PRESS RELEASE

Countrywide reports strong finish to 2013 and increasing momentum going into 2014

Countrywide plc

**Preliminary statement of annual results
for the year ended 31 December 2013**

27 February 2014

Countrywide plc, the UK's largest integrated property services group, announces its results for the year ended 31 December 2013.

HIGHLIGHTS

- Considerable financial progress across entire Group despite the slower start to the UK housing market in 2013:

	2013	2012	% increase
• Total income	£584.8m	£524.7m	+11
• Adjusted EBITDA*	£86.6m	£63.0m	+37
• Operating profit	£56.0m	£16.8m	+234
• Adjusted EPS#	24.4p	14.8p	+65

- Strong financial result driven by core business augmented by value-creating acquisitions
- Underlying financial momentum across all divisions, with strong conversion of revenue to profit
- Group adjusted EBITDA margin now 15% (2012: 12%): best ever margin 17% in 2006
- Appropriate capital structure in place to maximise future opportunities with bank facilities increased to £150 million in February 2014
- Net debt (excluding finance lease obligations) £37.7 million (2012: £203.2m) and access to additional funding if required (undrawn £25 million revolving credit facility).
- £20 million seed capital earmarked for investment in new residential property investment vehicle
- Final dividend proposed of 6.0p (net) per share payable on 7 May 2014 (total dividend 8.0p (net) per share)

David Watson, Interim Chairman at Countrywide plc, commented:
"The Group has delivered an excellent set of results for 2013, its first since IPO, which show strong growth in both revenue and profits. Significant financial progress was achieved through the year as recovery within the housing market broadened and performance across all our divisions and regions improved. Strengthening activity levels are evident in our January 2014 results and pipelines plus external indicators would also show that significant growth in profitability should be sustained through the year ahead."

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* Earnings before interest, tax, depreciation, amortisation, exceptional items, management fee, profit from joint venture and share-based payments, referred to hereafter as "EBITDA" (see note 7 for reconciliation)
# Adjusted earnings is calculated on profit for the year before exceptional items, amortisation of acquired intangibles and share-based payments (net of taxation impact)

PERFORMANCE AT A GLANCE

Group results	Year ended 31 December		
	2013	Restated 2012	Variance
	£'000	£'000	%
Total income	**584,768**	524,728	+11
Adjusted EBITDA*	**86,630**	63,036	+37
Operating profit before exceptional items, amortisation and share-based payments	**76,220**	53,663	+42
Operating profit	**56,000**	16,761	+234
Basic earnings per share	**16.5p**	-2.2p	—
Adjusted basic earnings per share #	**24.4p**	14.8p	+65
Dividend (interim dividend 2.0p (net); proposed final dividend 6.0p (net))	**8.0p**	—	—

Group KPIs			
	Number	Restated Number	
House sales exchanged			
- Estate Agency	**59,471**	54,828	+8
- London & Premier	**6,338**	5,544	+14
- Group total	**65,809**	60,372	+9
Retail properties under management	**52,181**	42,531	+23
Mortgages arranged	**60,460**	53,922	+12
Value	**£8.3 billion**	£6.9 billion	+20
Total valuations and surveys completed	**330,121**	305,544	+8
Conveyances completed (excluding third party)	**33,285**	29,913	+11

* Earnings before interest, tax, depreciation, amortisation, exceptional items, management fee, share-based payments and share of profits from joint venture, referred to hereafter as "EBITDA"

Adjusted earnings is calculated on profit for the year before exceptional items, amortisation of acquired intangibles and share based payments (net of taxation impact)

Restatement arising from adoption of agent, rather than principal, accounting for panel fees (see note 4 to financial statements) and creation of new London & Premier segment (see note 4): both amendments have £nil impact on the income statement and balance sheet

CHAIRMAN'S STATEMENT

2013 has been a seminal year for Countrywide: the housing market recovery is underway, increasing business activity across the group; the successful IPO in March and subsequent debt repayment; and £50.4 million has been invested in strategic acquisitions, strengthening our services and geographical footprint. I am therefore delighted to report a positive set of results for 2013. Total income increased by 11% to £584.8 million and EBITDA increased by 37% to £86.6 million which is reflected in adjusted earnings per share of 24.4 pence.

On the basis of these results, the Board has recommended a final dividend of 6.0 pence (net) per share, giving a total 2013 dividend of 8.0 pence (net) per share. Subject to approval at the AGM, to be held on 30 April 2014, the dividend will be paid on 7 May 2014 to shareholders on the register at 28 March 2014.

Capital structure

After an absence of six years, Countrywide was re-listed on the London Stock Exchange raising £220 million in new share capital. At the same time we secured a new £100 million banking facility with a syndicate of six banks. These funds were used to redeem the £250 million of 10% fixed interest debt in May. No shares were sold at IPO by Directors or our three sponsors, who retained their interests in the shares post floatation. Subsequently, Apollo and Alchemy divested their holdings in full. Oaktree sold 9.3% of their 36.9% holding and remain as the largest single investor with a 27.6% holding, with management holding 4.3%, and the remaining 68.1% of shares being freely traded and held largely by an encouragingly broad range of long-term institutional investors.

Net debt (excluding finance leases) at the year end was £37.7 million (2012: £203.2 million) and the Group had a further £25.0 million in undrawn facilities.

In February 2014 we increased our banking facilities by £50 million and at the same time reduced the margin we pay. The additional funds will be used to invest in further strategic opportunities when appropriate.

Board update

As the Company moved towards IPO, Robert Davies, Sandra Turner and Neville Richardson were appointed as the initial independent non-executive directors. Cathy Turner and I were appointed shortly after the IPO to complement the Board composition and to achieve Code compliance. Unforeseen circumstances led to the early resignations of Robert Davies and Neville Richardson and the Board will be looking to make further appointments in the first half of 2014 to fill the vacancies this created. Following the disposal by Apollo-Affiliated Fund of part of their respective shareholdings in the Company, their aggregate shareholdings were reduced and to reflect the reduced size of their shareholding, Sanjay Patel, the director of the Company appointed by them stepped down with immediate effect in August 2013. In addition, CEO Grenville Turner has indicated his desire to step down as CEO during the course of 2014. A search for his successor, both from within and outside the Company, has therefore been initiated. Given his extensive and unparalleled experience in the sector, the Board has asked him to take over as non-executive Chairman and Grenville has agreed to do so once a new CEO is in place. I will then become Deputy Chairman and Senior Independent Director. The decision to appoint Grenville as Chairman has been discussed with a number of the Company's major shareholders, as was the Board's desire to maintain the continuity and success of the senior management team that has overseen Countrywide's successful return to the public markets. The Board is continuing to make progress in appointing two new independent directors to return to full code compliance and further announcements will be made in due course.

Markets

As we noted in our January 2014 Trading Update, the recovery of the housing market is still at an early stage. The key to a lasting recovery is assisting first time buyers and the general housing market outside of London and the South East. We remain supportive of the Government's policies to achieve this and are wary of London centric market commentators' views that the whole UK housing market is overheated. As we comment elsewhere in this report, Help to Buy seems to be addressing the Government's intended audience. Nevertheless there remains a significant imbalance between supply and demand for housing stock in the South East and Government and Local Authority policies will remain important in helping to bring these forces into a better sense of balance.

Outlook

The positive market trends which began in 2013 have continued into 2014. In January 2014, total income for the Group of £50.1 million was the highest ever level recorded for the month of January, and furthermore profitability was at the highest level since January 2007. With more lenders now supporting Help to Buy, macro economic indicators forecasting growth in the UK economy and consumer confidence indices improving, we fully expect the UK housing recovery to continue and anticipate that we can deliver the highest ever levels of Group profitability in 2014.

Finally, on behalf of the Board, I would like to thank everyone across the Group for their commitment and passion during a year that, whilst being undoubtedly challenging, marks a further step in the transformation of the Group.

David Watson
Interim Chairman

27 February 2014

CHIEF EXECUTIVE'S REVIEW

I am proud to say that 2013 has been a momentous year, in which we successfully returned to the public market and delivered strong financial results driven by our core business and augmented by value creating acquisitions. In addition, the early stages of the market recovery evident in 2013 have also provided the platform for growth across our business. The recovery will also generate increased competition with new entrants to the market, but our management team remain focused on delivering optimal results and innovating to continue to ensure the business is dynamic and productive.

Over the past six years, the management team has worked together through a sustained period of difficulty in the property market, to transform Countrywide into a leaner and more efficient organisation with a greater proportion of sustainable revenue. The successful completion of the IPO in March was testament to the fact that investors recognised this transformation. Post IPO, the significantly reduced capital gearing provides a solid basis for further investment in strategic opportunities.

Government backed initiatives announced in Q1 2013 have supported the recovery in the housing market. The Help to Buy and Funding for Lending schemes have incentivised lenders to increase the availability of higher loan to value mortgages. These initiatives have contributed to the increase in the number of first time buyers and new build purchasers who are both seen as key drivers of the housing market recovery.

Building a business in a rising market can often be as difficult as managing through a recession. Maintaining cost control discipline has to remain a focus as we seek to capitalise on volume growth. While we removed a significant amount of cost over the past six years, some of those costs have returned, for example commissions, but we recognise that headcount, together with marketing expenditure, will need to increase if we are to maintain service levels and protect and develop market share in a sustainably rising market.

We remain focused on executing our strategy for market leadership and profitable growth across each of our divisions, creating opportunities to provide more complementary service offerings across all target markets. This will be underpinned by continued investment in those areas that support scalable and efficient delivery of service to customers.

Having dealt with several years of professional indemnity claims and significant exceptional charges to the income statement, we are confident that we have passed the worst. As we anticipated, the number of claims received in 2013 fell significantly and average losses were in line with expectation. Therefore, barring any unexpected change in trends, we believe that amounts previously provided are sufficient to meet our liabilities.

Customers

Our customers are at the heart of the services we provide and our focus on them ensures our products and services both meet and exceed their expectations. I am delighted to announce that we have retained key commercial contracts and entered into two significant corporate relationships. Additionally, for the fifth year in a row our customers have voted for us to win the coveted Gold prize for Best Large Chain - National Category, at the Estate & Letting Agent Awards (ESTAs). The ESTAs recognise and reward high standards of customer service and are unique in being the only awards in the industry to be based purely on the votes of vendors and buyers. Our own customer feedback surveys confirm that 9 out of 10 Hamptons International customers would use us again and 9 out of 10 of our conveyancing customers would recommend us to family and friends. However, we must not nor would we be complacent about our success. We are reinforcing this focus on customer service being at the heart of our operations through our internal 'Hearts & Minds' programme for Estate Agency employees. This programme is a peer to peer initiative and the themes for the programme include language, positive first responses and massive action for massive results.

Employees

The dedication and hard work demonstrated by our employees is key to the success of Countrywide. Developing the current teams and future employees is central to our strategy for market leadership and profitable growth across each of our divisions. I am pleased to report that we have around 200 graduates, apprentices and trainees throughout our Estate Agency, Lettings, Surveying and Conveyancing divisions. As CEO I am always keen to hear how our employees feel about Countrywide. With that in mind we engaged an independent consultancy to run our first confidential employee engagement survey. The results have been analysed and my executive team will be focused on addressing the key themes from the feedback.

IT transformation
We are now two thirds of the way through our IT transformation with a significant investment programme in new hardware and systems. We are working with our strategic partner, CGI, to complete the transformation and roll out in 2014 giving the Group a robust infrastructure to recognise benefits from 2015 onwards.

Strategic investment
Growth continues with the acquisition of 28 Lettings businesses in 2013 including Portfolio Lettings, Avon Lettings, Knights of Bath and Flats in Leeds. In addition, the acquisition of Lambert Smith Hampton (LSH) gives us a significant foothold in the commercial property market, driving more opportunities to our teams operating our core Land & New Homes, and Residential Development & Investment businesses as well as extending our relationship with key corporate partners.

We are committed to a targeted acquisition programme and already in 2014 we have invested £15.1 million in 6 businesses, including Tucker Gardner Residential, Curtis and Bains and Preston Bennett Holdings.

We are pleased to announce that we have also spent £7 million acquiring our first rental property investment. In comparison to other countries, investment by financial institutions in UK residential property has been relatively limited. With market conditions improving and the UK Government encouraging investment in residential property, that situation is changing. As the market leader in UK residential property services, we believe Countrywide is uniquely placed to play a major role in the growth of this developing sector through providing access to unparalleled market insight and a service platform to operate at scale across the UK. We are currently exploring options to partner with institutional investors or a fund manager to establish a large residential property investment vehicle with a target size of £1 billion invested over the next five years. We have committed £20 million of our own capital to the project to acquire a seed portfolio and a future pipeline of suitable, privately rented, residential assets.

Award winning performance
We have had another year of award winning performances with the Group and divisions winning 20 awards this year, which makes 152 awards won since 2008. These fantastic achievements are testimony to the hard work and dedication of all our employees.

SEGMENTAL RESULTS

Segment results	**Total income**			**EBITDA**		
	2013	Restated 2012	Variance	**2013**	2012	Variance
	£'000	£'000	%	**£'000**	£'000	%
Estate Agency	**192,968**	184,554	+5	**16,131**	10,323	+56
London & Premier	**115,634**	101,438	+14	**24,176**	17,073	+42
Lettings	**112,515**	97,834	+15	**28,624**	21,594	+33
Financial Services	**64,944**	64,749	—	**12,213**	9,806	+25
Surveying Services	**53,621**	49,145	+9	**11,834**	9,779	+21
Conveyancing Services	**25,695**	26,048	-1	**8,435**	8,022	+5
Lambert Smith Hampton	**16,582**	—	—	**2,304**	—	—
Central services	**2,809**	960	+193	**(17,087)**	(13,561)	-26
Total Group	**584,768**	524,728	+11	**86,630**	63,036	+37

OPERATING REVIEW

Estate Agency
The Estate Agency division saw a 56% increase in EBITDA to £16.1 million. This was achieved from a higher income figure of £193 million and a cost base largely unchanged from the previous year.

2013 saw an upturn in market volumes with Estate Agency increasing house exchanges by 8% compared to 2012. Market conditions improved gradually throughout the year, helped by improving economic sentiment, better credit markets, and government support for UK housing such as Help To Buy.

Relative growth was stronger in the South of the UK, although we saw performance improve across all of our main regions. Availability and competition for new housing stock was the key challenge in the year, with the ratio of sales agreed to new listings at the highest level for some time, averaging 80%.

Of particular significance in 2013 was an improved performance on cross sales into other Countrywide divisions. The biggest improvements came in introducing vendors and purchasers to the Conveyancing and Surveying divisions. Penetration rates on conveyancing increased by over 8 percentage points in the year.

Significant operational change was achieved in 2013. In October we completed the process of transferring all branch administration support to our new National Sales Support Centre in Cheadle, Greater Manchester. This has delivered quality and process improvements as well as realising significant ongoing cost savings compared to our previous model of branch-based and regionally-based administration. The Centre is also focused on projects that will improve service levels for our customers such as overflow call handing, out of hours operation, and complaints handling.

The year was relatively subdued with regards to new branch openings and acquisitions. We continued with our Yorkshire expansion programme, opening new Bridgfords and Blundells branches in West and South Yorkshire respectively, and in contrast to recent years there were few branch closures.

As market conditions improve they also bring challenges for the Estate Agency Division - competition for scarce listings is fierce and there is pressure on fees, while an increasing number of new entrants add further competitive pressure.

The year was a testing one for our Asset Management business with an estimated 15% decline in the UK repossession market volumes versus 2013. This is the fourth consecutive year of decline in a market where Countrywide has traditionally held a strong market share, thereby having a disproportionate impact on overall market share.

Through strategic investment and positive market sentiment, our Land & New Homes business enjoyed significant revenue growth in 2013, up 18% in the year. While this was helped in part by the Help To Buy scheme, much of the impact of this Government scheme has been seen in increased reservation numbers but has not yet translated into house sales.

The Land & New Homes business capped an impressive year by winning the Sunday Times New Homes agency of the year award for the second successive year.

London & Premier

This new division for Countrywide, consisting of 126 offices, was created by bringing together the brands that operate in the upper price segments of the UK housing market. These brands comprise:

- Hamptons International
- John D Wood & Co
- Faron Sutaria
- Sothebys International Realty UK
- Hetheringtons
- Alan de Maid

These brands are geographically centred around London and the South of the UK and operate in their own distinct market segments, ensuring we are present throughout the whole upper middle and top end the market where appropriate. Hamptons International is the largest of these brands with over 70 offices covering the desired markets spreading from Bristol in the West, across the South and London and north to Oxfordshire.

Helped by strategic investment and improving market conditions, the division achieved record levels of income and profitability. The London & Premier (L&P) market remains relatively strong in comparison to the broader UK residential market, benefitting from improving financial markets, overseas investment and a lower reliance on credit to drive transaction levels.

Several new offices have been opened in 2013 including Sevenoaks, Amersham, South Woodford and Canary Wharf. All are developing in line with their business plans. In addition, offices opened in recent years such as Ealing, Battersea, Balham, Southfields and Canford Cliffs are making a growing contribution.

The formation of L&P as a new division allows us to share best practice among the brands and extract synergies by leveraging our infrastructure in areas such as IT, HR, marketing and finance. For example, our London Contact Centre, which provides support to Hamptons International in driving activity levels and handling overflow calls, has been widened out to Faron Sutaria and further growth is planned in 2014 allowing more branches to benefit.

As we enter 2014 there continues to be a positive sentiment within the L&P markets and the division will continue to identify new office openings organically and selected acquisitions that are accretive.

The L&P market has been characterised by strong levels of demand but a lack of supply, especially in Central London. New instructions have been difficult to win with the market suffering from a lack of available properties to sell and frustrated purchasers unable to find a property to move to. Due to these supply constraints prime Central London has seen record property prices achieved over the course of the last year.

The lack of property has had the knock on effect of high levels of activity and greatest growth in the surrounding areas such as London zone 2, as people move from Central London, trading a similar priced property for a much larger home. This ripple effect has continued into the locations outside London benefitting Hamptons International, Alan De Maid and Hetheringtons, assisted by more favourable credit markets. Across L&P sales activity levels were at record breaking levels with the conversion of instructions into exchanges at the highest level recorded.

The rising prices should encourage more sellers into the market, adding liquidity, but a lack of supply will underpin house prices, particularly in London and the South.

Hamptons Lettings in London remains strong, although there was a slow down in the outer London and country offices. Correct pricing, superior specification and presentation has been the key to attracting the best tenants this year. Value for money has been vitally important as tenants happily move if they can find a more reasonably priced home, potentially leaving landlords with an empty property.

We expect rental pricing growth across the UK to remain subdued as the sales market recovers and a number of tenants become home owners. This will be most keenly felt in the “regions” where renting has become expensive compared to owning. Overall we have grown the number of managed units by 7% in 2013 and have seen growth in our market share.

Lettings

The lettings market remained favourable and as there has been limited new supply of property this has led to gradually increasing rents supported by continued demand from tenants. Over the year the number of potential tenants registering with us grew to over 384,000 and this helped us increase the number of properties that we let to 43,783.

Working with other parts of the Group in a co-ordinated way has delivered referrals of potential clients that helps retain clients within the Group as their property needs change over time.

We recognise that growth places a number of challenges on the business and have addressed these to ensure that we can continue to deliver future growth.

Staff training and development – we have introduced an industry leading online, interactive staff training and development system that has delivered a significant increase in the training available to staff across the business. Supported by a dedicated training team, this structured curriculum, focused on specific staff roles, ensures that staff have the right skills and practical knowledge to meet customer expectations. This investment supports career development plans which are being developed for all staff.

Systems development – we continue to develop our integrated IT platform to ensure that it meets both current and future needs, including the expansion of the business. Development of online services for our clients resulted in the launch of an improved client portal which will be developed further during 2014, enabling a far higher level of client interaction and self-service. Mobile applications for our staff to help them are being developed.

Our network provides the first point of contact for customers and landlords. Lettings agents are often incorporated within estate agency branches, but form a separate, dedicated team. This ensures that there is a clear focus on driving the lettings business. All staff are comprehensively trained to ensure they can meet client expectations.

Support services provide support to our branch network and clients directly through client accounting and legal services. This team ensures that we have the best processes and legal support for our business and our clients through the production of all legal documents such as tenancy agreements and through rigorous tenant referencing.

Our property management team provides support to clients and tenants in relation to repair and condition issues throughout the tenancy and the handover at the start and end of the tenancy. This team provides a key point of contact for both clients and tenants and service quality is key to client satisfaction.

We continue to look at expansion through acquisitions and seek to find businesses that are complementary to our existing network which can be readily integrated to ensure that service levels are maintained and potential synergies delivered.

We have a dedicated team who ensure that our acquisitions are carefully selected, vetted and integrated along with the relevant operational managers within the business. During the year we reviewed a large number of potential deals and completed 28 acquisitions across the country at a cost of £18.2 million.

The majority of deals are small single branch businesses which are readily incorporated into the business and adopt the trading name of the most appropriate group business. However, we have acquired a number of more substantial businesses where retention of the existing trading name generates more value for the Group such as Russells Lettings in Cambridge and Fitz-Gibbon Lettings in Southwest London. During 2013, acquired businesses contributed £5.3 million to income and £1.8 million to EBITDA.

As businesses are integrated they benefit from the systems, services and scale economies that we can deliver whilst still retaining the things their clients value. Our core business model often means that new revenue streams, for example, insurance sales and cross referrals can be delivered.

Our New Start programme that delivered organic growth through the opening of lettings businesses within the Group's existing estate agency offices is now delivering a positive contribution to the business in line with the original plan. The programme was delivered in four phases and, as expected, some offices develop faster than others and we continue to review the development of each branch. The programme currently has 169 offices as some have been combined with acquired businesses or other branches. The New Starts branches generated income of £16.4 million (2012: £9.4 million) and EBITDA of £1.4 million (2012: loss £2.7 million)

We continue to open selective new offices and, including a new office in Liverpool city centre branded as Entwistle Green, we opened seven offices in 2013.

Financial Services

Following a challenging 2012, market conditions in 2013 have been more encouraging with signs that the UK economic recovery is gathering pace and many lenders have focused on delivering an increased lending target in the latter part of the year. Initiatives such as the Help To Buy and the Funding For Lending schemes have contributed to the feeling of optimism, making it easier for borrowers to access mortgages and lowering the cost of lending for banks.

In the face of these positive market trends the Financial Services division has delivered a strong profit performance in 2013 with EBITDA 25% up on 2012, due mainly to a 4% reduction in operating costs, principally staff related. Total income remained flat on last year, due to market mix factors and recruitment challenges, both of which are explored in further detail below.

- Market “mix”: A large element of the market growth has been seen in new homes, remortgages and buy to let, and has not yet translated into significant growth in mortgages for second-hand house transactions where the Countrywide core business has a larger market share.

- Recruitment: During the second half of the year, there has been significant investment in retaining and growing the sales force as the market gained momentum. Total mortgage consultant headcount closed the year at 621; an increase from 575 at the end of June 2013. We expect this to continue in H1 2014. Due to training and mortgage lead times, new recruits take up to 6 months to become revenue generating, hence it was pleasing to see a slight recovery in market share in Q4 of 2013 as the impact of this investment started to pay dividends.

The housing market appears to have turned a corner, with transactions and prices both rising. This momentum impacts positively on the Financial Services division where the closing mortgage pipeline is 15% higher than last year, average loan value is 7% higher than last year and significantly mortgage advances completed within the Group in 2013 totalled £8.3 billion, a 20% increase from 2012.

Surveying Services

Surveying Services continued its impressive year on year EBITDA growth (21%) whilst also making significant investments in key areas including £0.5 million in a major trainee programme which will be critical for continued growth in future years. Excluding these training costs, underlying EBITDA would be £12.3 million (26% year on year growth). Total income grew by 9% against the prior year; this increase was driven by both average fee growth (5%) and (8%) growth of the total instructions completed. A buoyant market including the resurgence of the remortgage market in H1 2013, improving surveyor fee levels across the industry, paired with careful management of surveyor workflow by the National Operations Centre and the continued dedication of the surveyor workforce were key features of this success.

2013 saw the Surveying and Valuation industry face well publicised challenges around declining service levels with the growth in lending volumes highlighting capacity shortages in certain areas of the country, principally in the South East. In the immediate term Countrywide Surveyors focused its efforts on expanding capacity where possible both through recruitment and relocating surveyors on an interim basis. The brisk pace of the market recovery in 2013 led us to accelerate and expand our trainee programme so that we would be able to increase our own in house capacity by 25% by H2 2014. This training programme plus a continued expansion of our consultant network allows us to overcome capacity limitations which will continue to challenge the industry and grow in a recovering market.

At the start of the year, we completed the transition to our new workflow system for all surveyors in England and Wales with our Scottish surveying business, Harvey Donaldson & Gibson following in Q4. This important investment has enabled us to move forward on a leading industry platform. The expertise within the business and the timing of the transition ensured this major change had no impact on operational efficiency for us or our client base.

We continue to focus heavily on risk management with several projects completing during the year delivering enhancements to risk control and business sustainability. The division continues to incur costs on valuation claims relating to surveys undertaken in prior years, these costs are broadly in-line with the provision made at the end of 2012 and volume trends are declining in this area.

Our customers and staff are at the heart of what we do and the key addition of a Director of Field Operations, Paul Wareham to the Surveying Services Board in June 2013 has ensured these key focus areas have been strengthened further. We were delighted to announce the three year extension of the Nationwide Building Society contract, as well

as extending other key contracts for an additional two years. With all three of our biggest contracts now having over two years to run, and the continued removal of low fee, non-core, or higher risk lenders from our client base, this means we move into 2014 with a healthy customer portfolio.

Conveyancing Services

The Conveyancing Services division generates revenue from the provision of panel management services for third parties and Countrywide referred work and also by completing transactional legal work through its own in-house regulated conveyancing business.

Income decreased by 1% year on year which was due to a planned reduction in third party contract panel management volumes. This is the full year effect reflecting changes made to the HSBC panel management contract mid-2012.The reduction in third party generated income was broadly offset by an increase in Group generated income, following a 15% improvement in the instruction volumes from the Countrywide group network leading to an 11% increase in completion volumes, the majority of this uplift being completed via our panel firm partners.

2013 saw a sluggish start to the year with a relatively subdued first quarter before much improved activity developed from Q2 2013 onwards. The timing of this instruction uplift coupled with a market elongation of pipelines during Q3 and Q4 has meant that much of this volume improvement is still within our live pipelines going into 2014. Our closing pipeline of live work was 17% up at the year end.

Capacity secured

As the market has shown signs of steady recovery during 2013 we have put in place several measures to secure conveyancing capacity required to service a recovering market both through our in house conveyancing operation and also through our panel firm partners.

In 2013 we were delighted to launch our in-house trainee lawyer programme, initially for staff members wishing to further their career within property law, and have further expanded to create our Training Academy for both internal and external candidates. To date a total of 20 new trainee lawyers have been employed with further plans to recruit and run additional training cohorts in both our Manchester, Cardiff and recently acquired Bridgend centres.

In terms of our legal panel, we have expanded to 20 firms over the course of 2013, all of whom are aligned with our own passionate views on providing the best service to our customers.

Lambert Smith Hampton

Activity in the commercial property market is improving, with the investment market leading the way. Total UK investment volumes increased by 50% in 2013 in comparison with 2012 and the annual total of £45 billion was the highest the market has seen since 2007. In the occupier markets, the improvement in the regions has been less dramatic but take-up is strengthening. The industrial market has also shown an improvement: occupier take-up increased by 22%. We expect current trends in both the regional office and industrial markets to continue in to 2014, both of which are areas of particular strength for Lambert Smith Hampton.

Growth plans

Countrywide plans to invest in Lambert Smith Hampton to grow the business in our core markets. We are committed to becoming a key player in the commercial property market and to grow our market share. The market is still fragmented and, even as a scale commercial business, we currently have less than a 3% market share, providing an opportunity for further market penetration. The stronger links between the residential and commercial activities will also strengthen our businesses going forward. As the economy continues to recover, we are seeing increased development activity across the UK. Combining the resources and skills of the strongest regional commercial property advisor with the UK's largest integrated property services business will provide clients with market leading advice at every stage of the development lifecycle.

Financial performance

Lambert Smith Hampton's total income for the final quarter of 2013, as part of the Countrywide group, was £16.6 million and EBITDA was £2.3 million. Both these amounts were in excess of the forecasts for the quarter made at the time of the acquisition.

GROUP FINANCIAL REVIEW

2013 saw a strong financial performance across the Group with income up 11% to £584.8 million and EBITDA increased by 37% to £86.6 million. This resulted in an improvement in the Group EBITDA margin from 12% in 2012 to 15% in 2013.

All of our divisions reported improvements in both profitability and EBITDA margin helped by the improving levels of UK residential property transactions. As anticipated, our central costs increased by £3.5 million due to: additional costs relating to the IT transformation (£1.0 million), PLC related costs including the non-executive directors (£0.5 million), together with £1.0 million of other costs relating to restructuring charges and acquisition costs. The balance of the increase is primarily staff costs.

Depreciation and amortisation

Flowing through from EBITDA, our depreciation and amortisation charge has been split to indicate the depreciation and amortisation that relates to assets purchased for use in the business and amortisation arising on those intangible assets that have been recognised as a result of business combinations. The underlying depreciation and amortisation charge increased by £2.4 million, the principal drivers of which were increases of £1.3 million and £0.7 million for computer software and hardware respectively as a result of the strategic investment to replace our infrastructure through the seven year outsourcing partnership with CGI announced last year. Amortisation of intangible assets recognised through business combinations has increased by £0.4m as a result of the incremental rate of growth in acquisitions during the year. Whilst we expected amortisation charges to increase due to our acquisition strategy, it should be noted that £6.6 million of the annual charge relates to intangible assets recognised in 2007, when the group was taken private, and this will end in 2017.

Share-based payments

Now that the Group is listed on the London Stock Exchange we have granted share options to selected employees and also launched the first Share Incentive Plan (SIP) aimed at all employees with 18 months service.

Immediately following the capital reorganisation in March 2013, we granted 7.2 million options to employees who were former equity holders of Countrywide Holdings, Ltd under the IPO Plan. These are nil cost options which will vest based on adjusted Group EBITDA for 2014. 80% of these options will vest in March 2015 and the balance in March 2016. The charge to the income statement in 2013 was £6.9 million and related employers' national insurance £1.7 million.

Additionally, we launched a three year Long Term Incentive Plan (LTIP) to senior managers in September 2013. These are nil cost options which will vest subject to certain performance criteria. The charge for the four months was £407,000 plus employers' national insurance of £66,000. Due to the SIP only being in place for three months of the year, and with a three year vesting period, the charge was nominal. This charge will build over time to around £0.8 million in 2016.

Exceptional items

We have reported a net exceptional cost of £7.6 million, which comprises non-recurring costs of £4.7 million in respect of the IPO, £4.5 million of finance costs relation to the redemption of our bonds and £0.9 million of acquisition costs offset by £2.5 million of deferred income in respect of our contract with Zoopla. This exceptional income will continue to recur for the next two years.

Throughout the year we have closely monitored the progress of our professional indemnity claims and can confirm that trends of claims received and losses incurred are in line with our expectations. As anticipated, we have experienced a significant drop in the number of new claims reported as time limitations apply and consequently no exceptional costs have been reported in respect of claims and litigation in the current year. Whilst development of claims may be unpredictable, and therefore timescales for settlement may vary, we would hope to clear a significant proportion of claims and progress to cash settlement within the next two years.

Finance charges

With the proceeds from the IPO and £75 million drawn from our finance facilities, we repaid the £250 million 10% fixed interest debt. Consequently our finance costs have reduced by £9.7 million, despite the £4.5 million exceptional costs referred to above. While finance costs amounted to £18.8 million, £15.3 million will not recur as we are paying a substantially lower margin.

Finance income earned reflects an average rate of 1.2% earned on our free cash balances over the year. Rates eased towards the end of 2013 and we are anticipating lower returns in 2014.

Taxation

Our total tax charge for 2013 of £3.8 million represents an effective tax rate of 10%. The reduction in the corporation tax rate to 21% has resulted in a deferred tax credit of £2.2 million and additionally we have recognised a £1.9 million credit as historic claims have been settled with HM Revenue & Customs (HMRC). The underlying tax rate for our business was 20.7%, lower than the corporation tax rate owing to the tax free nature of the exceptional deferred income credit relating to the Zoopla contract. The underlying tax rate going forwards will reduce in line with the decreasing corporation tax rate which will also reduce our net deferred tax liabilities by £1.5 million.

Countrywide's business activities operate predominantly in the UK. All businesses are UK tax registered apart from small operations in Hong Kong, Italy and Ireland. We act to ensure that we have a transparent and constructive relationship with HMRC and enjoy a low risk rating. We conduct our tax compliance with a generally risk averse approach to all tax obligations whilst endeavouring to maintain shareholder value. Tax planning is done with full disclosure to HMRC when necessary and being mindful of reputational risk to the Group. Transactions will not be undertaken unless they have a business purpose or commercial rationale.

While our contribution from corporation tax was still low, largely due to the high interest charge on the bonds, our businesses generate considerable tax revenue for the Government in the UK. For the year ended 31 December 2013, we will pay Corporation tax of £7.5 million on profits for the year, we collected employment taxes of £113 million and VAT of £75 million, of which the Group has incurred £30 million and £1.6 million respectively. Additionally we have paid £10 million in business rates and collected £34 million of Stamp Duty Land Tax though our conveyancing business.

Net assets

At 31 December 2013, our net assets per share were 237.5p, a total of £521.2 million (2012: £242.3 million) an increase of £278.9 million, or 115%, driven by funds generated from the IPO (£220 million), net profit for the year of £34.3 million and an increase in fair value of our investment in Zoopla of £27.5 million.

We hold 6.0% of the share capital of Zoopla Property Group Ltd which we report as an available-for-sale financial asset. The fair value of our holding was reviewed at the year end using a number of valuation techniques resulting in a £27.5 million unrealised gain recognised through the statement of other comprehensive income. Following the announcement by Daily Mail and General Trust that they are reviewing their strategic options for Zoopla, we will continue to monitor the progress of developments.

Capital expenditure

Throughout the prolonged market downturn, we carefully managed our level of capital expenditure to protect our overall cash position. As planned, during 2013 we commenced a programme of branch refurbishments using our centralised refit teams. This programme will carry on throughout 2014. We have invested £1.6 million in new software for our Surveying operations and a further £1 million in updating our Conveyancing systems, a project that is still ongoing.

The most significant increase in capital expenditure relates to our IT transformation project with CGI. Our seven year contract with CGI included transformation services, new data centres, software, telephony and refreshing the hardware across most of the Group. We have capitalised appropriate amounts and accounted for these as a finance lease. Consequently we have recognised significantly higher capital expenditure, the cost of which will be spread over the contract.

Capex	**2013**	2012
	£m	£m
Refurbishments	**8.6**	6.9
IT ongoing	**6.6**	3.6
Cash paid capex	**15.2**	10.5
IT transformation (finance leases)	**11.9**	-
	27.1	10.5

Net debt

At 31 December 2013 we had cash balances of £36.3 million (2012: £46.5 million) and a £75 million (£250.0 million) term loan repayable in four annual instalments from March 2014; £5 million, £10 million, £15 million and £45 million. Additionally we have a £25 million Revolving Credit Facility (RCF) available until March 2017. In February 2014 we increased our term loan facility to £100 million and the RCF to £50 million and at the same time negotiated a reduced margin and repayment schedule so that the loan amortises over three annual instalments from March 2015: £20 million, £30 million and £55 million.

Net debt	**2013**	2012
	£m	**£m**
Cash	**36.3**	46.5
Debt*	**(74.0)**	(249.7)
Net debt	**(37.7)**	(203.2)

* net of capitalised banking fees, and excluding finance lease obligations (disclosed separately)

Cash flow

Net cash generated from operating activities increased by £10.2 million to £41.3 million for the year (2012: £31.1 million) representing 18.8 pence per share (2012: 14.18 pence based on number of shares currently in issue). Both years have been impacted by payments to settle PI claims. Payments in 2013 were in line with expectation at £18.1 million compared to £14.0 million net of settlements received in 2012. Additionally, in 2013 we paid £5.2 million in respect of long term bonuses that crystallised early due to the IPO.

Dividend

The Board has recommended a final dividend of 6.0 pence (net) per share, giving a total 2013 dividend of 8.0 pence (net) per share. Subject to approval at the AGM, to be held on 30 April 2014 the dividend will be paid on 7 May 2014 to shareholders on the register at 28 March 2014.

APPROVAL

This report was approved by the board of directors on 27 February 2014 and signed on its behalf by:

Grenville Turner
Chief Executive Officer
27 February 2014

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties facing the business in the forthcoming financial year. The Board has reconsidered the risks and uncertainties listed below:

- Macroeconomic climate and housing market cycles
- Availability of mortgage financing
- Loss of a major business partner
- Infrastructure and IT systems
- Professional indemnity claims
- Liquidity risk

These risks and uncertainties and mitigating factors are described in more detail on pages 19 to 21 of the Countrywide Holdings, Ltd financial statements for the year ended 31 December 2012 (a copy of which is available on the Group's website). Having reconsidered these risks and uncertainties the Board consider these to remain appropriate.

FORWARD-LOOKING STATEMENTS

This Report may contain certain "forward-looking statements" with respect to some of the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause the Group's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. We refer you to the Group's financial statements as well as the Group's most recent Prospectus which can be downloaded from the Group's website: www.countrywide.co.uk/investor-relations. These documents contain and identify important factors that could cause the actual results to differ materially from those indicated in any forward-looking statement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013			Restated 2012		
		Pre-exceptional items, amortisation and share-based payments	**Exceptional items, amortisation and share-based payments**	**Total**	**Pre-exceptional items, amortisation and share-based payments**	**Exceptional items, amortisation and share-based payments**	Total
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Revenue		**570,864**	—	**570,864**	512,235	—	512,235
Other income		**13,904**	—	**13,904**	12,493	—	12,493
	7	**584,768**	—	**584,768**	524,728	—	524,728
Employee benefit costs	**8**	**(323,536)**	**(9,070)**	**(332,606)**	(297,518)	—	(297,518)
Depreciation and amortisation	**14, 15**	**(11,066)**	**(8,121)**	**(19,187)**	(8,647)	(7,709)	(16,356)
Other operating costs		**(174,961)**	—	**(174,961)**	(165,674)	—	(165,674)
Share of profit from joint venture		**1,015**	—	**1,015**	774	—	774
Group operating profit/(loss) before exceptional items		**76,220**	**(17,191)**	**59,029**	53,663	(7,709)	45,954
Exceptional income	**9**	—	**2,534**	**2,534**	—	7,867	7,867
Exceptional costs	**9**	—	**(5,563)**	**(5,563)**	—	(37,060)	(37,060)
Operating profit/(loss)		**76,220**	**(20,220)**	**56,000**	53,663	(36,902)	16,761
Finance costs		**(14,264)**	**(4,542)**	**(18,806)**	(28,531)	—	(28,531)
Finance income		**931**	—	**931**	999	—	999
Net finance costs		**(13,333)**	**(4,542)**	**(17,875)**	(27,532)	—	(27,532)
Profit/(loss) before taxation		**62,887**	**(24,762)**	**38,125**	26,131	(36,902)	(10,771)
Taxation	**10**	**(12,542)**	**8,710**	**(3,832)**	(2,616)	10,392	7,776
Profit/(loss) for the year		**50,345**	**(16,052)**	**34,293**	23,515	(26,510)	(2,995)
Attributable to:							
Owners of the parent		**49,924**	**(16,052)**	**33,872**	23,093	(26,510)	(3,417)
Non—controlling interests		**421**	**—**	**421**	422	—	422
Profit/(loss) attributable for the year		**50,345**	**(16,052)**	**34,293**	23,515	(26,510)	(2,995)
Earnings per share attributable to owners of the parent							
Basic earnings/(loss) per share	**12**			**16.53p**			(2.19p)
Diluted earnings/(loss) per share	**12**			**16.42p**			(2.19p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013	2012
		£'000	£'000
Profit/(Loss) for the year		**34,293**	(2,995)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Actuarial gain arising in the pension scheme		**653**	137
Deferred tax arising on the pension scheme		**(137)**	(34)
		516	103
Items that may be subsequently reclassified to profit or loss			
Foreign exchange rate (loss)/gain		**(27)**	16
Movement in fair value of available-for-sale financial assets	16	**27,475**	953
		27,448	969
Other comprehensive income for the year		**27,964**	1,072
Total comprehensive income/(expense) for the year		**62,257**	(1,923)
Attributable to:			
Owners of the parent		**61,836**	(2,345)
Non-controlling interests		**421**	422
Total comprehensive income/(expense) for the year		**62,257**	(1,923)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the parent						
		Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2012		147,654	46,777	45,491	3,712	243,634	238	243,872
(Loss)/profit for the year		—	—	—	(3,417)	(3,417)	422	(2,995)
Other comprehensive income/(expense)								
Currency translation differences		—	—	16	—	16	—	16
Movement in fair value of available-for-sale financial assets	16	—	—	953	—	953	—	953
Actuarial gain in the pension fund		—	—	—	137	137	—	137
Deferred tax movement relating to pension		—	—	—	(34)	(34)	—	(34)
Total other comprehensive income		—	—	969	103	1,072	—	1,072
Total comprehensive income/(expense)		—	—	969	(3,314)	(2,345)	422	(1,923)
Transactions with owners								
Issue of new shares for cash		7	502	—	—	509	—	509
Repurchase of shares		(4)	—	4	—	—	—	—
Dividends paid		—	—	—	—	—	(159)	(159)
Transactions with owners		3	502	4	—	509	(159)	350
Balance at 1 January 2013		**147,657**	**47,279**	**46,464**	**398**	**241,798**	**501**	**242,299**
Profit for the year		**—**	**—**	**—**	**33,872**	**33,872**	**421**	**34,293**
Other comprehensive income								
Currency translation differences		**—**	**—**	**(27)**	**—**	**(27)**	**—**	**(27)**
Movement in fair value of available-for-sale financial assets		**—**	**—**	**27,475**	**—**	**27,475**	**—**	**27,475**
Actuarial gain in the pension fund		**—**	**—**	**—**	**653**	**653**	**—**	**653**
Deferred tax movement relating to pension		**—**	**—**	**—**	**(137)**	**(137)**	**—**	**(137)**
Total other comprehensive income		**—**	**—**	**27,448**	**516**	**27,964**	**—**	**27,964**
Total comprehensive income		**—**	**—**	**27,448**	**34,388**	**61,836**	**421**	**62,257**
Transactions with owners								
Repurchase of shares	22	**(1)**	**—**	**1**	**(55)**	**(55)**	**—**	**(55)**
Cancellation of shares	22	**(146,091)**	**—**	**—**	**146,091**	**—**	**—**	**—**
Capital reorganisation	22	**—**	**(47,279)**	**47,279**	**—**	**—**	**—**	**—**
Shares issued at initial public offering	22	**629**	**219,371**	**—**	**—**	**220,000**	**—**	**220,000**
Transactional costs of shares issued		**—**	**(7,530)**	**—**	**—**	**(7,530)**	**—**	**(7,530)**
Share-based payment transactions	8	**—**	**—**	**—**	**8,054**	**8,054**	**—**	**8,054**
Deferred tax on share-based payments		**—**	**—**	**—**	**1,235**	**1,235**	**—**	**1,235**
Treasury shares		**—**	**—**	**(226)**	**—**	**(226)**	**—**	**(226)**
Dividends paid	11	**—**	**—**	**—**	**(4,389)**	**(4,389)**	**(405)**	**(4,794)**
Transactions with owners		**(145,463)**	**164,562**	**47,054**	**150,936**	**217,089**	**(405)**	**216,684**
Balance at 31 December 2013		**2,194**	**211,841**	**120,966**	**185,722**	**520,723**	**517**	**521,240**

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	2013	2012
		£'000	£'000
Assets			
Non-current assets			
Goodwill	14	**379,834**	356,517
Other intangible assets	14	**235,412**	193,700
Property, plant and equipment	15	**31,473**	23,596
Investments accounted for using the equity method:			
Investments in joint venture	16	**2,913**	2,676
Available-for-sale financial assets	16	**42,877**	14,370
Deferred tax assets		**15,418**	16,458
Total non-current assets		**707,927**	607,317
Current assets			
Trade and other receivables	17	**91,854**	68,178
Cash and cash equivalents		**36,325**	46,544
Total current assets		**128,179**	114,722
Total assets		**836,106**	722,039
Equity and liabilities			
Equity attributable to the owners of the parent			
Share capital	22	**2,194**	147,657
Share premium		**211,841**	47,279
Other reserves		**120,966**	46,464
Retained earnings		**185,722**	398
		520,723	241,798
Non-controlling interests		**517**	501
Total equity		**521,240**	242,299
Liabilities			
Non-current liabilities			
Borrowings	19	**77,257**	250,009
Defined benefit scheme liabilities		**4,438**	6,612
Provisions	21	**20,337**	34,366
Deferred income	20	**8,297**	16,040
Trade and other payables	18	**7,135**	10,811
Deferred tax liability		**46,925**	43,676
Total non-current liabilities		**164,389**	361,514
Current liabilities			
Borrowings	19	**7,487**	136
Trade and other payables	18	**106,286**	79,947
Deferred income	20	**6,872**	13,213
Provisions	21	**24,778**	24,222
Current tax liabilities		**5,054**	708
Total current liabilities		**150,477**	118,226
Total liabilities		**314,866**	479,740
Total equity and liabilities		**836,106**	722,039

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	2013	2012
	£'000	£'000
Cash flows from operating activities		
Profit/(loss) before taxation	**38,125**	(10,771)
Adjustments for:		
Depreciation	**7,406**	6,328
Amortisation of intangible assets	**11,781**	10,028
Impairment	**—**	133
Share-based payments	**8,054**	—
Loss on disposal of property, plant and equipment	**106**	35
Unrealised gains (exceptional income)	**(2,534)**	(7,867)
Income from joint venture	**(1,015)**	(774)
Finance costs	**18,806**	28,531
Finance income	**(931)**	(999)
	79,798	24,644
Changes in working capital (excluding effects of acquisitions and disposals of Group undertakings):		
Increase in trade and other receivables	**(4,482)**	(796)
Decrease in trade and other payables	**(13,400)**	(9,092)
(Decrease)/increase in provisions	**(20,808)**	16,356
Net cash generated from operating activities	**41,108**	31,112
Interest paid	**(15,404)**	(25,564)
Income tax paid	**(1,614)**	(972)
Net cash inflow from operating activities	**24,090**	4,576
Cash flows from investing activities		
Acquisitions net of cash acquired	**(47,218)**	(10,078)
Purchase of property, plant and equipment	**(10,028)**	(8,353)
Purchase of intangible assets	**(5,138)**	(2,177)
Proceeds from sale of property, plant and equipment	**1,470**	1,097
Purchase of financial assets available-for-sale	**(1,054)**	(905)
Dividend received from joint venture	**778**	748
Interest received	**1,217**	650
Net cash outflow from investing activities	**(59,973)**	(19,018)
Cash flows from financing activities		
Proceeds from issue of share capital	**220,000**	509
Transactional costs of shares issued	**(7,530)**	—
Term loan drawn	**75,000**	—
Repayment of bonds	**(252,500)**	—
Financing fees paid	**(2,930)**	—
Capital repayment of finance lease liabilities	**(1,527)**	—
Dividends paid to owners of the parent	**(4,389)**	—
Dividends paid to non-controlling interests	**(405)**	(159)
Purchase of own shares	**(55)**	—
Net cash inflow from financing activities	**25,664**	350
Net decrease in cash and cash equivalents	**(10,219)**	(14,092)
Cash and cash equivalents at 1 January	**46,544**	60,636
Cash and cash equivalents at 31 December	**36,325**	46,544

NOTES TO THE PRELIMINARY STATEMENT OF ANNUAL RESULTS

1. GENERAL INFORMATION

Countrywide plc ("the Company") and its subsidiaries (together, "the Group") is the leading integrated, full service residential estate agency and property services group in the UK, measured by both revenue and transaction volumes in 2013. It offers estate agency and lettings services, together with a range of complementary services and has a significant presence in key areas and property types which are promoted through locally respected brands.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK (Registered number: 08340090). The address of its registered office is 17 Duke Street, Chelmsford, Essex CM1 1HP.

2. BASIS OF PREPARATION

The preliminary announcement does not constitute full financial statements.

The results for the year ended 31 December 2013 included in this preliminary announcement are extracted from the audited financial statements for the year ended 31 December 2013 which were approved by the Directors on 27 February 2014. The auditor's report on those financial statements was unqualified and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

The 2013 annual report is expected to be posted to shareholders and included within the investor relations section of our website on 19 March 2014 and will be considered at the Annual General Meeting to be held on 30 April 2014. The financial statements for the year ended 31 December 2013 have not yet been delivered to the Registrar of Companies.

The auditor's report on the consolidated financial statements of Countrywide Holdings, Ltd for the year ended 31 December 2012 was unqualified and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006. The financial statements for the year ended 31 December 2012 have been delivered to the Registrar of Companies.

Countrywide Newco Limited was incorporated on 21 December 2012 and was subsequently re-registered as a public company on 19 March 2013 with the name Countrywide plc (the "Company").

With effect from 19 March 2013, the Company became the legal parent of Countrywide Holdings, Ltd and its subsidiary undertakings through an exchange of equity interests. This has been accounted for as a capital reorganisation, reflecting the substance of the transaction. Hence the consolidated financial statements continue to be prepared on the same basis as previously. However, the capital reserves on the group balance sheet reflect the share capital of the Company from 19 March 2013. The difference between the share capital of the Company and the share capital, share premium and capital redemption reserve of Countrywide Holdings, Ltd at 19 March 2013 is recognised in the capital reorganisation reserve. The results include:

- The consolidated income statement includes the results of Countrywide Holdings, Ltd and its subsidiaries for the year ended 31 December 2013.
- The comparative figures in the consolidated income statement are the results of Countrywide Holdings, Ltd and its subsidiaries for the year ended 31 December 2012.
- The consolidated retained earnings reserve of the Group includes the retained earnings of Countrywide Holdings, Ltd and its subsidiaries for the period before and after 19 March 2013.

3. GOING CONCERN

These financial results have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities when they fall due for the foreseeable future. The board of directors has reviewed cash flow forecasts which have been stress tested with various assumptions regarding the future housing market volumes. The directors have concluded that it is appropriate to prepare the condensed consolidated interim financial report on a going concern basis.

4. ACCOUNTING POLICIES

In preparing this preliminary announcement the same accounting policies, methods of computation and presentation have been applied as those set out in the Countrywide Holdings, Ltd annual financial statements for the year ended 31 December 2012. The accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The accounting policies adopted in the preparation of this preliminary announcement are consistent with those of the previous financial year except as described below:

Revenue generated in the Surveying division from panel management contracts was previously reported inclusive of the fees received by the Group on behalf of panel valuers. A related cost was included in other operating expenses. A review of these contracts concluded that the division was acting as an agent and therefore the revenue has been restated net of the fees paid. There was no impact on net assets, profits or reserves of the Group as a result of this change. For the year ended 31 December 2012, the impact of this restatement was to reduce revenue by £15.1 million and reduce other operating costs by £15.1 million.

In addition, following the restructuring of internal reporting during the year a change in segmental reporting has been undertaken (see note 7). There was no impact on net assets, profits or reserves of the Group as a result of this change, only their allocation between segments in the comparatives.

Material share-based payment charges have been incurred in the period. Please refer to note 8 for further details of accounting policies and financial impact.

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 but none have had a material impact on the Group:

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments has been to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.
- Amendment to IFRS 7, 'Financial instruments: Disclosures' on asset liability and offsetting includes new disclosures to facilitate comparison between entities preparing financial statements under IFRS to those that prepare in accordance with US GAAP.
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and has resulted in additional disclosure requirements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the preliminary announcement requires management to make judgements, estimates and assumptions that affect the application of accounting polices and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this preliminary announcement, the significant judgements made by management in applying the Group's accounting polices and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2012 with the exception of measurement and valuation of share-based payments.

6. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), counterparty credit risk and liquidity risk.

The preliminary announcement does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2012. There have been no changes in the operation of risk management or in any risk management policies since the year end.

Liquidity risk
Compared to the year end there has been a material change in the financial liabilities (see note 19). Following the repayment of £250 million of Senior Secured Notes in May 2013, existing funding had been replaced with a £75 million term loan (drawn down) and a £25 million revolving credit facility which has resulted in a reduction in interest and increased flexibility of financing.

Fair value estimation
The only material financial instruments carried at fair value are the non-quoted equity instruments in Zoopla Property Group Limited ('Zoopla shares') held at £42.8 million (31 December 2012: £14.3 million) within available-for-sale financial assets. These shares are classified as Level 3 financial instruments, as defined by IFRS 13, as the inputs for the valuation of the asset are not based on observable market data.

Fair value measurements using significant unobservable inputs and valuation processes
The fair value of the Zoopla shares was assessed at the 2012 year end by reference to reported statutory accounts. A discounted cash flow was prepared and an appropriate discount rate was applied to reflect the fact that there is no liquid market for these shares (which are also subject to pre-exemption rights and restrictions up to 2015). The 2013 year end valuation was reviewed in light of available data at 31 December 2013, and revised to reflect the value of recent transactions (albeit unobservable non-market data), giving rise to the recognition of a £27.5 million unrealised gain. There have been no changes in fair value hierarchies as defined by IFRS13. The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the CFO and audit committee.

The fair value of all other financial assets and liabilities approximate to their carrying amount.

7. SEGMENTAL REPORTING

Management has determined the operating segments based on the operating reports reviewed by the Governance and Performance Committee that are used to assess both performance and strategic decisions. Management have identified that the Governance and Performance Committee is the chief operating decision maker in accordance with the requirements of IFRS 8, 'Operating segments'.

The Governance and Performance Committee considers the business to be split into seven main types of business generating revenue; Estate Agency, London & Premier, Lettings, Financial Services, Surveying Services, Conveyancing Services and Lambert Smith Hampton divisions, and all other segments comprise central head office functions.

The Estate Agency division generates commission earned on sales of residential and commercial property. The London & Premier division revenue is earned from both estate agency commissions and lettings and management fees. The Lettings division earns fees from the letting and management of residential properties and fees for the management of leasehold properties. The Financial Services division receives commission from the sale of insurance policies, mortgages and related products under contracts with financial service providers. Surveying Services comprises surveying and valuation fees which are received primarily under contracts with financial institutions with some survey fees being earned from home buyers. Conveyancing Services generates revenue from conveyancing work undertaken from customers buying or selling houses through our network. Lambert Smith Hampton's revenue is earned from commercial property consultancy and advisory services, property management and valuation services. Other income generated by head office functions relates primarily to sub-let rental income or other sundry fees.

The Governance and Performance Committee assesses the performance of the operating segments based on a measure of EBITDA. This measurement excludes the effects of non-recurring items such as restructuring costs, acquisition expenses, share based payments charges and related employers National Insurance contributions, management fees, income from joint ventures and exceptional items. Finance income and costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash and debt position of the Group.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.

	2013								
	Estate agency	**London & Premier**	**Lettings**	**Financial services**	**Surveying Services**	**Conveyancing Services**	**Lambert Smith Hampton**	**All other segments**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Total income	**197,410**	**115,687**	**112,515**	**65,869**	**53,621**	**25,695**	**16,582**	**2,809**	**590,188**
Inter-segment revenue	**(4,442)**	**(53)**	—	**(925)**	—	—	—	—	**(5,420)**
Total income from external customers	**192,968**	**115,634**	**112,515**	**64,944**	**53,621**	**25,695**	**16,582**	**2,809**	**584,768**
EBITDA	**16,131**	**24,176**	**28,624**	**12,213**	**11,834**	**8,435**	**2,304**	**(17,087)**	**86,630**
Management fee	—	—	—	—	—	—	—	**(359)**	**(359)**
Share-based payments	**(1,036)**	**(130)**	**(415)**	**(35)**	**(147)**	**(91)**	—	**(7,216)**	**(9,070)**
Depreciation and amortisation	**(3,085)**	**(2,479)**	**(4,294)**	**(5,358)**	**(1,573)**	**(398)**	**(250)**	**(1,750)**	**(19,187)**
Share of profit from joint venture	—	—	—	—	—	—	—	**1,015**	**1,015**
Exceptional income	—	—	—	—	—	—	—	**2,534**	**2,534**
Exceptional costs	**(86)**	**(116)**	**(395)**	**(20)**	**(57)**	—	—	**(4,889)**	**(5,563)**
Segment operating profit/(loss)	**11,924**	**21,451**	**23,520**	**6,800**	**10,057**	**7,946**	**2,054**	**(27,752)**	**56,000**
Finance income									**931**
Finance costs									**(18,806)**
Profit before tax									**38,125**

	2012 (restated)								
	Estate agency	**London & Premier**	**Lettings**	**Financial services**	**Surveying Services**	**Conveyancing Services**	**Lambert Smith Hampton**	**All other segments**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Total income	188,140	101,484	97,834	65,713	49,145	26,048	—	960	529,324
Inter-segment revenue	(3,586)	(46)	—	(964)	—	—	—	—	(4,596)
Total income from external customers	184,554	101,438	97,834	64,749	49,145	26,048	—	960	524,728
EBITDA	10,323	17,073	21,594	9,806	9,779	8,022	—	(13,561)	63,036
Management fee	—	—	—	—	—	—	—	(1,500)	(1,500)
Depreciation and amortisation	(2,768)	(2,444)	(3,682)	(5,384)	(442)	(347)	—	(1,289)	(16,356)
Share of profit from joint venture	—	—	—	—	—	—	—	774	774
Exceptional income	—	—	—	—	—	—	—	7,867	7,867
Exceptional costs	(5,425)	(26)	(1,814)	(699)	(18,559)	—	—	(10,537)	(37,060)
Segment operating profit/(loss)	2,130	14,603	16,098	3,723	(9,222)	7,675	—	(18,246)	16,761
Finance income									999
Finance costs									(28,531)
Loss before tax									(10,771)

There are no differences from the last annual financial statements in the basis of measurement of segment profit or loss. However, the Governance and Performance Committee has implemented a restructuring of the reportable business segments during the latter half of 2013. The structure now includes a London & Premier segment comprising the previous Hamptons segment and other London Prime Estate Agency branches. Further details were announced in December 2013 and are available on the website. Accordingly, all segmental analysis has been restated.

Since the preparation of the last financial statements, the Lettings division has acquired 28 businesses (note 13) and the Group acquired Lambert Smith Hampton in October 2013.

8. SHARE-BASED PAYMENTS

The Group operates a number of share-based payment schemes for executive directors and other employees, all of which are equity settled. The Group has no legal or constructive obligation to repurchase or settle any of the options in cash. The total cost recognised in the income statement was £8,054,000 in the year ended 31 December 2013 (2012: £Nil). Employer's NI is being accrued, where applicable, at the rate of 13.8% which management expects to be the prevailing rate at the time the options are exercised, based on the share price at the reporting date. The total NI charge for the year was £1,710,000 (2012: £nil).

The following table analyses the total cost between each of the relevant schemes, together with the number of options outstanding:

				Outstanding at 31 December
	2013		2012	
	Charge	Number of options	Charge	Number of options
	£'000	(thousands)	£'000	(thousands)
Accelerated management incentive plan*	**694**	—	—	n/a to current entity
IPO Plan	**6,938**	**7,185**	—	—
Long-term incentive plan	**407**	**4,171**	—	—
Share incentive plan	**15**	**26**	—	—
	8,054	**11,382**	—	—

* Disclosed as an exceptional cost. Refer to note 9 below.

A summary of the main features of each scheme is given below. The schemes have been split into two categories: Executive schemes and Other schemes.

Executive schemes

Long-term incentive plan (LTIP)

The LTIP is open to executive directors and designated senior management, and awards are made at the discretion of the Remuneration Committee. Awards are subject to market and non-market performance criteria and vest over a three year period.

IPO Plan

At the time of the flotation in March 2013, the Company nil-cost share options to executive directors and designated senior management designed for the grant of one-off awards in recognition of the loss of rights under a management incentive package that terminated prior to, and as a result of, the flotation (the "MIP").

IPO options granted to the executive directors become exercisable as follows: 50% on the second anniversary of the date of granting the IPO Option and 50% on the third anniversary of the date of granting the IPO option. IPO options granted to other participants will normally become exercisable on the second anniversary of the date of granting the IPO Option. The number of options that will vest is subject to the performance criterion based on EBITDA for 2014 as well as continued service.

Management incentive plan (MIP)

Certain members of the management team subscribed to the MIP, under whose terms senior management purchased shares in Countrywide Holdings, Ltd. The difference between the purchase price and the fair value of shares granted to employees were treated as share-based payments. Due to the share exchange on 18 March 2013

and subsequent reorganisation which crystallised the number of C shares exchanged, the vesting period was accelerated.

Other schemes

Share incentive plan (SIP)

An HMRC approved share incentive plan was introduced in October 2013. Under the SIP, eligible employees are invited to make regular monthly contributions into a scheme operated by Capita. Ordinary shares in the Company are purchased at the current market price and an award of one matching share is made for every two shares acquired by an employee, subject to a vesting period of three years from the date of each monthly grant.

9. EXCEPTIONAL ITEMS

The following items have been included in arriving at loss before taxation:

	2013	2012
	£'000	£'000
Exceptional income		
Movement in value of put options	**—**	3,252
Deferred income amortisation arising from fair valuation of Zoopla shares crystallised upon the merger in May 2012	**2,534**	4,615
	2,534	7,867
Exceptional costs		
IPO related:		
Exceptional costs charged to operating profit		
Costs incurred in relation to the IPO	**3,979**	—
Share-based payment cost in relation to accelerated management incentive plan	**694**	—
Exceptional costs charged to finance costs		
Early redemption penalty incurred on redemption of £250m Senior Secured Notes	**2,500**	—
Accelerated amortisation of capitalised finance costs relating to cancelled facilities	**2,042**	—
	9,215	—
Non-IPO related:		
Exceptional costs charged to operating profit		
Insurance claims and litigations	**—**	25,223
Redundancy costs	**—**	3,066
Property provisions	**—**	2,903
Other restructuring costs	**—**	5,358
Impairment of assets	**—**	133
Total cost of restructuring	**—**	11,460
Acquisition expenses	**890**	377
Total exceptional costs	**10,105**	37,060
Net exceptional costs	**7,571**	29,193

2013

Exceptional income

In May 2012 Zoopla merged with The Digital Property Group crystallising a number of warrants, which were granted to the Group under an agreement to list properties on the Zoopla website, which converted to ordinary shares. At the merger date, the Group fair valued these shares at £12.2 million. The shares were consideration for services provided to Zoopla over a period of time to 2015 and therefore recognised as deferred income. The deferred income is being amortised to the income statement over the period to 2015 and the income recognised relates to one year of amortisation.

Exceptional costs
In March 2013 the Group was listed on the London Stock Exchange under a new holding company; Countrywide plc. The costs charged to the income statement relate to costs incurred as a result of the listing but not directly related to the issue of new shares. These costs include such items as marketing expenditure, executive search and selection and additional PAYE and NI triggered due to payments before the tax year end.

In May 2013 the Group repaid the £250 million Senior Secured Notes, as a result of the early redemption a penalty charge of £2.5 million was incurred. At the same time, the existing Revolving Credit Facility was cancelled and these events triggered the acceleration of previously capitalised finance costs.

Acquisition expenses principally relate to the costs of acquisition of Lambert Smith Hampton which, as a material acquisition in the current year, has been treated as exceptional.

2012
Exceptional income
In 2011 the Group assessed the fair value of the put options in respect of Capital Private Finance and United Surveyors based on the information available at the time. The fair value is the amount Countrywide is expected to pay to buy out the non-controlling interest in those subsidiaries. Subsequently, these businesses performed well, although the lack of any significant recovery in the residential property market delayed the intended expansion plans and consequently the put options were reassessed at a lower amount. In accordance with IAS 39 the reduction in value has been credited to the income statement and disclosed as exceptional income due to the size of the transaction.

In May 2012 Zoopla merged with The Digital Property Group crystallising a number of warrants, which were granted to the Group under an agreement to list properties on the Zoopla website, which converted to ordinary shares. At the merger date, the Group fair valued these shares at £12.2 million. The shares were consideration for services provided to Zoopla over a period of time to 2015 and therefore recognised as deferred income. The deferred income is being amortised to the income statement over the period to 2015; there has been a catch up to the end of 2011 of £2.2 million and credit in respect of 2012 of £2.4 million, both of which were being recognised in 2012.

Exceptional costs
During the latter part of 2012 the Group experienced substantially worsening trends in terms of Professional Indemnity (PI) claims received and losses recognised on the insurance bordereaux. As a consequence of this the Group recognised a further exceptional charge of £25.2 million. As discussed in note 3 Critical Accounting Judgements and estimates, the Directors base their assessment of the provision on a number of factors; legal and professional advice, historical trends of claims received and losses incurred. During 2012 the rate of claims received increased and the average loss also rose due the closure of the more challenging disputes. The Directors noted that the claims received in 2012 were mainly from prime lenders, who until now had not reported losses. Furthermore, as the six year statute of limitations approached for surveys in 2006 and 2007, the level of claims increased as lenders sought to protect their position. The Directors reflected the experience changes in the predictive models, taken account of potential worsening of positions in certain legal cases and increased the provision accordingly. Of the £25.2 million charge, £15.3 million relates to claims not yet received or current claims not assessed by the professional legal advisors due to lack of information.

The management team continued to restructure its cost base and as a result recognised a further exceptional cost of £11.5 million, principally comprising:

- outsourcing of the IT function to CGI: provision of costs to transition to CGI over the course of 18 months of £3.4 million. In addition to transitioning to CGI, there are a number of transformational initiatives and investment due to be implemented during the course of 2013. The benefits of both the transition and transformation are expected to be realised from 2014;
- Estate Agency division: centralisation of operations and creation of a National Administration Centre incurred redundancy and office closure costs of £1.5 million. Restructuring of the divisions corporate property services operation and the removal of more layers of management increased the one off charge in 2012 by £3.3 million;
- Lettings division closed some branches and consolidated its operations within the Estate Agency network in order to benefit from efficiencies and closer working ties in the future, incurring a charge of £0.8 million in 2012;

- Financial Services division restructured its Land & New Homes services and restructured some operations at a cost of £0.6 million; and
- Surveying division took the opportunity to restructure its claims handling operations within its National Operations Centre as the contract with external providers expired and further senior management layers were removed, the cost of both was £0.9 million.

10. TAXATION

Analysis of charge/(credit) in year	2013	2012
	£'000	£'000
Current tax on profits for the year	**7,521**	113
Adjustments in respect of prior years	**(1,894)**	(64)
Total current tax	**5,627**	49
Deferred tax on profits for the year		
Origination and reversal of temporary differences	**1,385**	(4,439)
Impact of change in tax rate	**(2,230)**	(3,615)
Adjustments in respect of prior years	**(950)**	229
Total deferred tax	**(1,795)**	(7,825)
Income tax charge/(credit)	**3,832**	(7,776)

	2013	2012
	£'000	£'000
Tax on items credited to equity		
Deferred tax adjustment arising on share based payments	**1,235**	—
Tax on items charged to other comprehensive income		
Deferred tax adjustment arising on the pension scheme assets and liabilities	**(137)**	(34)

The tax charge for the year differs from the standard rate of corporation tax in the UK of 23.25 % (2012: 24.5%). The differences are explained below:

	2013	2012
	£'000	£'000
Profit/(loss) on ordinary activities before tax	**38,125**	(10,771)
Profit/(loss) on ordinary activities multiplied by the rate of corporation tax in the UK of 23.25% (2012: 24.5%)	**8,864**	(2,639)
Effects of:		
Profits from joint venture	**(236)**	(190)
Other expenses not deductible	**1,419**	964
Permanent difference relating to depreciation not deductible	**104**	136
Tax relief on purchased goodwill	**(273)**	(517)
Utilisation of unprovided losses	**(18)**	(28)
Rate change on deferred tax provision	**(2,230)**	(3,615)
Income not subject to tax due to availability of capital losses	**(962)**	(1,927)
Adjustments in respect of prior years	**(2,844)**	165
Overseas profits/(losses)	**8**	(125)
Total taxation charge/(credit)	**3,832**	(7,776)

11. DIVIDENDS

	2013	2012
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
- interim dividend for the year ended 31 December 2013 of 2.0 pence (net) per share	**4,389**	—
Total	**4,389**	—

A final dividend in respect of the year ended 31 December 2013 of 6.0 pence (net) per share, amounting to a total dividend of £13,166,698, is to be proposed at the annual general meeting on 30 April 2014. In accordance with IAS 10, 'Events after the balance sheet date', dividends declared after the balance sheet date are not recognised as a liability in these financial statements.

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares of Countrywide plc and, for periods prior to 25 March 2013, the weighted average number of Countrywide Holdings, Ltd shares as converted into Countrywide plc shares.

	2013	2012
	£000	£000
Profit/(loss) for the year attributable to owners of the parent	**33,872**	(3,417)
Weighted average number of ordinary shares in issue	**204,968,140**	156,343,770
Basic earnings per share (in pence per share)	**16.53p**	-2.19p

For diluted earnings per share, the weighted average number of ordinary shares in existence is adjusted to include all dilutive potential ordinary shares arising from share options.

	2013	2012
	£000	£000
Profit/(loss) for the year attributable to owners of the parent	**33,872**	(3,417)
Weighted average number of ordinary shares in issue	**204,968,140**	156,343,770
Adjustment for weighted average number of contingently issuable shares (IPO Plan)	**1,272,700**	—
Adjustment for weighted average number of treasury shares	**2,940**	—
Weighted average number of ordinary shares for diluted earnings per share	**206,243,780**	156,343,770
Diluted earnings per share (in pence per share)	**16.42p**	-2.19p
Adjusted earnings		
Profit/(loss) for the year attributable to owners of the parent	**33,872**	(3,417)
Adjusted for the following items, net of taxation:		
Amortisation arising on intangibles recognised through business combinations	**2,738**	5,820
Share based payments charge	**6,508**	—
NI on share based payments charge	**1,351**	—
Exceptional income	**(2,534)**	(7,867)
Exceptional costs	**4,502**	28,557
Exceptional finance costs	**3,487**	—
Adjusted earnings, net of taxation	**49,924**	23,093
Adjusted basic earnings per share (in pence per share)	**24.36p**	14.77p
Adjusted diluted earnings per share (in pence per share)	**24.21p**	14.77p

13. ACQUISITIONS DURING THE YEAR

	Lambert Smith Hampton	Lettings	Total
	£'000	£'000	£'000
Intangible assets	37,157	4,839	41,996
Property, plant and equipment	766	525	1,291
Trade and other receivables	18,452	839	19,291
Cash and cash equivalents	(305)	1,277	972
Trade and other payables	(14,532)	6,763	(21,295)
Corporation tax	2	(371)	(369)
Deferred tax	(6,310)	(872)	(7,182)
Finance leases	(41)	—	(41)
Trade and other payables > 1 year	—	(576)	(576)
Provisions	(7,040)	—	(7,040)
Net assets/(liabilities)	28,149	(1,102)	27,047
Goodwill	3,973	19,344	23,317
Consideration	32,122	18,242	50,364
Settled by:			
Initial consideration	32,122	16,068	48,190
Deferred consideration	—	2,174	2,174
	32,122	18,242	50,364
Cash paid	32,122	16,068	48,190
Cash and cash equivalents	305	(1,277)	(972)
Net cash flow arising from acquisitions	32,427	14,791	47,218
Revenue post acquisition	16,582	5,341	21,923
Profit post acquisition	2,054	1,841	3,895
Pro-forma revenue to 31 December 2013	62,692	16,206	78,898
Pro-forma profit to 31 December 2013	(3,880)	3,697	(183)

On 1 October 2013, the Group acquired 100% of the equity share capital of Lambert Smith Hampton Group Limited, Lambert Smith Hampton Limited (LSH), Associated Employers Limited and several non-trading dormant companies within this group. LSH was acquired in accordance with the Group strategy to grow its Land and Residential Development and Investment businesses and underpins the growth of the Group's Land & New Homes businesses and estate agency opportunities driven by LSH's pipeline of future mixed-use developments which include residential units. The stronger links between the residential and commercial activities will strengthen Countrywide's businesses going forward and will contribute to the overall synergies anticipated which underpin the goodwill recognised.

During 2013 the Group completed the purchase of 28 lettings businesses in accordance with a strategy to increase the Group's footprint in under-represented geographical areas. The most significant lettings acquisitions were: on 1 February the Group acquired 100% of the equity share capital of Russells Limited for consideration of £1.9 million; on 15 November 2013 the Group acquired the trade and assets of John German Limited for consideration of £2.1 million; and on 1 December 2013 the Group acquired 100% of the equity share capital of Fitz-Gibbon Limited for £2.7 million.

The acquired trade and other receivables for all acquired businesses are all current and their fair value is not materially different. Furthermore there are no contractual cash flows that are not expected to be collected. The goodwill recognised by the Group upon acquisition has no impact on tax deductions.

The costs of these acquisitions amounted to £890,000 (2012: £377,000) and these costs (disclosed as an exceptional cost) have been written off to profit and loss.

14. INTANGIBLE ASSETS

(a) Goodwill

	2013	2012
	£'000	£'000
Cost		
At 1 January	**773,873**	762,300
Arising on acquisitions	**23,317**	11,573
At 31 December	**797,190**	773,873
Accumulated impairment		
At 1 January and 31 December	**417,356**	417,356
Net book amount		
At 31 December	**379,834**	356,517

(b) Other intangible assets

	2013					
	Computer software	**Brand names**	**Customer contracts and relationships**	**Pipeline**	**Other intangibles**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January	**45,354**	**187,635**	**88,955**	**4,647**	**1,272**	**327,863**
Acquisitions through business combinations (see note 27)	**166**	**28,377**	**13,453**	**—**	**—**	**41,996**
Additions	**11,498**	**—**	**—**	**—**	**—**	**11,498**
Disposals	**(162)**	**—**	**—**	**—**	**—**	**(162)**
At 31 December	**56,856**	**216,012**	**102,408**	**4,647**	**1,272**	**381,195**
Accumulated amortisation and impairment losses						
At 1 January	**40,584**	**33,844**	**54,952**	**4,647**	**136**	**134,163**
Charge for the year	**3,660**	**—**	**8,070**	**—**	**51**	**11,781**
On disposals	**(161)**	**—**	**—**	**—**	**—**	**(161)**
At 31 December	**44,083**	**33,844**	**63,022**	**4,647**	**187**	**145,783**
Net book amount						
At 31 December	**12,773**	**182,168**	**39,386**	**—**	**1,085**	**235,412**

15. PROPERTY, PLANT AND EQUIPMENT

	2013				
	Land and buildings	Leasehold improvements	Motor vehicles	Furniture and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January	**4,103**	**23,825**	**122**	**51,142**	**79,192**
Acquisition of subsidiaries	**—**	**107**	**84**	**1,100**	**1,291**
Additions at cost	**—**	**5,512**	**276**	**9,780**	**15,568**
Transfers	**—**	**(270)**	**9**	**261**	**—**
Disposals	**(1,911)**	**(393)**	**(47)**	**(7,282)**	**(9,633)**
At 31 December	**2,192**	**28,781**	**444**	**55,001**	**86,418**
Accumulated depreciation					
At 1 January	**930**	**15,157**	**16**	**39,493**	**55,596**
Charge for the year	**32**	**1,767**	**43**	**5,564**	**7,406**
Disposals	**(621)**	**(157)**	**(45)**	**(7,234)**	**(8,057)**
At 31 December	**341**	**16,767**	**14**	**37,823**	**54,945**
Net book amount					
At 31 December	**1,851**	**12,014**	**430**	**17,178**	**31,473**

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred amounts to £7,139,000 which will be incurred in 2014 and the following four years.

16. INVESTMENTS

	Investment in joint venture	Available-for-sale assets
	£'000	£'000
At 1 January 2013	2,676	14,370
Amortisation	—	(22)
Purchases	—	1,054
Movement in fair value	—	27,475
Share of profit	1,015	—
Dividends received	(778)	—
At 31 December 2013	**2,913**	**42,877**

17. TRADE AND OTHER RECEIVABLES

	2013	2012
	£'000	£'000
Amounts falling due within one year:		
Trade receivables not past due	**44,450**	33,085
Trade receivables past due but not impaired	**19,002**	10,342
Trade receivables past due but impaired	**3,848**	4,993
Trade receivables	**67,300**	48,420
Less: Provision for impairment of receivables	**(3,848)**	(4,993)
Trade receivables – net	**63,452**	43,427
Amounts due from customers for contract work	**1,346**	—
Other receivables	**8,670**	9,573
Prepayments and accrued income	**18,386**	15,178
	91,854	68,178

18. TRADE AND OTHER PAYABLES

	2013	Restated 2012
	£'000	£'000
Trade payables	**13,625**	15,290
Other financial liabilities	**4,955**	5,560
Deferred consideration	**2,174**	1,768
	20,754	22,989
Other tax and social security payable	**28,755**	22,467
Accruals and other payables	**63,912**	45,302
	113,421	90,758
Trade and other payables due within 1 year	**106,286**	79,947
Trade and other payables due after 1 year	**7,135**	10,811
	113,421	90,758

The comparative has been restated to reclassify 2012 obligations under finance leases of £371,000 to borrowings. The principal components of trade and other payables due after one year are: other financial liabilities in relation to put options £4,955,000 (2012: £5,560,000); and accrued national insurance on share-based payment charges of £1,710,000 (2012: £nil).

19. BORROWINGS

	2013	Restated 2012
	£'000	£'000
Non-current		
Bank borrowings (2012: senior secured fixed-rate notes)	**70,000**	250,000
Other loans	**1,000**	1,000
Capitalised banking fees	**(1,960)**	(1,226)
Finance lease liabilities	**8,217**	235
	77,257	250,009
Current		
Bank borrowings	**5,000**	—
Finance lease liabilities	**2,487**	136
	7,487	136
Total borrowings	**84,744**	250,145

The comparative has been restated to reclassify 2012 obligations under finance leases of £371,000 from trade and other payables.

Borrowings and other loans

The Senior Secured Fixed Rate Notes due in 2018 were repaid on 8 May 2013 and the Senior Secured Revolving Credit Facility Agreement for £25 million expiring 2016 was prepaid at the same time.

On 20 March 2013 the Company entered into a £100 million Term and Revolving Credit Facility Agreement which terminates in March 2017, for which there are no assets pledged as security. The facilities are split between £75 million Term Loan and £25 million Revolving Credit Facility (RCF). The loan is repaid by instalments: £5 million on the 1st anniversary, £10 million on the 2nd anniversary, £25 million on the 3rd anniversary and the balance on termination. Interest is payable based on LIBOR plus a margin of 3%. The RCF is available for utilisation subject to satisfying fixed charge and leverage covenants, but was not drawn down during the year.

The unsecured loan notes are non-interest bearing, repayable in 2029, and arose on the purchase of Mortgage Intelligence Holdings Limited.

Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2013	2012
	£'000	£'000
Gross finance lease liabilities – minimum lease payments:		
No later than one year	**2,811**	136
Later than 1 year and no later than 5 years	**8,334**	235
Later than 5 years	**592**	—
	11,737	371
Future finance charges on finance lease liabilities	**(1,033)**	—
Present value of finance lease liabilities	**10,704**	371

20. DEFERRED INCOME

Deferred income will unwind as follows:

	2013			**2012**
	Cash £'000	**Non-cash £'000**	**Total £'000**	Total £'000
Within 1 year	**4,326**	**2,546**	**6,872**	13,213
After 1 year				
Between 1 and 2 years	**2,655**	**2,534**	**5,189**	7,124
Between 2 and 3 years	**1,958**	**—**	**1,958**	5,282
Between 3 and 4 years	**1,146**	**—**	**1,146**	2,364
Between 4 and 5 years	**4**	**—**	**4**	1,270
	5,763	**2,534**	**8,297**	16,040
	10,089	**5,080**	**15,169**	29,253

The Group recognises deferred income as a result of cash received in advance in relation to certain sales distribution contracts and lease incentives relating to the Group's operating leases. The cash received is amortised over the life of the contracts to which they relate.

Non-cash proportion of deferred income relates to unamortised income portion created on acquisition of shares in Zoopla. This deferred income is being amortised over the period of the commercial agreement which gave rise to these assets.

21. PROVISIONS

	2013					
	Onerous contracts	**Property repairs**	**Clawback**	**Claims and litigation**	**Other**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	**3,899**	**4,094**	**3,280**	**40,544**	**6,771**	**58,588**
Acquired in acquisition (note 28)	**55**	**1,448**	**—**	**5,537**	**—**	**7,040**
Utilised in the year	**(1,327)**	**(1,455)**	**(3,815)**	**(18,129)**	**(2,272)**	**(26,998)**
(Credited)/charged to income statement	**(721)**	**189**	**3,392**	**4,957**	**(1,369)**	**6,448**
Unwind of discount rate	**37**	**—**	**—**	**—**	**—**	**37**
At 31 December	**1,943**	**4,276**	**2,857**	**32,909**	**3,130**	**45,115**
Due within one year or less	**742**	**1,930**	**2,040**	**19,074**	**992**	**24,778**
Due after more than one year	**1,201**	**2,346**	**817**	**13,835**	**2,138**	**20,337**
	1,943	**4,276**	**2,857**	**32,909**	**3,130**	**45,115**

Claims and litigation provisions comprise the amounts set aside to meet claims by customers below the level of any Professional Indemnity insurance excess, the estimation of Incurred But Not Received claims and any amounts that might be payable as a result of any legal disputes. The provisions represent the directors' best estimate of the Group's liability having taken professional advice.

22. CALLED UP SHARE CAPITAL

On 21 December 2012 the Company issued 100 ordinary shares at £1 each to the initial shareholder 7Side Secretarial Limited. These shares were transferred to Jim Clarke on 28 December 2012 and subsequently redesignated and subdivided into 10,000 C shares on 19 February 2013.

On 18 March 2013 the Company issued 146,066,312 £1 A shares, 146,066,312 £0.01 B shares and 12,950,429 £0.01 C shares as consideration for the purchase of the entire share capital of Countrywide Holdings Ltd. Each A share is stapled to a B share.

The Company subsequently reorganised its share capital. Each one A share and one B share together were redesignated as one ordinary share of £0.01 each and 100 Deferred shares of £0.01 each. Furthermore, each C share was redesignated as 10,464,164 ordinary shares of £0.01 and 2,496,265 deferred shares of £0.01 each.

As part of the capital reorganisation, on 19 March 2013 the Company reduced its share capital by cancelling all the deferred shares in issue resulting in share capital of £1,565,305 and this reduction was accounted for as a realised profit, giving rise to distributable reserves of £146,091,275.

On 25 March 2013 the Company issued 62,914,485 ordinary shares of £0.01 for consideration of £220 million.

Called up issued and fully paid Ordinary shares of 1 pence each	Number	£'000
Shares in issue following capital reorganisations above at 19 March 2013	156,530,476	1,565
New shares issued on 25 March 2013	62,914,485	629
At 31 December 2013	219,444,961	2,194

Where the employee benefit trust purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

23. RELATED PARTY TRANSACTIONS

Trading transactions

		Transaction amount		**Balance owed/(owing)**	
Related party relationship	**Transaction type**	**2013**	2012	**2013**	2012
		£'000	£'000	£'000	£'000
Joint venture	Purchases by Group	**(2,190)**	(2,278)	**(183)**	97
Joint venture	Rebate received	**975**	1,059	**32**	—
Joint venture	Dividend received	**778**	748	—	—
Apollo Management	Management fee paid	**180**	750	—	—
Apollo Management	Directors fee paid	**19**	—	—	—
Oaktree Capital Management	Management fee paid	**180**	750	—	—
Oaktree Capital Management	Directors fee paid	**35**	—	**(10)**	—

With the exception of dividends and management fees, these transactions are trading relationships which are made at market value. The company has not made any provision for bad or doubtful debts in respect of related party debtors nor has any guarantee been given during 2013 regarding related party transactions.

Prior to the IPO, Oaktree Capital Management and Apollo Management LP both owned in excess of 20% of the share capital of the Group. Following the IPO, each entity had a director on the board of the Company until Apollo Management LP divested their shareholding in the second half of 2013.

During the year ended 31 December 2013, the Group incurred £359,000 (2012: £1,500,000) split equally between Apollo Management and Oaktree Capital Management, in respect of management fees. Following the IPO, management fees have not been incurred but fees have been payable in respect of each of the respective directors appointed to the Board at a rate of £40,000 per annum.

24. EVENTS AFTER THE REPORTING PERIOD

During the first few weeks of the year the Group has acquired 6 businesses for £15.1million. At the time of preparing these financial statements, management is in the process of assessing the impact of these acquisitions on the Group.

Additionally, the Group has invested £7.0 million in the first investment property site for our private residential sector portfolio.

Contacts

Chief Executive officer	Grenville Turner
Chief Financial officer	Jim Clarke
Company Secretary	Gareth Williams
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Head of Communications	Caroline Somers

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Independent auditors
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Broker
Jefferies Hoare Govett

Bankers
Royal Bank of Scotland plc
Lloyds Banking Group
HSBC plc
Abbey National Treasury Services plc
Barclays Bank Plc
Allied Irish Banks plc

Solicitors
Slaughter and May

Financial calendar

AGM	30 April 2014
Ex-dividend date for final dividend	26 March 2014
Record date for final dividend	28 March 2014
Payment date for final dividend	7 May 2014
Interim results	31 July 2014

***Shareholder enquiries**

The Company's registrar is Capita Registrars. They will be pleased to deal with any questions regarding your shareholding or dividends. Please notify them of your change of address or other personal information. There address details are above.

Capita Registrars is a trading name of Capita Registrars Limited.

Capita shareholder helpline:	0871 664 0300 (calls cost 10p per minute plus network extras) (Overseas: +44 02 8639 3399)
Email:	ssd@capitaregistrars.com
Share portal:	www.capitashareportal.com

Shareholders are able to manage their shareholding online and facilities included electronic communications, account enquiries, amendment of address and dividend mandate instructions.