Ca
Catalist

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Foxtons:

A Path to £1bn Enterprise Value

Overview

Foxtons has lost its way.

The business has stalled in the last five years with a faltering USP.

Market share has fallen in areas and at price points it once dominated; EBITDA has collapsed as a consequence.

But Foxtons has built high quality platform which can support a swift recovery and has significant potential which it has yet to realise.

Foxtons can be a £1bn EV business, without new capital, if it can regain an "owner mindset"

Foxtons should be a £75m EBITDA Business

The business has stalled over the past 5 years

- Pre-Covid sales volumes are down 50% against market volumes down a fifth over 5 years
- Market share has fallen from close to 5% to less than 3%
- Average sale price has fallen despite London prices rising c.20% over the past 5 years
- Consequently, EBITDA has collapsed from +£40m to c.£10m

But Foxtons has an excellent platform

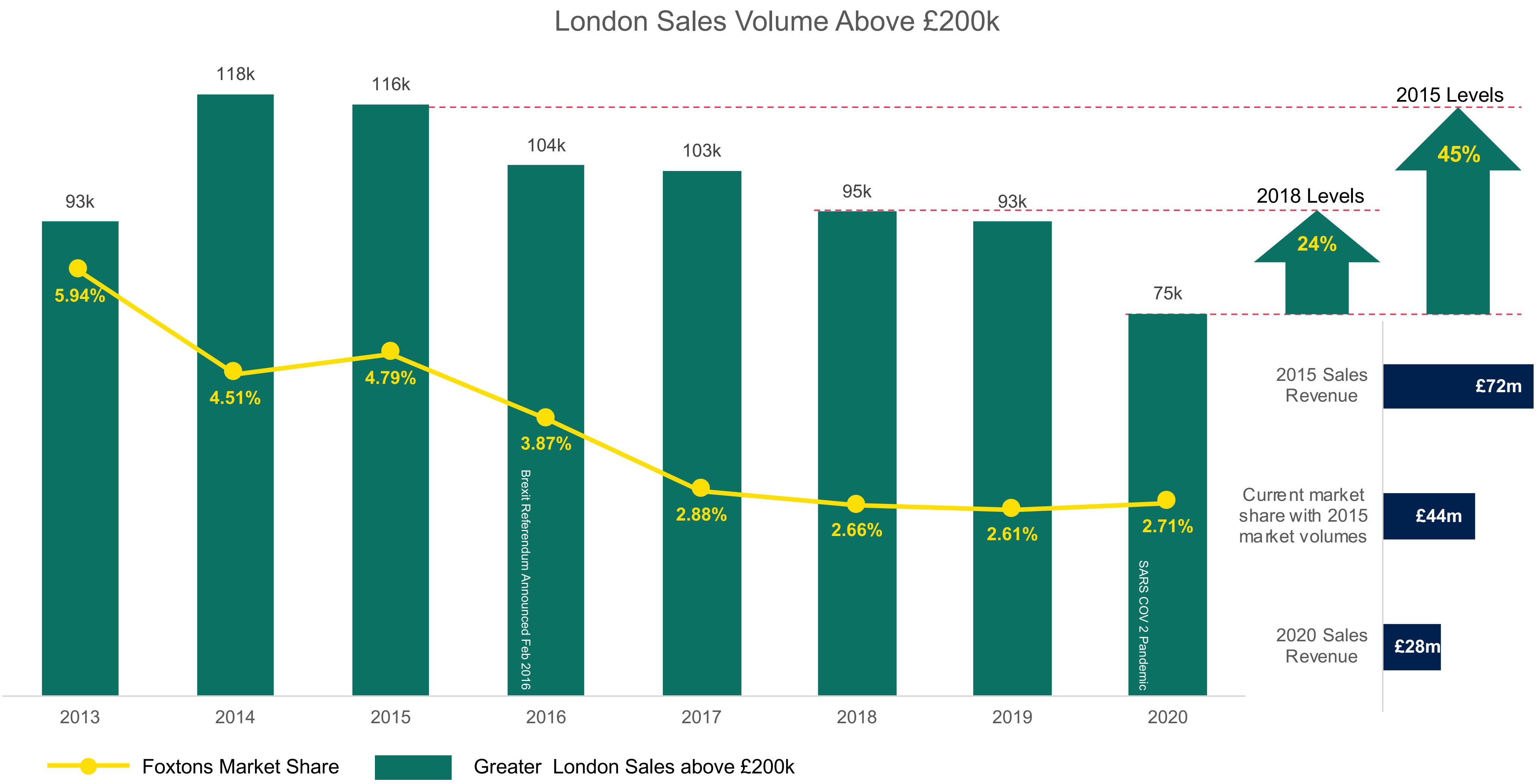
- Expansive, well located London branch network with national brand recognition
- Scalable, with centralised processes and proprietary CRM
- Benefitting from a successful, integrated mortgage broker
- Enjoying a strong and debt free balance sheet

Foxtons has the resources needed to recover lost share, grow and access new revenue lines

- To do so, Foxtons must reset its USP, restore an owner mindset throughout the organisation, and make more use of its technological head start

Foxtons must regain market share to capture recovery in sales volumes

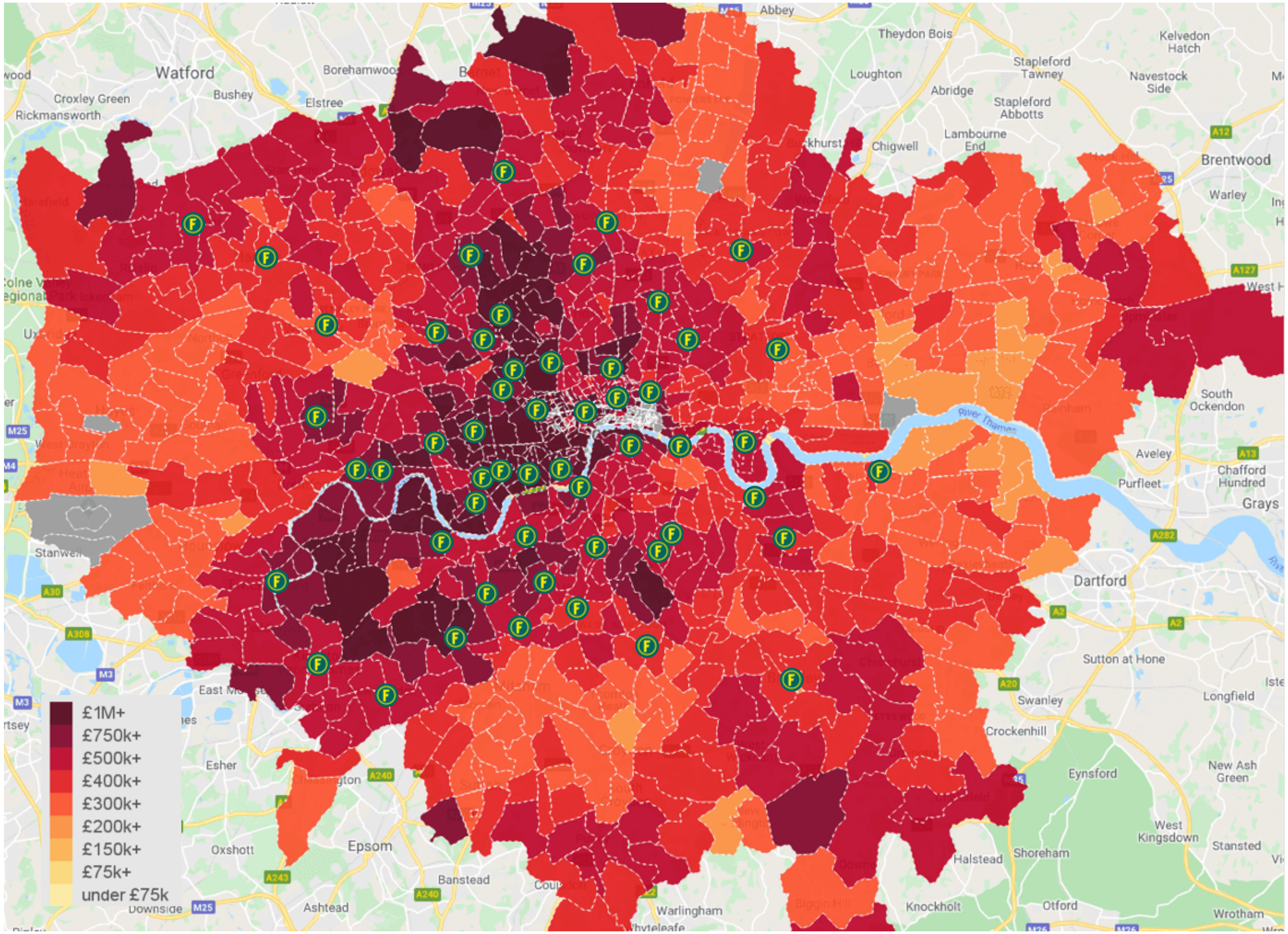
Restoring market share and EBITDA to 2015 levels must be the priority



Foxtons 50+ branch network can deliver more

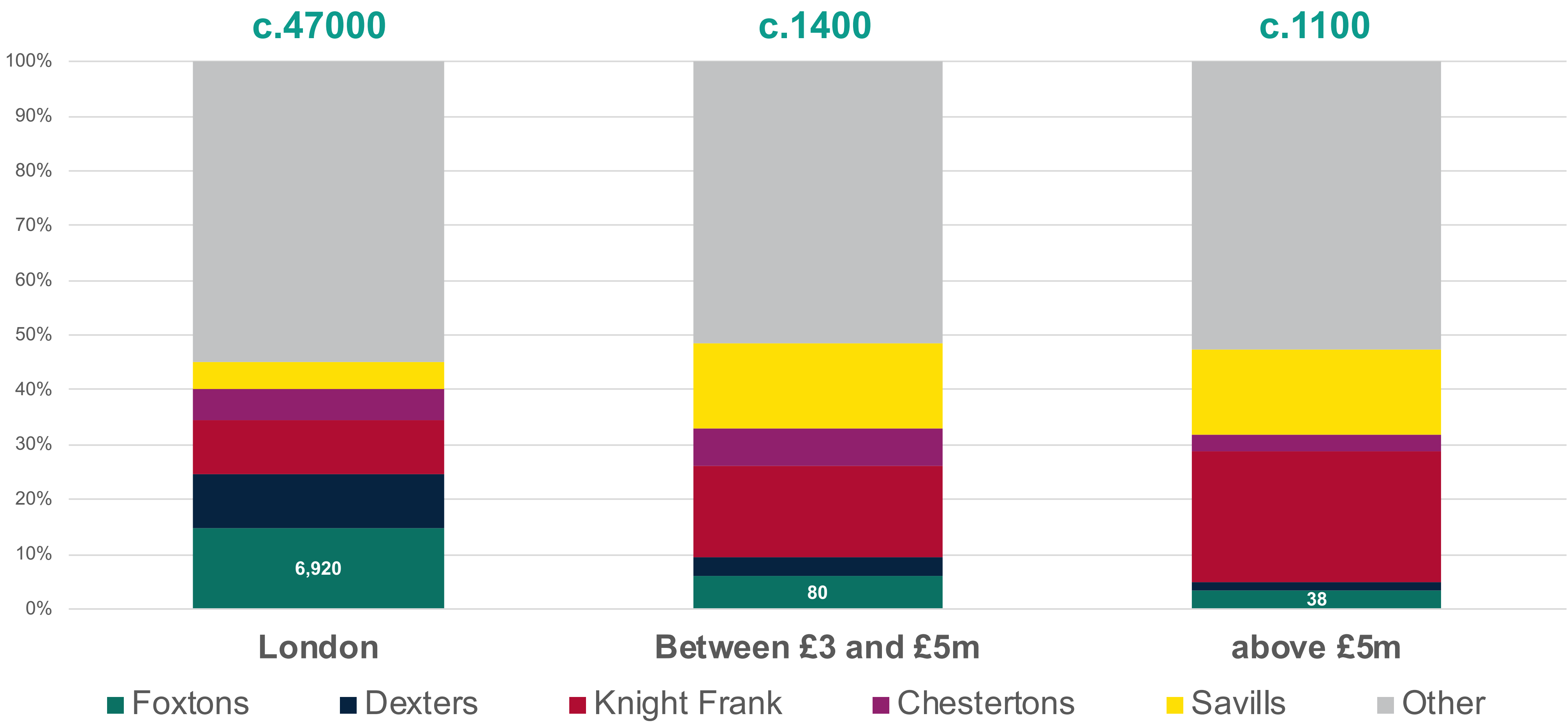
Branches are located in or adjacent to the higher value post codes across London

Average Property Price by Postcode



Competitors now dominate the Super Prime Market

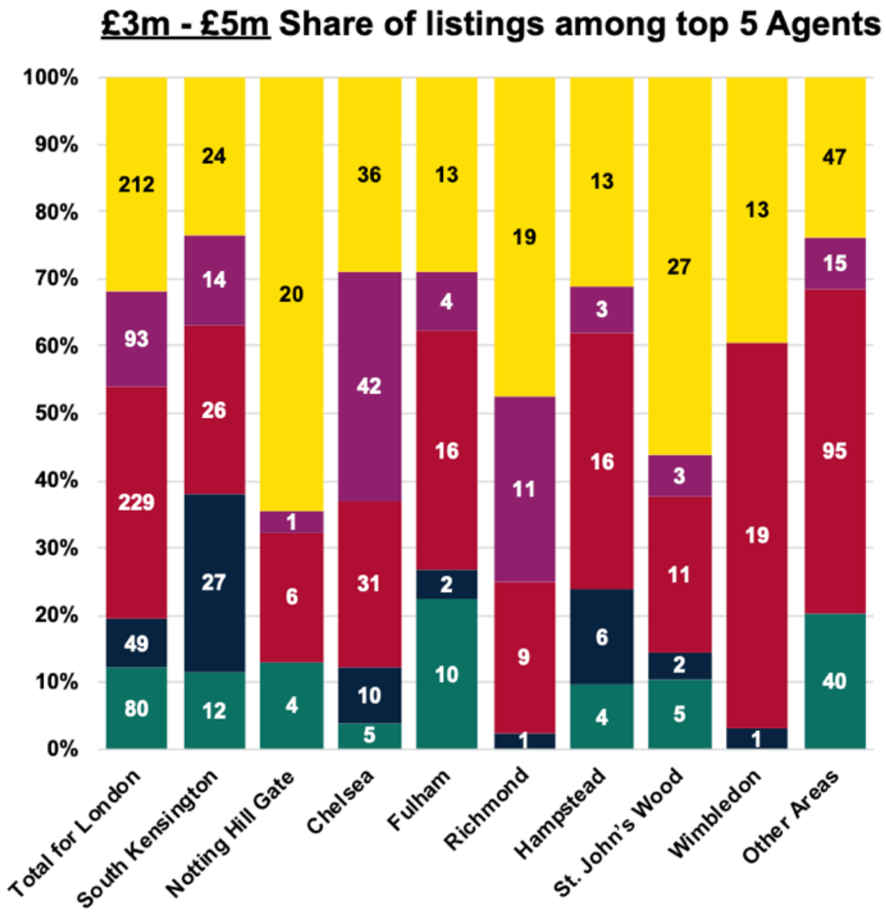
Foxtons attracts c.14% of total London listings, but competitors have stolen market share in higher margin, higher value listings. Foxtons attracts less than 5% of the listings above £3m

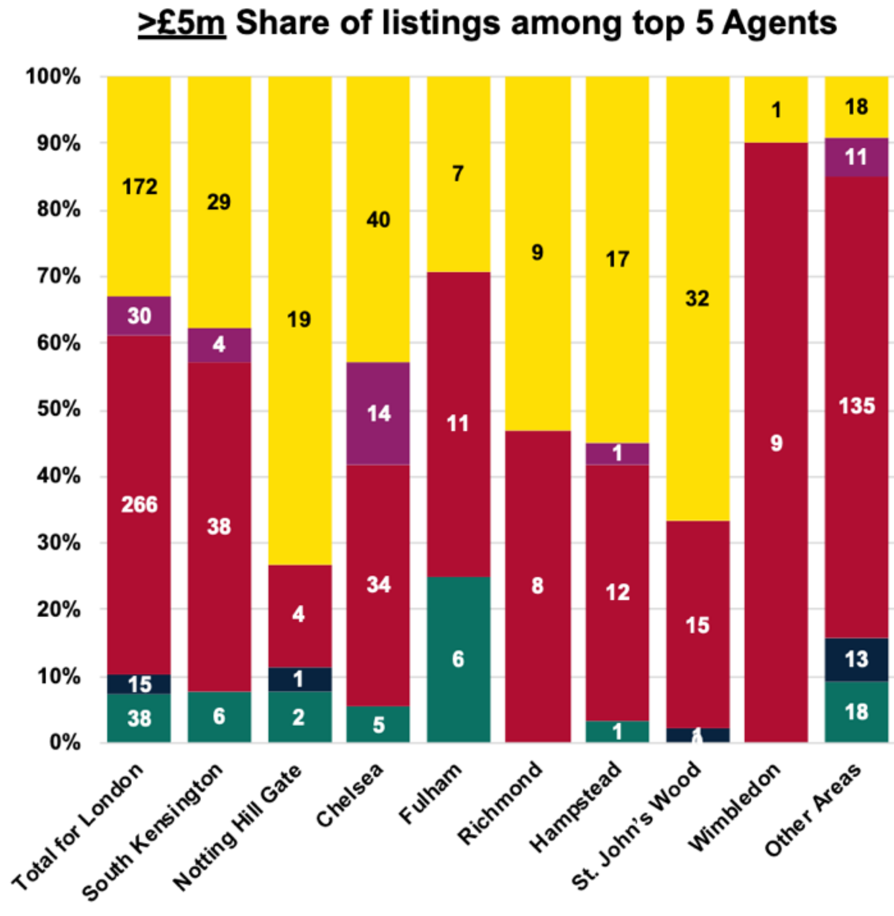


*Rightmove + Agent websites

Particularly in areas Foxtons once dominated

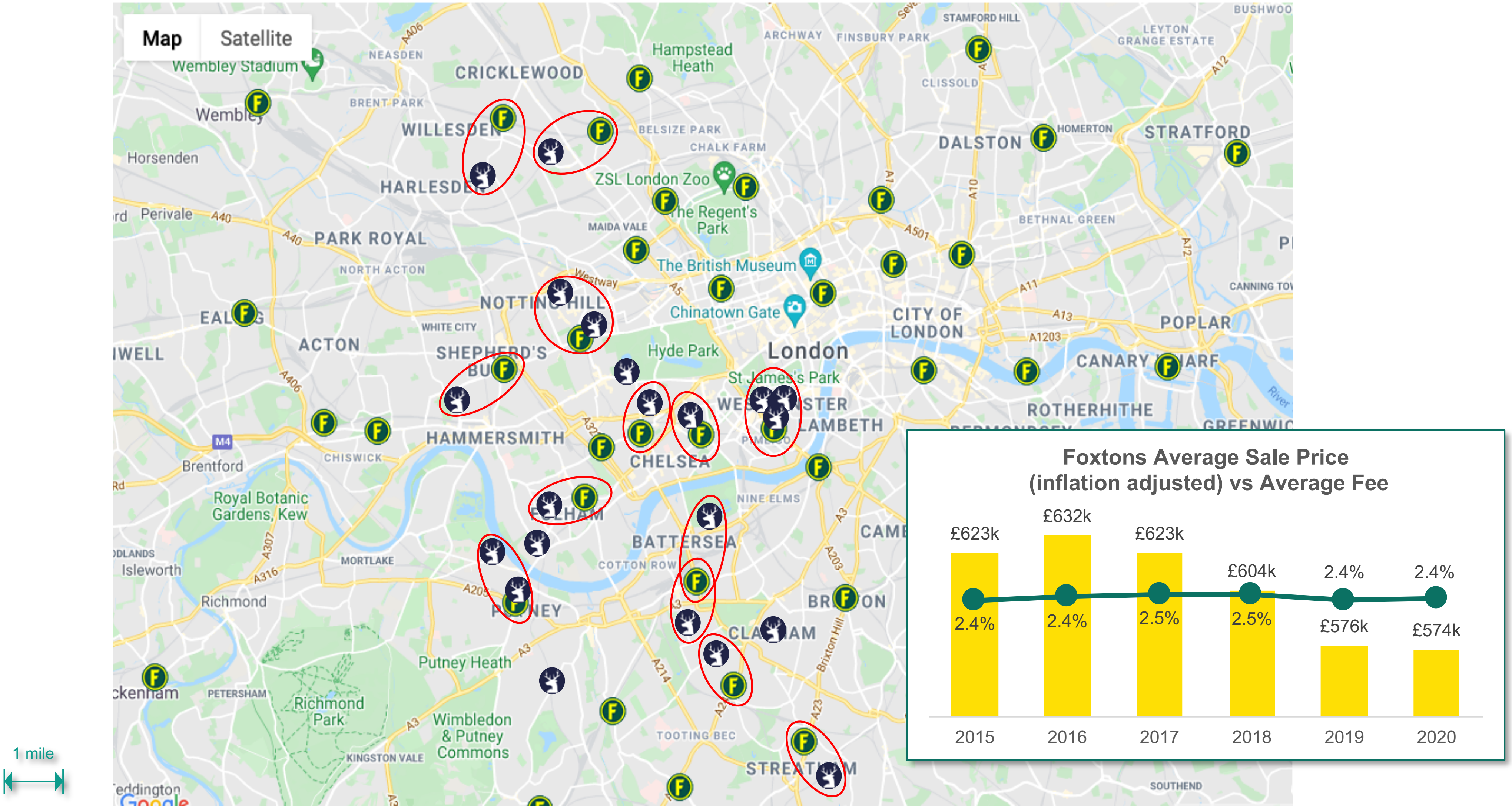
A dogmatic approach to fees has resulted in key sales staff moving to more entrepreneurial competitors. Foxtons must become more competitive in higher price locations to restore market share and grow revenues





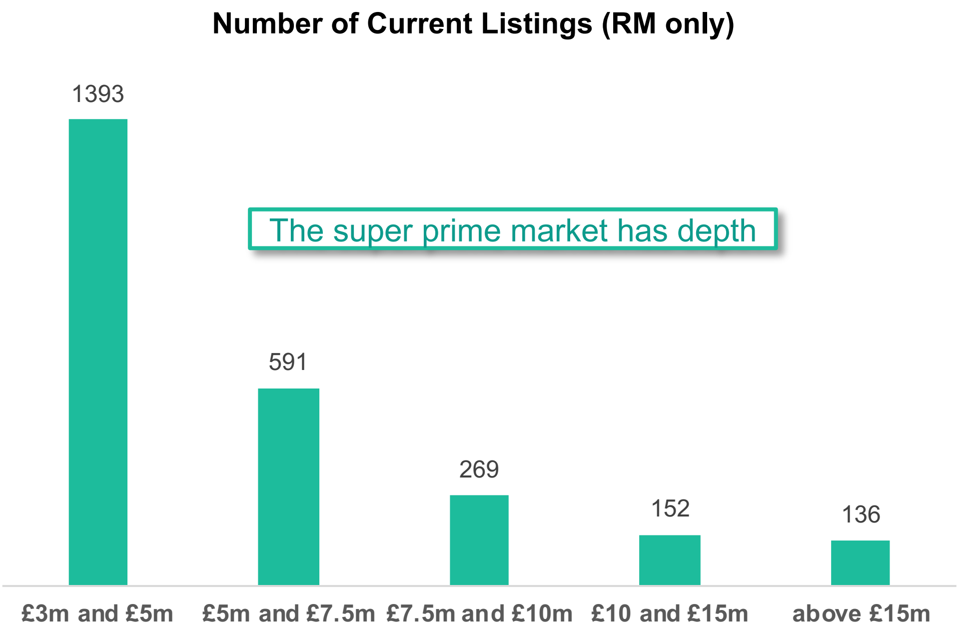
D&G acquisition buys back lost share in core central locations…

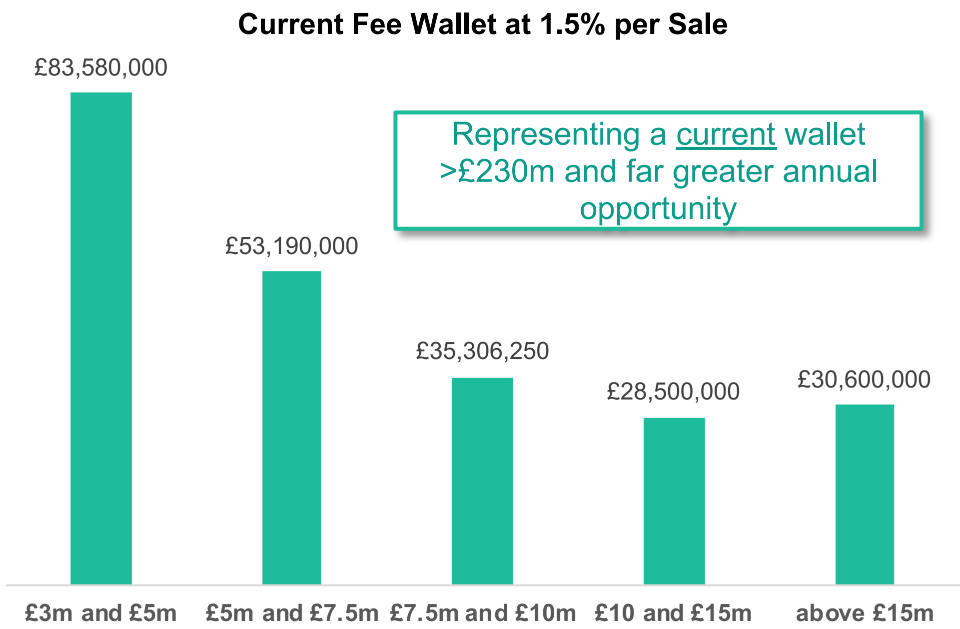
But agents need to be allowed to compete on fees at higher prices to retain and grow revenues



With a current fee pool of £230m+, the super prime opportunity is significant

250 super prime sales (10% of current listings) at 1.5% fee equates to c.1800 average Foxtons Sales at 2.4% fees





Price Range (£m)	Number of Listings	Fee per sale at 1.5%	Multiple of current average rev per sale	Current Wallet at 1.5%	10% Share of Wallet
£3m and £5m	1393	£60,000	4.3x	£83,580,000	£8,358,000
£5m and £7.5m	591	£90,000	6.5x	£53,190,000	£5,319,000
£7.5m and £10m	269	£131,250	9.5x	£35,306,250	£3,530,625
£10 and £15m	152	£187,500	13.5x	£28,500,000	£2,850,000
above £15m	136	£225,000	16.2x	£30,600,000	£3,060,000
Total / Average	2541	£90,978	6.6x	£231,176,250	£23,117,625

Three Pillar Strategy to a £1bn Enterprise Value

We believe Foxtons can reset its USP and very quickly win back share:

1. Restore London Market Share:

- Grant agents fee discretion for properties above £3m
- Targeted social and selective print media campaign
- Hire team to focus exclusively on the New Build market (c.f. J.D Wood / CBRE)
- Open branch in HK to actively solicit China / Asia Buyers

2. Make more from each transaction

- Leverage MyFoxtons data assets and rental book
- Develop Short Lets and regional vacation rental offering
- Integrate a holistic e-commerce capability to provide superior sales support
- Retain clients beyond initial transaction (renovations, 2nd homes, vacation rentals)

3. Reignite pre-IPO entrepreneurialism

- Generous annual share based incentive plan
- Available to all employees
- Direct participation in significant value creation
- Executive renumeration re-aligned to objective measures of outperformance, beyond market volumes

”Motivated highly capable agents with an owner mindset, supported by best in class tech providing market defining customer experience”

Additional Value From Exporting Brand Beyond London

Foxton's brand is well recognised nationally

Opportunity to connect the country with London sellers and deliver the country to London buyers, in addition to significant local business

Longer commutes are tolerated post-pandemic, second homes in the country are sought, city centre pieds-a-terre coveted, domestic vacation rentals / short lets are in demand, incremental financial service and e-commerce can be captured using the existing platform

A single name regional brand or series of smaller agencies could be acquired using current financial capacity

5 Star rating on Trustpilot / Rated Excellent
2018/19 AR

10m visits to Foxtons.co.uk per year
2018 AR

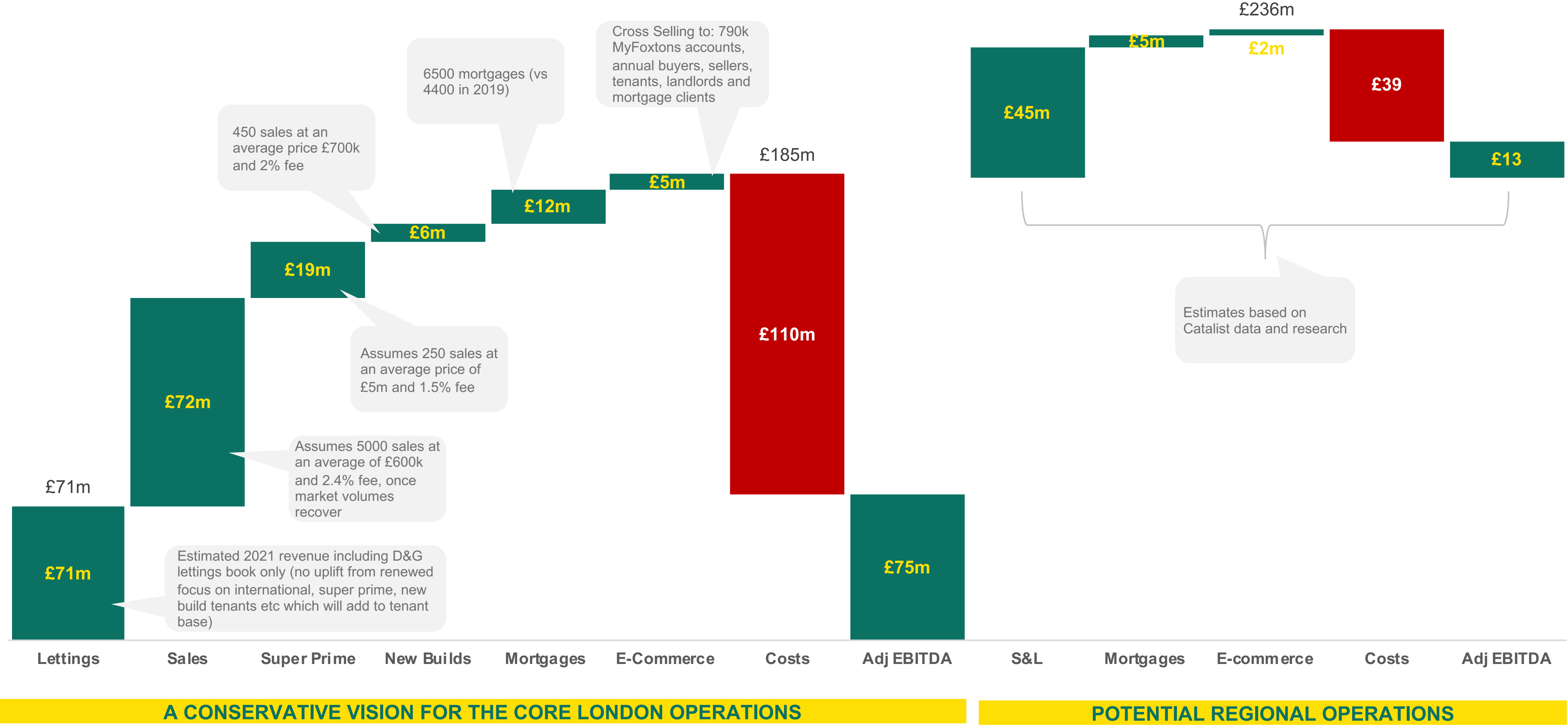
Alexander Hall is the No. 1 ranked on Trustpilot with 8 industry awards in 2019
2019 AR

the most recognised single brand network
2018 AR

highest market share of sales and lettings listings on the aggregators
2018 AR

Foxtons can rediscover outperformance and grow

There is a conservative path to £1bn EV without the need for additional investment and further potential upside from regional expansion



Catalist Partners seeks to unlock value in challenged, content driven companies, simplifying complexity and overcoming inertia.