

Strategy

The Group's strategy is focussed on:

- Maximising opportunities to sell financial and other products and services as adjuncts to the core housing related transaction, manufacturing the products in-house where profitable.
- Diversifying and stabilising earnings streams by developing businesses less dependent on short-term fluctuations in the housing market.
- Acquiring other distribution capabilities when profitable opportunities arise.

Financial Services

- External product range of 'own label' specialist mortgage products where the opportunity to do so profitably can be demonstrated.
- Continue to compact mortgage processing costs through creation of electronic links direct to lenders.
- Increased activity levels on the re-mortgage arena, farming our existing database more intensively.
- Increased profitability per customer by development of other FS solutions useful to customers at the time of house purchase, eg credit cards.
- Evaluate opportunities presented by increased regulation in the field of mortgage advice to provide 'umbrella' compliance and support services to small independent mortgage brokers.

Estate Agency

- Consolidation of the estate agencies newly acquired from Bradford & Bingley, in particular bringing Key Performance Indicators in line with those achieved by the average of the Countrywide plc chains.
- Continuing growth in network to be achieved by mix of franchising and opportunistic acquisition.
- Reducing fixed costs by franchising those smaller branches where profit performance as part of a corporate vehicle has been marginalised by a reduction in financial services income.

Surveying and Valuation

- Continued roll-out of investment in hand writing recognition and digital photography to produce productivity gains and administrative cost savings.

Conveyancing

- Roll out of investment programme aimed at doubling processing capacity in the transaction based subsidiary within twelve months.
- Increasing share of re-mortgage conveyancing market, by the application of leading edge technology and processing overseas in order to reduce costs to the end users of such services.

Home Information Packs

- Proposals to facilitate the introduction of Home Information Packs were included in the Housing Act.
- As the UK's largest Surveyor and Conveyancer, the Group is extremely well positioned to compile and deliver Home Information Packs electronically through our own and other Estate Agencies.

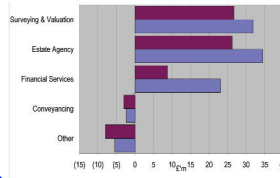
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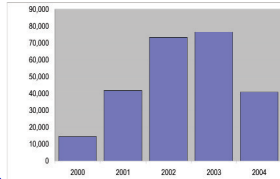
Corporate Overview

Full Year Review - twelve months ended
 31st December 2004

Profit Contribution



Profit Before Tax



Share Price



Financial Calendar

Results announced for 2004: 10 March 2005
 Ex-dividend record date: 16 March 2005
 Dividend record date: 18 March 2005
 AGM: 27 April 2005

Other Information (as at 9 March)

Share price: 358.5p
 Number of shares in circulation: 170m
 Group capitalisation: £509m

Restructuring and Return of Capital

On 25th May 2004 Countrywide Assured Group plc separated into two groups: Countrywide plc comprising the Estate Agency and Property Services operations of the group and Chesnara plc comprising the Life Business. Shareholders received one Chesnara share and two Countrywide plc shares for every four Countrywide Assured Group plc shares previously held. In addition, shareholders received a return of capital of 25.13p per share in cash.

Sector Classification

Countrywide plc is unique in the position it occupies at the centre of a major driver of the UK economy – the residential housing market. It is a key provider of financial and other services related to the sale and purchase of residential property, with a powerful distribution arising out of its ownership of 1100+ estate agency outlets. The Group has four main divisions: Estate Agency, Financial Services, Surveying and Valuation and Conveyancing.

'www.rightmove.co.uk' is the leading property based Internet site launched by the Group in February 2000 and now jointly owned with Halifax plc, Royal & SunAlliance, and Connell Estate Agents.

TMG Holdings, of which we have a 47% interest, is ready to take advantage of Home Information Pack legislation and is presently offering an electronic housing transaction search and personal search facility.

Estate Agency

The Estate Agency division consists of 51 autonomous subsidiaries comprising a total of 1117 offices, selling houses across the country, exploiting well known brands such as Bairdson Eves, Mann & Co, Taylors, John D Wood & Co., Palmer Snell, Fulfords, Abbotts, Slater Hogg & Howison, Gascoine Pees, Geering & Colyer and Faron Sutaria. It also includes Countrywide Residential Lettings, Countrywide Property Management, PKL and Countrywide Property Auctions, which collectively provide a broad range of property and management services to commercial and residential customers. This division was enlarged in 2004 with the acquisition of branches from Bradford & Bingley.

Countrywide Franchising was established in 1999 in order to extend distributive capacity with little incremental increase on our fixed cost base. At the end of December 107 branches were trading under the Bairdson Eves Countrywide banner.

Financial Services

The core distribution of financial products is through mortgage consultants based in estate agency offices. These products include income protection insurance, mortgages, life and general insurance. In August 2002 a 15 year distribution agreement was signed with Friends Provident which will increase the profitability and cash earnings from this division.

Surveying and Valuation

The Surveying and Valuation division includes Countrywide Surveyors, which now employs 643 qualified surveyors, the majority of whom are employed to undertake mortgage valuations and surveys on behalf of most leading lenders and intermediaries. In 2004, this division acquired Securemove Property services from Bradford & Bingley, which includes a commercial operation.

Conveyancing

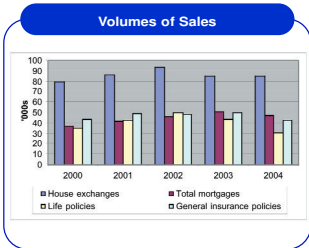
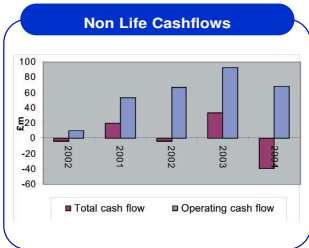
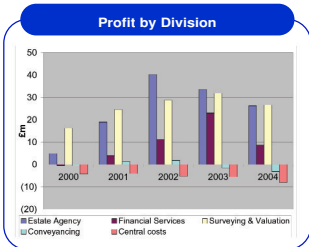
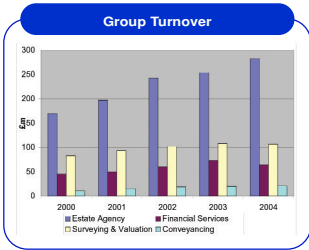
Countrywide Property Lawyers was set up in 1997 and now has five regionally based call centres employing over 500 people, who provide customers with a seven days a week telephone based conveyancing service. Remortgage Conveyancing Matters launched its remortgage conveyancing services at the end of 2004.

Financial Highlights for 12 Months to Dec 2004

- Turnover £474.7m (£454.7m)
- Operating profit £50.6m (£31.6m)
- Pre-tax profit £40.6m (£26.5m)
- Total Dividend 9.00p (13.80p restated)
- Total shareholder return of 60%

Key Management

Christopher Sporborg CBE Chairman
 Harry Hill Group Managing Director
 Mike Nowar Group Finance Director



PRO FORMA GROUP FINANCIALS 2000 - 2004

	2000	2001	2002	2003	2004
	£000	£000	£000	£000	£000
TURNOVER					
Estate Agency - UK	147,291	173,462	218,453	225,813	249,470
- Overseas	-	-	-	1,707	2,645
- Lettings	22,237	23,541	24,198	26,035	30,655
Financial Services	45,046	49,591	59,850	72,911	84,322
Surveying & Valuation	82,592	93,061	101,816	106,040	106,736
Conveyancing	10,494	15,180	18,668	20,167	20,914
307,660	354,925	422,985	454,673	474,742	
PROFIT/(LOSS)					
Estate Agency - UK	2,469	17,022	37,340	32,534	24,891
- Overseas	-	-	-	(2,714)	(2,726)
- Lettings	2,436	1,959	2,888	3,760	4,047
Financial Services	(434)	3,909	11,271	23,059	8,715
Surveying & Valuation	16,218	24,566	28,743	31,866	26,672
Conveyancing	(555)	1,343	1,834	(1,484)	(3,012)
Central Costs	(4,249)	(4,021)	(5,243)	(5,468)	(7,989)
OPERATING PROFIT	15,885	44,778	76,833	81,555	50,602
Share of profit/(loss) in associates and joint ventures	(525)	(3,075)	(4,678)	(2,575)	1,957
Gain/(loss) on disposal of subsidiary	(276)	-	-	-	-
Loss on disposal amount written off investment property	-	-	-	(2,750)	(1,909)
Cost of Group restructuring	-	-	-	-	(9,424)
Net interest (payable)/receivable	(716)	(5)	1,050	233	(436)
PRE-TAX PROFIT	14,368	41,698	73,205	76,463	40,790
Taxation	(1,806)	(7,556)	(23,534)	(25,588)	(13,588)
PROFIT AFTER TAX	12,562	34,142	49,671	50,875	27,202
Earnings per share*	7.03p	19.04p	27.60p	29.87p	16.30p
Dividend per share*	9.00p	10.50p	12.30p	13.80p	9.00p
* The comparatives have been adjusted to reflect the share consolidation in 2004.					
BALANCE SHEET					
Goodwill	8,213	7,099	18,822	16,745	34,848
Tangible fixed assets	17,891	17,199	30,388	35,748	40,725
Investments	3,780	18,808	25,260	25,083	1,217
Investments in joint ventures	911	793	1,003	1,163	1,956
Investments in associates	809	9,357	4,920	2,748	4,103
31,604	53,256	80,393	81,487	82,852	
Net current liabilities	(24,619)	(33,470)	(62,723)	(48,406)	(6,119)
Cash balances net of bank overdrafts	7,006	24,532	25,616	58,541	19,101
Term Loans	-	(8,600)	-	(15,600)	(75,000)
Creditors due after one year	-	(909)	(22,739)	(20,814)	(18,896)
Provisions for liabilities and charges	(581)	(5,293)	(6,297)	(8,639)	(14,226)
NET ASSETS	13,410	29,516	14,250	46,569	(12,288)

Note: the proforma Financial Statements have been prepared on the basis consistent with that adopted by the company in presenting the financial information included in its circular to shareholders dated 16 March 2004.

OPERATIONAL STATISTICS

	2000	2001	2002	2003	2004
Estate Agency					
House sales (number)					
- Owned (Existing)	79,818	86,069	90,948	81,633	75,406
- Owned (Acquired)	-	-	-	-	5,244
- Franchised	-	-	2,494	3,132	4,484
Average commission rate					
- Owned (Existing)	1.80%	1.80%	1.74%	1.76%	1.70%
- Owned (Acquired)	-	-	-	-	1.40%
Average house price					
- Owned (Existing)	£99,400	£110,700	£132,700	£149,800	£172,300
- Owned (Acquired)	-	-	-	-	£186,000
Closing Pipeline					
- Owned (Existing)	£m	£m	£44.1m	£53.7m	£37.8m
- Owned (Acquired)	-	-	-	-	£10.5m
No. of Agency offices at period end					
- Owned (Existing)	723	708	808	804	806
- Owned (Acquired)	-	-	-	-	311
- Franchised	11	30	49	76	107
734	738	857	880	1,224	
Financial Services					
Total No. of mortgages arranged - Existing	40,064	44,087	48,982	52,763	47,112
- Acquired	-	-	-	-	1,657
Value	£2.5bn	£3.0bn	£3.9bn	£4.7bn	£4.6bn
Panel mortgages arranged	37,258	42,001	46,586	50,773	45,482
Value	£2.3bn	£2.9bn	£3.6bn	£4.6bn	£4.4bn
General insurance policies (No.)	43,219	49,036	50,969	49,664	42,260
Life assurance policies (No.)					
- Existing	34,847	42,395	49,662	43,587	30,992
- Acquired	-	-	-	-	1,237
Conversion rate - Mortgages	50.2%	51.2%	53.9%	64.6%	60.4%
Conversion rate - Life policies	43.7%	49.3%	54.6%	53.4%	39.9%
Conversion rate - General Insurance	54.1%	57.0%	56.0%	60.8%	56.0%
Residential Services					
Valuations & Surveys (No.)	466,613	520,172	588,212	605,857	572,371
% of which Remortgages	n/a	n/a	38%	47%	48%
Conveyancing completions	26,952	32,685	34,777	35,063	33,515
Staff Numbers (average FTE)					
Estate Agency	4,652	4,652	5,568	5,408	6,072
Financial Services	1,252	1,128	1,219	1,288	1,377
Surveying & Valuation	1,360	1,183	1,194	1,233	1,428
Conveyancing	380	406	439	502	544
Head Office	67	61	67	66	71
7,711	7,430	8,476	8,497	9,492	

