



Financial Results for the 12 months ended 31 December 2013

Executive Summary (Grenville Turner)

2013 Results

- Momentum evident in H1 accelerated throughout rest of 2013
- Encouraging results across all divisions
- Strategic investment continues
 - Lettings
 - Lambert Smith Hampton
 - Tucker Gardner (Cambridge) / Preston Bennett (North London)
- Launch of Residential Property Investment Vehicle
- Strong first set of annual results post IPO

Market

- Transactions expected to be up circa 13% in 2013
- BoE mortgage approvals up 20% in 2013
- Prices starting to recover across the country from low base

Outlook

- Strong momentum across entire Group
- Significantly increased pipelines going into new year
- Major growth in profitability expected in 2014

Financial Summary (Jim Clarke)

	2013	2012	Change
Income	£584.8m	£524.7m	↑ +11%
EBITDA*	£86.6m	£63.0m	↑ +37%
Adjusted EPS	24.4p	14.8p	↑ +65%
Final Dividend	6.0 pence	n/a	-
Total Dividend	8.0 pence	n/a	-

* Before exceptional items, amortisation of intangibles and share-based payments

- Strong financial result driven by core business augmented by value creating acquisitions
- Group EBITDA margin now 15% (2012: 12%) – best ever margin 17% in 2006
- Capital structure in place to maximise future opportunities with increased bank facilities
- Changes to segmental reporting (London & Premier)

Estate Agency (EA)

Financial Performance			Operational Highlights	
	2013		2012	
	<u>£m</u>		<u>£m</u>	
• Revenue	193.0	+5%	184.6	
• EBITDA	16.1	+56%	10.3	
• EBITDA Margin	8.4%		5.6%	
<ul style="list-style-type: none"> Incremental revenue converts to EBITDA at 69% Resilient average cash fee Closing pipeline up 25% on 2012 				
<ul style="list-style-type: none"> Highest ever ratio of sales agreed compared to new listings Volume performance: <ul style="list-style-type: none"> EA +8% EA excluding repos. +12% market excluding repos. + 14% market (properties below £250k) + 9% Reduction in repossession market impacts marginally on overall market share Investment in Land & New Homes business drives revenue growth of 18% Completion of National Sales Support Centre in Cheadle delivering: <ul style="list-style-type: none"> quality and process improvements improvement in customer service levels ongoing cost savings 				

London & Premier (L&P)

Financial Performance			Operational Highlights	
	2013	2012		
	£m	£m		
• Revenue	115.6 +14%	101.4	<ul style="list-style-type: none"> • New division to focus group activities in upper price market segment 	
• EBITDA	24.2 +42%	17.1	<ul style="list-style-type: none"> • Six distinct brands sharing best practice and leveraging synergies 	
• EBITDA Margin	20.9%	16.8%	<ul style="list-style-type: none"> • During 2013 L&P listed nearly 10% of all properties valued at £0.5m+ <ul style="list-style-type: none"> ➢ more than Savills and Knight Frank combined ➢ 50% more than Foxtons 	
• Record levels of revenue and profits in 2013 driven by <ul style="list-style-type: none"> ➢ 14% increase in volumes ➢ 2% improvement in average cash fee 			<ul style="list-style-type: none"> • Strong performance from Hamptons lettings and RDI departments 	
• Healthy improvement in EBITDA margin			<ul style="list-style-type: none"> • Exclusive affiliations to list international properties - 50,000 listings February 2014, expected to rise to 100,000 by Q2 2014 	
• Closing pipeline up 35% on 2012			<ul style="list-style-type: none"> • Competition for listings is a key issue in the Central London market going into 2014 	

Lettings

Financial Performance			Operational Highlights
	2013	2012	
	£m	£m	
• Revenue	112.5 +15%	97.8	• 23% growth in retail properties under management to 52,000
• EBITDA	28.6 +33%	21.6	• Ongoing investment to support growth <ul style="list-style-type: none"> ➢ industry leading online training and development system ➢ integrated IT platform ➢ improved client technology
• EBITDA Margin	25.4%	22.1%	• Dedicated property management team to support clients and tenants
• Record levels of revenue, profits and operating margin			• Agreed £20m capital allocation for acquisitions in 2014 with further opportunities thereafter
• Organic expansion plan (New Starts) ahead of plan			
• Investment in value creating acquisitions continues			

Financial Services

Financial Performance			Operational Highlights	
	2013	2012		
	£m	£m		
• Revenue	64.9	64.7	<ul style="list-style-type: none"> • Mortgage volumes <ul style="list-style-type: none"> ➢ 60,640 mortgages arranged ➢ value £8.3b 	
• EBITDA	12.2	9.8	<ul style="list-style-type: none"> • Some lost market share early in 2013 <ul style="list-style-type: none"> ➢ market focus on HTB1 ➢ recruitment issues 	
• EBITDA Margin	18.8%	15.1%	<ul style="list-style-type: none"> • Market share recovery <ul style="list-style-type: none"> ➢ 2012 5.7% ➢ 2013 H1 5.1% ➢ 2013 H2 5.6% 	
• Revenue flat due to adverse market mix and recruitment issues			<ul style="list-style-type: none"> • Average consultant headcount <ul style="list-style-type: none"> ➢ H1 2013 603 ➢ H2 2013 620 	
➢ mortgage market growth in new homes, remortgage and buy to let			<ul style="list-style-type: none"> • Productivity per consultant up 15% 	
➢ competition for consultants			<ul style="list-style-type: none"> • Agreed enhanced terms with Friends Life and AXA 	
• Excellent EBITDA growth despite revenue challenges				
• Positive internal and external trends going into 2014				

Surveying and Valuation

Financial Performance			Operational Highlights	
	2013	2012		
	£m	£m		
• Revenue	53.6 +9%	49.1	<ul style="list-style-type: none"> 2013 was a year of <ul style="list-style-type: none"> ➤ capitalising on our market leading position ➤ continuing to invest for future growth 	
• EBITDA	11.8 +21%	9.8	<ul style="list-style-type: none"> Renewal and extension of 3 largest contracts 	
• EBITDA Margin	22.1%	19.9%	<ul style="list-style-type: none"> Investment in surveyor trainee scheme <ul style="list-style-type: none"> ➤ 90 trainees ➤ £0.5m cost in 2013 ➤ revenue generating by H2 2014 	
<ul style="list-style-type: none"> Total volumes up 8% to 330,000 Average revenue per job up 5% Solid platform for future growth 			<ul style="list-style-type: none"> New technology rolled out across workforce Innovative approach to surveyor productivity Full benefits now being realised from National Operations Centre Further contract opportunities during 2014 	

Conveyancing

Financial Performance			Operational Highlights	
	2013	2012		
	£m	£m		
• Revenue	25.7	26.0	<ul style="list-style-type: none"> Focus on increasing capacity in growing market 	
• EBITDA	8.4	8.0	<ul style="list-style-type: none"> In-house lawyer training <ul style="list-style-type: none"> ➤ Countrywide academy ➤ 20 new trainee lawyers ➤ further expansion planned 	
• EBITDA Margin	32.8%	30.8%	<ul style="list-style-type: none"> Expansion of conveyancing panel <ul style="list-style-type: none"> ➤ now with 20 partner firms 	
<ul style="list-style-type: none"> Revenue depressed by planned reduction in third party volumes Focus now on increased Group instructions Strong pipeline going into 2014 (+19% v. LY) 			<ul style="list-style-type: none"> Acquisition of Bridgend office in February 2014 Solid foundations in place for further growth in 2014 	

Lambert Smith Hampton

Financial Performance		Operational Highlights
	2013	<ul style="list-style-type: none"> Increasing signs of activity in commercial market Strong referral system now in place with rest of the Group with immediate contract wins Co-operation with Hamptons and Countrywide Land & New Homes to secure synergistic downstream house sales Investment in professional staff planned to build on and expand business footprint
	<u>£m</u>	
• Revenue	16.6	
• EBITDA	2.3	
• EBITDA Margin	13.9%	
<ul style="list-style-type: none"> Very encouraging first quarter as part of the Countrywide Group Q4 saw the benefit of one-off fees on large project work Further synergies and downstream opportunities will be evident in coming periods 		

Conversion of Revenue to Profit

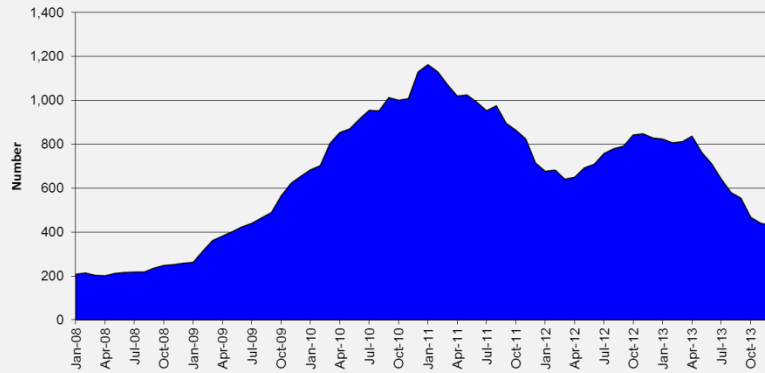
	Revenue (£m)		EBITDA (£m)
• YOY increase	60.0		23.6
➤ Less : Lambert Smith Hampton	(16.6)		(2.3)
➤ Add : Non-recurring costs (IT / Restructuring)	-		1.9
➤ Add : Investment in graduate surveyors	-		0.5
	43.4		23.7
	↳		<u>55%</u>
• Structural cost savings continue			

Exceptional / Non Trading Items (£m)

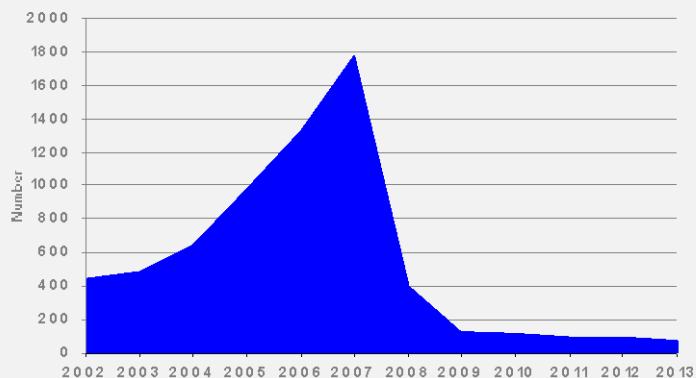
• Amortisation of intangibles	(8.1)	>	recurring
• Share based payments	(9.1)		
• Zoopla deferred income	2.5		
• IPO costs / acquisitions	(5.6)	>	one-off
• Finance costs			
➤ old bonds redemption costs	(2.5)		
➤ previously capitalised finance fees on bonds	(2.0)		
	<hr/> (24.8) <hr/>		

Professional Indemnity Claims

New Valuation Claims Volume MAT



Total Claims as at December 2013 by Year Valuation Performed



- December 2012 provision **£40.4m**
- December 2013 remaining provision **£26.6m***
- Trend as expected
- Significant drop in number of new claims as time limitations apply
- No further exceptional provision required
- Claims development unpredictable depending on lenders' behaviour
- 12-18 months to clear backlog of existing claims and cash settlement
- Significant protection against future PI issues

* Total provision including Lambert Smith Hampton and other divisions £32.9m

IT Transformation and Outsourcing

Seven year deal signed with CGI (2012)
90 staff transferred under TUPE

Strong business case
Significant savings vs. current IT spend from year 3
Technology and telephony platforms transformed
Includes complete end user and datacentre refresh



Migration to New Data Centres

Improved data backup and recovery (reliability)

Core build complete

Standardisation of applications (cost saving)

Centralised data storage (security / integrity)



Single Telephony platform

Reduction in phone lines (cost saving)

60% complete

Reduction in missed calls (revenue opportunities)

Simplified administration (cost saving)



Centralised VDI

Central, single desktop environment (cost saving)

Pilot phase

Quicker deployment of new services (time to market)

Centralised data storage (security / integrity)



Single Email platform

Simplifies compliance (cost saving)

Pilot phase

Single global address book (efficiency)

Improved mailbox management (efficiency)

IPO / Capital Structure

IPO

- IPO proceeds £220m
- New debt facility £75m
- Used to redeem 2018 high yield bonds

Since IPO

- Investor sell down
- Circa 70% free float now
- Maturing quality register

Debt Facility

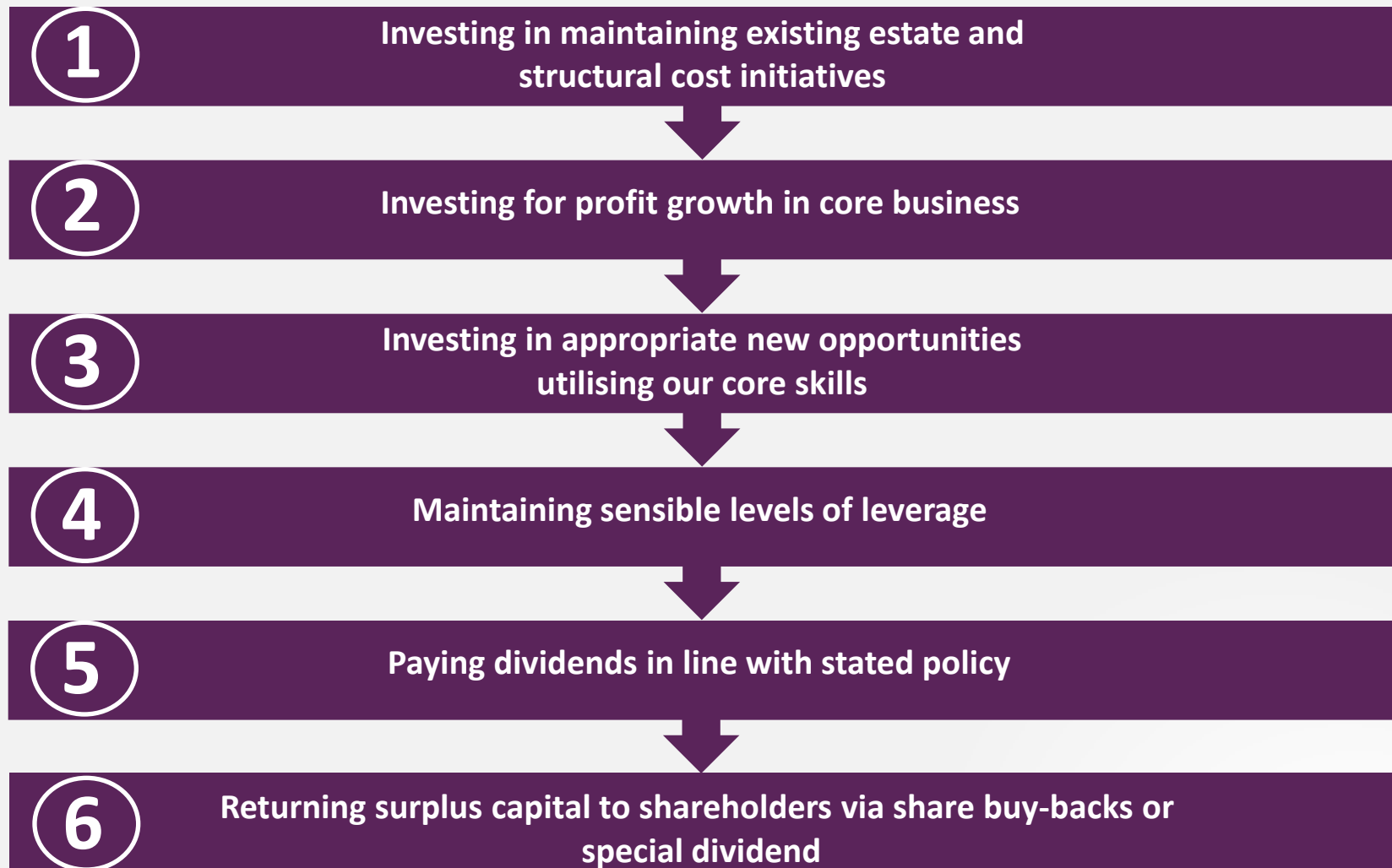
31 December 2013

	<u>£m</u>
• Term Loan	75.0
• Cash	36.3
• Net Debt	<u>38.7</u>
• Leverage (times)	0.4
• Undrawn RCF facility	25.0

Revised Facility February 2014

• Term Loan	£100m
• RCF Facility	£50m
• Final Maturity	2017
• Reduction in borrowing costs	

Capital Allocation



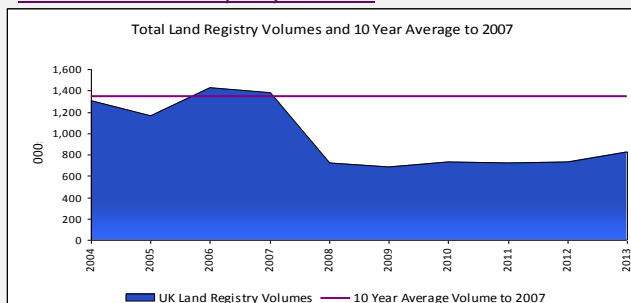
Financial Summary

- Successful IPO with appropriate capital structure put in place
- Very low leverage → total flexibility on use of cash generated
- Underlying financial momentum across all divisions
- Strong conversion of revenue to profit
- Group maximising financial opportunities in a recovering market

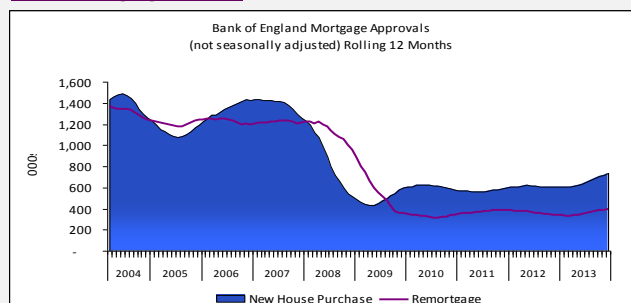
UK Residential Market (Grenville Turner)

After 5 years of half size market, the recovery has started

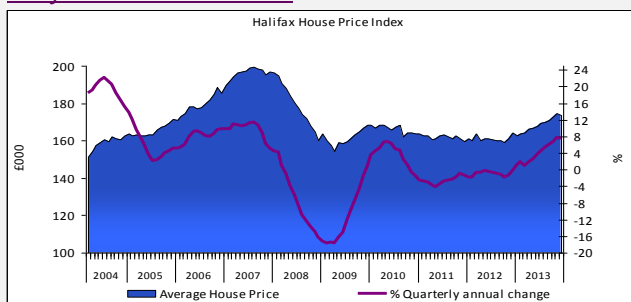
UK Residential Property Market



BoE Mortgage Chart

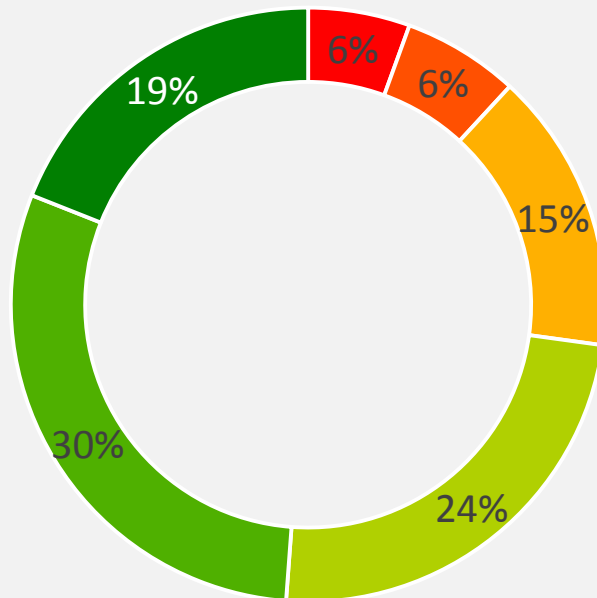


Halifax House Price Index



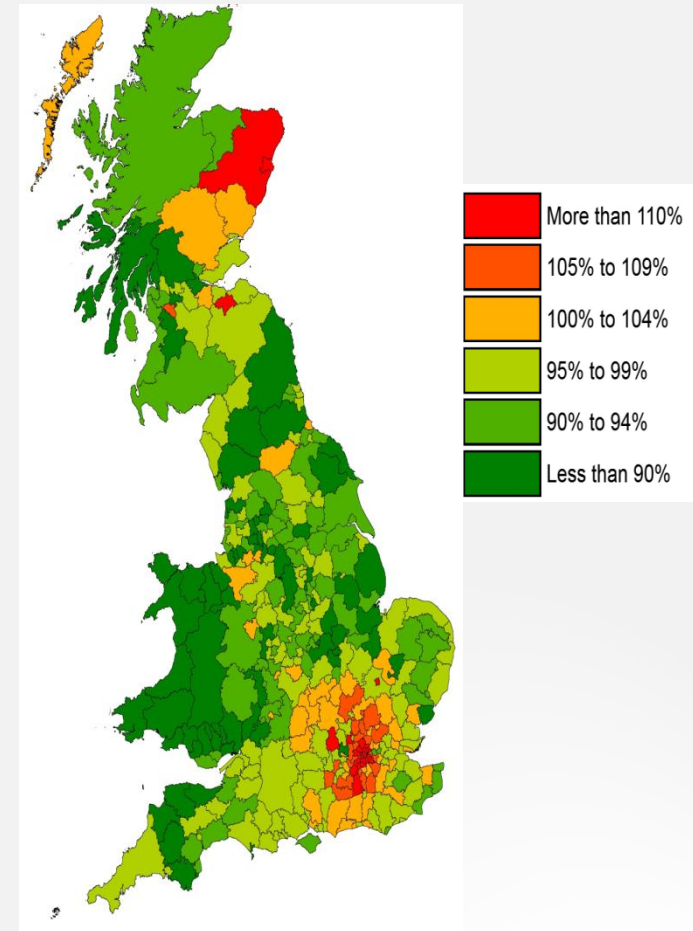
- Market transactions are increasing
→ Land Registry Volumes +13% (YTD Oct 2013)
- Availability of mortgages is improving
→ BoE mortgage volumes +20% (2013 v. 2012)
- House prices are improving gradually outside the south east
- Government initiatives are working
→ 80% of HTB2 applicants are first time buyers
→ 75% are outside London and South East
- Recent research shows amount of pent-up demand for housing in England could be 350,000 households

Houses in 73% of areas are still worth less than at their peak in 2007...



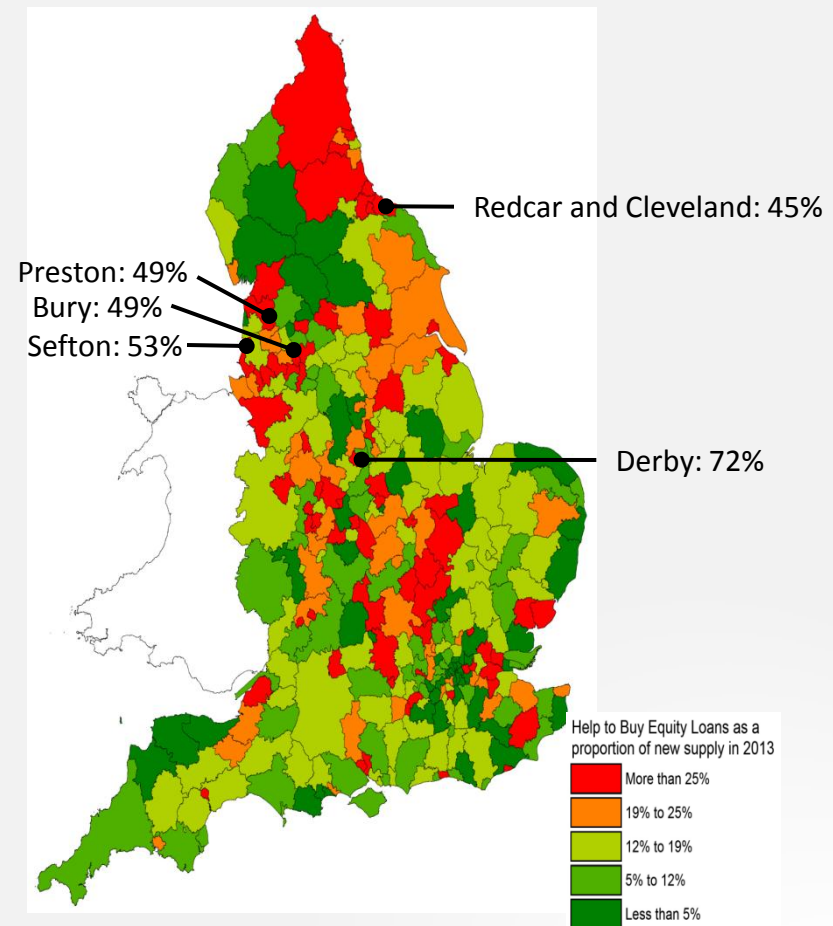
■ More than 110%
 ■ 105% to 110%
 ■ 100% to 104%
■ 95% to 99%
 ■ 90% to 94%
 ■ Less than 90%

...although regional variations remain. The average house outside L&SE is worth 93% of its 2007 value

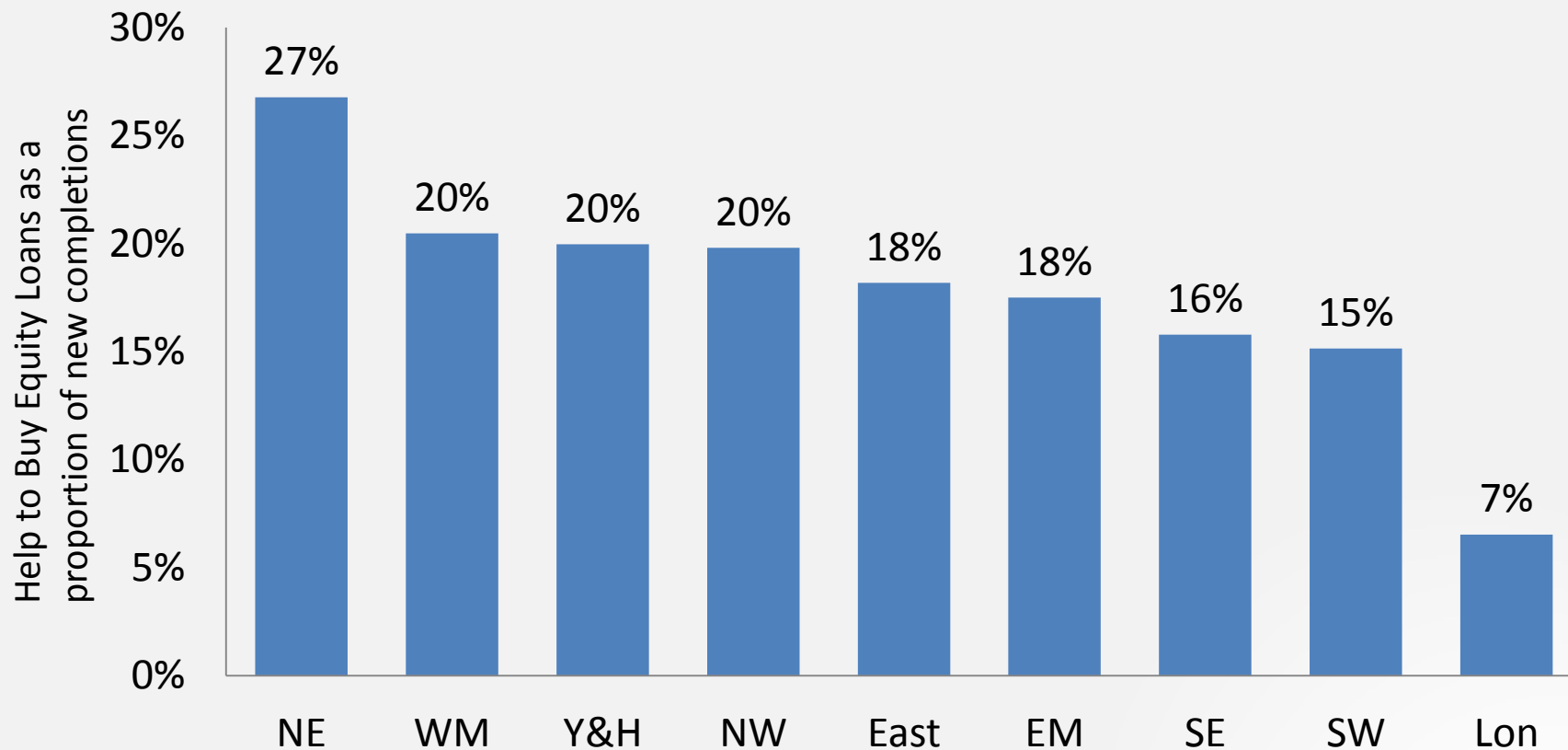


The Help to Buy Equity Loan has supported house building in weaker northern housing markets...

...with H2B transactions as a proportion of new completions highest in lower value areas...



...meaning government support for new development has been targeted efficiently



Help To Buy 2 (HTB2) Overview...

Supporting Panel Lenders & Intermediary Launch Dates...



11/10/2013



09/12/2013



16/12/2013



09/01/2014



14/01/2014

Wider Market Lenders & Launch Dates...



25/11/2013



21/01/2014

Example Pricing (Varies by Lender)...

Product Term	Rate	Fee
2 Year Fixed	4.99% / 5.19%	£0 / £995
5 Year Fixed	5.49%	£0

Total HTB2 Lending via CPS Panel – c£45.2M*

Traditional CPS Panel 'Core' 95% Lending Supported By...



CPS Panel Lending c£50.6M*

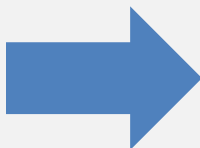
**Lending £ to the end of Dec 2013*

Delivering on Our Strategy

What we said at IPO

1

Identification of under-represented geographic areas and market segments where we can grow through acquisition or organic business expansion



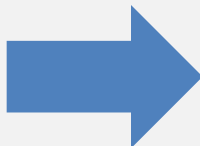
2

Build upon our position as a leading player in the L&NH sector to offer developers improved access to land and sales introductions via our register of prospective purchasers



3

Continued Lettings expansion through acquisitions and new openings while focusing on the maturing existing branch network



Progress so far

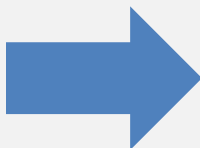
- Significant acquisitions (Tucker Gardner and Preston Bennett)
- Other deals in progress
- Purchase of Lambert Smith Hampton
- Purchase of Preston Bennett
- Record 2013 for Countrywide Land & New Homes (4,000 homes sold)
- Significant investment in Land & New Homes resource to fully participate in growing market sector
- Record level of investment in 2013
- New starts ahead of plan

Delivering on Our Strategy

What we said at IPO

4

Retain focus on costs and business re-engineering



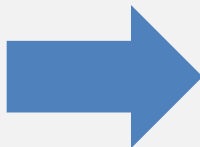
5

Continue to develop Prestige market offerings (Surveying, Conveyancing and Financial Services)



6

Expansion and development of online distribution capability



Progress so far

- Focus remains on structural cost initiatives
 - further centralisation
 - in-house Countrywide refit teams
 - disciplined approach to 're investment'
- L&P surveying business
- Private conveyancing offer
- Capital Private Finance
- Continued investment in our own sites / technology
- Ongoing strategic relationship with Rightmove and Zoopla
- Zoopla shareholding

Overview

THE UK'S LEADING REGIONAL COMMERCIAL PROPERTY ADVISOR

- Access to over 850 commercial property specialists across the UK and Ireland in 26 offices
- Provide market leading advice at every stage of the development lifecycle
- Advise on over £5bn of property annually
- Long term advisory contracts with large organisations such as Nationwide Building Society and Local Authorities
- Let, sell or acquire around 20 million sq foot of industrial and distribution space every year
- Undertake more than 4,000 valuation projects a year
- Outperform the market by 30% in occupier retention
- Manage nearly 40% of train stations within the UK

Services

- Acquisitions, disposals & lettings
- Building consultancy
- Business rates
- Capital markets
- Lease advisory
- Legal support services
- Planning and development consultancy
- Property management
- Valuation

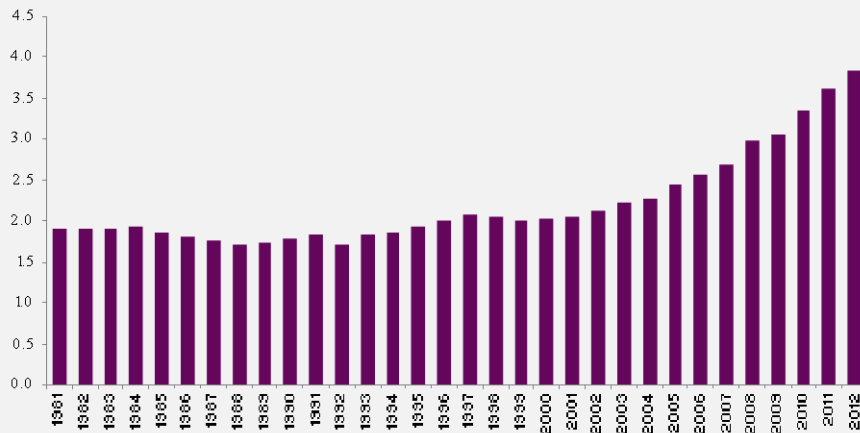
**Lambert
Smith
Hampton**



Actively Capturing the Lettings Market Opportunity

UK Lettings Market

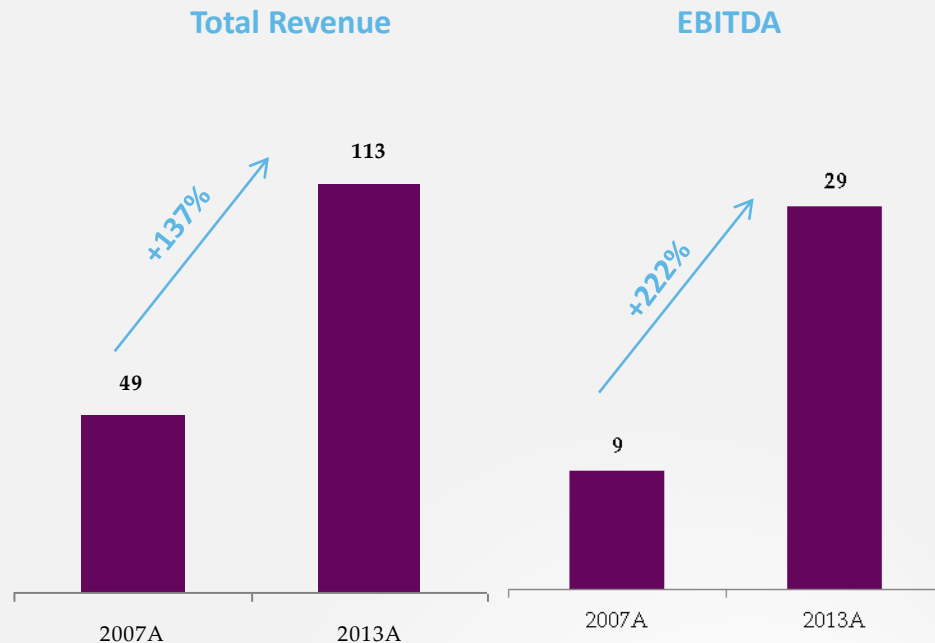
UK Private Rented Sector Homes (m)



- The UK lettings market has seen a structural expansion in recent years
- Countrywide has established itself as the market leader in this sector
- Balanced expansion through organic openings and value enhancing acquisitions
- Current market share circa 6-8% with significant further upside

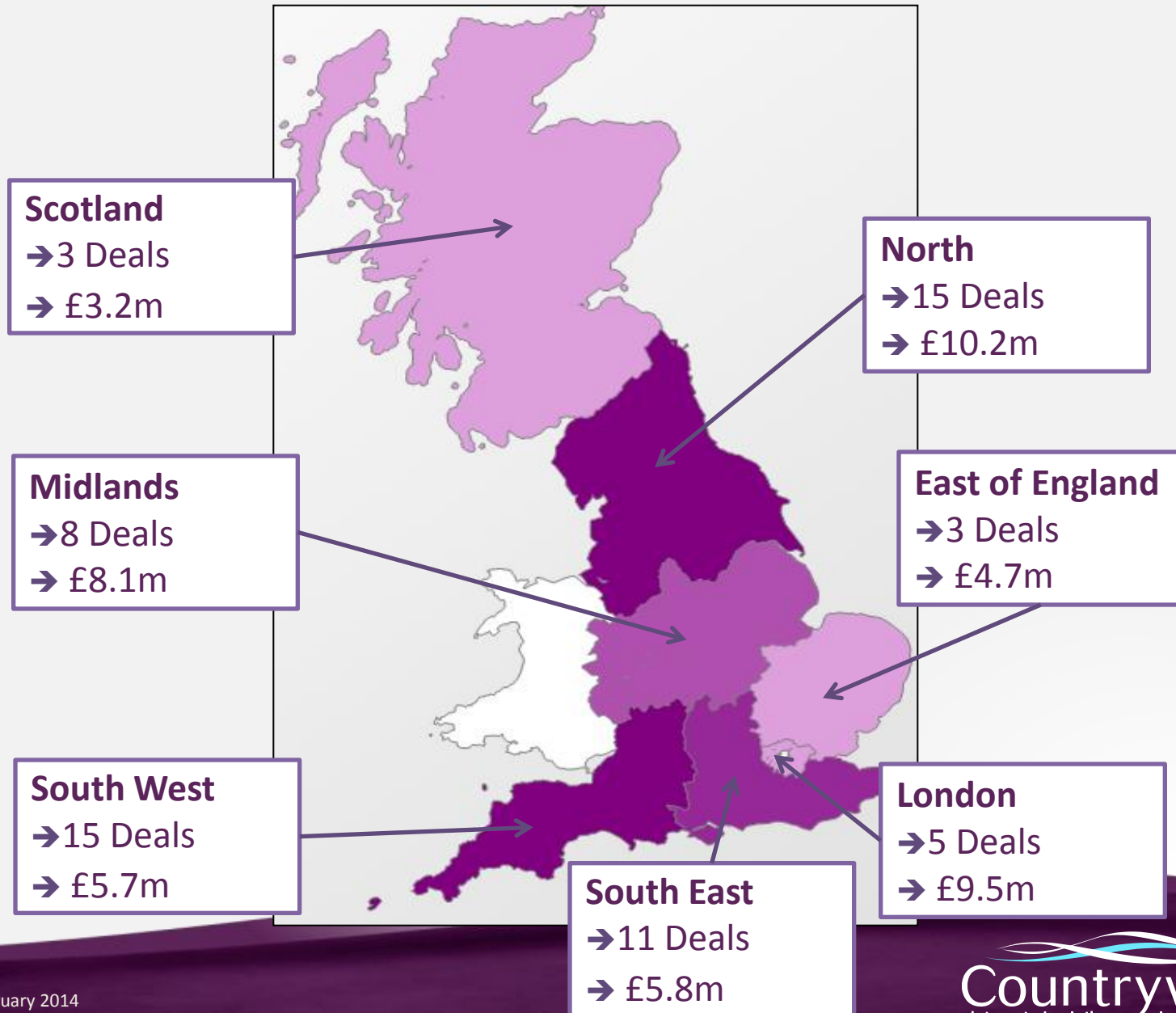
Increased Contribution from Lettings

Contribution from Lettings (£m)



- 28 deals done in 2013 (£18.2m spend) and strong pipe-line going into 2014

The Last 5 Years of Lettings Deals

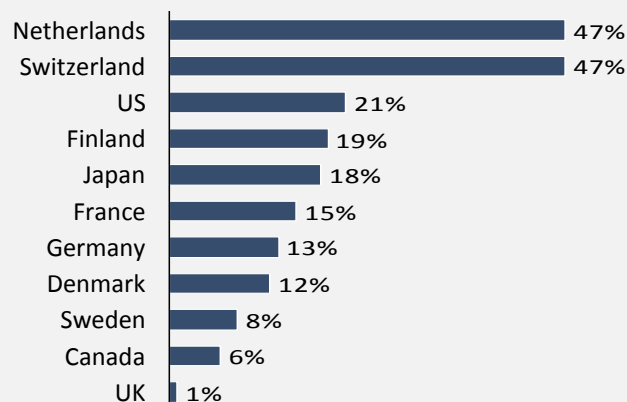


Residential Property Investment Vehicle

The Opportunity

- UK lags others in institutional investment in residential property
- Key barriers to entry:
 - Achieving scale
 - Identifying yield
 - Managing yield erosion
- Small but rapidly growing sector

Institutional exposure to residential – residential value as % of country property index



Source: IPD Index guide

Countrywide Investment Vehicle

- Up to £1bn opportunity over 5 year period
- Seed capital **£20m** provided by Countrywide
- Investing in a diverse PRS portfolio across the UK
- Conservative Gearing
- Target return = 5% cash-yield + HPI => 9%+ IRR after gearing

Residential Property Investment Vehicle

Why Countrywide? “It’s what we do”

Difficulty Finding
Yield



Countrywide generates unparalleled data and on-the-ground insight from over 10,000 staff working in their local property markets, allowing us to identify areas of good yield and strong underlying economics

Gross-to-net Yield
Erosion



Countrywide currently lets and manages over 50,000 properties nationwide. Using our existing centralized platform and circa 500 lettings branches we can optimise voids and minimise operating costs

Difficulty Building
Scale



Countrywide is the UK’s largest Land & New Homes agent, providing us access to stock from our nationwide relationships. In addition the group undertakes several thousand property transactions per week, allowing us to leverage our core infrastructure when acquiring assets

Residential Property Investment Vehicle – Seed Portfolio

Introduction

Mica Point is the first acquisition for the seed portfolio. It is a fully-let, modern, purpose built block in a good location near Birmingham city centre. We secured Mica Point in an off-market transaction at 14% discount to open market vacant possession value (based on CBRE valuation).

Financial Highlights (unleveraged)

- Gross yield at cost – 7.4%
- Net yield at current rent – 4.7%
- Net yield at market rent – 5.2%
- Discount to market value – 14%

Investment Highlights

- **Description** - Mica Point comprises of a series of low rise buildings providing 62 apartments. All units are currently let.
- **Location** - The scheme is located on the edge of Birmingham City centre, within walking distance of both the main commercial centre and New Street train station. This area of Birmingham has seen a big change over the last 10 years with considerable residential investment.
- **Tenant Profile** - Existing tenants are mostly young professionals working in the city.
- **Transaction Background** - The asset was developed in 2008 and due to market conditions the developer chose not to sell at that time. Through our data and market intelligence we identified the area as attractive and used our local relationships to unlock the opportunity.
- **Countrywide branches** - Our Accord Lettings and Dixon Lettings branches are located less than a mile away and will provide property management services.



Our Trading Partners in 2013

Surveying Services



Conveyancing Services (Panel Management)



Countrywide Financial Services

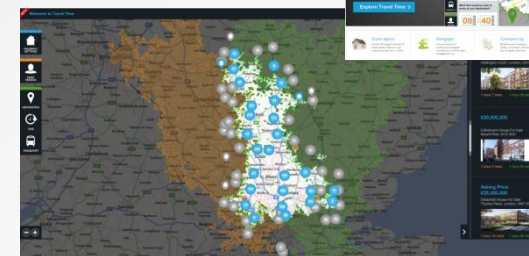


Lambert Smith Hampton



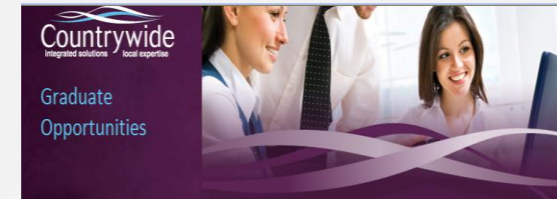
Online Update

- Online traffic & leads
 - Own site visits over 26 million during 2013
 - Use of PPC, Display & Retargeting as well as investment in SEO have driven >20% YoY growth
 - >6 million leads driven into the business during 2013
 - Own leads including Google+ = 43% of leads generated
 - 56% from Rightmove & Zoopla Property Group
 - 1% of leads from other sources
 - Balancing own capabilities with trusted suppliers to drive interest for customers
- Mobile Development
 - Traffic levels rising by the week
 - Half of customers interacting with us online are using a mobile platform
- Other online developments
 - Q4 release of propertywide travel time feature
 - Innovating to deliver results for our customers
 - New corporate and investors website
 - Lead Manager release and rollout to Lettings (Sales 2012)
 - Ensuring we promptly process and answer customer email enquiries – “making more from what we already have”



People Update

- Investing ahead of market recovery / over 1,200 new roles created in 2013
- Continued investment in training
 - i-learn on Lettings front office employees
 - AgencyPro
 - market leading training / complaints handling system
 - City & Guilds accreditation / endorsed by The Property Ombudsman
- Graduate recruitment and apprenticeship schemes:
Over 200 graduates, apprentices and trainees in to Lettings, Surveying and Estate Agents
- Investment in talent management and leadership programme
- Group wide standardised HR / payroll platform
- Launch of all employee Share Incentive Plan in Q3 with 1,800 participants
- Our first Group Employee Survey – 6,600 colleagues responded
- Pensions auto enrolment - circa 6,500 new members benefiting from pensions investment



Award Winning Teams

>150 high-profile industry awards since 2008

A quality team to trust & rely on
your trusted property partner

Other prestigious awards won during 2013:

- Equity Release Awards 2013
 - Best Surveyor
- Mortgage Finance Gazette Awards 2014
 - Best Anti-Fraud – Surveying Services
- Mortgage Strategy Awards 2013
 - Best Mortgage Distributor
- Shares Awards 2013
 - Best IPO / Fund Raiser

AWARD WINNING SERVICES



As part of Countrywide plc

**EQUITY RELEASE
AWARDS 2013**
WINNER
BEST SURVEYOR



**Mortgage
Finance
Gazette
AWARDS 2014**
WINNER
Best anti
fraud system

Summary / Outlook

- Positive market trends and data with lenders now on board for HTB2
- Risk to recovery is from London centric commentators and housing bubble talk
- Sensible strategic value creating investments will continue
- Board update
- All divisions with strong momentum going into 2014
- Strong start to 2014
 - total Group income in January 2014 of £50.1m was the highest ever recorded for the month of January
 - highest level of January profitability since 2007
- 2014 should see:
 - highest ever levels of Group profitability
 - very strong cash generation
 - EBITDA margin close to all time high