1%	(14.1%)	6.3%	10.5%	4.5%	2.0%	4.0%
Volumes	4,361	4,991	5,003	5,033	5,115	5,776	6,094	6,246	6,396
Change	(1.8%)	14.4%	0.2%	0.6%	1.6%	12.9%	5.5%	2.5%	2.4%
Revenue per transaction	1,853	1,895	2,043	1,745	1,824	1,785	1,767	1,758	1,786
Change	(3.5%)	2.3%	7.8%	(14.6%)	4.5%	(2.1%)	(1.0%)	(0.5%)	1.6%

Source: Company, h2Radnor

Reflecting the weak revenue performance, Financial Services saw its adjusted operating profit margin decline to 7.4% in FY23, before improving to 12.2% in FY24 but then declining to 10.9% in FY25 (Figure 62).

Figure 62: Foxtons' Financial Services profit (£m)

December year end	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Contribution					4.2	4.4	3.9	4.0
Change						5.0%	(10.7%)	3.3%
Contribution margin					46.9%	49.8%	47.1%	47.2%
Change						6.2%	(5.5%)	0.1%
Adjusted EBITDA	0.2	0.3	0.7	1.3	1.4	1.7	1.4	1.4
Change		30.4%	172.6%	79.8%	7.7%	22.7%	(21.3%)	4.9%
Adjusted EBITDA margin	6.0%	5.5%	11.8%	16.0%	16.1%	20.0%	16.7%	16.9%
Change		(8.1%)	115.0%	36.4%	0.4%	24.1%	(16.7%)	1.6%

December year end	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Contribution	4.0	3.8	4.1	4.5	3.4	4.0	4.2	4.4	4.4	4.7
Change	3.3%	(6.0%)	7.3%	10.5%	(23.9%)	17.7%	4.6%	3.8%	1.7%	5.6%
Contribution margin	47.2%	46.8%	42.9%	43.9%	38.8%	43.0%	40.7%	40.5%	40.4%	41.0%
Change	0.1%	(0.8%)	(8.3%)	2.2%	(11.5%)	10.8%	(5.3%)	(0.6%)	(0.3%)	1.5%
Adjusted operating profit	1.4	1.4	1.5	1.8	0.7	1.1	1.1	1.2	1.2	1.3
Change		3.8%	8.5%	14.8%	(63.0%)	73.5%	(1.0%)	3.3%	1.5%	6.1%
Adjusted operating profit margin	16.0%	17.6%	16.3%	17.3%	7.4%	12.2%	10.9%	10.8%	10.7%	10.9%
Change		9.6%	(7.3%)	6.3%	(56.9%)	63.3%	(10.4%)	(1.1%)	(0.5%)	2.0%

Source: Company, h2Radnor

FY24

Financial Services revenue increased by 6.3%, benefiting from improved mortgage market conditions, as the impact of the mini-Budget of 2022 faded, and market share gains (as a result of operational improvements). Growth was split between a 4.5% rise

in average revenue per transaction and a 1.6% increase in volumes. Higher average revenue per transaction was driven by growth of new purchase activity, within the refinance business, which commands a higher average fee than product transfers. In 2024, £3.7 million (40% of revenue) was generated from non-cyclical refinance activity and £5.6 million (60% of revenue) from more cyclical purchase activity and other ancillary sources.

There was a proportional increase in the segments' contribution margin of 10.8% from 38.8% in FY23 to 43.0% in FY24 and of 63.3% in the adjusted operating margin from 7.4% in FY23 to 12.2% in FY24 due to productivity gains and a higher margin product mix. Profitability benefitted from a full operational review of the business, enacted by Richard Merrett, who joined as Managing Director in January 2024, with key initiatives including process upgrades, enhanced cross-selling from the estate agency business, and the implementation of a new data suite to support a KPI-driven performance culture and these efforts drove an 11% increase in revenue per adviser and an 8% rise in deals per adviser.

FY25

Financial Services' revenue increased by 10% (flat in H1 and a 21% rise in H2) reflecting a 13% increase in volumes and a 2% decrease in average revenue per transaction. The stronger second half compared with the flat first half partly was due to a greater expiration of products in H2, which led to more refinancing.

The rise in volumes was driven by a stronger refinance pipeline, higher cross-sell rates, and increased adviser productivity. Referrals into Financial Services was said to have grown in the year, which we thought encouraging as cross-selling from Sales into Financial Services is a key goal of the Group. Lower average revenue per transaction was mainly caused by a market-driven change in product mix towards refinance activity, as interest rates declined. The proportion of refinance activity rose from 40% in FY24 to 42% in FY25.

The segment saw a 5.3% proportional decline in the contribution margin, from 43.0% in FY24 to 40.7% in FY25, and a 10.4% proportional decline in the adjusted operating margin from 12.2% in FY24 to 10.9% in FY25, due to an increase in the proportion of refinance activity and growth in fee earner headcount, as new joiners typically take 12 months to break even.

Q126

In Q126, Financial Service revenues rose by 3%, from £2.5m in Q125 to £2.6m in Q126, driven by good levels of refinance activity and growth in ancillary revenues, which helped to offset weaker new purchase activity amid lower sales market volumes.

Outlook

In FY26, we forecast 4.5% revenue growth, with 5.5% volume growth and a 1.0% decline in revenue per transaction. We think volume growth will be boosted by refinancing activity given the decline in interest rates over the last 18 months, albeit there may be risk here given the recent rise in expectations for interest rate increases. Lower interest rates are likely to continue the outperformance of refinance, which is margin dilutive.

Foxtons Operating Platform

Since 2002, Foxtons centralised many aspects of its operations at its HQ to create a scalable business model that enables its branch staff to focus on valuations, viewings and negotiations of sales and lettings transactions (Figure 63). Centralised functions include sales support, comprehensive property management service, marketing, finance, IT and administrative services. Foxtons' centralised approach differs from most competitors who lack the resources to replicate it, and we think will therefore further help it to gain share. When he became CEO, Mr Gittins prioritised rebuilding the Foxtons Operating Platform and this has been one of the main reasons why the Group's adjusted operating margin rose since FY21.

Figure 63: Foxtons Operating Platform



Source: Company, h2Radnor

Technology and data

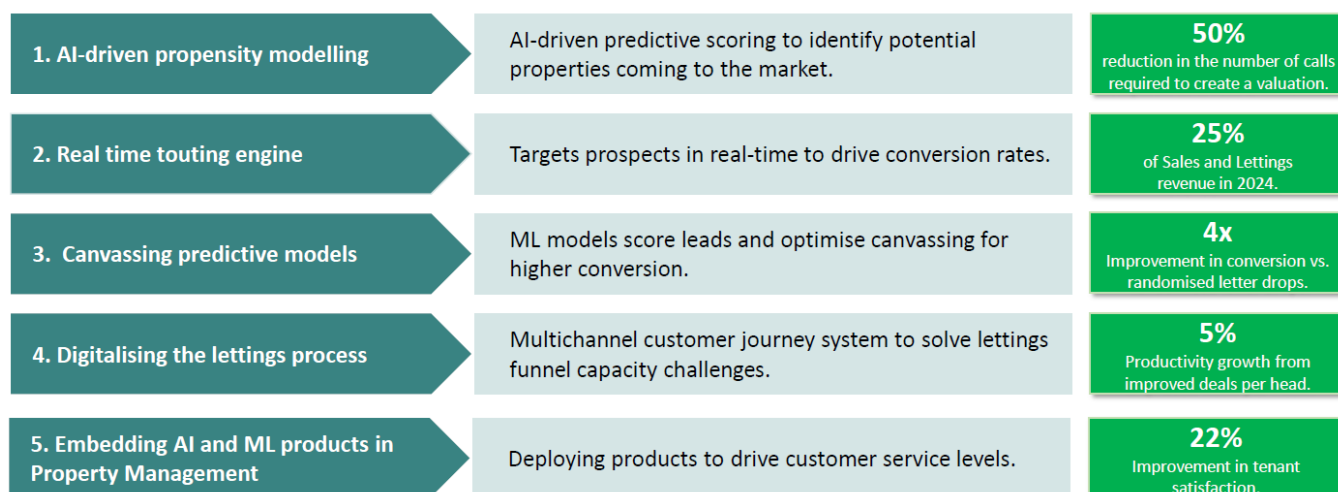
Foxtons Business Operating System (BOS) combines sophisticated workflow systems that allow internal departments to work cohesively together with a single content-rich database. Foxtons' current management have refocussed the business on technology and data, where it had lost some of its competitive edge.

Over more than 20 years, Foxtons has established London's largest estate agency database, with 1.6bn data points and 8.3m viewings completed. Property instructions are key for an estate agency, and by combining the largest customer database in London estate agency, data science-driven customer identification and targeting, dedicated stock acquisition teams and high levels of brand awareness amongst customers, the Foxtons Operating Platform drives strong levels of lead generation in the Group's markets.

The Group's in-house technology stack (CRM and ERP), powers all of its operations, and creates the flexibility to develop and deploy AI solutions at pace, without the constraints of an off-the-shelf system. The database lends itself especially to the deployment of AI and has been structured to better enable this. Two recent examples of AI use are; 1) AI prioritises the most likely leads in the next three months in a specific geographic area, and 2) it is speeding up training for recruits.

Foxtons was the first estate agent to launch a customer website and foxtons.co.uk is the UK’s leading sector website. The website is the Group’s largest source of leads and last year it was rebuilt and relaunched to improve speed, resilience and lead conversion, while enhancing the ‘My Foxtons’ portal based on user feedback, with the codebase completely modernised, making the platform more robust, flexible, and aligned with the Group’s data-led marketing strategies. Early indicators showed higher engagement and improved satisfaction. Foxtons’ technology and data platform is a real competitive advantage and is delivering tangible improvements to the business (Figure 64).

Figure 64: Foxtons Operating Platform – delivering high ROI data-led projects



Source: Company, h2Radnor

Brand

Foxtons is the UK’s leading lettings and estate agency brand and we highlight the fact that its website is London’s most popular property website by number of unique visitors. We think the strength of the Group’s brand means that, unlike some of its quoted peers, it is very unlikely to pursue a franchising approach for expansion. Marketing initiatives are focussed on strengthening customer acquisition and retention in a competitive market. The website markets properties for sale and for let and provides in-depth local information and online brochures and is managed in-house. A recent example of brand leverage is the Group’s exclusive partnership with International Airlines Group (IAG), making Foxtons the only UK estate agent through which customers can earn Avios points.

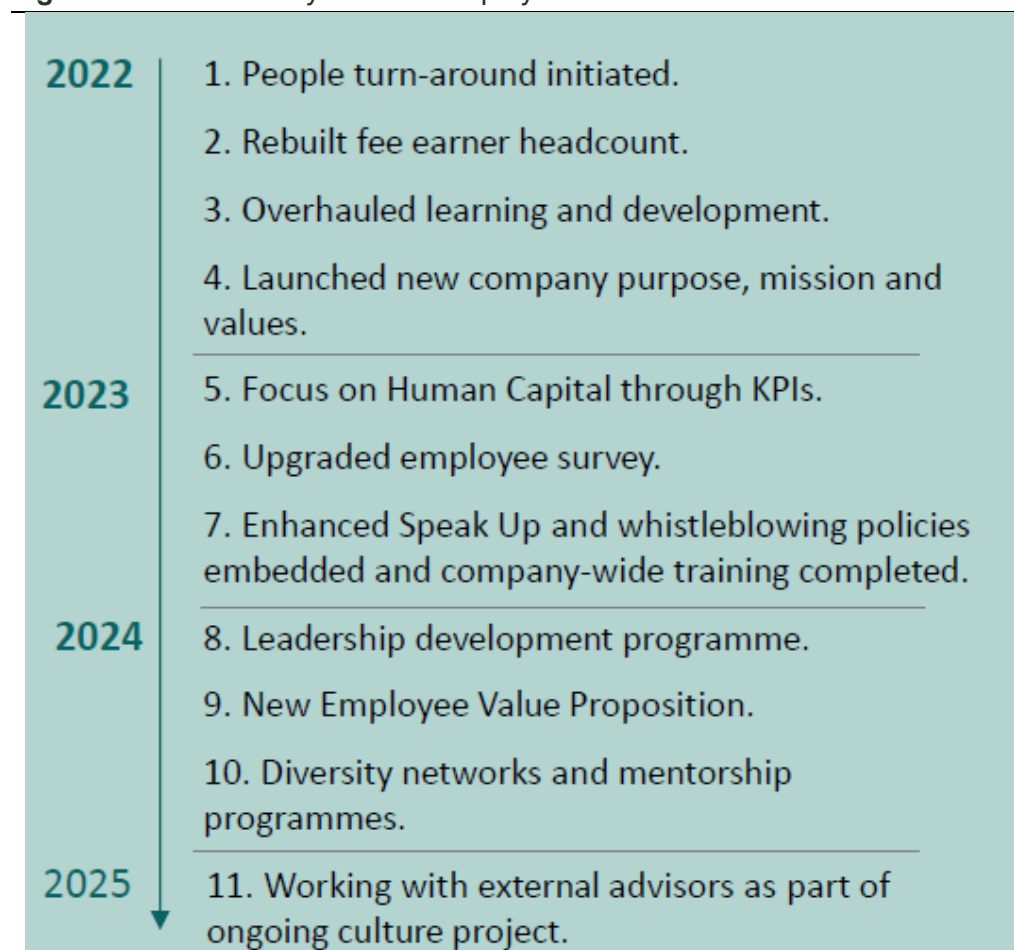
People and culture

In FY25, Foxtons introduced the “Getting It Done. Together” framework to align recruitment, development, engagement and employee wellbeing and continued to strengthen its culture, including working with external experts to assess the opportunities for improvements, enhancing employee value proposition, repeating respectful workplace and inclusion training, and launching a new Code of Conduct.

Employees

Estate agency is a people business and employee motivation and retention is a key focus of Foxtons and the need to improve its employee value proposition was a key part of its relaunched strategy (Figure 65).

Figure 65: Foxtons’ key areas of employees focus since 2022



Source; Company, h2Radnor

As a result of the strategy fee earner annual retention rose from 70% in FY22 to 76% in Q125 (Figure 66). Foxtons did not disclose the retention figure for FY25.

Figure 66: Foxtons’ employee retention

December year end	FY22	FY23	FY24	Q125
Fee earner retention (%)	70	73	75	76

Source; Company, h2Radnor

Foxtons' headcount rose by 20%, from 749 in FY22 to 900 in FY25, both organically and through acquisitions, and it plans some limited further headcount investment to deliver medium-term growth (Figure 67). Most of the remuneration of Foxtons' employees engaged in sales and sales support roles comes from commission earned on the revenue they generate which reduces risk in a downturn.

Figure 67: Foxtons' average fee earner headcount

December year end	FY22	FY23	FY24	FY25
Average fee earner headcount	749	829	859	900
Growth		10.7%	3.6%	4.8%

Source; Company, h2Radnor

Foxtons' revenue per employee rose by 2%, from £187k in FY22 to £192k in FY25 and we think improved retention will have been a key reason for that as employee productivity increases over time (Figure 68). Foxtons has said that its revenue per employee is more than 18% higher than the average of its London-based competitors.

Figure 68: Foxtons' revenue/average fee earner

December year end	FY22	FY23	FY24	FY25
Revenue/average fee earner (£)	187,346	177,475	190,835	191,703
Growth		(5.3%)	7.5%	0.5%

Source; Company, h2Radnor

Wage inflation

In FY25, Foxtons' wage inflation was 3.9% (Figure 69). For FY26, base salary increases for eligible employees will average c.3%, with certain junior employee groups receiving higher base salary increases; for example, trainee negotiators and other front office support staff will receive a c.4.1% base salary increase in April 2026 reflecting the change in National Living Wage.

Figure 69: Foxtons' wage inflation in FY25

Employee group	% of workforce	Average increase in base salaries
Executive Directors	>1%	3.5%
Senior Management	3%	4.1%
Senior Sales Staff	14%	2.8%
Sales and Sales Support Staff	71%	3.9%
Administrative Staff	13%	5.0%
Total	100%	3.9%

Source; Company, h2Radnor

Financials

P&L

Revenue

Foxtons' revenue grew sequentially from FY10 then it declined between FY15 and FY20 as it dealt with the impact of Brexit, the rise of SDLT, Covid and the abolition of tenant arrangement fees, before then rising each year since FY20 (Figure 70). Foxtons' new management has helped accelerate revenue growth, especially driving up organic revenue growth and pursuing acquisitions. Foxtons has not split revenue change between organic and acquisitions at the Group level.

Figure 70: Foxtons's revenue (£m)

December year end	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Revenue	103.1	116.4	120.0	139.2	143.9	149.8	132.7	117.6	111.5	106.9
Growth		12.9%	3.1%	16.0%	3.4%	4.1%	(11.4%)	(11.3%)	(5.2%)	(4.1%)

December year end	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	93.6	126.5	140.3	147.1	163.9	172.5	178.6	183.6	192.4
Growth	(12.5%)	35.2%	10.9%	4.8%	11.4%	5.2%	3.5%	2.8%	4.8%

Source: Company, h2Radnor

Since FY21, the Group has distinguished between 'non-cyclical and recurring revenue' and 'transactional revenue' (Figure 71). Non-cyclical and recurring revenue includes all of Lettings' revenue and the refinance segment within Financial Services' revenue. The proportion of non-cyclical and recurring revenue rose from 61% in FY21 to 67% in FY25, increasing the defensiveness of the Group and we believe that this fact is not fully appreciated by the market. Even Foxtons' Sales revenue will be more defensive than some other agents as it is not focussed on the more economically sensitive Prime and Super Prime markets.

Figure 71: Foxtons' revenue split by type

December year end	FY21	FY22	FY23	FY24	FY25
Revenue (£m)					
Transactional revenue	48.8	48.9	41.5	54.2	57.3
Non-cyclical and recurring revenue	77.7	91.4	105.6	109.7	115.3
Total	126.5	140.3	147.1	163.9	172.5
Proportion (%)					
Transactional revenue	39	35	28	33	33
Non-cyclical and recurring revenue	61	65	72	67	67
Total	100	100	100	100	100

Source: Company, h2Radnor

FY24

In FY24, the Group reported 11% revenue growth, led by the 31% rise in Sales' revenue. Revenue was boosted by market share gains in Sales and acquisitions in Lettings.

FY25

Foxtons grew revenue by 5% in FY25 (10% in H1 and 1% in H2), comprised of 5% at Lettings, 6% at Sales and 10% at Financial Services. First-half revenue was boosted by the race to exchange before the end of the SDLT holiday.

Q126

In Q126, revenues declined 10%, from £44.1m in Q125 to £39.6m in Q126, with 5% growth at Lettings and 3% at Financial Services offset by a 35% decline at Sales.

Outlook

We forecast 4% p.a. revenue growth on average over the next three years, which may be conservative given the growth achieved since FY21, with the main upside being acquisitions and the main risk ongoing uncertainty in the London sales market.

Adjusted operating profit margin

Foxtons' adjusted operating profit margin peaked at 33.1% in FY13 and then declined to a loss of 0.6% in FY19 (Figure 72). The 2.4% margin in FY20 would have probably been a greater loss than FY19 without Covid-related furlough support. Since Mr Gittins became CEO, the margin has increased from 7.8% in FY21 to 12.9% in FY25.

The adjusted operating profit margin is not quite comparable pre and post FY24 due to the treatment of share options, which had the effect of increasing the FY24 margin from 13.2% to 13.5% and at the bottom of the table below we show the adjusted operating margin including the LTIP adjustment.

Figure 72: Foxtons' profit (£m)

December year end	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Contribution							88.4	78.1	70.9	67.1
Growth								(11.6%)	(9.2%)	(5.4%)
Contribution margin							66.6%	66.4%	63.6%	62.8%
Growth								(0.3%)	(4.2%)	(1.3%)
Adjusted EBITDA			38.3	49.6	46.2	46.0	24.6	15.1	3.6	2.5
Growth				29.6%	(6.9%)	(0.4%)	(46.5%)	(38.8%)	(76.0%)	(32.0%)
Adjusted EBITDA margin			31.9%	35.7%	32.1%	30.7%	18.5%	12.8%	3.2%	2.3%
Growth				11.7%	(10.0%)	(4.3%)	(39.6%)	(31.0%)	(74.7%)	(29.1%)
Adjusted operating profit	26.8	32.0	33.0	46.1	42.0	40.9	18.8	8.8	(2.0)	(0.7)
Growth		19.3%	3.2%	39.9%	(8.9%)	(2.6%)	(54.0%)	(53.2%)	(122.7%)	(65.9%)
Adjusted operating profit margin	26.0%	27.5%	27.5%	33.1%	29.2%	27.3%	14.2%	7.5%	(1.8%)	(0.6%)
Growth			0.1%	20.5%	(11.9%)	(6.4%)	(48.1%)	(47.2%)	(124.0%)	(64.4%)

December year end	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Contribution	58.1	78.5	91.3	93.2	104.9	110.4	114.7	118.5	125.8
Growth	(13.4%)	35.2%	16.3%	2.1%	12.5%	5.3%	3.8%	3.4%	6.2%
Contribution margin	62.1%	62.1%	65.1%	63.4%	64.0%	64.0%	64.2%	64.6%	65.4%
Growth	(1.0%)	(0.0%)	4.8%	(2.6%)	0.9%	0.0%	0.3%	0.6%	1.3%
Adjusted EBITDA	4.8	12.2	17.5	17.5	24.1	25.3	25.4	28.6	32.3
Growth	94.8%	155.9%	43.1%	(0.1%)	37.4%	5.2%	0.2%	12.9%	12.8%
Adjusted EBITDA margin	5.1%	9.7%	12.5%	11.9%	14.7%	14.7%	14.2%	15.6%	16.8%
Growth	122.6%	89.3%	29.0%	(4.7%)	23.3%	(0.1%)	(3.2%)	9.8%	7.6%
Adjusted operating profit	2.2	9.8	15.0	15.7	22.1	22.2	23.2	26.5	30.0
Growth	(422.7%)	345.5%	52.3%	4.7%	41.3%	0.5%	4.6%	13.8%	13.4%
Adjusted operating profit margin	2.4%	7.8%	10.7%	10.6%	13.5%	12.9%	13.0%	14.4%	15.6%
Growth	(468.7%)	229.5%	37.2%	(0.1%)	26.8%	(4.5%)	1.0%	10.7%	8.3%

Including LTIP adjustment

Adjusted operating profit			15.1	16.0	22.1	22.2			
Growth			53.8%	6.0%	38.1%	0.5%			
Adjusted operating profit margin			10.7%	10.9%	13.5%	12.9%			
Growth			37.8%	1.9%	23.9%	(4.5%)			

Source: Company, h2Radnor

Foxtons provides a very good level of cost granularity, reported on the same basis since FY22 (Figure 73). For the purposes of segmental reporting, shared costs relating to the estate agency businesses are allocated between Lettings and Sales with reference to relevant cost drivers, such as front office headcount in the respective business. Corporate costs are not allocated to the operating segments and are presented separately.

Figure 73: Foxtons' cost items

Cost items

- Direct salary costs of branch fee earners and bad debt charges
- Branch related operating costs shared between Lettings and Sales
- Centralised fee earners, lead generation staff and Lettings property management staff
- Central overhead costs supporting branch operations
- Corporate costs not attributed directly to the operating activities of the operating segments

Source: Company, h2Radnor

Foxtons' adjusted operating margin rose from 10.7% in FY22 to 12.9% in FY25, in part due to the reduction in the adjusted operating cost base from 87.5% in FY22 to 85.2% in FY25 (Figure 74 Figure 75).

Figure 74: Foxtons' adjusted operating cost base (£m)

December year end	FY22	FY23	FY24	FY25
Revenue	140.3	147.1	163.9	172.5
Less: adjusted operating profit	(15.0)	(15.7)	(22.1)	(22.2)
Difference between revenue and adjusted operating profit	125.4	131.5	141.8	150.3
Less: depreciation of property, plant and equipment	(2.1)	(2.4)	(2.5)	(2.6)
Less: amortisation of non-acquired intangibles	(0.5)	(0.4)	(0.2)	(0.7)
Adjusted operating cost base	122.8	128.7	139.6	147.0
Direct costs	49.0	53.9	59.1	62.1
Branch operating costs	32.0	32.5	33.0	34.1
Centralised revenue generating operating costs	13.5	14.9	16.9	17.7
Revenue generating operating costs	94.5	101.4	108.9	113.9
Central overheads	25.7	25.1	27.6	30.0
Corporate costs	2.6	2.3	2.6	3.0
Adjusted operating cost base	122.8	128.7	139.1	147.0

Source: Company, h2Radnor

Figure 75: Foxtons' adjusted operating cost base/revenue

December year end	FY22	FY23	FY24	FY25
Direct costs	34.9%	36.6%	36.1%	36.0%
Change		1.7%	(0.6%)	(0.1%)
Branch operating costs	22.8%	22.1%	20.1%	19.8%
Change		(0.7%)	(2.0%)	(0.4%)
Centralised revenue generating operating costs	9.6%	10.1%	10.3%	10.3%
Change		0.5%	0.2%	(0.1%)
Revenue generating operating costs	67.3%	68.9%	66.4%	66.0%
Change		1.6%	(2.5%)	(0.4%)
Central overheads	18.3%	17.1%	16.8%	17.4%
Change		(1.3%)	(0.2%)	0.6%
Corporate costs	1.9%	1.6%	1.6%	1.7%
Change		(0.3%)	0.0%	0.2%
Adjusted operating cost base	87.5%	87.5%	84.9%	85.2%
Change		(0.0%)	(2.6%)	0.3%

Source: Company, h2Radnor

The main reason for the reduction in Foxtons' adjusted operating cost base was the decline in branch operating costs from 22.8% in FY22 to 19.8% in FY25. At IPO, Foxtons had 42 branches and this rose to 67 in FY17 and it remains at 67 even though revenues rose by 51% between FY17 and FY25. The Group has closed London branches (either surrendering the lease or sub-letting) whilst adding new branches in commuter markets. The strengthening of the Foxtons Operating Platform has helped improve branch productivity with consumers visiting the website and dealing with Foxtons electronically and with many functions performed centrally. In recent years, no new branches have been opened instead they have been added through acquisitions.

In H125, Foxtons successfully negotiated the early termination of its two floor Chiswick Park lease and secured a new, smaller one floor space nearby. Some HQ employees were moved to branches or the Worcester property management centre. The Group's

HQ move is expected to generate £1.5m cost savings, which we note is equivalent to 0.9% of FY25's revenue.

Another major cost initiative was the streamlining of senior management from the end of 2021 together with new executives and senior managers remuneration packages which saw a greater proportion of base salaries paid in restricted share awards.

In FY26, the Group expects to deliver £4.5m of annualised cost savings, £1.5m from the HQ move and £3m from the proactive cost-reduction plan announced in the Q126 statement, which is weighted to Sales.

FY24

Proportionally, the Group contribution margin rose by 0.9% from 63.4% in FY23 to 64.0% in FY24 and the adjusted operating profit margin increased by 23.9% from 10.9% in FY23 to 13.5% in FY24 (adjusting for the LTIP), demonstrating its operational leverage. The margin rose even with investments in performance marketing and lead generation, and inflationary pressures. Cost savings partly mitigated this increase in overheads. Direct costs, the main cost item, reduced by 0.6% from 36.6% of revenue in FY23 to 36.1% in FY24, even with an increase in variable commissions paid to fee earners reflecting year-on-year revenue growth. Fee earner productivity improved with revenue/average fee earner rising by 7.5% from £177k in FY23 to £191k in FY24.

FY25

The Group contribution margin was flat at 64.0%, with an increase at Lettings offset by a decrease at Sales and Financial Services. The adjusted operating margin declined from 13.5% in FY24 to 12.9% in FY25, with higher revenue offset by increased costs, including the impact of National Insurance and National Living Wage increases, and inflationary pressures, with adjusted operating costs/revenue increasing from 84.9% in FY24 to 85.2% in FY25. Positively, revenue/average fee earner rose by 0.5% from £191k in FY24 to £192k in FY25.

Outlook

We forecast a sequential rise in the adjusted operating profit margin to reach 15.6% in FY28, albeit that would still be below the Group's medium-term 20% target. The FY26 margin will be boosted by the annualised benefit of the HQ move. In our view, there are a number of reasons why the Group's adjusted operating margin should rise in the medium term;

- Inflation linked revenues,
- Increasing the proportion of PMS within Lettings,
- Scaling and operational leverage, especially through the Foxtons Operating Platform,
- High ROI from acquisitions,
- Focus on productivity improvements, especially through AI,
- Reducing the losses in Sales and eventually returning to profit,
- Cross-selling into Financial Services.

Balance Sheet and Cash Flow

We think one of Foxtons' most appealing features is its strong cash generation and asset light business model, with low working capital and capex requirements.

Strong free cash generation provides options for acquisitions and capital returns. Previous management probably returned too much capital to shareholders, in our view, and we support the current management's focus on organic growth and acquisitions.

The Group's current capital allocation framework reflect its ongoing strategic priorities and capital structure;

- **Organic growth**, by investing in strategically important areas such as people, technology, data and brand,
- **Accretive acquisition opportunities**, by acquiring high-quality lettings portfolios which contribute non-cyclical and recurring revenues and deliver strong returns on investment and synergy potential,
- **Shareholder returns** through both i) a progressive dividend, which provides a reliable and growing income stream to investors, whilst maintaining strong dividend cover ii) share buybacks taking into account factors such as EPS accretion, borrowing capacity and leverage.

Net cash/debt

Historically, Foxtons had a net cash position, but the current management have added some debt to finance acquisitions, which we support as it makes the balance sheet more efficient and we think it should be making value creating acquisitions given the ROIC it can achieve on deals (Figure 76).

Figure 76: Foxtons' net cash/debt (£m)

December year end	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Net cash/(debt) (£m)	23.4	22.5	25.6	9.5	18.6	17.9	15.5	37.0
Net cash/(debt)/EBITDA (x)	0.5	0.5	0.6	0.4	1.2	5.0	6.3	7.7

December year end	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net cash/(debt)	19.4	12.0	(6.8)	(12.7)	(16.9)	(17.5)	(7.9)	9.8
Net cash/(debt)/EBITDA	1.6	0.7	(0.4)	(0.5)	(0.7)	(0.7)	(0.3)	0.3

Source: Company, h2Radnor

Although the estate agency market is cyclical, and therefore we would not want to see leverage increase too much, we note that even during the GFC the Group achieved positive adjusted EBITDA and since then its resilience has increased as the proportion of revenues generated by Lettings has risen further.

Net debt/EBITDA rose from 0.5x at the end of FY24 to 0.7x at the end of FY25, mainly due to acquisitions, the share buyback and the build-up of working capital. We model a return to net cash position in FY28 as we do not model new acquisitions or share buybacks, albeit in reality both are likely.

The Group aims to keep net debt/EBITDA below 1.25x and we note if it took leverage up to this level that would generate a further £1 5m for acquisitions, whilst still remaining relatively lowly geared. Furthermore, if the share price re-rated then we think that

Foxtons could issue equity to finance even more acquisitions and accelerate the M&A strategy, but we think this is unlikely at current share price levels.

The Group's has a £30m Revolving Credit Facility (RCF), which in FY25 was extended by a year to 2028, with a £10m accordion option which can be requested at any time subject to bank approval, effectively giving it access to £40m. The RCF is there to support the Lettings portfolio acquisition strategy and working capital management. Drawdowns on the facility accrue interest at SONIA +1.65%. At 31 December 2025, the Group had used £22.5m of the £40m RCF.

The RCF is subject to a leverage covenant (net debt/EBITDA not to exceed 1.75x) and an interest cover covenant (adjusted EBITDA to interest not to be less than 4x) as defined in the facility agreement. At 31 December 2025, for the purposes of the RCF the leverage ratio was 0.7x and the interest cover ratio was 24x.

Leases

The Group uses leases for its HQ, branches and motor vehicles (Figure 77). With the exception of short-term leases, each lease is recognised on the balance sheet with a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment. Generally, the right-of-use assets can only be used by the Group, unless there is a contractual right for the Group to sub-lease the asset to another party. The Group is also prohibited from selling or pledging the leased assets as security.

Figure 77: Foxtons' lease liabilities carry amounts

December year end	FY24	FY25
Lease liabilities (£m)		
Property	34.6	33.9
Motor vehicles	8.2	6.1
Total	42.8	40.0
Proportion (%)		
Property	81	85
Motor vehicles	19	15
Total	100	100

Source: Company, h2Radnor

Foxtons' interest on leases was equivalent to 1.2% of revenue in FY25 which we feel is comfortable (Figure 78).

Figure 78: Foxtons' lease interest

December year end	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest on leases (£m)	(2.0)	(2.0)	(2.1)	(2.1)	(2.1)	(2.2)	(2.3)
Interest on leases/revenue	(1.4%)	(1.3%)	(1.3%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)

Source: Company, h2Radnor

We think it positive that the Group's lease commitments have become more long term, with the proportion after five years increasing from 17% in FY24 to 36% in FY25 (Figure 79).

Figure 79: Foxtons' outstanding commitments for future minimum lease payments

December year end	FY24	FY25
Maturity analysis – contractual undiscounted cash flows (£m)		
Within one year	13.1	9.9
In the second to fifth year inclusively	27.0	22.8
After five years	8.3	18.6
Total	48.4	51.2
Proportion (%)		
Within one year	27	19
In the second to fifth year inclusively	56	44
After five years	17	36
Total	100	100

Source: Company, h2Radnor

Free cash

Generally, the Group has generated positive free cash, which we believe is one of the most attractive aspects to the equity story, and it allows it to fund both organic and inorganic growth and return capital to shareholders. (Figure 80). Our definition of free cash differs slightly to the Group's as we also include interest paid.

Figure 80: Foxtons' free cash (h2R definition) (£m)

December year end	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Free cash	18.0	27.3	28.9	32.0	16.7	11.3	1.3	(2.6)	4.5

December year end	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Free cash	6.6	7.7	(0.3)	9.3	10.0	12.0	13.0	21.8

Source: Company, h2Radnor

Working capital

The Group generally has low working capital requirements as Lettings' fees are front loaded to the initial part of a tenancy (the non-cancellable part) (Figure 81). Starting in FY23, Lettings introduced shorter landlord billing periods to improve the competitiveness and this led to an increase in average tenancy lengths, which under its revenue recognition policy also resulted in a greater proportion of revenue being recognised at the start of tenancies and with revenue recognition outpacing cash collections, there was a working capital outflow. The working capital outflow improved 7.3% of revenue in FY23 to 3.0% in FY24 and 2.6% in FY25 as the impact of shorter landlord billing terms eased.

Figure 81: Foxtons' working capital (£m)

December year end	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Receivables	(0.9)	(2.2)	2.4	(1.2)	4.8	0.0	(0.5)	(2.9)	(0.6)
Receivables/revenue	(0.8%)	(1.5%)	1.7%	(0.8%)	3.6%	0.0%	(0.4%)	(2.7%)	(0.7%)
Payables	2.3	0.7	(2.7)	3.1	0.2	1.3	1.8	0.3	0.0
Payables/revenue	1.9%	0.5%	(1.9%)	2.1%	0.1%	1.1%	1.6%	0.3%	0.0%
Total	1.4	(1.4)	(0.3)	2.0	5.0	1.3	1.3	(2.6)	(0.6)
Working capital/revenue	1.2%	(1.0%)	(0.2%)	1.3%	3.8%	1.1%	1.2%	(2.5%)	(0.7%)

December year end	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Receivables	(2.1)	(2.1)	(12.1)	(2.9)	(3.6)	(5.0)	(6.7)	(1.0)
Receivables/revenue	(1.6%)	(1.5%)	(8.2%)	(1.8%)	(2.1%)	(2.8%)	(3.6%)	(0.5%)
Payables	3.8	0.9	1.3	(2.0)	(0.9)	1.1	0.9	1.0
Payables/revenue	3.0%	0.6%	0.9%	(1.2%)	(0.5%)	0.6%	0.5%	0.5%
Total	1.7	(1.2)	(10.8)	(4.9)	(4.4)	(3.9)	(5.8)	0.0
Working capital/revenue	1.3%	(0.9%)	(7.3%)	(3.0%)	(2.6%)	(2.2%)	(3.1%)	0.0%

Source: Company, h2Radnor

The removal of fixed-term tenancies under the RRA is expected to increase the average initial landlord billing period at the start of new tenancies, as there is no longer any non-cancellable period over which Foxtons would collect its fees historically (e.g. if six months of a two-year tenancy is non-cancellable then in the past Foxtons would have billed its fee during this six months period and as such we see this as the next stage of the transition to shorter billing terms, a process which commenced in FY23 and is expected to cost £10m in total over two years).

Capex

Prior to 2016, Foxtons opened new branches and capex was higher (averaging 5.1% of revenue per year) as these branches were being fitted out (Figure 82). Since FY16 there was a net branch closure and capex has been much lower, averaging 0.9% of revenues per year, with expansion instead through acquisition. Capex/revenue was 0.7% in FY24 and increased to 1.7% in FY25 partly due to the cost of fitting out the new HQ.

Figure 82: Foxtons' capex (£m)

December year end	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Depreciation/revenue	3.0%	2.6%	2.9%	3.0%	3.7%	4.1%	3.7%	12.1%	12.8%
Amortisation/revenue					0.1%	0.1%	0.2%	0.5%	0.9%
Capex on property, plant and equipment/revenue	(5.2%)	(5.3%)	(5.0%)	(5.0%)	(4.7%)	(1.3%)	(0.3%)	(0.4%)	(0.7%)
Capex on intangibles/revenue				(0.3%)	(0.5%)	(0.8%)	(0.6%)	(0.1%)	(0.1%)

December year end	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Depreciation/revenue	10.3%	8.7%	8.8%	8.1%	8.1%	8.1%	8.1%	8.1%
Amortisation/revenue	1.3%	1.1%	1.2%	1.4%	1.9%	1.9%	1.9%	1.9%
Capex on property, plant and equipment/revenue	(1.6%)	(2.1%)	(1.4%)	(0.7%)	(1.7%)	(1.5%)	(1.3%)	(1.3%)
Capex on intangibles/revenue	(0.0%)	(0.5%)	(1.0%)	(1.0%)	(0.6%)	(0.5%)	(0.5%)	(0.5%)

Source: Company, h2Radnor

Dividend

Under previous management, Foxtons' payout was 35% to 40% and was further boosted by special dividends, whereas new management reduced this to around 25%

in order to finance acquisitions and have not paid a special dividend (Figure 83). The FY25 dividend was maintained, reflecting the 2% decline in adjusted EPS.

Figure 83: Foxtons' DPS (p)

December year end	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Dividend per share - ordinary (p)	1.70	4.94	5.01	2.00	0.70			
Growth		190.6%	1.4%	(60.1%)	(65.0%)			
Payout/adjusted EPS	12.7%	41.6%	40.8%	35.0%	26.5%			
Dividend per share - special (p)	3.74	4.76	5.99					
Growth		27.3%	25.8%					
Total dividend per share (p)	5.44	9.70	11.00					
Growth		78.3%	13.4%					

December year end	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share - ordinary (p)	0.45	0.90	0.90	1.17	1.17	1.21	1.44	1.67
Growth		100.0%	0.0%	30.0%	0.0%	3.7%	18.3%	16.4%
Payout/adjusted EPS		26.0%	26.9%	22.6%	23.2%	24.0%	24.0%	24.0%

Source: Company, h2Radnor

Share buyback

The Group supplements dividends with occasional share buybacks. There was no buyback in FY24 but £5.5m spent in FY25 and so far £0.3m has been spent in FY26 (Figure 84). Generally, our preference would be to prioritise acquisitions over share buybacks, given the former's high ROIC, albeit some investors may expect a certain level of capital return given that the dividend payout is lower than for many small cap FTSE companies. At the current share price valuation, share buybacks are certainly financially attractive. The Group's capital allocation framework prioritises investment in organic growth, accretive acquisitions and a progressive dividend, with any excess capital returned to shareholders through share buybacks.

Figure 84: Foxtons' share buyback (£m)

December year end	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Purchase of shares	(1.5)	(0.9)	(11.2)			(0.1)	(0.3)

December year end	FY21	FY22	FY23	FY24	FY25	FY26E
Purchase of shares	(5.7)	(4.9)	(1.1)		(5.5)	(0.3)

Source: Company, h2Radnor

Management

Executive Directors

CEO

Mr Gittins rejoined Foxtons in 2022 as CEO, having previously been CEO of Chestertons, one of Foxtons main competitors. Mr Gittins started his early career at Foxtons, leaving in 2006 to become Sales and Marketing Director for Peter de Savary. In May 2010, Mr Gittins joined Savills, before moving to Chestertons in 2012, initially as head of their flagship Chelsea office before becoming CEO in 2018.

CFO

Mr Hough joined Foxtons in 2019 as the Group's Director of Finance and Company Secretary and was promoted to CFO in 2022. Mr Hough is a qualified Chartered Accountant and prior to joining Foxtons spent over 10 years at Deloitte, where he was a Director.

Executive Directors' remuneration

FY25

The Executive Directors' fixed remuneration is supplemented by a Bonus Banking Plan (BBP) and a Restricted Share Plan (RSP) (Figure 85). Salaries included a 10% Salary Substitute Restricted Shares element.

Figure 85: Foxtons' Executive Directors remuneration in FY24 and FY25 (£'000)

Executive Directors	Year	Salary	Taxable benefits	BBP	RSP	Pension	Total
Guy Gittins							
	2025	468	24	88	468	14	1,062
	2024	464	31	504	468	14	1,480
Chris Hough							
	2025	294	15	46	225	9	588
	2024	268	14	243	206	8	738

Source: Company, h2Radnor

Bonus Banking Plan

The BBP depends on achieving four targets;

- **Adjusted operating profit;** in FY25, this metric was not met as the £22.2m achieved was below the £23.6m minimum threshold;
- **Lettings organic market share growth;** which we think is organic so as to avoid it being flattered by acquisitions. In FY25, this metric had a 100% payout, as the market share rose from 6.2% in FY24 to 6.7% in FY25;
- **Sales market share growth;** this metric was not met as the market share declined from 4.8% in FY24 to 4.7% in FY25;
- **Employee experience;** which is viewed holistically (with less externally visible targets), which was deemed to have been 25% met in FY25.

In FY25, 12.5% out of 100% of the outcome of the BBP was achieved vs 72.4% in FY24, with the failure to meet the minimum threshold for adjusted operating profit being the main difference between the two years (Figure 86).

Figure 86: Foxtons' BPP plan - FY25 outcome

Metric	Weighting	Threshold (25% payable)	Target (50% payable)	Maximum (100% payable)	Actual	Outcome (% of element)	Outcome (% of maximum)
Adjusted operating profit	70%	£23.6m	£24.5m	£27.4m	£22.2m	0%	0%
Lettings organic market share growth	10%	3%	4%	6%	8%	100%	10%
Sales market share growth	10%	6%	10%	16%	(2%)	0%	0%
Employee experience	10%		Holistic assessment		25%	25%	2.5%
Total							12.5%

Source: Company, h2Radnor

Each year, the bonus outcome contributes to the participants' plan account with half of the plan paid out in cash and half paid out in shares. 100% of the balance in the final fourth year of the plan will normally be settled in the form of shares transferred or allotted to the participant. 2025 was the third year of the second cycle of the BBP.

Restricted Share Plan

To assess the RSP the Remuneration Committee looks at;

- Underlying financial performance, considering key financial indicators in particular;
- Operational performance;
- Individual performance;
- ESG performance and impact; and
- Stakeholder experience, including, but not limited to, shareholders.

In FY25, the Remuneration Committee assessed the criteria for the underpin to the 2023 RSP vesting in April 2026 and decided it had been met in full and Mr Gittins and Mr Hough received an RSP grant of 100% and 75% of salary, respectively. The RSP does not vest until three years after grant and is then subject to a further two-year holding period. Only once it vests is the Executive Director unconditionally entitled to the award.

FY26 proposal

The FY26 remuneration policy will be voted on at the AGM in May and as part of a three-year remuneration cycle, a number of changes will be introduced for FY26;

- **Salary;** maintain the CEO's and CFO's current salary for 2026, in line with the decision not to award any inflationary salary increases to the Executive Leadership Team;
- **Replace the BBP,** with a conventional annual bonus with deferral; 50% of any bonus earned will be deferred into shares for two years. This is reduced to 25% of any bonus earned once an Executive Director has met their shareholding requirement.

- **Remove the Salary Substitute Restricted Shares;** return to the market standard approach of delivering salary fully in cash, rather than as a mix of cash and shares. However, the Policy will continue to provide flexibility in the future to deliver a portion in shares, if appropriate.

From 2026 the CFO's quantum will be brought in line with the CEO's incentive opportunity. As such, the CEO and CFO will be eligible for an annual bonus opportunity of 150% of salary and an RSP grant of 100% of salary. As a result of these changes to incentive quantum for the CFO, his shareholding requirement will also increase to 250% of salary (from the current 200% of salary) to bring it into line with the CEO.

For 2026, the employee experience measure will be replaced with a broader people and culture measure, with an increased weighting of 15% (currently 10%) and reduce the market share growth metric to 15% (split equally between sales market share growth and lettings organic market share growth).

The adjusted operating profit measure within the annual bonus will be measured on a per share basis, which we think is an improvement as it captures the impact of capital allocation e.g. acquisitions and share buybacks.

CEO LTIP Buyout Award

Upon appointment, Mr Gittins was awarded a Long-Term Incentive Plan (LTIP) buyout award to compensate him for the forfeiture of incentive arrangements from Chestertons, his previous employer. The awards were granted on appointment as nil cost options that vest three years after the grant date. The value of the LTIP was said to be lower than that which Mr Gittins had at Chestertons. The LTIP buyout award of 6.9m share options has a face value of £2.5 million, which was calculated using an Ordinary Share price of 36.32p per share being the average of the closing Ordinary Share prices over the three Dealing Days preceding 30 May 2022, the date that it was announced that Mr Gittins would be the incoming CEO.

The award requires the Group's share price to exceed 70p for any 30 consecutive days over the vesting period, which would also include a bid for the Group. This buyout was due to mature in September 2025, however the 30-day hurdle would not have been met by that stage, and at the H125 results, published on 30 July 2025, the Remuneration Committee decided to extend the vesting period by 12 months to 5 September 2026, to reflect *"the CEO's importance to the ongoing success of Foxtons, the financial progress achieved under his tenure, and the impact of external market volatility and macroeconomic factors weighing on the Company's share price"*.

Given the current share price of 44p, with less than six months to go, we think it increasingly likely that the LTIP conditions will not be met, which must carry some risk around CEO retention and we note that in October 2023, Chestertons was acquired which may have meant that Mr Gittins's incentive arrangements there would have vested. Generally, we dislike incentives linked to a share price given how much of a share price's performance is outside the control of management and our preference is for multi-year cash earnings-based incentives.

Executive Directors' shareholding and share interests

Executive Directors' shareholding and share interests are required to equate to 250% of their salary, which both Mr Gittins (at 282%) and Mr Hough (at 301%) did as at 31 December 2025, based on the share price at the time of 59.5p (Figure 87).

Figure 87: Foxtons' Executive Directors shareholding and share interests (at 31 December 2025)

Executive Directors	Shares owned Outright	Vested but unexercised shares	Unvested shares not subject to performance	Unvested shares subject to performance	Notional shares held	Total scheme shareholding and interests	Total scheme shareholding and interests
Guy Gittins	343,793	491,182	3,040,956	6,883,891	703,092	11,119,121	11,462,914
Chris Hough	500,516	474,275	1,445,738		332,778	2,252,791	2,753,307

Source: Company, h2Radnor

Outstanding scheme interests are;

- **Vested but unexercised shares** are granted under the RSP and Salary Substitute Restricted Shares and include dividend equivalents. Not subject to performance;
- **Unvested shares not subject to performance** are shares granted under the RSP and Salary Substitute Restricted Shares;
- **Unvested shares subject to performance;** refers to Mr Gittins's 'CEO LTIP Buyout Award';
- **Notional shares held** are the number of deferred notional shares carried forward at the end of year three of the BBP scheme (31 December 2025).

The shares owned outright (at 31 December 2025) represent 0.1% for Mr Gittins and 0.2% for Mr Hough of Foxtons' share count (Figure 88).

Figure 88: Foxtons' Executive Directors shares owned outright

Executive Directors	Shares owned Outright	Proportion of Foxtons' share count
Guy Gittins	343,793	0.1%
Chris Hough	500,516	0.2%

Source: Company, h2Radnor

Executive Leadership Team

Below the PLC Board, is Foxtons' Executive Leadership Team (ELT) (Figure 89). We think it encouraging that both the MDs for Lettings BTR and Lettings PMS are part of the ELT.

Figure 89: Foxtons' Executive Leadership Team

Name	Position
Guy Gittins	CEO
Chris Hough	CFO
Gareth Atkins	Managing Director - Lettings
Sarah Tonkinson	Managing Director - Lettings - Build-to-Rent
Fran Giltinan	Managing Director - Lettings Property Management & Customer Experience
James Stevenson	Managing Director - Sales
Richard Merrett	Managing Director - Financial Services
Imran Soomro	CTO

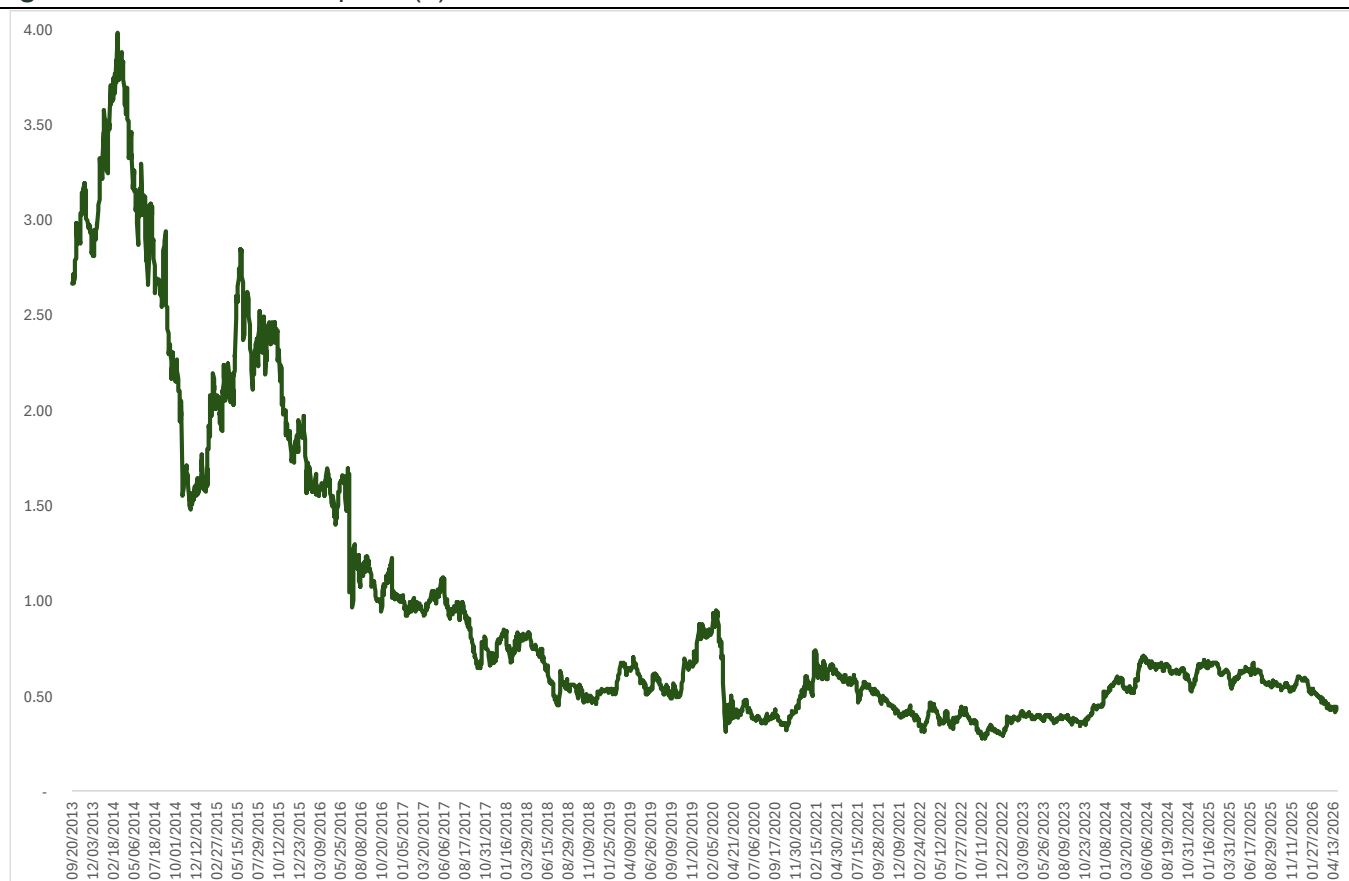
Source: Company h2Radnor

Valuation

Share price performance

Foxtons' share price, at 44p, is 37% below the five-year high of 70p it reached in 2024 and considerably below the 230p IPO price (Figure 90).

Figure 90: Foxtons' share price (£)



Source: FactSet, h2Radnor

Foxtons trades on an attractive valuation offering a FY26 PER of 8.9x (Figure 91). If the Group can achieve its medium-term goal of £50m of adjusted operating profit then the rating would drop to just 3.8x.

Figure 91: Foxtons' trading multiples

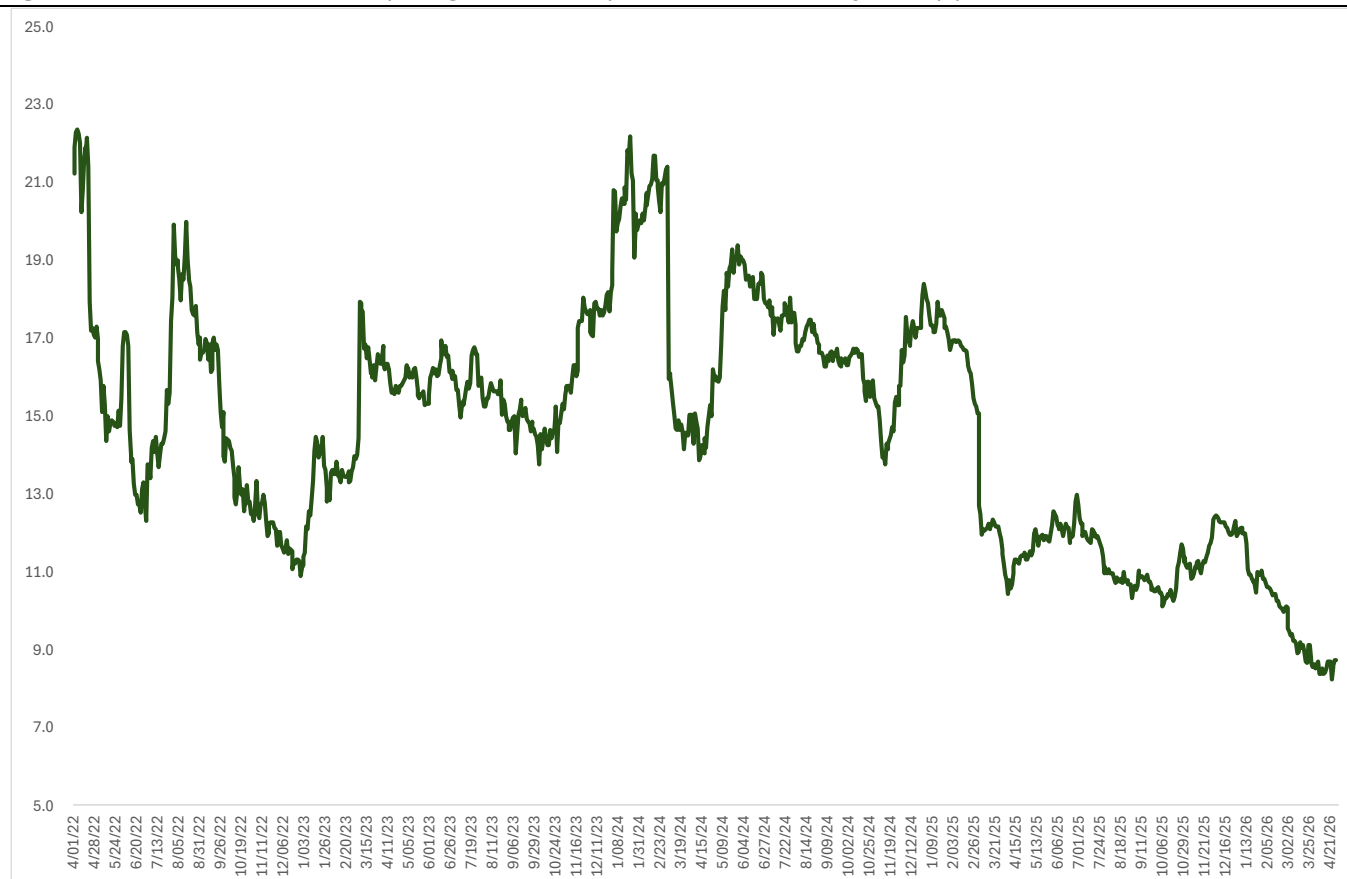
December year end	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EV/Revenue (x)	0.8	0.9	0.9	0.8	0.8	0.7	0.6
EV/EBITDA (x)	6.7	7.8	5.9	5.8	5.8	4.8	3.7
EV/EBITA (x)	7.8	8.7	6.4	6.6	6.3	5.2	4.0
PER (x)	13.2	13.7	8.7	8.9	8.9	7.5	6.4
Dividend yield (%)	2.0	2.0	2.7	2.7	2.8	3.3	3.8
Free cash yield (%)	6.0	(0.3)	7.2	7.7	9.3	10.1	16.9

Source: h2Radnor

The decline in the Group's share price and the rise in earnings means that, using consensus data, its FY1 forward PER has derated in recent years to 8.7x, a 40% discount

to the average of 14.6x of the last four years, which we think suggests that the Sales segment (28% of FY26 revenue) is now effectively being priced in for free (Figure 92).

Figure 92: Foxtons' FY1 PER (using consensus) over the last four years (x)



Source: FactSet, h2Radnor

Peer group

Our peer group focusses on UK listed property services companies and we note that Foxtons is the cheapest company on a FY26 PER basis (Figure 93).

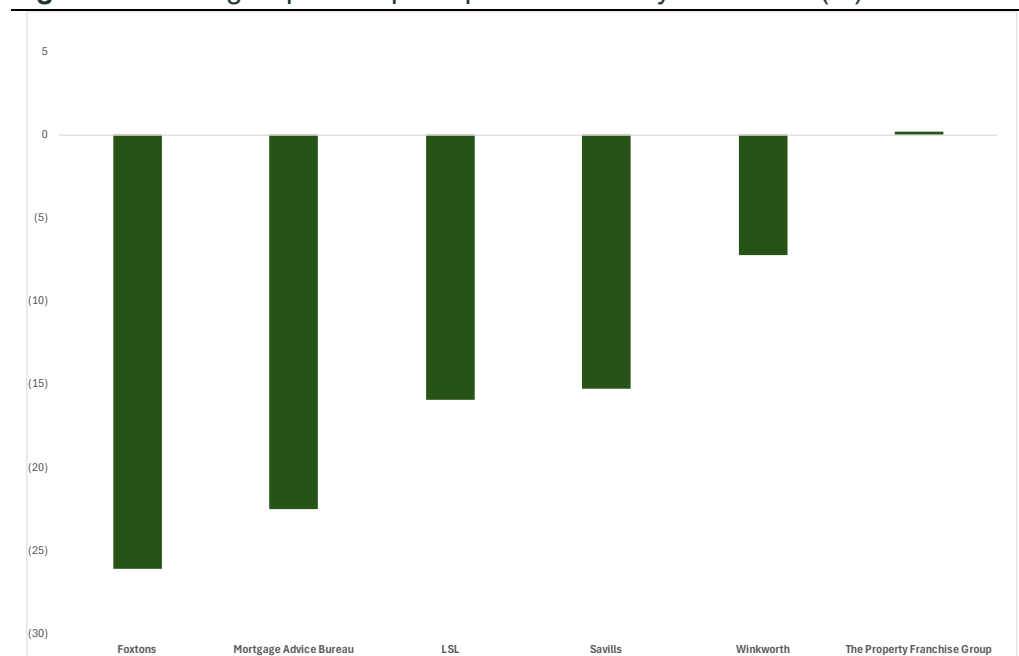
Figure 93: Foxtons' peer group

December year end	Market cap (£m)	EV/Sales (x)		EV/EBITDA (x)		EV/EBITA (x)		PER (x)		Dividend yield (%)	
		FY26	FY27	FY26	FY27	FY26	FY27	FY26	FY27	FY26	FY27
Foxtons	129	0.8	0.7	5.8	4.8	6.3	5.2	8.9	7.5	2.8	3.3
LSL	221	1.1	1.1	5.0	4.7	5.8	5.3	8.0	7.3	5.2	5.1
Mortgage Advice Bureau	310	0.9	0.8	5.9	5.1	6.3	5.4	10.0	8.4	4.9	5.4
The Property Franchise Group	328	3.7	3.5	9.5	8.9	9.9	9.2	12.4	11.4	4.6	4.9
Savills	1,221	0.4	0.4	5.2	4.3	6.9	4.7	9.9	8.5	4.4	4.8
Winkworth	22	2.2	2.1	6.7	6.3	n/a	n/a	11.7	10.7	7.7	7.8

Source: h2Radnor (for Foxtons) and FactSet (for peers)

The share prices of all of the group constituents have declined in 2026, except TPFG which is flat, with Foxtons having declined the most which we think is due to its exposure to the London sales market. Figure 94).

Figure 94: Peer group share price performance - year to date (%)



Source: FactSet, h2Radnor

1) LSL Property Services

LSL comprises three property related segments (Figure 95). The Group is FTSE listed, with a market cap of £221m.

- **Surveying & Valuation** (59% of revenue), is one of the UK's main providers of surveying and valuation services, supplying five out of the six largest lenders in the UK, also provides surveying and valuation services to consumers,
- **Financial Services** (27% of revenue) is one of the largest providers of services to mortgage intermediaries and estate agent franchisees, with over 2,500 advisers representing around 12% of the total purchase and remortgage market,
- **Estate Agency Franchising** (14% of revenue) provides franchising services, such as brand marketing and commercial and IT support, to a network of 62 franchisees which operate 312 territories across the UK. These territories are independently managed and operated by the franchisees under various brands, including Your Move and Reeds Rains, as well as several local brands. The estate agency network provides both sales and lettings.

Figure 95: LSL's segments in FY25

December year end	£m	Proportion (%)
Revenue		
Surveying & Valuation	107.6	59
Financial Services	48.8	27
Estate Agency Franchising	26.5	14
Total	182.9	100
Underlying operating profit		
Surveying & Valuation	23.5	55
Financial Services	11.0	26
Estate Agency Franchising	8.3	19
Sub-total	42.8	100
Central costs	(10.2)	
Total	32.6	
Underlying operating profit margin (%)		
Surveying & Valuation	21.8	
Financial Services	22.5	
Corporate owned offices	31.3	
Sub-total	23.4	
Central costs	(5.6)	
Total	17.8	

Source: Company, h2Radnor

LSL's current trading and outlook section from the FY25 results in March was reassuring;

We have made a positive start to the year across the Group, with trading in our businesses in line with expectations and our end markets operating in line with our assumptions. Our current performance supports our expectation of delivering a further increase in profits in 2026.

Since year end, we have continued to remain active across the Group. In Estate Agency Franchising, we completed the acquisitions of NSS and three further lettings books and have developed a healthy pipeline of lettings book acquisitions and other opportunities to increase our footprint. In Financial Services, the roll-out of our broker operating platform continues as planned, which will support improved productivity and product penetration. Across the Group, we remain focused on operational efficiency and cost management as we scale the Group through targeted investment and commercial execution. We are investing in digital solutions, data science, and AI in the Group, supporting productivity, enhancing decision making and complementing the professional expertise within our businesses.

The macroeconomic and geopolitical environment remains uncertain, with renewed concerns around inflation and interest rate expectations contributing to near-term uncertainty. We have not seen any adverse impact on trading across the Group in recent weeks, with front-end metrics remaining stable. We have seen some short-term strength in mortgage activity driven by changes to product pricing. With daily granular data across the residential property and

mortgage ecosystem, we have clear visibility of leading indicators of demand and can respond accordingly.

We continue to run the business with discipline and a clear focus on performance and structural cost effectiveness. The Board remains confident in the Group's short and medium-term prospects and continues to support disciplined investment across our businesses to strengthen capability, enhance returns and drive growth.

2) Mortgage Advice Bureau

Mortgage Advice Bureau (MAB) is a leading UK-based mortgage intermediary brand, established in 2000 by CEO Peter Brodnicki (Figure 96). MAB provides expert mortgage, protection, and general insurance advice, operating through a network of over 2,000 mortgage advisers across the UK. We see MAB as a good comparable for Foxtons' Financial Services division. The Group is listed on AIM, with a market cap of £310m, although it is in the process of moving to the Main market. MAB's four reporting segments are;

- **Mortgage procurement fees** (42% of revenue) paid to the Group by lenders either via the L&G Mortgage Club or directly for the arrangement of mortgage contracts between customers and lenders,
- **Protection and General Insurance** (37% of revenue) Insurance commissions from advised sales of protection and general insurance policies,
- **Client fees** (19% of revenue) paid by the underlying customer for the provision of advice on mortgages, other loans and protection,
- **Other income** (2% of revenue) comprising income from services provided to directly authorised entities and ancillary services such as conveyancing and surveying.

Figure 96: MAB's segments in FY25

December year end	£m	Proportion (%)
Revenue		
Mortgage procurement fees	133.9	42
Protection and General Insurance	117.5	37
Client fees	61.3	19
Other income	6.1	2
Total	318.8	100
Adjusted PBT	36.3	
Adjusted PBT margin (%)	11.4	

Source: Company, h2Radnor

MAB's current trading and outlook section from the FY25 results in March was reassuring;

The Group has entered 2026 with good momentum and continues to trade in line with the Board's expectations. Mortgage applications in Q1 to date have increased by 13% year-on-year, and refinancing volumes are expected to continue building through the remainder of 2026.

The emerging situation in the Middle East has introduced new uncertainty into the macroeconomic outlook. Over the past week, we have seen a sharp increase in written volumes, 6 Source: Swiss Re Term & Health Watch 2025 potentially reflecting customers seeking to lock in rates. If sustained, this may result in some refinancing activity being brought forward from Q2 into Q1. The situation remains volatile, and our advisers are well placed to support customers during this period.

UK Finance forecasts modest 3% growth in total mortgage lending in 2026, comprising purchase growth of 2%, remortgage growth of 7% and Product Transfer growth of 2%. IMLA adopts a more optimistic view, forecasting total lending growth of 8% in 2026, with purchase and remortgage activity each increasing by 11% and Product Transfers by 4%.

Against this backdrop, MAB remains well-positioned. The Group's fixed-rate maturities are 19% higher in 2026, materially ahead of the overall refinancing market, which is forecast to grow by between 3% and 6%, according to UK Finance and IMLA. We are also seeing a gradual normalisation in product preferences, with 2-year fixed-rate products accounting for a larger share than 5-year fixes. This shift has been supported by the easing of stress-testing and further strengthens our refinance pipeline for 2027 and 2028.

3) The Property Franchise Group

The Property Franchise Group (TPFG) is a leading UK multi-brand property franchisor (Figure 97). The Group is listed on AIM, with a market cap of £328m. TPFG is arguably the closest listed peer to Foxtons in terms of business mix, albeit more franchising focused.

- **Franchising** (56% of revenue) is a network of independent businesses, who pay TPFG a proportion of their revenue, operating under 15 estate agency brands and manages approximately 150k rental properties while supporting over 35k residential sales transactions during the year,
- **Financial services** (29% of revenues) is a mortgage broker, which in FY25 facilitated over 25k mortgages valued at over £4bn,
- **Licensing** (15% of revenues) is a network of independent businesses, who pay TPFG a fixed fee whilst receiving marketing and regulatory support, under two estate agency brands; Fine & Country and The Guild of Property Professionals.

Figure 97: TPGF's segments in FY25

December year end	£m	Proportion (%)
Revenue		
Franchising	47.5	56
Financial Services	24.2	29
Licensing	12.6	15
Total	84.3	100
Adjusted operating profit		
Franchising	27.9	78
Financial Services	4.2	12
Licensing	3.5	10
Sub-total	35.6	100
Central costs	(3.9)	
Total	31.7	
Adjusted operating profit margin (%)		
Franchising	58.7	
Financial Services	17.4	
Licensing	27.8	
Sub-total	42.2	
Central costs	(4.6)	
Total	37.6	

Source: Company, h2Radnor

TPFG's current trading and outlook section from the FY25 results in March seemed supportive;

The Group enters FY26 with enhanced scale, diversified income streams and a strengthened balance sheet. Our lettings-weighted, franchise-led model provides structural resilience, while our expanded platform creates meaningful organic growth opportunities.

The continued rollout of the Privilege programme, AI initiatives and enhanced Financial Services penetration provide clear revenue drivers and synergy opportunities for the year ahead. While macroeconomic and legislative factors remain present, our model is well positioned to adapt and capitalise. In addition, we will continue to pursue complementary acquisition opportunities that strengthen the platform and generate accretive returns for shareholders.

I would like to thank our franchisees, licensees, advisers and colleagues across the Group for their professionalism and commitment throughout the year. Their performance underpins the success of the business.

The Board remains confident in the Group's ability to execute its strategy and deliver sustainable long-term value for shareholders.

4) Savills

Savills is a global real estate advisor with an international network of over 700 offices and associates and over 42,000 staff throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East (Figure 98). The Group is a FTSE 250 constituent, with a market cap of £1.2bn. The UK is part of Savills' EMEA region and Savills is probably the least comparable company of the peer group to Foxtons as only 40% of its revenues are generated in the UK and it is weighted towards advisory rather than transactional. That said, we think it encouraging that EMEA is Savills' highest margin region;

- **Transaction Advisory** (38% of revenue) provides capital and leasing advisory services to commercial and residential owners and occupiers,
- **Property and Facilities Management** (37% of revenue) covers day-to-day operations, rent collection, service charge management, and landlord-tenant relations for residential blocks, commercial offices, and shopping centres tailored solutions including on-site staffing, health and safety management, compliance, and procurement,
- **Consultancy** (21% of revenue) provides a range of services including Valuations, Development, Planning, Building and Project Consultancy and Sustainability,
- **Investment Management** (4% of revenue) is an international, FCA-regulated real estate investment manager with £23bn AUM.

Figure 98: Savills' segments and geography in FY25

December year end	£m	Proportion (%)		£m	Proportion (%)
Segment			Geography		
Revenue			Revenue		
Transaction Advisory	966.2	38	EMEA	1,501.8	59
Property and Facilities Management	943.3	37	Asia Pacific	716.7	28
Consultancy	546.6	21	North America	332.4	13
Investment Management	94.8	4			
Total	2,550.9	100	Total	2,550.9	100
Underlying profit			Underlying profit		
Transaction Advisory	47.1	29	EMEA	121.2	75
Property and Facilities Management	52.2	32	Asia Pacific	33.6	21
Consultancy	47.5	30	North America	5.9	4
Investment Management	13.9	9	Sub-total	160.7	100
Sub-total	160.7	100	Unallocated	(15.4)	
Unallocated	(15.4)				
Total	145.3		Total	145.3	
Underlying profit margin (%)			Underlying profit margin (%)		
Transaction Advisory	4.9		EMEA	8.1	
Property and Facilities Management	5.5		Asia Pacific	4.7	
Consultancy	8.7		North America	1.8	
Investment Management	14.7		Sub-total	6.3	
Sub-total	6.3		Unallocated	(0.6)	
Unallocated	(0.6)				
Total	5.7		Total	5.7	

Source: Company, h2Radnor

Savills's current trading and outlook section from the FY25 results in March seemed mixed;

Clearly, it is difficult at this stage to assess the potential impact of the conflict in the Middle East, including any broader macroeconomic or geopolitical effects. The Group has approximately 800 colleagues in the region, representing c. 5% of underlying profit before tax in FY25, and our immediate focus has been on ensuring that they remain safe. Notwithstanding the above, we have seen continued momentum across global real estate markets during the first couple of months of 2026 and are expecting progressive growth in investment activity across our key markets in the year. The Group continues to build strong commercial transactional pipelines and expects to see further improvement in Transaction Advisory profitability in 2026 from operational leverage and restructuring benefits. The Group's strong portfolio of Less Transactional businesses is expected to continue to deliver revenue and profit growth, in line with the Group's expectations.

5) Winkworth

Winkworth is a London franchisor of real estate agencies, with an equal exposure to sales and lettings (Figure 99). Like Foxtons, Winkworth operates a Sales and Lettings business but it is weighted to franchising and is much smaller. The Group is listed on AIM, with a market cap of £22m.

Figure 99: Winkworth's segments in FY25

December year end	£m	Proportion (%)
Gross revenue		
Sales	35.8	52
Lettings and Management Network	32.9	48
Total	68.7	100
Revenue		
Commissions and subscriptions due to the group under franchisee agreements	7.5	70
Corporate owned offices	3.3	30
Total	10.7	100
Operating profit	2.0	
Operating profit/revenue margin (%)	18.6	

Source: Company, h2Radnor

Winkworth issued fairly subdued commentary with its FY25 results in April;

If the geopolitical situation stabilises and energy prices ease, buyer confidence should recover, but the market will need to navigate a period of heightened uncertainty first. In 2025, there were 73,000 transactions in Greater London, less than in the year of the Global Financial Crisis in 2008, and so we see significant upside to London transactions when activity is unlocked again.

We expect the rental market to continue to stabilise in 2026, with rental price growth already slowing materially from recent peaks, providing some welcome relief for tenants after a period of steep rises and constrained stock. In the mid-term, however, this structural undersupply is likely to keep pressure on rents.

Illustrative Fair Value Model

We use a DCF to help create a fair value for all the companies we cover and we think it is especially suitable for Foxtons given its inherently cash generative profile and low asset intensity (Figure 100).

Figure 100: DCF for Foxtons (£m)

December year end	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	TV
Revenue	179	184	192	204	216	229	243	255	268	281	283
Growth	3.5%	2.8%	4.8%	6.0%	6.0%	6.0%	6.0%	5.0%	5.0%	5.0%	0.5%
EBITDA	25	29	32	36	39	43	48	52	56	60	61
Margin	14.2%	15.6%	16.8%	17.5%	18.2%	18.9%	19.6%	20.2%	20.8%	21.5%	21.5%
Margin change	(3.2%)	9.8%	7.6%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	0.0%
Working capital	(4)	(6)	0	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(0)
Working capital/revenue	(2.2%)	(3.1%)	0.0%	(0.2%)	(0.2%)	(0.2%)	(0.2%)	(0.2%)	(0.2%)	(0.2%)	(0.1%)
Maintenance capex	(2)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(2)
Maintenance capex/revenue	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(1.2%)	(0.7%)
Subtotal	19	21	30	33	36	40	44	48	52	56	58
Tax	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Tax rate (free cash)	(25.8%)	(28.3%)	(22.8%)	(25.0%)	(25.0%)	(25.0%)	(25.0%)	(25.0%)	(25.0%)	(25.0%)	(25.0%)
Free cash	14	15	23	25	27	30	33	36	39	42	44

Source: h2Radnor

We use a WACC of 10.9%, based on a cost of equity of 11.6% and a cost of debt of 6.0% (Figure 101 and Figure 102).

Figure 101: WACC for Foxtons

Metric	Rate
Cost of equity	11.6%
Cost of debt	6.0%
Total	10.9%

Source: h2Radnor

Figure 102: Cost of equity for Foxtons

Metric	Rate
Risk free rate	5.0%
Equity risk premium	5.5%
Beta (x)	1.2
Total	11.6%

Source: h2Radnor

Our illustrative fair value for the Group is 90p per share, twice the current share price (Figure 103).

Figure 103: Illustrative fair value for Foxtons

Metric	Value
Total present value of forecast period (£m)	153
Terminal value (£m)	134
Total (£m)	287
Net debt/(cash) (£m)	17
Equity (£m)	269
Number of shares (diluted) (m)	300
Share price (p)	90

Source: h2Radnor

Detailed h2Radnor Estimates

Figure 104: Key h2Radnor P&L estimates

December year end	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	140.3	147.1	163.9	172.5	178.6	183.6	192.4
Growth	10.9%	4.8%	11.4%	5.2%	3.5%	2.8%	4.8%
Contribution	91.3	93.2	104.9	110.4	114.7	118.5	125.8
Growth	16.3%	2.1%	12.5%	5.3%	3.8%	3.4%	6.2%
Contribution margin	65.1%	63.4%	64.0%	64.0%	64.2%	64.6%	65.4%
Growth	4.8%	(2.6%)	0.9%	0.0%	0.3%	0.6%	1.3%
Adjusted EBITDA	17.5	17.5	24.1	25.3	25.4	28.6	32.3
Growth	43.1%	(0.1%)	37.4%	5.2%	0.2%	12.9%	12.8%
Adjusted EBITDA margin	12.5%	11.9%	14.7%	14.7%	14.2%	15.6%	16.8%
Growth	29.0%	(4.7%)	23.3%	(0.1%)	(3.2%)	9.8%	7.6%
Adjusted operating profit	15.0	15.7	22.1	22.2	23.2	26.5	30.0
Growth	52.3%	4.7%	41.3%	0.5%	4.6%	13.8%	13.4%
Adjusted operating profit margin	10.7%	10.6%	13.5%	12.9%	13.0%	14.4%	15.6%
Growth	37.2%	(0.1%)	26.8%	(4.5%)	1.0%	10.7%	8.3%
Interest	(1.9)	(1.9)	(2.3)	(2.4)	(3.2)	(3.0)	(2.7)
Adjusted PBT	13.1	13.8	19.8	19.8	20.0	23.5	27.3
Growth	67.5%	5.1%	43.9%	(0.1%)	1.4%	17.1%	16.4%
Adjusted tax	(2.6)	(3.6)	(4.1)	(4.6)	(5.0)	(5.9)	(6.8)
Adjusted tax rate	20.0%	26.4%	20.9%	23.3%	25.0%	25.0%	25.0%
Adjusted earnings	10.5	10.1	15.7	15.2	15.0	17.6	20.5
Growth	50.5%	(3.3%)	54.6%	(3.0%)	(0.9%)	17.1%	16.4%
Shares (m)	302.0	302.0	302.9	300.8	297.5	294.1	294.1
Number of shares for dilution (m)	12.9	12.9	6.9	6.0	5.9	5.8	5.8
Shares (diluted) (m)	314.9	314.9	309.8	306.8	303.4	300.0	300.0
Adjusted EPS - basic (p)	3.5	3.4	5.2	5.0	5.1	6.0	7.0
Growth	61.5%	(3.3%)	54.2%	(2.4%)	0.2%	18.4%	16.4%
Adjusted EPS - diluted (p)	3.3	3.2	5.1	4.9	5.0	5.9	6.8
Growth	57.1%	(3.3%)	57.2%	(2.1%)	0.2%	18.4%	16.4%
Dilution	4.3%	4.3%	2.3%	2.0%	2.0%	2.0%	2.0%
Dividend per share - ordinary (p)	0.90	0.90	1.17	1.17	1.21	1.44	1.67
Growth	100.0%	0.0%	30.0%	0.0%	3.7%	18.4%	16.4%
Payout/adjusted EPS	26.0%	26.9%	22.6%	23.2%	24.0%	24.0%	24.0%
Dividend per share - special (p)							
Growth							
Total dividend per share (p)							
Growth							

Source: h2Radnor, Company

Figure 105: Key h2Radnor Cashflow estimates

December year end	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Adjusted operating profit	15.0	15.7	22.1	22.2	23.2	26.5	30.0
Branch asset impairment	0.3	(3.4)					
Net property related reversals	0.4	(0.7)	0.6	1.3			
Transaction related costs	(0.2)	(0.4)	(0.3)	(0.3)			
Reorganisation costs	(0.6)			(0.2)			
Discontinued	(0.4)						
Amortisation of acquired intangibles	(1.0)	(1.4)	(2.1)	(2.6)			
Sub-total	13.4	9.8	19.8	19.4	23.2	26.5	30.0
Depreciation	12.2	12.9	13.2	13.9	14.4	14.8	15.5
Amortisation of intangible assets	1.6	1.8	2.3	3.3	3.4	3.5	3.7
Gain on disposal of discontinued operations	(0.2)						
Net impairment of PPE	(0.3)	3.4					
Gain/loss on disposal of PPE	0.1	0.0	(0.0)	0.0			
Gain/loss on disposal of intangible assets				0.1			
Leases - gains on surrenders and modifications		(0.9)	(0.6)	(2.4)			
Sub-lease asset impairment reversal	(0.2)	0.2		(0.1)			
Change in provisions	1.1	0.4	(0.7)	(0.3)			
Share incentive plans settlements	(0.0)		(0.3)	(0.2)			
Share-based payment charges	0.2	1.0	1.5	2.8			
Sub-total	27.8	28.7	35.3	36.4	41.1	44.8	49.2
Receivables	(2.1)	(12.1)	(2.9)	(3.6)	(5.0)	(6.7)	(1.0)
Payables	0.9	1.3	(2.0)	(0.9)	1.1	0.9	1.0
Sub-total	26.6	17.9	30.3	31.9	37.2	39.0	49.2
Tax	(2.7)	(2.2)	(5.6)	(4.3)	(5.0)	(5.9)	(6.8)
Sub-total	23.9	15.7	24.7	27.7	32.2	33.2	42.4
Net interest	0.1	0.1	(0.2)	(0.8)	(3.2)	(3.0)	(2.7)
Proceeds on disposal of assets	0.1		0.6				
Capex on PPE	(3.0)	(2.1)	(1.1)	(2.9)	(2.7)	(2.4)	(2.5)
Capex on intangibles	(0.8)	(1.5)	(1.6)	(1.0)	(0.9)	(0.9)	(1.0)
Investments	(0.4)	(0.0)	0.1				
Disposal	(3.7)						
Acquisitions	(8.5)	(13.9)	(12.7)	(5.3)	(8.9)		
Sub-total	7.8	(1.8)	9.8	17.6	16.5	26.9	36.2
Net borrowings		10.9	6.2	4.5			
Dividends	(1.5)	(2.7)	(2.8)	(3.6)	(3.5)	(3.6)	(4.2)
Interest on leases	(2.0)	(2.0)	(2.1)	(2.1)	(2.1)	(2.2)	(2.3)
Repayment of leases	(10.7)	(10.6)	(11.1)	(10.9)	(11.3)	(11.6)	(12.2)
Sub-lease receipts	0.3	0.2	0.3	0.1	0.1	0.1	0.1
Purchase of shares	(4.9)	(1.1)		(5.5)	(0.3)		
Total	(11.1)	(7.0)	0.3	0.2	(0.6)	9.6	17.7
Cash and cash equivalents at start	23.1	12.0	5.0	5.3	5.5	4.9	14.5
Cash and cash equivalents at end	12.0	5.0	5.3	5.5	4.9	14.5	32.2

Source: h2Radnor, Company

Figure 106: Key h2Radnor Balance sheet estimates

December year end	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Assets							
Current assets							
Trade and other receivables	16.0	17.4	16.7	17.6	22.6	29.3	30.2
Contract assets	5.7	14.3	18.6	20.4	21.1	21.7	22.8
Current tax assets	0.7		2.2	0.8	0.8	0.8	0.8
Cash and cash equivalents	12.0	5.0	5.3	5.5	4.9	14.5	32.2
Assets classified as held for sale		0.5					
Sub-total	34.5	37.1	42.8	44.3	49.4	66.3	86.0
Non-current assets							
Goodwill	26.1	40.7	52.3	54.5	53.0	49.3	49.3
Other intangible assets	109.3	114.9	118.0	116.7	120.1	121.0	122.0
Property, plant and equipment	10.7	9.5	8.1	8.7	11.4	13.6	15.9
Right-of-use assets	42.6	42.5	38.6	38.5	39.9	41.0	42.9
Contract assets	1.7	4.7	5.6	6.6	6.6	6.6	6.6
Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.4	1.9	2.7	3.0	3.0	3.0	3.0
Sub-total	191.7	214.2	225.4	228.1	234.1	234.6	239.8
Total	226.2	251.3	268.2	272.4	283.5	300.9	325.7
Liabilities/net assets							
Current liabilities							
Trade and other payables	16.7	21.3	23.9	22.0	23.1	24.0	25.0
Current tax liabilities		0.1					
Borrowings		0.0					
Lease liabilities	10.7	10.7	11.4	7.8	7.8	7.8	7.8
Contract liabilities	9.7	11.8	10.5	9.4	9.4	9.4	9.4
Provisions	1.5	1.6	2.2	2.7	2.7	2.7	2.7
Sub-total	38.7	45.5	47.9	41.9	43.0	43.9	44.9
Non-current liabilities							
Lease liabilities	35.8	36.9	31.4	32.2	32.2	32.2	32.2
Borrowings		11.7	18.0	22.4	22.4	22.4	22.4
Contract liabilities	0.3	0.4		0.4			
Provisions	1.8	3.0	2.3	1.6	1.6	1.6	1.6
Deferred tax liabilities	27.0	28.2	29.5	29.0	29.0	29.0	29.0
Sub-total	64.9	80.3	81.2	85.6	85.2	85.2	85.2
Net assets							
Share capital	3.3	3.3	3.3	3.2	3.2	3.2	3.2
Merger reserve	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Other reserves	2.7	2.7	2.7	2.8	2.8	2.8	2.8
Own share reserve	(11.0)	(12.1)	(11.0)	(10.7)	(10.7)	(10.7)	(10.7)
Share premium							
Retained earnings	107.1	111.2	123.5	129.2	139.5	155.9	179.9
Sub-total	122.7	125.6	139.0	145.0	155.3	171.7	195.6
Total	226.2	251.3	268.2	272.4	283.5	300.9	325.7

Source: h2Radnor, Company

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H2 Radnor Ltd
68 King William Street
London
EC4N 7HR

www.h2radnor.com

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