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**If you are in any doubt about the contents of this Circular or the action you should take, it is recommended that you seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is, if you are resident in the UK, duly authorised under FSMA or, if not, another appropriately authorised independent financial adviser.**

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The New Ordinary Shares formed as a result of the Share Consolidation (referred to below) have not been, and will not be, registered under the US Securities Act of 1933 (as amended, the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and such New Ordinary Shares may not be offered, sold or resold in the United States unless registered under the Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act, and in compliance with applicable securities laws of any state or other jurisdiction.

Neither the New Ordinary Shares nor this Circular has been approved, disapproved or otherwise recommended by any US federal or state securities commission nor have such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Application will be made to the FCA and the London Stock Exchange, respectively, for the New Ordinary Shares resulting from the proposed Share Consolidation to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities in place of the Ordinary Shares.



**COUNTRYWIDE PLC**

*(a public company incorporated with limited liability in England and Wales with registered number 08340090)*

**Proposed sale of Lambert Smith Hampton Limited  
and**

**50 for 1 share consolidation**

Circular to Shareholders and Notice of General Meeting

**Sponsor**

Jefferies

**Joint Corporate Brokers**

Barclays

Jefferies

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This Circular should be read as a whole and your attention is drawn to the risk factors set out in Part IV (*Risk Factors*). Your attention is also drawn to the letter from your Chairman, which is set out in Part I (*Letter from the Chairman*), which contains the recommendation of the Countrywide Board that you vote in favour of the Resolutions to be proposed at the General Meeting.

The Notice of General Meeting to be held at 25 Charterhouse Square, London EC1M 6AE at 10:00 a.m. on 23 December 2019 is set out at pages 57 to 65 of this Circular. A Proxy Form for use at the General Meeting accompanies this Circular.

To be valid, the enclosed Proxy Form should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach Countrywide's registrars, Link Asset Services, by no later than 10:00 a.m. on 19 December 2019. The Proxy Form can be delivered: (i) by post or by hand to Link Asset Services, The Registry, PXS 1 34 Beckenham Road, Beckenham, Kent BR3 4ZF; (ii) electronically via the shareholder portal at [www.countrywide-shares.co.uk](http://www.countrywide-shares.co.uk); (iii) in the case of shareholders holding their shares through CREST, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in this Circular; or (iv) by using the enclosed pre-paid envelope.

Completion and return of a Proxy Form will not preclude shareholders from attending and voting at the General Meeting should they choose to do so. Further instructions relating to the Proxy Form are set out in Part XIII of this Circular.

This Circular and the accompanying documents have been prepared to comply with English law and applicable regulations. The information disclosed may not be the same as that which would have been disclosed if this Circular or the accompanying documents had been prepared in accordance with the laws of jurisdictions outside the UK.

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Jefferies, which is authorised and regulated by the FCA, is acting exclusively as sole sponsor and joint corporate broker for Countrywide and no one else in connection with the Sale and will not be responsible to anyone other than Countrywide for providing the protections afforded to its clients or for providing any advice in connection with the Sale and will not regard any other person (whether or not a recipient of this Circular) as its client in relation to the Sale or any matter referred to in this Circular.

Barclays, which is authorised by the PRA and regulated by the FCA and the PRA, is acting exclusively as joint corporate broker for Countrywide and no one else in connection with the Sale and will not be responsible to anyone other than Countrywide for providing the protections afforded to clients of Barclays, nor for providing advice in connection with the Sale or any other matter referred to in this Circular.

No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been authorised by Countrywide, the Countrywide Directors, Jefferies or Barclays or any other person involved in the Sale. The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of Countrywide since the date of this Circular or that the information in this Circular is correct as at any time since its date.

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Any reproduction or distribution of this Circular, in whole or in part, and any disclosure of its contents or use of any information contained in this Circular for any purpose other than considering the terms of the Sale is prohibited.

**THE CONTENTS OF THIS CIRCULAR OR ANY SUBSEQUENT COMMUNICATION FROM COUNTRYWIDE OR ITS SPONSOR OR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE. COUNTRYWIDE IS NOT AUTHORISED TO PROVIDE SUCH ADVICE. EACH SHAREHOLDER SHOULD CONSULT HIS, HER OR ITS OWN SOLICITOR, INDEPENDENT FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.**

This Circular is dated 29 November 2019.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS RELATING TO THE SALE

PRINCIPAL EVENTS	TIME AND/OR DATE
Announcement of the Sale	29 November 2019
Date of this Circular	29 November 2019
Latest time for receipt of Proxy Forms	10:00 a.m. on 19 December 2019
<b>General Meeting</b>	<b>10:00 a.m. on 23 December 2019</b>
Latest time for dealings in Qualifying Ordinary Shares	27 December 2019
Record Time	6:00 p.m. on 27 December 2019
Admission	8:00 a.m. on 30 December 2019
Commencement of dealings in New Ordinary Shares	8:00 a.m. on 30 December 2019
CREST accounts credited with New Ordinary Shares (uncertificated Shareholders only)	30 December 2019
Expected Completion of the Sale	31 December 2019
Despatch of definitive certificates for New Ordinary Shares in certificated form	On or around 14 January 2020
Long Stop Date	20 January 2020

**Notes:**

1. The dates and times given are indicative only and are based on current expectations and may be subject to change (including as a result of changes to the timetable for the fulfilment of regulatory approvals).
2. References to times are to London time unless otherwise stated.
3. Each of the times and dates in the table is indicative only. If any of the times or dates above change, the revised times and/or dates will be announced via a Regulatory Information Service.

## CORPORATE DETAILS AND ADVISERS

<b>Registered Office</b>	Greenwood House 1st Floor, 91-99 New London Road Chelmsford Essex, CM2 0PP
<b>Sole Sponsor and Joint Corporate Broker</b>	Jefferies International Limited 100 Bishopsgate London EC2N 4JL
<b>Joint Corporate Broker</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP
<b>Legal Advisers</b>	Slaughter and May One Bunhill Row London EC1Y 8YY
<b>Legal Advisers in connection with the Sale</b>	DWF Law LLP Bridgewater Place Water Lane Leeds LS11 5DY
<b>Auditor and Reporting Accountant</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Registrar</b>	Link Asset Services The Registry Beckenham Road Kent Beckenham BR3 4TU

# PART I

## LETTER FROM THE CHAIRMAN

*Registered Office*  
Greenwood House  
1st Floor, 91-99 New London Road  
Chelmsford  
Essex CM2 0PP

29 November 2019

To Countrywide's Shareholders and, for information only, to persons with information rights

**Proposed sale of Lambert Smith Hampton Limited ("LSH") to John Bengt Moeller (the "Sale")  
and  
50 for 1 share consolidation**

### 1. Introduction

Today Countrywide announced that it had agreed to sell its non-core UK commercial real estate consultancy and transactional business, LSH, to John Bengt Moeller (the "**Purchaser**") for £38 million in cash, subject to shareholder approval.

At the same time, it was announced that Countrywide proposed to undertake a share consolidation (one New Ordinary Share for every 50 Qualifying Ordinary Shares) with a view to reducing the volatility in Countrywide's share price. This letter sets out the background to and the reasons for the Sale and the Share Consolidation and why the Countrywide Board considers these proposals to be in the best interests of the shareholders of Countrywide as a whole.

### **Part A: The Sale**

### 2. Background to and reasons for the Sale

As Countrywide continues to focus on the delivery of its turnaround plan, the Sale of LSH represents a clear and timely opportunity to streamline the Countrywide Group's offering. Underpinned by a fair valuation, the Sale will deleverage the Countrywide Group and represents good financial discipline, given the recent performance of this business against the remainder of the Countrywide Group.

2018 was one of the most challenging years for Countrywide in recent times. Since 2015 the core Sales and Lettings business unit has experienced both a loss of market share and a decline in profitability. Moreover, under previous leadership, the retail-centric strategy, coupled with an acquisition spree that significantly increased the Countrywide Group's indebtedness led to an untenable situation.

Extensive management changes were made to address this position. The Countrywide Group's strategy was reset and a capital refinancing plan was implemented. These measures allowed Countrywide to put in place the strategic levers for a three-year turnaround plan. The key pillars of this strategy are a renewed focus on its core residential businesses as part of the "back-to-basics" principle and strong financial discipline.

The proposed sale of LSH is wholly consistent with the strategic principles that underpin the three year turnaround plan. As part of the return to focusing on Countrywide's core strengths, the Board no longer considers commercial real estate to be a strategic priority, given that:

- valuable management time is being expended on a non-core area where the UK commercial transactional market is currently challenging;
- Countrywide does not intend to build market share or make other acquisitions in commercial real estate; and
- there is very little crossover between the business of LSH and other Countrywide businesses.

The disposal of LSH will facilitate management in focusing on its core residential real estate market, alongside the value-added complementary services in the Financial Services and B2B operating divisions.

Further, the Sale supports the Countrywide Group's drive to reduce leverage. The Sale will capture a fair value for LSH, reflecting its position as one of the UK and Ireland's leading commercial property consultancies. The Cash Consideration represents a multiple of 6x LSH's estimated Adjusted EBITDA for the 12 months ending 31 December 2019.

As part of the turnaround plan, the Countrywide Group has already reduced its net debt, following the firm placing, placing and open offer which raised net proceeds of £125 million in the summer of 2018. The disposal of LSH and use of a significant portion of the net proceeds to discharge existing liabilities would further reduce net debt by £34.4 million with a view to decreasing the leverage ratio to 1.0x in the medium term, in line with our declared strategy.

LSH was acquired in 2013 with a view to growing Countrywide's limited commercial property offering, reflecting the growth at the time in Countrywide's Land and New Homes business in a more buoyant market. The intention had been for Countrywide to benefit from LSH's transactional business into downstream sales, however the Board believes that Countrywide can instead take advantage of its existing relationship with LSH following the Sale by entering into a referral agreement for downstream house sales. This would allow Countrywide to release capital through the disposal of LSH, while still preserving the ability to achieve part of the original strategic goal at the time of acquisition.

The macro environment in which LSH is operating has resulted in a deterioration of the financial performance of LSH under Countrywide's ownership and which the Board anticipates is unlikely to change in the short to medium term. As announced in the 2019 Interim Results, the Adjusted EBITDA pre-IFRS16 of Countrywide's B2B Business Unit was 39 *per cent.* below H1 2018, with the year on year decline wholly attributable to LSH's performance. This conservative outlook on performance is further compounded by both the competitive market in which LSH operates as well as the significant slowdown that is currently being seen in the market.

LSH operates as a standalone business within the Countrywide Group, with its own operational functions (including IT department and infrastructure, Human Resources and systems, Finance and Marketing) and separate offices. As a result, the LSH Group is not integrated into the Countrywide Group and can be sold with minimal disruption to the business and operations of the Countrywide Group.

Accordingly, taking into account prevailing trends and challenging market conditions, the Board believes that the Sale is in the best interests of Shareholders because it will:

- help to focus and streamline the business offering of the Countrywide Group by carving out LSH, with minimal disruption to the Retained Group. This will in turn strengthen the "back-to-basics" approach of Countrywide's three-year recovery strategy by increasing Countrywide's focus on Sales and Lettings, which has traditionally been the core of Countrywide's business and has already made significant strides to recovery as part of the turnaround plan;
- result in capturing a fair value for LSH, reflecting its position as one of the UK and Ireland's leading property consultancies. The Cash Consideration represents a multiple of 6x LSH's estimated Adjusted EBITDA for the 12 months ending 31 December 2019; and
- significantly improve Countrywide's capital structure following receipt of expected gross cash proceeds of £38 million (less transaction costs) and allow the Countrywide Group to reduce its net indebtedness and make meaningful progress towards reducing its leverage ratio to the Countrywide Group's target of 1.0x in the medium term.

Following the Sale, Countrywide expects to be well positioned to continue to capitalise on trends shaping the real estate landscape in the UK. The UK housing market follows cyclical trends and is impacted by continuing uncertainty around the implications of Brexit and the delay in securing a deal with the European Union. Nevertheless, against this challenging backdrop, the long-term UK housing market fundamentals remain strong, and the Retained Group will be well placed to maximise opportunities in Sales and Lettings and complementary services. The Board believes that the Retained

Group will be in a more advantageous position to focus on its core business units, restore market share and return to a profitable growth strategy.

### **Amended Credit Facility**

In addition to the Share Purchase Documents for the Sale of LSH and the proposed Share Consolidation, on 28 November 2019, the Countrywide Group agreed an amendment to its Amended Credit Facility Agreement with its lenders. The new facility provides the Countrywide Group with the financial flexibility to execute the turnaround plan while operating in what continues to be a challenging and uncertain market environment. Against this backdrop the key changes to the Amended Credit Facility have been to expand the Group's leverage and interest covenants and to ensure that the Group has the liquidity it needs to navigate any deterioration in trading that might arise as a result of a market downturn. The Amended Credit Facility includes provisions for a minimum credit facility of approximately £95 million to September 2022 and for the cancellation of part of the total facility of £125 million from the proceeds of sale and an automatic cancellation of part of the facilities above approximately £95 million each quarter should they not be required based on the Group's liquidity position rolling 18 month outlook; and an automatic cancellation of £25 million of the commitments in July 2021.

### **Outlook for the year**

The Countrywide Group continues to make operational progress in its turnaround plan and confirms that it remains on course to deliver a full year result that will be in line with the Countrywide Board's expectations.

### **Recommendation**

The Countrywide Board considers the Sale and the Share Consolidation, and each of the Resolutions necessary to implement them, to be in the best interests of Countrywide and its Shareholders as a whole and unanimously recommends that Shareholders vote in favour of each of the Resolutions, as the Countrywide Directors intend to do in respect of their own individual beneficial holdings.

If the Sale Resolution is passed at the General Meeting on 23 December 2019, Completion is expected to take place on or before 20 January 2020.

## **3. Summary terms of the Sale**

The principal terms of the Sale are that:

- Countrywide will, on Completion, receive £38 million from the Purchaser.
- Countrywide Group plc, a wholly-owned subsidiary of Countrywide, and the Purchaser will enter into agreements to govern transitional services and home sales referrals between the parties post-Completion.
- The Sale is conditional upon approval of the Sale by a simple majority of the shareholders of Countrywide following the issue of a circular containing the recommendation of the Countrywide Board.

The terms and conditions of the Sale are contained in the Share Purchase Agreement, Transitional Services Agreement and Referral Agreement, which are summarised in more detail in Part V (*Principal Terms and Conditions of the Sale*).

## **4. Use of proceeds and financial effects of the Sale on the Retained Group**

The financial effect of the Sale at Completion is expected to include:

- the receipt of the Cash Consideration as detailed in section 1 of this letter; and
- a reduction in the net debt position following Completion from £90.0 million as at 30 June 2019 to £55.6 million on a pro forma basis.

An amount of up to £3 million of the net proceeds shall be used to cash collateralise certain of the Countrywide Group's guarantees and the remaining net proceeds may be used for general corporate

purposes, with a view to reducing the Countrywide Group's net financial indebtedness. The net proceeds shall not be used for the payment of dividends or other returns of capital to Shareholders. This reduction in net debt is intended to accelerate the deleveraging of the Countrywide Group's balance sheet and provide the Countrywide Group with greater financial flexibility.

The earnings of the Retained Group will reflect a reduction from the Sale (see Part VIII (*Historical Financial Information for the LSH Group*) for further information).

Section A of Part IX (*Unaudited Pro Forma Financial Information*) sets out an unaudited pro forma statement of net assets as if the Sale had completed as at 30 June 2019.

## **5. Dividends**

As previously announced, given the scale of the challenge required to turn around the Sales and Lettings business unit, and the desire to build a sustainable and profitable business in the long term, Countrywide does not expect to pay dividends in the medium term and there will therefore be no impact of the Sale on Countrywide's current dividend policy.

## **6. Information on LSH**

LSH is a leading commercial real estate practice in the UK and Ireland offering transactional, consultancy and operational services and solutions nationally through its 39 offices and around 1,300 staff. LSH works with investors, developers and occupiers comprising household names across the public and private sectors. Its regional network and national scale allows LSH to service a variety of local, regional and national clients. LSH has been owned by Countrywide since 2013.

LSH sits within Countrywide's B2B business unit. Countrywide believes that the distinct operations and geographically-contained locations of LSH, as well as the fact that no key Countrywide Group individuals are departing with the sale of LSH, mean that the Sale can be effected with minimal disruption and cost for the Countrywide Group, as compared to a sale of other Countrywide Group assets.

### ***Part B: The Share Consolidation***

## **7. Background to and reasons for the Share Consolidation**

Following the firm placing, placing and open offer of 1,400,000,000 Ordinary Shares on 30 August 2018, Countrywide currently has 1,641,303,439 Ordinary Shares in issue, each of which has a nominal value of £0.01. The Closing Price on the Latest Practicable Date was 4.80 pence.

Given the large number of Ordinary Shares in issue, the Board believes that:

- share trades can result in disproportionately large percentage movements in the market share price (causing considerable share price volatility);
- the bid-offer spread on the price of Ordinary Shares at current levels is disproportionate to the market share price; and
- Countrywide's low share price affects investor perception of Countrywide.

in each case to the detriment of Shareholders. Further, Countrywide is not permitted by law to issue shares at an issue price which is below their nominal value.

## **8. Summary of the Share Consolidation**

In order to (i) reduce the number of Ordinary Shares in issue, (ii) create a nominal value for an Ordinary Share which should be significantly below the price at which shares trade on the open market, and (iii) reduce the likelihood of there being large dealing spreads in Ordinary Shares, the Board is proposing a consolidation, subdivision and re-designation of the Ordinary Shares (the "**Share Consolidation**"). The Share Consolidation will involve the following steps:

- each 50 Qualifying Ordinary Shares held by a Qualifying Shareholder will be consolidated into one Consolidated Ordinary Share of £0.50; and

- each such Consolidated Ordinary Share of £0.50 will then immediately be subdivided and re-designated into one New Ordinary Share of £0.01 and 49 Deferred Shares of £0.01.

Through the re-designation into Deferred Shares, Countrywide will be able to maintain a lower nominal value for the New Ordinary Shares than would otherwise be the case. The creation of a class of Deferred Shares will ensure that the reduction in the nominal value of the Ordinary Shares effected by the Share Consolidation will not result in an unlawful reduction in Countrywide's share capital.

It is proposed that Countrywide's entire ordinary share capital will be consolidated as part of the Share Consolidation, meaning that while the number of Ordinary Shares in issue will change, the proportion of Countrywide's issued ordinary share capital held by each Shareholder immediately before and after the Share Consolidation will remain unchanged (subject to the treatment of fractional entitlements, which is described in section 9 below). As a result of the Share Consolidation:

- the nominal value of Ordinary Shares will not change;
- the number of Ordinary Shares held by each Shareholder will reduce by a factor of approximately 50;
- the market value of an Ordinary Share should increase by a factor of approximately 50 (although the price of Ordinary Shares will continue to fluctuate in line with the market); and
- the overall value of each Shareholder's existing holding of Ordinary Shares should remain approximately the same (although the value of an investment in New Ordinary Shares will continue to fluctuate in line with the market).

Assuming that (i) the Share Consolidation Resolution is passed, (ii) the Share Consolidation occurs, and (iii) no further Ordinary Shares are issued between the Latest Practicable Date and the Share Consolidation becoming effective, Countrywide will have a maximum of 32,826,068 New Ordinary Shares in issue immediately following the Share Consolidation, of which 63,049 will continue to be held in treasury immediately following the Share Consolidation.

For purely illustrative purposes, examples of the effects of the Share Consolidation (should it be approved by Shareholders) are set out below:

<i>Qualifying Ordinary Shares held at the Record Time</i>	<i>New Ordinary Shares held following the Share Consolidation</i>	<i>Deferred Shares held following the Share Consolidation</i>
25	0	0
50	1	49
80	1	49
415	8	392

To effect the Share Consolidation, it may be necessary for Countrywide to cancel such minimum number of additional Ordinary Shares currently held in treasury so that the total number of Ordinary Shares is exactly divisible by 50.

## **9. Fractional Entitlements**

As a result of the Share Consolidation, any shareholding of Qualifying Ordinary Shares that is not exactly divisible by 50 will be rounded down to the nearest whole number of New Ordinary Shares, and the Shareholder in question will be left with an entitlement to a fraction of a New Ordinary Share (a "**Fractional Entitlement**"). If a Shareholder's holding comprises fewer than 50 Qualifying Ordinary Shares at the Record Time, the shareholding will still be consolidated and result in a Shareholder no longer being a member of Countrywide in relation to that holding.

Arrangements will be put in place for Fractional Entitlements arising from the Share Consolidation to be aggregated and sold in the market on behalf of Shareholders. The value of any one Shareholder's Fractional Entitlement will not exceed the value of one New Ordinary Share. Based on the market price of each existing Ordinary Share of 4.80 pence on the Latest Practicable Date, the proceeds from the sale of a Fractional Entitlement should be less than £2.35.

Proceeds of the aggregation and sale of Fractional Entitlements of less than £5 will be donated to a charity of Countrywide's choosing. Proceeds of Fractional Entitlements in excess of £5 (if any) will be distributed to Shareholders on or around 31 January 2020.

#### **10. Rights Attaching to the New Ordinary Shares**

The rights attaching to each New Ordinary Share (including the rights in respect of voting, the entitlement to receive dividends and rights on a return of capital) will be identical in all respects to those of the existing Ordinary Shares.

#### **11. Rights Attaching to the Deferred Shares**

Each Deferred Share will have very limited rights and will effectively be valueless. CREST accounts of Shareholders will not be credited in respect of any entitlement to Deferred Shares and no share certificates will be issued in respect of Deferred Shares.

The Deferred Shares will have the rights and restrictions as set out in Part VI (*Rights Attaching to the Deferred Shares*), which do not entitle their holders to receive notice of or attend and vote at any general meeting of Countrywide or to receive a dividend or other distribution. A Deferred Share will entitle its holder to receive an amount equal to its nominal value (£0.01) on a winding up of Countrywide after the holders of the Ordinary Shares have received the sum of £1,000.00 for each Ordinary Share held by them and the holder of a Deferred Share will have no other right to participate in the assets of Countrywide.

Countrywide has the right to acquire and then cancel the Deferred Shares for an aggregate price of £0.01, and intends to exercise that right in due course following completion of the Share Consolidation in order to tidy up the capital structure.

#### **12. Admission of the New Ordinary Shares**

Application will be made for the New Ordinary Shares to be admitted to trading on the London Stock Exchange in place of the Qualifying Ordinary Shares. Subject to approval of the Share Consolidation Resolution, it is expected that Admission will become effective and that dealings in New Ordinary Shares will commence on 30 December 2019. Following the Share Consolidation, Countrywide's new ISIN Code will be GB00BK5V9445 and its new SEDOL Code will be BK5V944.

#### **13. CREST Accounts**

Shareholders who hold Qualifying Ordinary Shares in uncertificated form will have such shares disabled in their CREST accounts at the Record Time, and their CREST accounts will be credited with the New Ordinary Shares following Admission, which is expected to take place on 30 December 2019.

Shareholders will not have their CREST accounts adjusted to reflect their entitlement to Deferred Shares.

#### **14. Share Certificates**

If you hold a share certificate in respect of your Ordinary Shares, your certificate will no longer be valid from the time that the proposed Share Consolidation becomes effective. You will be sent a new share certificate evidencing the New Ordinary Shares to which you are entitled under the Share Consolidation. Such certificates are expected to be dispatched on or around 14 January 2020 by first class post at the risk of the Shareholder. Upon receipt of the new certificate, you should destroy any old certificates. Pending dispatch of the new certificates, transfers of certificated New Ordinary Shares will be certified against Countrywide's share register.

No share certificates will be issued in respect of Deferred Shares.

#### **15. United Kingdom Tax**

The following comments are intended only as a general guide to the current tax position under UK taxation law and HM Revenue & Customs published practice, both of which are subject to change (potentially with retrospective effect). They relate only to certain limited aspects of the UK tax treatment

of the Share Consolidation for Shareholders who are and will be the absolute beneficial owners of Qualifying Ordinary Shares and who are resident and, in the case of individuals, domiciled in, (and only in) the UK for UK tax purposes and who hold, and will hold, their shares in Countrywide as an investment (and not as securities to be realised in the course of a trade). The following is not, and is not intended to be, an exhaustive summary of the tax consequences of acquiring, holding and disposing of Qualifying Ordinary Shares or New Ordinary Shares and it does not constitute advice.

The comments may not apply to certain Shareholders who are subject to special rules, such as (but not limited to) dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Qualifying Ordinary Shares by virtue of an office or employment. If you are in any doubt as to your tax position or are subject to tax in any jurisdiction other than the UK, you should consult, and rely upon the advice of, a duly authorised professional adviser.

*The proposed Share Consolidation should constitute a reorganisation of Countrywide's share capital for the purposes of the UK's taxation of capital gains and corporation tax on chargeable gains ("CGT"). For the purposes of CGT, to the extent that you receive Consolidated Ordinary Shares and then New Ordinary Shares and Deferred Shares pursuant to the Share Consolidation, you should not be treated as making a disposal of any of your Qualifying Ordinary Shares or Consolidated Ordinary Shares. Instead, the New Ordinary Shares and Deferred Shares will be treated, for the purposes of CGT, as the same asset as, and as having been acquired at the same time and for the same aggregate cost as, the holding of Qualifying Ordinary Share from which they derive.*

*A subsequent disposal of New Ordinary Shares may, depending on individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK CGT. Any chargeable gain or allowable loss on a disposal of the New Ordinary Shares should be calculated taking into account a proportion of the allowable cost to the holder of acquiring their Qualifying Ordinary Shares based on an apportionment of the allowable expenditure for their Qualifying Ordinary Shares by reference to the market value of the New Ordinary Shares and Deferred Shares on the first day on which the New Ordinary Shares are listed. The Deferred Shares should not be regarded as having any value; hence, it is expected that all of a Shareholder's allowable cost of acquiring the Qualifying Ordinary Shares should be apportioned to their New Ordinary Shares.*

*Subject to the following paragraph, to the extent a shareholder receives a cash payment in respect of fractional entitlements, and the amount of the cash payment is small in comparison with the value of that shareholder's ordinary shares held at the time of the payment, that shareholder will not be treated as having made a part disposal of the Shareholder's holding of Qualifying Ordinary Shares. Instead, an amount equal to the amount of such cash received will be deducted from the base cost in that shareholder's New Ordinary Shares. Under current HMRC practice, any cash payment of £3,000 or less or (if greater) which is 5% or less of the market value of a shareholder's holding of ordinary shares immediately before the distribution will generally be treated as small for these purposes.*

*However, if the cash payment exceeds the base cost in the shareholder's New Ordinary Shares, or if the Shareholder does not hold enough Qualifying Ordinary Shares such that they are not entitled to receive a Consolidated Ordinary Share, the Shareholder would be treated as disposing of part or all of his or her holding of Qualifying Ordinary Shares and may give rise to a liability to UK CGT.*

*No liability to stamp duty or stamp duty reserve tax should be incurred by a holder of Qualifying Ordinary Shares as a result of the proposed Share Consolidation.*

## **16. United States Tax**

The following disclosure is limited to the US federal income tax issues addressed herein with respect to the US federal income tax treatment of the Share Consolidation for US Holders (defined below) that are the beneficial owners of Qualifying Ordinary Shares and hold such shares as capital assets for US federal income tax purposes. This discussion is not a complete analysis or listing of all of the possible tax consequences of such transactions and does not address all tax considerations that might be

relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules.

For purposes of this section, you are a “**US Holder**” if you are: (1) an individual citizen of the United States or a resident alien of the United States as determined for US federal income tax purposes; (2) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organized under the laws of the United States or any state thereof or the District of Columbia; (3) an estate the income of which is subject to US federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over its administration and one or more US persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury regulations to be treated as a US person as determined for US federal income tax purposes.

A US Holder will not recognise gain or loss in connection with the exchange of Qualifying Ordinary Shares for Consolidated Ordinary Shares and then New Ordinary Shares and Deferred Shares in the Share Consolidation, except to the extent of cash received in lieu of a Fractional Entitlement. Provided that Countrywide is not a PFIC (as discussed below) for the taxable year in which the Share Consolidation occurs and has not been a PFIC for any taxable year during which a US Holder has held Qualifying Ordinary Shares, the difference between the US Holder’s tax basis allocable to the Fractional Entitlement and the cash received upon the sale of such entitlement will be capital gain or loss, which will be long-term capital gain or loss if the US Holder has held its Qualifying Ordinary Shares for more than one year.

A US Holder’s tax basis in its New Ordinary Shares and Deferred Shares will equal its tax basis in its Qualifying Ordinary Shares less any tax basis that is allocable to any Fractional Entitlement. A US Holder’s holding period for its New Ordinary Shares and Deferred Shares will include its holding period for the Qualifying Ordinary Shares exchanged thereof.

Special US federal income tax rules may apply to a US Holder owning stock of a passive foreign investment company (a “**PFIC**”). A foreign corporation will be considered a PFIC for any taxable year in which (i) 75% or more of its gross income is passive income, or (ii) 50% or more of the average value (or, if elected, the adjusted tax basis) of its assets are considered “passive assets” (generally, assets that generate passive income).

Countrywide believes it is not currently a PFIC for US federal income tax purposes. However, the determination of PFIC status for any year is very fact specific, and there can be no assurance in this regard. Accordingly, it is possible that Countrywide may become a PFIC in the current taxable year or in future years. If Countrywide is classified as a PFIC in any year during which a US Holder holds Ordinary Shares, Countrywide generally will continue to be treated as a PFIC as to such US Holder in all succeeding years, regardless of whether Countrywide continues to meet the income or asset test discussed above.

If Countrywide has been a PFIC for any taxable year during which a US Holder has held Qualifying Ordinary Shares (including the taxable year in which the Share Consolidation occurs), then any gain realised on the sale of the Fractional Entitlement would be subject to an increased tax liability unless the US Holder has elected to be taxed currently on its *pro rata* share of Countrywide income, regardless of whether such income was distributed.

In general, US persons that hold shares of a PFIC may be able to make either a “mark-to-market” election or “qualified electing fund” (“**QEF**”) election to mitigate certain of the adverse tax consequences of holding shares in a PFIC. The “mark-to-market” election (to include gain or loss on the Qualifying Ordinary Shares as ordinary income under a mark-to-market method of accounting) is available to a US person holding shares in a PFIC only if such shares constitute “marketable stock” for purposes of the PFIC rules. Countrywide believes that the Qualifying Ordinary Shares are marketable stock and that so long as they are regularly traded on the LON, a US Holder should be able to make a mark-to-market election with respect to the shares if Countrywide were classified as a PFIC. The QEF election will not be available to US Holders if Countrywide does not provide the information necessary to make such an election. It is not expected that a US Holder will be able to make a QEF election because Countrywide does not intend to provide US Holders with the information necessary to make a QEF election.

Each US Holder is urged to consult its own tax advisor regarding Countrywide's PFIC classification, the consequences to such US Holder of Countrywide's PFIC classification, and the availability and the consequences of making a mark-to-market or QEF election.

#### **17. Effect on Share Plans**

In accordance with the rules of the Long Term Incentive Plan (the "LTIP"), the Deferred Share Bonus Plan (the "DSBP") and the Save As You Earn Plan (the "SAYE" and, together with the LTIP and the DSBP, the "Plans"), outstanding options and awards will be adjusted to take account of the Share Consolidation to the extent and in such manner as the Board or the Remuneration Committee (depending on the plan in question) may consider appropriate in the circumstances, subject (where required) to the requirements of relevant tax authorities. Any performance conditions attaching to outstanding LTIP awards may also be adjusted to take account of the Share Consolidation at the discretion of the Remuneration Committee, subject to the rules of the LTIP. Any adjustments to performance conditions will be intended to maintain the integrity of the original performance measure and will not make the targets any less challenging to achieve but for the change in capital structure. Full details of the performance measures and actual performance assessed will be disclosed in the respective Directors' Remuneration Report in due course.

Holders of options or awards under the Plans will be contacted separately in due course with further information on how (if at all) their awards will be affected by the Share Consolidation. Any adjustments made to options or awards under the Plans will be consistent with the effect of the Share Consolidation on Shareholders in terms of adjusting the number of Ordinary Shares subject to the option or award (and, where applicable, the exercise price) so that the economic value for award holders will be substantially the same following the Share Consolidation.

Ordinary Shares held by participants in the Share Incentive Plan (the "SIP") will be subject to the Share Consolidation in the same way as other Ordinary Shares. Participants in the SIP will be contacted with regard to the impact of the Share Consolidation on the Ordinary Shares held for them under the SIP.

### ***Part C: General Meeting***

#### **18. General Meeting**

The Sale, if completed, is of sufficient size relative to Countrywide to constitute a class 1 transaction for Countrywide under the Listing Rules. As such, the Sale is conditional upon the approval of Shareholders at the General Meeting. The Share Consolidation is also conditional upon the approval of Shareholders at the General Meeting.

Accordingly, a General Meeting is to be held at 25 Charterhouse Square, London EC1M 6AE at 10:00 a.m. on 23 December 2019 to seek Shareholder approval. A notice convening the General Meeting is set out at the end of this Circular.

#### **19. Actions to be taken**

Your support is important to us. Please read the notes to the Notice of General Meeting on pages 57 to 65 of this Circular for an explanation of how to attend and vote at the General Meeting, including how to appoint a proxy to attend and vote on your behalf.

If you have any queries relating to this Circular or attending and voting at the General Meeting, please telephone the Shareholder Helpline on:

**0371 664 0321 (from inside the United Kingdom)**

**+44 371 664 0321 (from outside the United Kingdom)**

This helpline is available from Monday to Friday (except public holidays in England and Wales) between 9:00 a.m. and 5:30 p.m. (London time). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide the information contained in this Circular and information relating to Countrywide's register of members and will be unable to provide advice on the merits of the Sale or provide financial, tax, investment or legal advice.

## **20. Further information**

Your attention is drawn to the further information set out in Part II (*Questions and Answers relating to the Sale*) to Part X (*Additional Information*) of this Circular. In particular, Shareholders should consider fully and carefully the risk factors associated with the Sale, which are set out in Part IV (*Risk Factors*).

## **21. Recommendation**

The Countrywide Board considers the Sale, the Share Consolidation and each of the Resolutions to be in the best interests of Countrywide and its Shareholders as a whole and unanimously recommends that Shareholders vote in favour of each of the Resolutions, as the Countrywide Directors intend to do in respect of their own individual beneficial holdings, which amount to 7,952,151 Countrywide Shares, representing approximately 0.5% of the Countrywide total issued ordinary share capital as at the Latest Practicable Date.

Yours faithfully,

**Peter Long**

Chairman  
Countrywide

## PART II

### QUESTIONS AND ANSWERS RELATING TO THE SALE

To help you to understand the proposed Sale, the following sets out some questions and provides brief answers. Shareholders should carefully read both the questions and the answers below and the Circular as a whole. In the event of any inconsistency between the contents of this Questions and Answers section and the contents of the other parts of this Circular, the other parts of this Circular shall prevail.

**Q: What is being proposed?**

A: We are proposing to sell LSH to the Purchaser. Countrywide will receive £38 million (less transaction costs) in cash proceeds.

**Q: Why have you decided to sell to the Purchaser?**

A: Following a challenging period for Countrywide, during which there was a loss of market share within Sales and Lettings and a decline in profitability, the Countrywide Board announced a three-year recovery plan in March 2018. The key pillars of the turnaround plan include:

- a “back-to-basics” approach in relation to the Sales and Lettings business unit with a renewed focus on what the Countrywide Group has traditionally done well in order to restore market share and profitability;
- growth in the sale of complementary services;
- a drive to enhance cost efficiency;
- the continued growth of the Countrywide Group’s B2B and Financial Services businesses; and
- a focus on financial discipline and cash flow.

LSH has experienced a significant slowdown in its transactional market as a result of political and economic uncertainty surrounding Brexit and in 2019 has seen a first half year on year decrease of 20% in transactional revenue, leading to an overall decrease of 9% in total revenue and a £5 million decline in Adjusted EBITDA (pre-IFRS16). As such, the sale of LSH for the Cash Consideration is consistent with the strategy underpinning the three-year recovery plan both in helping to streamline the activities of the Countrywide Group around residential property services and also in reducing the leverage ratio down to the Countrywide Group’s medium term target of 1.0x.

**Q: What parts of the business are being sold?**

A: LSH is the UK commercial real estate consultancy and transactional business of Countrywide. The key business lines of LSH include:

- **Acquisitions, disposals and lettings** – LSH provides advice to investors and developers on letting commercial property, marketing strategy and enhancing rental values. For tenants, LSH provides advice on subletting, assignments, disposal and acquisition of commercial property.
- **Airspace exchange** – LSH supports developers in utilising airspace to develop new housing and commercial space. As part of this, LSH (i) conducts appraisals to assess existing airspace and provides an estimated value; (ii) handles the planning process; and (iii) provides project management services.
- **Auctions** – LSH provides a platform for auctions of property, machinery and business assets.

- **Building consultancy** – LSH provides advice on the whole property lifecycle by formulating the initial construction appraisals, project managing the build process, maintaining and refurbishing the built asset and redeveloping obsolete property.
- **Capital markets** – LSH offers expert investment advice across offices, industrial assets, retail facilities, hotels, alternatives and portfolios.
- **Investment management** – LSH offers specialist property investment management services to businesses and invests across the full spectrum of commercial property in the UK.
- **Lease advisory** – LSH assists with lease restructuring, rent reviews and lease renewals and also provides lease consultancy advice.
- **Planning, development and regeneration** – LSH offers specialist planning and assistance with development, urban design, master-planning and regeneration.
- **Property finance** – LSH provides a service which helps to match lenders with those requiring capital across the UK and Ireland.
- **Property management** – LSH provides both commercial and residential property management services.
- **Valuation** – LSH's 131-strong team of RICS registered valuers provides customers with detailed reporting on the current and potential value of properties.

**Q: What will the business retained by Countrywide look like?**

A: The business carried on by the Retained Group will continue to be focused on three key areas:

- **Sales and Lettings** – this consists of a countrywide network of approximately 65 brands;
- **Financial Services** – this consists of a dedicated network of around 550 mortgage and protection consultants across the UK operating under the Countrywide brand, together with dedicated advisors in specialist businesses covering Buy to Let, new build property and a network business for third party advisors; and
- **B2B** – following the Sale, the key components of this line of business will be the provision of surveying and conveyancing to consumers, corporate clients, major lenders, investors, house builders, commercial businesses, corporations and housing associations.

**Q: In what way will the Countrywide brand be affected?**

A: The Board anticipates that there will be minimal adverse impact, if any, of the Sale on the Countrywide brand. This is due to the limited extent to which LSH has been integrated into the Countrywide business. Rather, LSH has operated largely as a standalone business and brand.

**Q: What am I being asked to approve with regards to the Sale?**

A: Because of its size, the Sale constitutes a class 1 transaction under the Listing Rules for Countrywide and, as such, you are being asked to approve the Sale and to authorise Countrywide's Directors to take all actions necessary in connection with the Sale. The exact wording of the Sale Resolution is set out in full in the Notice of General Meeting, contained at the end of this Circular.

**Q: What needs to happen for the Sale to complete?**

A: Completion is subject to the approval of the Shareholders at the General Meeting. If the Shareholders approve the Sale, we currently expect Completion of the Sale to occur on 31 December 2019.

**Q: How will the Sale affect my dividends?**

A: Countrywide continues to invest in cost and growth initiatives to build a sustainable and profitable business for the long term and remains committed to reducing its leverage. With this in mind, Countrywide does not expect to pay dividends in the medium term.

**Q: How do I vote?**

A: We intend to hold a General Meeting at 25 Charterhouse Square, London EC1M 6AE at 10:00 a.m. on 23 December 2019 to consider the Sale and to seek Shareholder approval. This Circular contains the Notice of General Meeting. It is important that you have your say. You can fill in an online voting form instead of coming to the General Meeting in person. The online voting form is available electronically via the shareholder portal at [www.countrywide-shares.co.uk](http://www.countrywide-shares.co.uk).

## PART III

### QUESTIONS AND ANSWERS RELATING TO THE SHARE CONSOLIDATION

To help you to understand the proposed Share Consolidation, the following sets out some questions and provides brief answers. Shareholders should carefully read both the questions and the answers below and the Circular as a whole. In the event of any inconsistency between the contents of this Questions and Answers section and the contents of the other parts of this Circular, the other parts of this Circular shall prevail.

**Q: What is the purpose of the Share Consolidation?**

A: It is proposed that the Sale is accompanied by a consolidation of Countrywide's ordinary share capital. As at the Latest Practicable Date, Countrywide had 1,641,303,439 Ordinary Shares in issue, having a mid-market price per Ordinary Share at the close of business on such date of 4.80 pence. This is a significant number of shares for a company with a market capitalisation of approximately £79 million (as at the Latest Practicable Date) and the Board considers the Share Consolidation to be in the best interests of Countrywide and its Shareholders, as it believes that the effect of the Share Consolidation will be to improve market liquidity by reducing the volatility and spread of Countrywide's New Ordinary Shares and make trading in Countrywide's shares more attractive to a broader range of institutional investors and other members of the investing public, both overseas and in the UK.

Broadly, the effect of the proposed Share Consolidation will be to decrease the number of Countrywide's Ordinary Shares in issue by a factor of 50 while increasing the trading price of each New Ordinary Share by a factor of 50. The purpose of the Share Consolidation is to try to ensure that, subject to fluctuations in line with the market, the overall value of each Shareholder's existing holding of Ordinary Shares immediately after the completion of the Share Consolidation should remain approximately the same as the value immediately beforehand.

Accordingly, following the Share Consolidation, you will own approximately the same proportion of Countrywide as you did prior to the Share Consolidation, subject to the handling of Fractional Entitlements.

You do not need to take any action in relation to this. We will send you a notification of the number of New Ordinary Shares you hold once we complete the Share Consolidation.

**Q: What is my tax position if I live in the UK?**

A: If you are a UK tax resident Shareholder then the Share Consolidation should be tax-neutral for ordinary investors. Please refer to section 15 of Part I (*Letter from the Chairman*) of this Circular for further information.

**Q: What is my tax position if I live in the US?**

A: US investors should generally not recognise any gain as a result of the Share Consolidation (other than gain that may be recognised on any payments received for Fractional Entitlements). Please refer to section 16 of Part I (*Letter from the Chairman*) of this Circular for further information.

**Q: What is my tax position if I live in a different country from those listed above?**

A: Shareholders who are subject to taxation in a jurisdiction other than the UK and the US, or who are in any doubt as to their tax position, should consult their own independent professional adviser, since the tax consequences of the Share Consolidation may vary for such Shareholders.

**Q: What will happen to the value of my shareholding?**

A: The total value of your holding of New Ordinary Shares should, subject to fluctuations in line with the market, approximately equal the total value of your current holding of Ordinary Shares. If you hold your Ordinary Shares in certificated form, you will be issued with a new share certificate in

respect of your New Ordinary Shares following the Share Consolidation. Your existing share certificate should then be destroyed.

**Q: What if I sell or transfer, or have sold or transferred, all or some of my Ordinary Shares?**

A: You will only be eligible to participate in the Share Consolidation in respect of the Ordinary Shares you hold at the Record Time.

## PART IV

### RISK FACTORS

*Prior to making any decision to vote in favour of the Sale Resolution at the General Meeting, Shareholders should consider the factors and the risks associated with the Sale, together with all other information contained in this Circular, including, in particular, the risk factors described below. The risks disclosed are those that: (i) are material risks to the Sale; (ii) will be material new risks to the Retained Group as a result of the Sale; or (iii) are existing material risks for the Countrywide Group that will be impacted by the Sale.*

*The risk factors in this document set out the necessary disclosure in accordance with the Listing Rules, and do not seek to cover all of the material risks which generally affect the Countrywide Group. Further information on the material risks which generally affect the Countrywide Group are set out in Countrywide's 2018 Annual Report.*

*The following is not an exhaustive list or explanation of all the risks that may affect the Countrywide Shares or the Countrywide Group. Additional risks and uncertainties relating to the Countrywide Shares and the Countrywide Group that are not currently known to the Countrywide Directors, or that the Countrywide Directors currently deem immaterial, may, individually or cumulatively, also have a material adverse effect on the business, financial results or financial condition and prospects of the Countrywide Group, and, if any such risk should materialise, the price of the Countrywide Shares may decline and investors could lose all or part of their investment.*

#### **PART A – RISKS RELATING TO THE SALE**

##### **1. Warranties, indemnities, undertakings and termination rights in the Share Purchase Documents could have a financial effect on Countrywide**

The Share Purchase Documents contain warranties, indemnities and undertakings given by relevant members of the Countrywide Group in favour of relevant members of the Purchaser Group, details of which are set out in Part V (*Principal Terms and Conditions of the Sale*) of this Circular. Certain of the warranties in the Share Purchase Agreement will be repeated at Completion by reference to the circumstances applicable at the time of Completion. While due diligence has been undertaken and limitations of liability have been negotiated as part of the Share Purchase Documents, any liability to make a payment arising from a successful claim by the Purchaser under the relevant provisions of the Share Purchase Documents would reduce the net sale proceeds and could have a material adverse effect on the financial condition of the Countrywide Group, and, if the Sale completes, the Retained Group. The Share Purchase Agreement also contains termination rights that can be exercised in certain circumstances.

##### **2. Completion of the Sale is subject to a number of conditions that may not be satisfied or waived**

Completion is conditional upon approval of the Sale by a simple majority of the shareholders of Countrywide following the issue of a circular containing the recommendation of the board of directors of Countrywide.

There is no guarantee that the condition will be satisfied and the Sale may, therefore, be delayed or may not complete at all. Delay in completing the Sale will prolong the period of uncertainty for the Countrywide Group, its customers and employees (including members of management). Such delay may also result in the accrual of additional costs to the businesses carried out by the Countrywide Group without any of the potential benefits of the Sale having been achieved. In addition, the Countrywide Group's management and employees would have spent time in connection with the Sale, which could otherwise have been spent more productively in connection with the other activities of the Countrywide Group. The satisfaction of this condition and completion of the Sale in compliance with the terms of the Share Purchase Agreement will also be subject to the receipt of corporate approvals and authorities from various members of the Countrywide Group and the Purchaser Group required in connection with the Sale and other steps to be completed by the parties in connection with the Sale that are not conditions to Completion.

## **PART B – NEW RISKS RELATING TO THE RETAINED GROUP**

### **1. The Retained Group's operations will be less diversified and will be more dependent on the performance of the relevant members of the Retained Group**

The Countrywide Group operates across a broad range of UK residential and commercial property markets in the provision of residential estate agency and property services. The Countrywide Group's business currently comprises three business units: (i) Sales and Lettings, (ii) B2B, and (iii) Financial Services. Following Completion, the Retained Group will primarily comprise the same three business units, but with a reduced B2B offering. The Retained Group's business will, as a result, be less diversified and will be more reliant on its residential business units. Consequently, the Retained Group will be more susceptible to the risks relating to residential real estate, including complementary services such as conveyancing, surveying and financial services, and will no longer benefit from the diversification provided by the inclusion of LSH in the Countrywide Group. Weak performance in the businesses of the Retained Group and any factors adversely affecting the residential real estate industry generally will likely have a greater adverse effect on the financial condition of the Retained Group than before the Sale.

### **2. Uncertainty or negative market sentiment regarding the sale and failure to maintain the strength of its reputation and the value of its brands could undermine the Retained Group's competitive advantage, results of operations and strategy**

The Retained Group's success and results will be dependent on the continued strength of its brand and reputation. The Board believes that the Countrywide Group's brands, trademarks and other intellectual property contribute significantly to its business and success and represent one of the Countrywide Group's most valuable assets. While the Countrywide Group is well recognised, and the LSH business has been operating on a largely standalone basis, there remains some possibility that the Sale will lead to an adverse market impact, including customer and client perception of the Retained Group as a narrower organisation if the Sale completes. Maintaining, promoting and positioning its brands will depend largely on the Retained Group's ability to provide consistent, high quality products and services to customers.

There is also the risk that any uncertainty surrounding the Sale (including any lack of clarity regarding the timing of Completion), or any neutral or negative sentiment regarding the Sale from clients, customers, consultants, investment advisers or employees of the Countrywide Group, may also have an adverse effect on the business, financial results and financial condition of the Countrywide Group before Completion, and the Retained Group following Completion.

### **3. A failure by Countrywide to maintain key partner alliances following the Sale could have a material adverse effect on the financial condition of the Retained Group**

The Countrywide Group has a number of material commercial relationships with banks, building societies, insurers and other key partners. The Retained Group's success and results will be dependent on the continued strength of these commercial relationships. Any negative sentiment or uncertainty surrounding the Sale among the Retained Group's corporate partners could have an adverse effect on these relationships.

In particular, given the importance of key partner alliances to the Countrywide Group's B2B strategy, the Sale, which directly affects Countrywide's B2B offering, could adversely affect such alliances. Additionally, the Sale could prompt key B2B business partners, with links to LSH as well as the Retained Group, to experience uncertainty about their future business prospects. There is a risk, therefore, that the Retained Group may be more susceptible to the risks relating to retention of major business partners or contracts than before the Sale.

While the Countrywide Group continues to focus on the strength of its corporate client management, and retaining as well as winning new clients, the loss of one of these business partners or contracts, or a significant reduction in volumes or fees, could have a significant impact on revenues in more than one area of the business and consequently on the Countrywide Group's profitability.

## **PART C – EXISTING RISKS TO COUNTRYWIDE THAT WILL BE IMPACTED BY THE SALE**

### **1. Exposure to UK housing market trends may increase following the Sale**

The Countrywide Group faces exposure to the UK housing market. The market continues to follow cyclical trends and to be impacted, in particular, by continuing uncertainty around the implications of the UK's planned exit from the EU (“**Brexit**”) and the delay in securing a deal with the European Union. As a result of the consequential uncertainty to the UK economy, in particular depending on whether there is a “no deal” (no transitional agreement) or “deal” (agreed transition) Brexit, the resultant market disruption, such as the impact to interest rates and the change in consumer spending habits, is unknown.

Following the Sale, Countrywide's commercial B2B offering will be reduced, and the resulting focus of the Retained Group on its core residential business units (UK and London Sales and Lettings) as part of its three-year recovery plan will increase its exposure to the UK residential market. As a result, Countrywide may be more vulnerable to adverse conditions in the UK housing market, such as a reduction in transaction levels or housing prices.

The terms of Brexit, which is currently due to occur on 31 January 2020, are not clear, and it is difficult to evaluate all of the potential implications for the UK housing market and on the Countrywide Group's trade, customers, suppliers and the wider economy. Further, a “no deal” Brexit is not the policy of any of the three major political parties ahead of the UK general election in December 2019. Accordingly, the Countrywide Directors consider a “no deal” or disorderly Brexit to be a high impact, low probability risk that is not viewed, therefore, as being a reasonable assumption for the purposes of business planning and making Countrywide's working capital statement. In the highly unlikely event that such a scenario materialises, this could adversely impact on Countrywide's business, results of operations, financial condition or prospects.

Further, there remains a high correlation between (i) UK housing market transaction volumes and prices of houses sold, and (ii) business performance within areas such as estate agency, conveyancing, surveying, mortgage broking and in relation to other complementary services that are offered. Therefore, a reduction in transactional market volumes or housing prices, and, in turn, a reduction in the volume of sales in complementary services, could have a further adverse effect on the Countrywide Group's business, results of operations, financial condition or prospects.

### **2. Countrywide's ability to pay dividends in the future is not guaranteed and that position is not improved by the Sale**

Countrywide has not declared a dividend since July 2016. The Board does not expect to pay dividends in the medium term, during which the Countrywide Group will invest in the business in conjunction with its strategy and turnaround plan. Countrywide's ability to pay dividends in the future will be impacted by the disposal of LSH, as a contributor to distributable reserves of the Countrywide Group, and will depend on (among other things) improved financial performance and successful implementation of its turnaround strategy. Countrywide's debt financing facility restricts Countrywide's ability to pay dividends unless it meets certain leverage ratio targets. In addition, under UK company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. As a parent company, Countrywide's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends to Countrywide by its subsidiaries is, in turn, subject to restrictions, including certain statutory requirements and the existence of sufficient distributable reserves and cash in those subsidiaries. Additionally, any change in the tax or accounting treatment of dividends or investment income received by Countrywide may also reduce the amount available for distribution to Shareholders. The Countrywide Directors can give no assurances that they will be able to pay a dividend in the future.

### **3. The Countrywide Group may not achieve its strategic and turnaround plans or realise the expected benefit from such plans, which could have a material effect on the Countrywide Group's financial and competitive position**

On 8 March 2018, in response to a steep decline in the Countrywide Group's profitability (operating loss for 2017: £198.6 million; operating profit for 2016: £28.9 million; operating profit for 2015: £53.8 million), Countrywide announced a new strategy and turnaround plan as part of its planned return to growth strategy. The Countrywide Group's strategy and turnaround plan, or the implementation of it, may not

be successfully achieved, in whole or in part, including as a result of internal and external factors, some of which may be beyond the Countrywide Group's control. In addition, the Countrywide Group may fail to realise, or experience delays in realising, the potential and anticipated benefits, including expected cost and revenue benefits, operational efficiencies, synergies (including through the sale of complementary products and services) and other benefits, of such plans.

Failure to achieve or realise the benefits of the strategic and turnaround plan, within a reasonable time and within the Countrywide Group's anticipated cost parameters, may result in the Countrywide Group incurring higher than expected costs and may adversely impact its revenue growth and profitability, which could have a material adverse effect on the Countrywide Group's business, results of operations, financial condition or prospects. Even if the Countrywide Group is able to fully realise its strategic goals and turnaround plan, there is no guarantee that the Countrywide Group will return to profitability promptly, or indeed at all.

**4. The Countrywide Group relies on its ability to sell services that are complementary to the sale and letting of residential properties. The Countrywide Group's ability to sell complementary services is not guaranteed and may be impacted by the Sale**

The Countrywide Group seeks to capture revenue streams at each stage of a typical residential property sale, from listing to completion. 44 *per cent.* of the Countrywide Group's revenue in 2018 was derived from the provision of services that are complementary to the sale of residential property, including conveyancing, surveying and financial services. In particular, the Countrywide Group's estate agency operations in the Sales and Lettings business unit are used as a distribution channel to sell complementary services from the B2B and Financial Services business units. As a result of this relationship between the Countrywide Group's different business functions, a decrease in the number of customers in the Sales and Lettings business unit, or a failure to sell complementary services effectively or offer a fully integrated service, could have a material adverse effect on the income that the Countrywide Group derives from services provided in the B2B and Financial Services business units (particularly in businesses such as conveyancing, which is heavily reliant on referrals). Further, following Completion of the Sale, without the complementary services provided by LSH, Countrywide's ability to offer a fully-integrated service and cross-sell services from its B2B division may be reduced.

Customers may instead procure complementary services from sources outside the Countrywide Group, which would decrease revenue generated by the B2B and Financial Services business units. Future changes in law or regulation may also limit or proscribe the Countrywide Group's ability to sell complementary services or subject it to more onerous conduct of business requirements. In addition, any reduction in the propensity of landlords to use the Countrywide Group's property management services could result in reduced revenues.

Any of the foregoing factors could have a material adverse effect on the Countrywide Group's ability to sell complementary services and, therefore, could impact its business, results of operations, financial condition or prospects.

**5. The Countrywide Group's business and its ability to execute its strategy are dependent on retaining key personnel and attracting qualified employees**

The Countrywide Group's ability to maintain its competitive position and to implement its strategy and turnaround plan depends in part on it attracting, developing, motivating and retaining senior management, employees and other personnel of the highest quality. There is significant competition for qualified and experienced employees in the Countrywide Group's industry, which is characterised by high levels of employee turnover, and the Countrywide Group expects that competition for employees in the industry, particularly in the fields of surveying and mortgage consulting where employees must be authorised by relevant regulators, will continue to increase. The Countrywide Group incurs significant costs in training new employees and may be unable to attract, retain and motivate such employees, which could result in wasted training costs as well as an increase in the Countrywide Group's costs to incentivise existing employees and attract new employees. Further, there is a risk that employees may choose to leave Countrywide due to a lack of confidence in the Retained Group and the actual or perceived business priorities of the Retained Group, or a lack of support for the Sale.

The loss of key personnel, whether at Board or senior management level or within the Countrywide Group's branch network or otherwise, or a failure to recruit, retain and adequately train key personnel

and qualified employees, could have a material adverse effect on the Countrywide Group's ability to execute its strategy and turnaround plan, disrupt its business and impact its ability to compete, which could in turn adversely impact on its business, results of operations, financial condition or prospects.

**6. Competition, including from competitors with do-it-yourself or hybrid offerings or offerings with different charging schemes, could have a material adverse effect on the Countrywide Group's results of operations**

The Countrywide Group operates across a range of highly competitive markets, a number of which are experiencing changes due to technological advancements. Competition in the types of products and services that the Countrywide Group provides is based on many factors, including the overall geographic scope of business, reputation, strategic partnerships and customer relationships, the skills and qualifications of employees, the ability to attract and retain employees, the products and services offered, level of commissions charged, contract terms and operational efficiencies. The nature of the competition faced by the Countrywide Group may be affected by disruption and deterioration in the UK financial market and economic downturns, as well as by governmental responses to such competition.

The Countrywide Group faces competition on a local and national basis, particularly in the estate agency, lettings, surveying and estate and asset management businesses. Following Completion of the Sale, the Countrywide Group may find it difficult to secure mandates for the sale of residential property arising from new developments where its commercial property consultancy and advisory business has not been responsible for the upstream land and planning development. Apart from competition from other full service estate agencies and lettings services providers (for example, Connells, Savills, Foxtons and LSL), the Countrywide Group has also in recent years faced competition from competitors with do-it-yourself and hybrid offerings (for which an agent receives a fee for listing a property, whether or not the property is sold) such as Purplebricks and Yopa. Competitors with do-it-yourself offerings or different charging schemes typically have lower operating costs because they automate certain tasks like viewing timetabling and sending offers to sellers. Increased competition, including from such competitors, may reduce both the number of transactions facilitated by the Countrywide Group and the commission and price levels that the Countrywide Group is able to charge. It may also affect the way in which the Countrywide Group structures its fees and charging schemes in the future.

In addition, an increase in the use by lenders of automated services, such as automated valuation models, which is a service that provides real estate property valuations using mathematical modelling combined with a database, may lead to a decrease in the volume and price of surveys undertaken by the Countrywide Group.

A failure to compete effectively, including against market participants with do-it-yourself or hybrid offerings that have not traditionally been direct competitors, may result in the loss of existing business and potential new business and a reduction in profitability, which could have a material adverse effect on the Countrywide Group's business, results of operations, financial condition or prospects.

**7. The price of Countrywide Shares has fluctuated and may continue to fluctuate**

Countrywide Shareholders should be aware that the value of an investment in Countrywide Shares may go down as well as up. The price of Shares may fall in response to market appraisal of the Sale, the Countrywide Group's current strategy or if the Countrywide Group's results of operations or prospects, from time to time, are below the prior expectations of market analysts and investors. Countrywide has a number of major Shareholders with material holdings; if any of these Shareholders were to choose to sell their Countrywide Shares as a result of the Sale, this could cause significant fluctuations in the value of Countrywide Shares. In addition, stock markets have, from time to time (including recently), experienced significant price and volume fluctuations that affect the market price of Countrywide Shares. A number of factors outside the control of the Countrywide Group may affect the price of Countrywide Shares. The factors that may affect Countrywide's share price include (but are not limited to):

- (A) the Countrywide Group's targeted and actual results of operations and the performance of other companies in the markets in which the Countrywide Group operates;

- (B) speculation about the Countrywide Group's prospects, business, business partners, mergers or acquisitions involving the Countrywide Group or major divestments by the Countrywide Group in the press, media or investment community, in particular in response to the Sale;
- (C) changes in markets conditions or legislative and regulatory developments which are relevant to the Countrywide Group's business;
- (D) the publication of research reports by analysts; and
- (E) the Countrywide Group's financial condition and ability to comply with its debt covenants.

Countrywide has no current plans for a subsequent offering of Countrywide Shares within 12 months from the date of this Circular. However, it is possible that Countrywide may decide to offer additional Countrywide Shares in the future. An additional offering or a significant sale of Countrywide Shares by any of Countrywide's major Shareholders may adversely affect the market price of Countrywide Shares.

## PART V

### PRINCIPAL TERMS AND CONDITIONS OF THE SALE

#### Share Purchase Agreement

##### *Parties and structure*

The Share Purchase Agreement was entered into on 28 November 2019 between Countrywide Group plc (the “**Seller**”), a wholly-owned subsidiary of Countrywide, and the Purchaser, pursuant to which the Seller has agreed, on the terms and subject to the Condition (as defined below), to sell and transfer the entire issued share capital of LSH to the Purchaser. The Share Purchase Agreement is governed by the laws of England and Wales.

##### *Consideration and conditions to Completion*

The cash consideration for the purchase of LSH is £38 million (the “**Cash Consideration**”) which is subject to an adjustment up, in favour of the Seller, if the cash in the LSH Group at Completion is more than £350,000, or down, in favour of the Purchaser, if the cash in the LSH Group at Completion is less than £350,000. The obligations of the parties to the Share Purchase Agreement to complete the Sale are subject to the approval of the Sale by a simple majority of the shareholders of Countrywide following the issue of a circular containing the recommendation of the board of directors of Countrywide (the “**Condition**”) by the Long Stop Date (as defined below). Countrywide and its Board agreed to include a unanimous recommendation to Shareholders to vote in favour of the Sale Resolution at the General Meeting in this document.

##### *Warranties, indemnities and limitations on liability*

The Seller has given warranties to the Purchaser that are customary for a transaction of this nature. These include, among other things, warranties in respect of its power and authority to enter into and perform the Share Purchase Agreement, legal and beneficial title to the shares in LSH, accounts and financial matters, contracts, insolvency proceedings, compliance and litigation, matters relating to employees and employee benefits, compliance with laws, intellectual property, information technology, data protection, real estate matters, health and safety and the environment, pension arrangements, insurance and taxation. These warranties will be repeated by the Seller at Completion by reference to the facts and circumstances existing at Completion.

The warranty claims are subject to financial and other limitations of liability, including an aggregate claims threshold of £400,000, an individual claims threshold of £40,000 and an overall cap on all warranty claims and claims relating to the LSH Group’s tax liabilities of £32.5 million. The Share Purchase Agreement also contains customary time limitations and other limitations and exclusions on the ability of the Purchaser to claim against the Seller in respect of the warranties.

The Seller has also given indemnities in favour of the Purchaser in relation to some litigation involving LSH, breaches of data protection laws and some regulatory breaches. All of these fall within the overall cap referred to above. In addition, the Seller has agreed to indemnify the Purchaser against any liability that may arise from certain claims made by the management of LSH for past incentivisation payments which Countrywide believes to be without merit.

The Share Purchase Agreement contains certain customary financial limitations, time limitations and other limitations and exclusions on the ability of the Purchaser to claim against the Seller for breach of the Share Purchase Agreement (save in respect of fraud).

##### *Professional indemnity insurance claims*

The Seller has agreed to give an indemnity for any uninsured losses in relation to negligence claims against the LSH Group notified to the LSH Group on or before 31 December 2019. This liability is capped at £2.3 million. There are provisions dealing with the conduct of defending these claims in which the Seller will be involved.

### ***Appointed Representative***

There is a limited obligation to continue to allow a LSH Group company to remain an appointed representative of a company in the Countrywide Group for up to 6 months post Completion if an alternative principal cannot be sourced.

### ***Conduct of LSH prior to Completion***

The Seller has agreed that, subject to customary exceptions, the business of LSH will be carried on in the ordinary course until Completion. The Seller has also agreed to customary limitations on the conduct of its business in the period prior to Completion.

### ***Termination***

The Share Purchase Agreement can terminate in a number of scenarios by notice or automatically, as follows:

- (A) If the Seller becomes aware of any matter which would constitute a breach of any of the warranties as repeated at Completion, by reference to the facts and circumstances existing at Completion, and notifies the Purchaser in accordance with the Share Purchase Agreement, the Purchaser may by written notice postpone Completion by a limited period or elect to terminate the Share Purchase Agreement, at any time before Completion, if the effect of the breach (or cumulative effect of multiple breaches) is or would be material. For these purposes "material" means a breach which would have a financial impact on the LSH Group of £400,000 or more.
- (B) If either the Seller or the Purchaser does not or cannot fulfil its representative material obligations at the time Completion is due to take place, the non-defaulting party will have postponement and subsequent termination rights.
- (C) The Share Purchase Agreement will terminate automatically and the Sale will not proceed if the Condition has not been satisfied by 5.30 p.m. on 20 January 2020 (the "**Long Stop Date**").

If the Share Purchase Agreement terminates because the Seller has been unable to satisfy the Condition by the Long Stop Date or because of a material breach of warranty or conduct provisions (between exchange and Completion) the Seller is liable to make a contribution to the Purchaser's costs of £300,000.

### ***Transitional Services Agreement***

As part of the transaction it is proposed that the Seller enter into the Transitional Services Agreement with LSH at Completion, pursuant to which the Seller will provide or procure the provision of a range of transitional services to LSH following Completion including the following categories of services:

- (A) Assistance with the procurement of a licence to use certain finance software used by the Seller to process its corporation tax and VAT data and assistance from the software vendor to map across the LSH historical corporation tax and VAT data from the Seller's system to the LSH system.
- (B) The provision of a copy of certain financial returns submitted by the Seller to HMRC in relation to LSH for the financial year ended 31 December 2019.
- (C) To the extent this has not been done prior to Completion, reasonable efforts to novate vehicle leases, printer leases and software licences relating to the LSH business to LSH and, until this is done, to procure the right for LSH to use the same and (if not transferred within 20 business days of Completion) to transfer to LSH certain domain names relating to the LSH business. In relation to the procurement of the novations and rights to use, LSH has a reciprocal obligation to use reasonable endeavours to procure this.
- (D) The provision of fleet management services to LSH for a maximum of 6 months.
- (E) To the extent that relevant data has not been transferred to LSH from the One Trust Software prior to Completion such reasonable assistance to allow LSH to extract or receive an export of data relating exclusively to LSH and its Group for up to 6 months after Completion.

- (F) Where historical call recording data relating to LSH resides on the Seller's equipment and the Seller and LSH have not been able to reach agreement on a complete extraction and handover process by Completion, then the Seller shall use its reasonable endeavours to provide such information to LSH in response to bona fide requests for such information on specific matters from LSH, for a period of up to 6 months from Completion.
- (G) To the extent that it has not done within 20 business days of Completion, the Seller shall use its reasonable endeavours to complete the preparation of a report which is materially compliant with IFRS16 in respect of certain leases and deliver of such report to LSH as soon as reasonably practicable following Completion.
- (H) To the extent that as at Completion, LSH has not entered into an agreement to allow for the provision of the existing health insurance and other benefits for LSH's staff on a stand alone basis separate from the Seller's Group, the Seller shall use its reasonable endeavours to provide such reasonable assistance as LSH may reasonably require to enable LSH to enter into such agreement.
- (I) A number of the Seller and LSH employees share occupation of properties around the country and short term licences are being granted each way to allow an orderly exit from those premises by the relevant Seller or LSH employees.
- (J) The lease of LSH's main office, at UK House is in the name of the Seller. This is to be assigned to LSH subject to obtaining the relevant landlord's consent. As part of this the Seller is seeking the ability for its Hamptons business to share occupation and meeting room usage.

#### ***Term, termination and migration***

The transitional service in (A) above will be provided for up to 6 months beginning on Completion unless terminated earlier in accordance with the Transitional Services Agreement. The Transitional Services Agreement will automatically terminate after 6 months. The parties have customary rights to terminate for cause and LSH is entitled to terminate any of the services under the Transitional Services Agreement on 30 days' notice provided that this will not affect LSH's obligations to use reasonable endeavours in relation to the reciprocal procurement obligations referred to above.

#### ***Service standard***

The standards to which the transitional services are to be provided shall be reasonable skill and care in the same manner and to the same standard as the Services were provided by it to LSH before the date of this Agreement and in accordance with applicable laws.

#### ***Service charges***

Aside from pass through costs in relation to the lease and licence agreements referred to above until they have been novated to LSH there are no charges for the services set out above.

#### ***Liability***

There is a standard exclusion of any indirect loss and the maximum aggregate liability of each party in connection with the Transitional Services Agreement is limited to £50,000. LSH's liability is uncapped in relation to loss suffered by the Seller as a result of breach by LSH of certain third party agreements relating to the services including the lease and licence agreements referred to above.

#### ***Referral Agreement***

The Referral Agreement is in agreed form between the Seller and the Purchaser pursuant to which the Seller and LSH may provide one another with introductions to potential customers for sales agency and other consultancy services following Completion or any other date on which the Referral Agreement is executed (the "**Referral Services**"). The Referral Agreement also obliges Countrywide to provide certain market reports, where reasonably requested by LSH.

#### ***Provision of referral services***

Countrywide and the Purchaser have agreed that the Referral Agreement does not impose any obligations of exclusivity, or to provide or receive the Referral Services, on either party.

***Term and termination***

The initial term of provision of the Referral Services will expire three years from the date of execution of the Referral Agreement, unless terminated earlier in accordance with the Referral Agreement. The parties have customary rights to terminate for cause, and rights to agree an extension to the Referral Agreement.

***Charges***

The parties have agreed commercial and mutual commission terms for the provision of the Referral Services. Countrywide will be paid a fixed fee for the provision of each market report.

## PART VI

### RIGHTS ATTACHING TO THE DEFERRED SHARES

Deferred Shares shall have the rights, and shall be subject to the restrictions, set out below:

1. On a winding-up or other return of capital, the Deferred Shares shall entitle the holders of those shares to receive an amount equal to their nominal value in priority to any further distributions on the New Ordinary Shares once the sum of £1,000.00 has been distributed on each New Ordinary Share.
2. The Deferred Shares shall not entitle the holders of such shares to receive any dividend or other distribution (other than pursuant to 1 above) or to receive notice of, or to attend, speak or vote at, any general meeting of Countrywide.
3. The Deferred Shares shall not, save as provided below, be transferable.
4. Countrywide shall have an irrevocable authority from each holder of Deferred Shares at any time to do all or any of the following without obtaining the sanction of the holder or holders of the Deferred Shares:
  - (A) to appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all or any of those shares and/or an agreement to transfer the same (without making any payment for them) to such person or persons as Countrywide may determine and to execute any other documents which such person may consider necessary or desirable to effect such transfer, in each case without obtaining the sanction of the holder(s) and without any payment being made in respect of such acquisition; and
  - (B) to purchase all or any of the shares without obtaining the consent of the holders of those shares in consideration whose shares are purchased for an amount not exceeding £0.01 in respect of all of the Deferred Shares then being purchased, and:
    - (i) for the purposes of any such purchase, to appoint any person to execute an instrument of transfer in respect of such shares to Countrywide on behalf of any holder of Deferred Shares; and
    - (ii) to cancel all or any of the Deferred Shares purchased.

The reduction of capital paid up on the Deferred Shares and/or the creation or issue of further shares in the capital of Countrywide ranking in priority for payment of a dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by the Deferred Shares shall be deemed not to vary or abrogate the rights attaching to the Deferred Shares.

## PART VII

### PRESENTATION OF INFORMATION

#### 1. Website and media information

The contents of Countrywide's website ([www.countrywide.co.uk](http://www.countrywide.co.uk)), the contents of any website accessible from hyperlinks on such website or any other website referred to in this Circular do not form part of this Circular and Shareholders should not rely on them.

Furthermore, Countrywide does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Sale or the Countrywide Group. Countrywide, the Countrywide Directors, the Countrywide Group, Jefferies or Barclays or other persons involved in the Sale make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

#### 2. Forward-looking statements

This Circular (including information incorporated by reference into this Circular), oral statements regarding the Sale and other information published by Countrywide contain certain forward-looking statements with respect to the financial condition, strategies, objectives, financial results and businesses of Countrywide.

These forward-looking statements can be identified because they do not relate only to historical or current facts. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations, assumptions and projections of the management of Countrywide about future events, and are therefore subject to known and unknown risks and uncertainties, which could cause actual results, performance or events to differ materially from the future results, performance or events expressed or implied by the forward-looking statements. The forward-looking statements contained in this Circular include statements relating to the expected effects of the Sale on Countrywide and the potential exposure of the Retained Group to market risks; statements as to accretion; statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including future potential cost savings, earnings, return on average capital employed, production and prospects; and other statements other than historical facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "project", "intend", "plan", "goal", "believe", "hope", "aims", "risks", "probably", "continue", "will", "may", "should", "would", "could", "seek", "objectives", "outlook" or other words of similar meaning.

Forward-looking statements are based on assumptions and assessments made by Countrywide in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes to be appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Circular could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and readers are therefore cautioned not to place undue reliance on these forward-looking statements.

Several factors could cause actual results to differ materially from those expressed in or implied by forward-looking statements. These include changes in the global, political, economic, business, competitive, market and regulatory forces, and more specifically: future exchange and interest rates and the performance of financial markets generally; the policies and actions of regulatory authorities; the impact of competition, inflation and deflation; experience in particular with regards to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards; changes in tax rates; the timing, impact and other uncertainties of future business combinations or dispositions within relevant industries or undertaken by Countrywide and its affiliates (including those associated with acquisitions, disposals or combinations announced by Countrywide or its affiliates which have yet to complete including the Sale); and other legislation and

regulations (including changes to the regulatory capital requirements that Countrywide is subject to) in the jurisdictions in which the Countrywide Group or the Purchaser Group operates.

For a discussion of important factors that could cause actual results to differ from forward-looking statements in relation to the Countrywide Group, refer to page 164 of Countrywide's 2018 Annual Report, which is incorporated by reference into this Circular as set out in section 16 of Part X (*Additional Information*) and available for inspection as set out in section 15 of Part X (*Additional Information*).

All forward-looking statements contained in this Circular are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Readers should specifically consider the factors identified in this Circular that could cause actual results to differ before taking any action in respect of the Sale. Specific reference is made to Part I (*Letter from the Chairman*) and Part IV (*Risk Factors*).

Each forward-looking statement speaks only as at the date of this Circular. Neither Countrywide nor the Countrywide Group assumes any obligation to update or correct the information contained in this Circular (whether as a result of new information, future events or otherwise), except as required by the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and any applicable law. In light of these risks, results could differ materially from those stated in, implied by or inferred from the forward-looking statements contained in this Circular.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion as to working capital set out in section 12 of Part X (*Additional Information*).

### **3. No forecasts or estimates**

No statement in this Circular is intended as a profit forecast or estimate for any period.

No statement in this Circular should be interpreted to mean that earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for the Countrywide Group, for the current or future financial years, would necessarily match or exceed the historical published earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for Countrywide.

### **4. Rounding**

Certain financial data have been rounded and, as a result of this rounding, the totals of data presented in this Circular may vary slightly from the actual arithmetic totals of such data.

### **5. Incorporation by reference**

Certain information in relation to the Countrywide Group is incorporated by reference into this document. Further information is set out in section 16 of Part X (*Additional Information*) of this Circular. Without limitation, unless expressly stated herein, the contents of the websites of the Countrywide Group, and any links accessible through the websites of the Countrywide Group, do not form part of this Circular.

### **6. No offer or solicitation**

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

### **7. Defined terms**

The meanings of defined terms used in this Circular are set out in Part XI (*Definitions*).

## PART VIII

### HISTORICAL FINANCIAL INFORMATION FOR THE LSH GROUP

The following historical financial information relating to the LSH Group has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial information of the Countrywide Group for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 and the unaudited interim financial information for the six months ended 30 June 2019.

The financial information in this Part VIII (*Historical Financial Information for the LSH Group*) has been prepared using the IFRS accounting policies of the Countrywide Group. The accounting policies used are consistent with the accounting policies adopted in Countrywide's published consolidated financial statements for each of the financial years presented.

The financial information reflects, therefore, the LSH Group's contribution to the Countrywide Group during this period, applying the relevant accounting policies.

The financial information contained in this Part VIII (*Historical Financial Information for the LSH Group*) does not constitute statutory accounts within the meaning of section 240 of the CA 1985 or, as the case may be, section 434(3) of the CA 2006. The consolidated statutory accounts of Countrywide in respect of the years ended 31 December 2016, 31 December 2017 and 31 December 2018 have been delivered to the Registrar of Companies.

PwC was the auditor of the Countrywide Group in respect of the years ended 31 December 2016, 31 December 2017 and 31 December 2018.

PwC has issued unqualified audit opinions on the financial statements of Countrywide for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018. The audit report in respect of 2017 expressed a material uncertainty as to the ability of Countrywide and the Countrywide Group to continue as a going concern.

Shareholders should read the whole of this Circular and not rely solely on the financial information contained in this Part VIII (*Historical Financial Information for the LSH Group*).

**1. Historical income statements for LSH for the three years ended 31 December 2018 and the six months ended 30 June 2019**

	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2018	Six months ended 30 June 2019 <sup>2</sup>
	£m	£m	£m	£m
Revenue	117.3	116.0	111.8	49.0
Other income	0.4	0.2	0.2	–
	<b>117.7</b>	<b>116.2</b>	<b>112.0</b>	<b>49.0</b>
Employee benefit costs	(70.1)	(69.4)	(71.2)	(33.9)
Other operating costs	(31.8)	(31.2)	(29.2)	(13.7)
Adjusted EBITDA <sup>4</sup>	<b>15.8</b>	<b>15.6</b>	<b>11.6</b>	<b>1.4</b>
Depreciation and amortisation	(2.4)	(2.6)	(2.3)	(2.3)
<b>Operating profit/(loss) before exceptional items and share based payments<sup>3</sup></b>	<b>13.4</b>	<b>13.0</b>	<b>9.3</b>	<b>(0.9)</b>
Net finance costs	–	–	–	(0.4)
Share based payments	–	(0.1)	(0.2)	(0.1)
Exceptional items <sup>3</sup>	(5.2)	(2.3)	0.6	–
<b>Net profit/(loss) before taxation<sup>1, 5</sup></b>	<b>8.2</b>	<b>10.6</b>	<b>9.7</b>	<b>(1.4)</b>

**Notes:**

- (1) The income statements above do not include an allocation of interest and tax as it is not possible to provide a meaningful allocation of these costs to LSH.
- (2) The income statement for the six months ended 30 June 2019 includes the impact of IFRS16. The business adopted IFRS16 retrospectively from 1 January 2019, but has not restated the comparatives as permitted under the specific transitional provisions in the standard.
- (3) Exceptional items are items which are material or non-recurring in nature.
- (4) Adjusted EBITDA (a non-GAAP measure of earnings before interest, tax, depreciation, amortisation, exceptional items<sup>3</sup>, contingent consideration, share-based payments and share of profits/(losses) from joint venture) for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 and the period ended 30 June 2019 is as follows:

	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2018	Six months ended 30 June 2019 <sup>2</sup>
	£m	£m	£m	£m
<b>Operating profit/(loss)</b>	<b>8.2</b>	<b>10.6</b>	<b>9.7</b>	<b>(1.0)</b>
<b>Add back:</b>				
Share based payments	–	0.1	0.2	0.1
Exceptional items <sup>3</sup>	5.2	2.3	(0.6)	–
Depreciation and amortisation	2.4	2.6	2.3	2.3
<b>Adjusted EBITDA</b>	<b>15.8</b>	<b>15.6</b>	<b>11.6</b>	<b>1.4</b>

- (5) The income statement presented above is unaudited.

## 2. Historical net assets statement for LSH as at 31 December 2018 and 30 June 2019

	31 December 2018	30 June 2019 <sup>1</sup>
	£m	£m
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill <sup>2</sup>	6.3	–
Other intangible assets	5.7	5.0
Property, plant and equipment	2.3	1.9
Right of use assets	–	10.9
Deferred tax asset	0.8	0.8
	<u>15.1</u>	<u>18.6</u>
<b>Current assets</b>		
Trade and other receivables	29.4	22.8
Cash and cash equivalents	1.8	4.1
	<u>31.2</u>	<u>26.9</u>
<b>Total assets</b>	<u>46.3</u>	<u>45.5</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	(22.4)	(20.1)
Tax liabilities	(0.5)	–
Lease liabilities	–	(2.4)
Provisions	(2.9)	(3.0)
	<u>(25.8)</u>	<u>(25.5)</u>
<b>Non-current liabilities</b>		
Lease liabilities	–	(9.6)
	–	<u>(9.6)</u>
<b>Total liabilities</b>	<u>(25.8)</u>	<u>(35.1)</u>
<b>Net assets</b> <sup>1, 3</sup>	<u>20.5</u>	<u>10.4</u>

### Notes:

- (1) The net asset statement as at 30 June 2019 is presented under IFRS, and includes the impact of IFRS16. The business adopted IFRS16 retrospectively from 1 January 2019, but has not restated the comparatives as permitted under the specific transitional provisions in the standard.
- (2) As a result of the recognition of right-of-use assets on adoption of IFRS16 on 1 January 2019, the carrying value of LSH was higher than its value in use. The carrying value of assets, specifically goodwill, were therefore impaired, with impairment charges amounting to £13.5 million recognised against goodwill and then prorated across all other assets, including the right of use assets. The impairment charges were recorded in retained earnings as part of the IFRS16 opening adjustment.
- (3) The net assets statement presented above is unaudited.

## PART IX

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of net assets of the Retained Group set out below (the “**Unaudited Pro Forma Financial Information**”) has been prepared in accordance with Annex 20 of the PR Regulation and on the basis of the notes set out below to illustrate the effect of the Sale on the consolidated net assets of the Retained Group as if the Sale had occurred on 30 June 2019.

The Unaudited Pro Forma Financial Information has been prepared on the basis of the financial information of Countrywide and LSH as at 30 June 2019, the date to which the latest unaudited financial information in relation to both entities was prepared. The Unaudited Pro Forma Financial Information has been prepared pursuant to Listing Rule 13.3.3R in a manner consistent with the accounting policies of the Countrywide Group.

The Unaudited Pro Forma Financial Information is shown for illustrative purposes only and because of its nature addresses a hypothetical situation. It does not represent the actual financial position of the Retained Group. Furthermore, it does not purport to represent what the Retained Group’s financial position would actually have been if the Sale had been completed on the indicated date and is not indicative of the results that may or may not be expected to be achieved in the future. The Unaudited Pro Forma Financial Information set out in this section does not constitute financial statements within the meaning of section 434 of the CA 2006.

Shareholders should read the whole of this Circular and not rely solely on the Unaudited Pro Forma Financial Information contained in this Section A of this Part IX (*Unaudited Pro Forma Financial Information*) of this Circular.

PwC’s report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part IX (*Unaudited Pro Forma Financial Information*).

**Section A: Unaudited consolidated pro forma statement of net assets relating to the Retained Group**

**1. Retained Group unaudited consolidated pro forma statement of net assets as at 30 June 2019**

	Adjustments				Retained Group Pro Forma
	Group (Note 1)	LSH Adjustments (Note 2)	Net Proceeds (Note 3)	Decon- solidation and completion adjustment (Note 4)	
	£m	£m	£m	£m	£m
<b>Non-current assets</b>					
Goodwill	189.3	–	–	–	189.3
Other intangible assets	64.7	(5.0)	–	(27.7)	32.0
Property, plant and equipment	8.3	(1.9)	–	–	6.4
Right of use assets	39.0	(10.9)	–	–	28.1
Investment in associates and joint ventures	1.5	–	–	–	1.5
Financial assets at fair value through profit or loss	0.2	–	–	–	0.2
Deferred tax asset	30.7	(0.8)	–	–	29.9
	<b>333.7</b>	<b>(18.6)</b>	<b>–</b>	<b>(27.7)</b>	<b>287.4</b>
<b>Current assets</b>					
Trade and other receivables	79.8	(22.8)	–	–	57.0
Cash and cash equivalents	10.9	(4.1)	–	3.8	10.6
Assets held for sale	9.5	–	–	–	9.5
	<b>100.2</b>	<b>(26.9)</b>	<b>–</b>	<b>3.8</b>	<b>77.1</b>
<b>Total assets</b>	<b>433.9</b>	<b>(45.5)</b>	<b>–</b>	<b>(23.9)</b>	<b>364.5</b>
<b>Current liabilities</b>					
Trade and other payables	(71.4)	20.1	–	(8.5)	(59.8)
Borrowings	(2.1)	–	–	–	(2.1)
Lease liabilities	(24.0)	2.4	–	–	(21.6)
Deferred income	(1.7)	–	–	–	(1.7)
Provisions	(8.2)	3.0	–	(2.3)	(7.5)
Liabilities directly associated with assets classified as held for sale	(3.1)	–	–	–	(3.1)
	<b>(110.5)</b>	<b>25.5</b>	<b>–</b>	<b>(10.8)</b>	<b>(95.8)</b>
<b>Non-current liabilities</b>					
Borrowings	(98.3)	–	34.4	–	(63.9)
Lease liabilities	(80.8)	9.6	–	–	(71.2)
Pensions and other post-retirement benefits	(3.8)	–	–	–	(3.8)
Deferred income	(0.1)	–	–	–	(0.1)
Provisions	(13.0)	–	–	–	(13.0)
Trade and other payables due after one year	(9.2)	–	–	–	(9.2)
Deferred tax liabilities	(5.9)	–	–	5.5	(0.4)
	<b>(211.1)</b>	<b>9.6</b>	<b>34.4</b>	<b>5.5</b>	<b>(161.6)</b>
<b>Total liabilities</b>	<b>(321.6)</b>	<b>35.1</b>	<b>34.4</b>	<b>(5.3)</b>	<b>(257.4)</b>
<b>Net assets</b>	<b>112.3</b>	<b>(10.4)</b>	<b>34.4</b>	<b>(29.2)</b>	<b>107.1</b>

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## Notes

1. The net assets relating to the Countrywide Group have been extracted without material adjustment from the published unaudited, reviewed consolidated interim financial information of the Countrywide Group as at 30 June 2019.
2. These adjustments remove the assets and liabilities of the LSH Group, and were extracted without material adjustment from the unaudited, unreviewed historical financial information of the LSH Group as at 30 June 2019 contained in Part VIII (*Historical Financial Information for the LSH Group*) of this document.
3. This adjustment reflects net proceeds of £34.4 million, being gross consideration of £38.0 million less estimated transaction costs of £3.6 million, which will be used to repay borrowings. £5.0 million of the repaid borrowings will be cancelled.
4. This adjustment reflects deconsolidation of certain balances relating to the LSH Group arising on consolidation at a Countrywide Group level:

- a) The £27.7 million adjustment to other intangible assets writes off brand names and customer contracts held on consolidation at the Countrywide Group level relating to the LSH Group. These intangibles arose on the acquisition of the LSH Group by the Countrywide Group, and therefore is not directly held by, or to be sold with, the LSH Group. This adjustment was extracted without material adjustment from the accounting records of the Countrywide Group as at 30 June 2019.
- b) On Completion, the LSH Group cash balance will be used to settle any remaining intercompany balance due from the LSH Group to the Retained Group (other than £0.3 million of cash which will be retained by the LSH Group under the terms of the Share Purchase Agreement). To the extent the LSH Group does not have sufficient cash to settle the intercompany balance, the residual amount will be written off by the Retained Group. Based on the LSH Group cash balance at 30 June 2019 and the amount due from the LSH Group to the Retained Group at that date, the pro forma adjustment is as follows:

	£m
Balance receivable from the LSH Group at 30 June 2019	8.5
Settled in cash on Completion	(3.8)
Written off on Completion	(4.7)
	<hr/>
	-
	<hr/>

The actual settlement or write-off of this intercompany balance will reflect the amounts on Completion, and will differ from the adjustment reflected in this Unaudited Pro Forma Financial Information.

- c) The £8.5 million adjustment to trade and other payables eliminates the impact within the LSH adjustments column of the intercompany payable from the LSH Group to the Retained Group.
  - d) The £2.3 million adjustment to provisions reflects the indemnity to be provided by the Retained Group under the terms of the Share Purchase Agreement in respect of professional indemnity claims outstanding at Completion, based on the provision for such claims held by the LSH Group at 30 June 2019. The Retained Group will record a provision for these claims at Completion equivalent to the provision held by the LSH Group at that time. The actual adjustment to will be calculated at Completion based on financial information at that time, and will differ from the adjustment reflected in this Unaudited Pro Forma Financial Information.
  - e) The £5.5 million adjustment to deferred tax liabilities reflects the de-recognition of the deferred tax balances relating to the £27.7 million of other intangible assets referred to in note 4a) above.
5. No account has been taken of any trading or transactions of the Countrywide Group or the LSH Group since 30 June 2019.

## Section B: Accountant's report on the unaudited pro forma financial information of the Retained Group



The Directors  
Countrywide plc  
Greenwood House 1st Floor  
91-99 New London Road  
Chelmsford  
Essex, CM2 0PP

Jefferies International Limited  
100 Bishopsgate,  
London EC2N 4JL

29 November 2019

Dear Ladies and Gentlemen

### Countrywide plc (the “Company”)

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in Section A of Part IX of the Company’s circular dated 29 November 2019 (the “**Circular**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed sale of the LSH Group might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the financial statements for the period ending 31 December 2019. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (the “**Listing Rules**”) and is given for the purpose of complying with that Listing Rule and for no other purpose.

### Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH  
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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

**Opinion**

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## PART X

### ADDITIONAL INFORMATION

#### 1. Responsibility statement

The Countrywide Directors, whose names appear in section 3 below, and Countrywide accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Countrywide Directors and Countrywide (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and this Circular does not omit anything likely to affect the import of such information.

#### 2. Company information

The Countrywide Group was formed in 1986 when Bairstow Eves and Mann & Co. were acquired by Hambros Plc and merged to form Hambro Countrywide. After a period of growth, including through a number of acquisitions, the Countrywide Group undertook an initial public offering in 2013 and shares in Countrywide, the new parent of the Countrywide Group, were admitted to trading on the London Stock Exchange with ticker number CWD:LSE.

Countrywide's legal and commercial name is Countrywide plc. Countrywide is a public limited company and was incorporated on 21 December 2012 with registered number 08340090 and is UK tax resident. Countrywide's registered office is Greenwood House 1st Floor, 91-99 New London Road, Chelmsford, Essex, United Kingdom, CM2 0PP. The telephone number of Countrywide's registered office is 01245 294 000. The telephone number for the Shareholder Helpline is 0371 664 0321, or +44 371 664 0321 if calling from overseas. The helpline cannot provide advice on the merits of the Sale or give any financial, legal or tax advice.

The principal legislation under which Countrywide operates is the CA 2006.

#### 3. Countrywide Directors

Name	Position	Year of appointment
Peter Long	Executive Chairman of the Board	2016
David Watson	Deputy Chairman and Senior Independent Non-Executive Director	2013
Paul Creffield	Group Managing Director	2018
Himanshu Raja	Group Chief Financial Officer	2017
Rupert Gavin	Independent Non-Executive Director	2014
Natalie Ceeney	Independent Non-Executive Director	2017
Mark Shuttleworth	Independent Non-Executive Director	2018
Lisa Charles-Jones	Independent Non-Executive Director	2019
Amanda Rendle	Independent Non-Executive Director	2019
Caleb Kramer	Non-Executive Director	2013

#### 4. Company Secretary

Gareth Williams is Countrywide's Company Secretary and also Head of Legal, appointed in 2000.

#### 5. Countrywide Directors' service agreements and letters of appointment

Each of the executive directors' service agreements is for a rolling term and may be terminated by Countrywide or the director by giving no more than twelve months' notice, save that the Executive Chairman's appointment to the executive role pursuant to his service agreement may be terminated by Countrywide or the director by giving no more than six months' notice, in which case he will return to his previous role of Non-Executive Chairman of Countrywide.

The non-executive directors of Countrywide do not have service agreements. The independent non-executive directors are appointed by letters of appointment and have an initial two-year term. Caleb Kramer's services are provided to Countrywide under an agreement between Countrywide and Oaktree Capital Management FIE LLC which runs for an initial period of three years. The initial terms of the non-executive directors' positions are subject to their re-election by the Countrywide Group's shareholders at the next Annual General Meeting.

Peter Long was appointed non-executive director of Countrywide on 11 February 2016. He served as Non-Executive Chairman until 24 January 2018, when he became Executive Chairman of Countrywide.

The dates of appointments of the non-executive directors, as set out in their respective letters of appointment, are as follows:

<b>Non-executive director</b>	<b>Commencement date of original term</b>	<b>Unexpired term as at 23 December 2019</b>
David Watson	1 September 2013	n/a
Rupert Gavin	23 June 2014	n/a
Natalie Ceeney	28 April 2017	n/a
Mark Shuttleworth	1 October 2018	c. 10 months
Lisa Charles-Jones	26 June 2019	c. 18 months
Amanda Rendle	16 October 2019	c. 22 months
Caleb Kramer	19 February 2013	n/a

The Countrywide Directors' service agreements and letters of appointment are available for inspection at Countrywide's registered office and will be available at the General Meeting.

#### ***Policy on payment for loss of office***

If an executive director's employment is terminated (except for the Executive Chairman), in the absence of a breach of service agreement by the director, Countrywide may (although it is not obliged to) terminate the director's employment immediately by payment of an amount equal to the basic salary and specified benefits (including pension scheme contribution or equivalent salary supplement payment) in lieu of the whole or the remaining part of the notice period. Discretionary bonus payments will not form part of any payments in lieu of notice. An annual bonus may be payable with respect to the period of the financial year served although it would be paid in cash and pro-rated for time and paid at the normal payout date. Payments in lieu of notice may be paid in monthly instalments over the length of the notice period with such instalments to be reduced or to cease upon the director receiving payment from a new position.

Any share-based entitlements granted to an executive director under Countrywide's share plans will be determined based on the relevant plan rules.

The default treatment under the LTIP is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances (such as ill health, injury or disability, retirement, transfer of the employing company outside of the Countrywide Group or in other circumstances at the discretion of the Remuneration Committee), 'good leaver' status may be applied. For good leavers, awards will normally vest on the normal vesting date, subject to the satisfaction of the relevant performance conditions and reduced pro-rata to reflect the proportion of the performance period actually served. However, the Remuneration Committee has discretion to determine that awards for good leavers vest at cessation and/or to disapply time pro-rating. In the event of death, awards will normally vest on the date of death, subject to performance conditions and time pro-rating, although the Remuneration Committee has discretion to determine that awards vest at the normal vesting date and/or to disapply time pro-rating.

The default treatment for deferred bonus awards is that any outstanding awards vest on cessation of employment unless cessation is as a result of dismissal for gross misconduct or a similar 'bad leaver' reason.

Countrywide has the power to enter into settlement agreements with Countrywide Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the

event of the termination of an executive director, Countrywide may pay a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

## 6. Countrywide Directors' shareholdings and options

### 6.1 Total interests in Countrywide Shares

The total interests of the Countrywide Directors in Countrywide Shares as at the Latest Practicable Date are set out below:

Director	Number of Countrywide Shares as at the Latest Practicable Date	% of issued share capital
Peter Long	3,436,985	0.209
David Watson <sup>(1)</sup>	149,946	0.009
Paul Creffield	2,519,016	0.153
Himanshu Raja <sup>(1)</sup>	1,700,723	0.104
Rupert Gavin	20,900	0.001
Natalie Ceeney	124,581	0.008
Mark Shuttleworth	–	–
Lisa Charles-Jones	–	–
Amanda Rendle	–	–
Caleb Kramer	–	–

<sup>(1)</sup> Includes jointly controlled shares held by close family members.

### 6.2 Awards granted to Countrywide Directors

As at the Latest Practicable Date, the Countrywide Directors have outstanding awards over Countrywide Shares as set out below:

Director	Countrywide Share Plan	Date of grant	Expected first date of exercise	Interest as at the Latest Practicable Date
Paul Creffield	Deferred bonus	22/05/15	22/05/18	19,210
	LTIP <sup>(1)</sup>	22/03/16	22/03/19	–
	Deferred bonus	05/05/16	05/05/19	20,215
	LTIP	02/05/17	02/05/20	195,021
	LTIP	26/03/18	26/03/21	1,251,197
	LTIP	27/03/19	27/03/22	2,747,253
Himanshu Raja	LTIP	14/06/17	14/06/20	609,096
	LTIP	26/03/18	26/03/21	1,628,544
	LTIP	27/03/19	27/03/22	1,752,137

<sup>(1)</sup> Option/award lapsed during the year.

Save as disclosed in this section, as at the Latest Practicable Date, neither the Countrywide Directors nor their immediate families or (so far as is known to the Countrywide Directors or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the CA 2006) with the Countrywide Directors have any interests (beneficial or non-beneficial) in the share capital of any member of the Countrywide Group.

## 7. Key individuals of LSH

The following individuals are deemed by Countrywide to be key to the operations of the LSH Group:

Name	Position
Ezra Nahome	CEO
Massimo Marciveccio	Chief Operating Officer
Jason Honisett	Finance Director

## 8. Major interests in Countrywide Shares

As at the Latest Practicable Date, Countrywide had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules of the following underlying investors in 3% or more of the issued ordinary share capital of Countrywide (being the threshold of notification under the Disclosure Guidance and Transparency Rules).

	Shareholder	Number of shares	% of Countrywide Shares held
1.	Oaktree Capital Mgt	299,536,321	18.29
2.	Investec Asset Mgt	245,272,216	14.97
3.	Brandes Investment Partners	199,257,238	12.16
4.	Jupiter Asset Mgt	169,764,922	10.36
5.	Hosking Partners	136,885,090	8.36
6.	Schroder Investment Mgt	91,000,000	5.56
7.	Hargreaves Lansdown Asset Mgt	58,277,883	3.56

None of the major Shareholders listed above has different voting rights attached to the Countrywide Shares that they hold.

Countrywide is not aware of any persons who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over Countrywide.

As at the date of this Circular, 3,152,500 shares are held in treasury.

## 9. Legal and arbitration proceedings

### 9.1 The Retained Group

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Countrywide is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Retained Group.

#### **Misvaluation claims**

The Countrywide Group conducts valuations on behalf of mortgage lenders, with approximately 350,000 valuations carried out per annum. Properties that have been valued by the Countrywide Group have, in some cases, been subsequently repossessed by mortgage lenders. When lenders sell repossessed properties, they will incur a loss if the sale price is less than the amount outstanding under the mortgage. Lenders may claim, and historically have claimed, that the Countrywide Group's original valuation of the property was too high. During H1 2019, 3 new misvaluation claims were notified to the Countrywide Group (2018: 4; 2017: 37; 2016: 62) and 20 existing misvaluation claims were closed (2018: 108; 2017: 135; 2016: 290). The aggregate value of the misvaluation claims closed during H1 2019 was £0.38 million (2018: £1.44 million; 2017: £4.7 million; 2016: £9.5 million), of which 32 *per cent.* was borne by the Countrywide Group's insurers (2018: 22 *per cent.*; 2017: 37 *per cent.*; 2016: 64 *per cent.*) under professional indemnity policies. Overall, the Countrywide Group's liability (net of liabilities borne by insurers) in respect of claims closed during H1 2019 represented 0.1 *per cent.* of total income (2018: 0.2 *per cent.*; 2017: 0.4 *per cent.*; 2016: 0.5 *per cent.*). The misvaluation claims included in the above totals but which relate to the LSH Group are set out in section 9.2 below.

The Countrywide Group is also currently subject to the significant misvaluation claims described below in section 9.2 in relation to the LSH Group. Countrywide and LSH will have their own professional indemnity insurance policies following Completion. The misvaluation claims were notified to insurers at the time when the insured became aware. As such, policies are on a claims made basis, these claims are now locked into the relevant year of insurance. Accordingly, there is no cost to either Countrywide or LSH, such costs being met by insurers apart from the relevant excess payments that are fully provided for.

## 9.2 The LSH Group

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Countrywide is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the LSH Group.

### **Misvaluation claims**

Of the aggregate misvaluation claims listed above, during H1 2019, 6 new misvaluation claims attributable to the LSH Group were notified to LSH (2018: 6; 2017: 11; 2016: 7) and 2 existing misvaluation claims were closed (2018: 14; 2017: 9; 2016: 8). The aggregate value of the misvaluation claims attributable to the LSH Group closed during H1 2019 was £5,823 (2018: £0; 2017: £11,595; 2016: £2,042,695.90), of which 100 *per cent.* was borne by LSH's insurers (2018: 0 *per cent.*; 2017: 100 *per cent.*; 2016: 57.38 *per cent.*) under professional indemnity policies. Overall, LSH's liability (net of liabilities borne by insurers) in respect of claims attributable to the LSH Group closed during H1 2019 represented 0 *per cent.* of total income (2018: 0 *per cent.*; 2017: 0 *per cent.*; 2016: 2 *per cent.*).

As indicated above, the Countrywide Group is currently subject to the following significant misvaluation claims in relation to the LSH Group:

- (A) Regeneration Investment Fund for Wales LLP ("RIFW"): On 19 December 2017, RIFW initiated proceedings against LSH and a third party, Amber Fund Management Limited ("**Amber**"). The proceedings claim that LSH and Amber misadvised RIFW in respect of the disposal of a portfolio of 15 properties for considerably less than their true value. The Countrywide Group accepts no liability and, on 25 April 2018, issued a defence and counterclaim for outstanding success fees due from RIFW to LSH. Amber has also denied liability and issued a defence and counterclaim on 23 April 2018. Amber and LSH have issued contribution notices against each other alleging that the other party must indemnify them for any liability that they have to RIFW. On 5 July 2018, RIFW acknowledged that LSH's liability to RIFW for the alleged misadvice is limited to £10 million plus costs and expenses. LSH is insured against liabilities arising from the claim, including in respect of defence costs (subject to customary excesses, caps and other limitations in the relevant insurance policy). Disclosure has now taken place and witness statements are due to be served in January 2020, with the trial scheduled towards the end of 2020.
- (B) Ulster Bank Ireland Limited ("Ulster Bank"): On 29 June 2016, LSH received a statement of claim from Ulster Bank. The claim relates to the alleged misvaluation of a development site. Ulster Bank claims that it used the valuation to determine how much it would lend against the site and, when the borrowers defaulted, there were insufficient proceeds from the sale of the site to cover the loan. Ulster Bank is claiming its loss on the loan of approximately €10.6 million. LSH served a Notice for Particulars on 15 December 2016. After a long delay, the Claimant served Replies to Particulars. Counsel is now drafting LSH's Defence, following which a Without Prejudice ("**WP**") meeting can take place (the Claimant having proposed a WP meeting or mediation), subject to receipt of the lending file beforehand. LSH is insured against liabilities arising from the claim, including in respect of defence costs (subject to customary excesses, caps and other limitations in the relevant insurance policy).

## 10. Material contracts

### 10.1 The Retained Group

No contracts have been entered into by the Retained Group (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Circular that

are, or may be, material to the Retained Group; or (ii) that contain provisions under which any member of the Retained Group has an obligation or entitlement that is, or may be, material to the Retained Group as at the Latest Practicable Date, save as disclosed below.

### **Relationship Agreement**

Countrywide entered into the Relationship Agreement on 19 March 2013 with (among others) the Oaktree Affiliates which regulates (in part) the degree of control that the Oaktree Affiliates and their associates may exercise over the management of Countrywide. The principal purpose of the Relationship Agreement is to ensure that Countrywide is capable at all times of carrying on its business independently of the Oaktree Affiliates.

The Relationship Agreement will continue, in respect of each Oaktree Affiliate, until: (i) it ceases to be a significant shareholder in Countrywide; or (ii) the Oaktree Affiliate is in material breach of the Relationship Agreement and Countrywide serves a notice to terminate the Relationship Agreement.

For these purposes, a “significant shareholder” is any person who holds an interest, either directly or indirectly, in 10 *per cent.* or more of the aggregate voting rights in Countrywide.

The Relationship Agreement regulates the continuing relationship between each of the Oaktree Affiliates and Countrywide. In particular:

- (A) the Oaktree Affiliates have the right to nominate one person to be their Representative Director on the Board of Countrywide, and such Representative Director may be paid (either directly or via a management or services company) reasonable fees and expenses in respect of the performance of that Representative Director’s duties as a Director;
- (B) a Representative Director shall not be entitled to participate in any meeting of the Board or discussions of the Board where the matter being considered presents a conflict between the interests of Countrywide and the Oaktree Affiliates. The Independent Board shall be responsible for determining, in cases of doubt, whether a conflict of interest exists;
- (C) neither the Representative Director of the Oaktree Affiliates nor the Oaktree Affiliates themselves shall receive any information relating to any matter where a conflict of interest may arise;
- (D) the Oaktree Affiliates agree, so far as they are reasonably able to procure the same, to ensure that:
  - (a) all shareholders of Countrywide are treated equally;
  - (b) the independence of the Board is maintained; and
  - (c) Countrywide shall be capable of carrying on its business independently of the Oaktree Affiliates;
- (E) all agreements, transactions and relationships between the Oaktree Affiliates and the Countrywide Group will be conducted on arm’s length and normal commercial terms;
- (F) the Oaktree Affiliates agree that they shall not take any action which precludes or inhibits Countrywide from carrying on its business for the benefit of Countrywide’s shareholders as a whole and that they shall not influence the day to day running of Countrywide at an operational level or hold or acquire a material shareholding in any of Countrywide’s subsidiaries; and
- (G) the Oaktree Affiliates shall not acquire Ordinary Shares without the consent of the Independent Board, if it is reasonable to expect that such acquisition will require a mandatory offer under the City Code.

Countrywide shall provide such co-operation, information and assistance as the Oaktree Affiliates may reasonably request in relation to a proposed divestment of the Oaktree Affiliates’ Ordinary Shares.

### **Amended Credit Facility Agreement**

Countrywide and Countrywide Group plc (as “**Borrowers**”) and various members of the Countrywide Group (the “**Guarantors**” and, together with the Borrowers, the “**Obligors**”) entered into an

amendment, extension and restatement of the Previous Credit Facility Agreement with a syndicate of banking institutions that took effect on 1 August 2018, which was further amended by letters dated 26 July 2019 and 28 November 2019.

Following the firm placing, placing and open offer on 30 August 2018, Countrywide raised net proceeds of £125 million. The £275.0 million Amended Credit Facility Agreement (prior to the amendments pursuant to the letter dated 28 November 2019) contained mandatory prepayment and cancellation provisions under which the proceeds of the firm placing, placing and open offer were used to reduce the Countrywide Group's commitments to a £125 million revolving credit facility, expiring on 30 September 2022. The net proceeds from the disposal of LSH will be used to cancel the facility by £5.0 million and a further £25.0 million of the facility will not be cancelled immediately but accessible under certain circumstances, leaving an aggregate core facility of £95.0 million. Once the aggregate outstanding principal amount under the facility exceeds approximately £95 million, the Countrywide Group may only draw down on the facility in circumstances where the utilisation is required to meet the liquidity requirements of the Group, having reference to the cashflow forecast, up to agreed limits. In certain circumstances where the Group's liquidity position is greater than the liquidity position required pursuant to the reasonable worst case model prepared for the purposes of the sale of LSH, the Countrywide Group is obliged to cancel an amount of undrawn commitments equal to that excess to a lower limit of approximately £95 million. In July 2021, £25 million of the total commitments under the facility will be automatically cancelled. The Countrywide Group is also obliged to use net proceeds of any future disposals (other than disposals permitted under the Amended Credit Facility Agreement) to prepay and cancel outstanding loans under the facility, provided that, in respect of the proceeds arising from the sale of LSH, once an amount equal to £5 million net of certain fees has been used to prepay and cancel, the Countrywide Group will be entitled to retain the remaining net disposal proceeds up to a limit of £38 million of gross proceeds as additional liquidity, with a certain amount required to cash collateralise guarantees. Countrywide provided an undertaking to the Group's financiers in a letter dated 28 November 2019 that it will use reasonable endeavours to continue to deleverage.

The interest rate under the Amended Credit Facility is LIBOR plus the applicable margin. The margin under the Amended Credit Facility Agreement is dependent on the leverage ratio of Countrywide. Whether the margin is the higher or lower of the two figures below is dependent on whether the leverage ratio of Countrywide is greater than an agreed leverage ratio for that point in time:

<b>Leverage ratio (Covenant net debt to Covenant Adjusted EBITDA)</b>	<b>Margin if leverage ratio less than agreed ratio (% per annum)</b>	<b>Margin if leverage ratio greater than agreed ratio (% per annum)</b>
Greater than 6.00x	6.00	6.25
Greater than 5.00x but equal to or less than 6.00x	5.50	5.75
Greater than 4.50x but equal to or less than 5.00x	5.00	5.25
Greater than 4.00x but equal to or less than 4.50x	4.25	4.50
Greater than 3.50x but equal to or less than 4.00x	3.75	4.00
Greater than 3.00x but equal to or less than 3.50x	3.25	3.50
Greater than 2.50x but equal to or less than 3.00x	3.00	3.25
Greater than 2.00x but equal to or less than 2.50x	2.50	2.75
Greater than 1.00x but equal to or less than 2.00x	2.00	2.25
Equal to or less than 1.00x	1.75	2.00

The obligations of the Countrywide Group under the Amended Credit Facility are secured. The lenders have the benefit of an all asset English law debenture in respect of the assets of each Obligor, which includes a fixed charge in respect of the shares owned by each Guarantor. The lenders also have the

benefit of guarantees from the Obligors. The Guarantors must compromise 90 *per cent.* of consolidated gross assets, consolidated revenue and consolidated Covenant Adjusted EBITDA of the Countrywide Group (excluding FCA regulated subsidiaries) at all times. Each material company of the Countrywide Group (other than FCA regulated subsidiaries) must become a Guarantor (a material company is one that has gross assets, revenues or Covenant Adjusted EBITDA constituting 5 *per cent.* or greater of the consolidated assets, revenues or Covenant Adjusted EBITDA of the Countrywide Group). In addition, Countrywide Principal Services Limited (an FCA regulated subsidiary) is a Guarantor and must remain so for so long as it is a material company (subject to release on certain regulatory events).

The Amended Credit Facility Agreement restricts the manner in which the Countrywide Group's business is conducted, including the incurrence of additional indebtedness, creation of additional security, restriction on disposals and restriction on large acquisitions.

The Amended Credit Facility Agreement restricts the Countrywide Group from incurring material or non-recurring cash expenses without lender consent, except that expenditures in respect of investment in information technology and operational restructuring are permitted so long as the expenditure does not exceed certain agreed amounts. The Amended Credit Facility Agreement also contains leverage ratio and interest cover financial covenants. The leverage ratio financial covenant is drafted so that the ratio increases when net disposal proceeds arising from the sale of LSH have been used to cancel and prepay outstanding loans in accordance with the Amended Credit Facility Agreement.

The leverage ratio and interest cover financial covenants contained in the Amended Credit Facility Agreement are as follows:

(A) Leverage ratio (Covenant net debt to Covenant Adjusted EBITDA) after 26 July 2019

<b>Test date</b>	<b>Leverage ratio – maximum</b>
30 June 2019	6.00x
30 September 2019	4.75x
31 December 2019	4.25x
31 March 2020	4.25x
30 June 2020	4.00x
30 September 2020	4.00x
31 December 2020	3.75x
31 March 2021	3.75x
30 June 2021	3.75x
Test Dates on and after 30 September 2021	2.50x

(B) Leverage ratio (Covenant net debt to Covenant Adjusted EBITDA) following net disposal proceeds arising from the Sale

<b>Test date</b>	<b>Leverage ratio – maximum</b>
30 June 2019	6.00x
30 September 2019	4.75x
31 December 2019	4.25x
31 March 2020	4.00x
30 June 2020	5.25x
30 September 2020	5.25x
31 December 2020	5.25x
31 March 2021	5.25x
30 June 2021	5.25x
Test Dates on and after 30 September 2021	2.50x

(C) Interest cover (Covenant Adjusted EBITDA to net interest payable) before completion of the Sale

<b>Test date</b>	<b>Interest cover – minimum</b>
31 December 2018	2.00x
31 March 2019	2.75x
30 June 2019	2.75x
30 September 2019	3.50x
31 December 2019	4.00x
31 March 2020	4.50x
30 June 2020	5.00x
30 September 2020	5.00x
31 December 2020	5.00x
31 March 2021	5.00x
30 June 2021	5.00x
Test Dates on and after 30 September 2021	5.00x

(D) Interest cover (Covenant Adjusted EBITDA to net interest payable) following net disposal proceeds arising from the Sale

<b>Test date</b>	<b>Interest cover – minimum</b>
31 December 2018	2.00x
31 March 2019	2.75x
30 June 2019	2.75x
30 September 2019	3.50x
31 December 2019	4.00x
31 March 2020	4.50x
30 June 2020	4.00x
30 September 2020	3.75x
31 December 2020	3.75x
31 March 2021	3.75x
30 June 2021	3.25x
Test Dates on and after 30 September 2021	5.00x

These financial covenants are to be tested quarterly until Countrywide has had a leverage ratio of less than 2.50x on two consecutive test dates. Subsequent to this, the financial covenants will be tested semi-annually on 30 June and 31 December. The Amended Credit Facility Agreement also prohibits Countrywide from declaring or paying any dividends unless Countrywide has had a leverage ratio of less than 2.00x on the two most recent test dates (once adjusted pro forma to take account of the relevant dividend).

The Amended Credit Facility Agreement contains customary conditions precedent, representations, covenants, events of default and prepayment events. The Amended Credit Facility Agreement also provides that if the Countrywide Group experiences an event treated as 'a change of control', then any lender may cancel its commitments and require the repayment of its participations in all outstanding utilisations.

The Amended Credit Facility Agreement contains information covenants requiring Countrywide to provide the lenders with information relating to the performance of the Countrywide Group. These covenants include, among others, requirements to: (i) supply copies of financial statements and other documents to the lenders; (ii) provide a quarterly information pack including certain cash flow forecasts; (iii) provide certain updates in relation to disposals and capital expenditure programmes; and (iv) in certain circumstances following a deterioration in performance, provide a remediation plan for the lenders approval.

## 10.2 The LSH Group

No contracts have been entered into by the LSH Group (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Circular that are, or may be, material to the Retained Group; or (ii) that contain provisions under which any member of the Retained Group has an obligation or entitlement that is, or may be, material to the Retained Group as at the Latest Practicable Date.

## 11. Related party transactions

Save as disclosed (in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002) in the information incorporated by reference referred to below, there were no related party transactions (which, for these purposes, are those set out and adopted according to Regulation (EC) No 1606/2002) entered into by the Countrywide Group during the period from 1 January 2016 up to the date of this Circular:

- (A) Note 35 of the notes to the audited consolidated financial statements, which can be found at page 120 of Countrywide's 2016 Annual Report, which is incorporated by reference into this Circular as set out in section 16 of this Part X (*Additional Information*) and available for inspection as set out in section 15 of this Part X (*Additional Information*);
- (B) Note 34 of the notes to the audited consolidated financial statements, which can be found at page 117 of Countrywide's 2017 Annual Report, which is incorporated by reference into this Circular as set out in section 16 of this Part X (*Additional Information*) and available for inspection as set out in section 15 of this Part X (*Additional Information*);
- (C) Note 33 of the notes to the audited consolidated financial statements, which can be found at page 147 of Countrywide's 2018 Annual Report, which is incorporated by reference into this Circular as set out in section 16 of this Part X (*Additional Information*) and available for inspection as set out in section 15 of this Part X (*Additional Information*); and
- (D) Note 25 of the notes to the unaudited interim financial information for the six months ended 30 June 2019, which can be found at page 38 of the Countrywide 2019 Interim Results, which is incorporated by reference into this Circular as set out in section 16 of this Part X (*Additional Information*) and available for inspection as set out in section 15 of this Part X (*Additional Information*).

Between the end of the six-month period ending 30 June 2019 and the Latest Practicable Date, no related party transactions have occurred.

## 12. Working capital statement

In the opinion of Countrywide, taking into account the net proceeds of the Sale and the facilities available to the Retained Group, the working capital available to the Retained Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Circular.

## 13. No significant change

### 13.1 The Retained Group

There has been no significant change in the financial or trading position of the Retained Group since 30 June 2019, the date to which Countrywide's last published unaudited interim financial information was prepared.

### 13.2 The LSH Group

There has been no significant change in the financial or trading position of the LSH Group since 30 June 2019, being the date to which the most recent unaudited financial information on the LSH Group presented in Part VIII of this Circular was prepared.

## 14. Consents

Jefferies, who has acted as Sole Sponsor and Joint Corporate Broker to Countrywide in connection with the Sale, has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

Barclays, who has acted as Joint Corporate Broker to Countrywide in connection with the Sale, has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

Jefferies is authorised and regulated by the FCA. Barclays is authorised by the PRA and regulated by the FCA and the PRA.

PwC, a member firm of the Institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the inclusion of its accountant's report on the unaudited pro forma financial information of the Retained Group set out in Section B of Part IX (*Unaudited Pro Forma Financial Information*), in the form and context in which it appears.

## 15. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any Business Day for a period beginning on the date of this Circular and ending on the date of Completion at Countrywide's registered office at Greenwood House 1st Floor, 91-99 New London Road, Chelmsford, Essex, United Kingdom, CM2 0PP and at the offices of Countrywide's legal advisers, Slaughter and May, at One Bunhill Row, London EC1Y 8YY. Copies will also be available for inspection on Countrywide's website: <https://www.countrywide.co.uk/corporate/investor-relations/>:

- the Countrywide Articles;
- this Circular;
- the Announcement;
- the Share Purchase Agreement;
- the consolidated audited accounts of the Countrywide Group for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018;
- the report by PwC set out in Section B of Part IX (*Unaudited Pro Forma Financial Information*); and
- the consent letters referred to in section 14 of this Part X (*Additional Information*).

## 16. Information incorporated by reference

Information from the following documents has been incorporated by reference into this Circular:

<b>Documents containing information incorporated by reference</b>	<b>Section in which the document is referred to</b>	<b>Where the document can be accessed by Shareholders</b>
2016 Annual Report	Part X ( <i>Additional Information</i> ), section 11	<a href="https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2016/countrywide-annual-report-2016.pdf">https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2016/countrywide-annual-report-2016.pdf</a>
2017 Annual Report	Part X ( <i>Additional Information</i> ), section 11	<a href="https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2017/countrywide-annual-report-2017.pdf">https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2017/countrywide-annual-report-2017.pdf</a>
2018 Annual Report	Part VII ( <i>Presentation of Information</i> )  Part X ( <i>Additional Information</i> ), section 11	<a href="https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2018/countrywide-annual-report-2018.pdf">https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2018/countrywide-annual-report-2018.pdf</a>
2019 Interim Results	Part X ( <i>Additional Information</i> ), section 11	<a href="https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2019/countrywide-interim-report-2019.pdf">https://www.countrywide.co.uk/corporate/investor-relations/reports-presentations/2019/countrywide-interim-report-2019.pdf</a>

A copy of each of the documents listed is available for inspection in accordance with section 15 above.

The relevant sections of the documents incorporated by reference into this Circular (listed above) have been incorporated in compliance with Listing Rule 13.1.6R. Only the information set out above is incorporated by reference in this Circular, and is available as indicated. Except as set out above, no other portions of these documents are relevant to Shareholders for the purpose of voting on the Sale Resolution and they are not incorporated by reference into this Circular.

# PART XI

## DEFINITIONS

### 1. Interpretation

- 1.1 Unless otherwise stated, all times referred to in this Circular are references to UK time.
- 1.2 All references to “Pound Sterling”, “pence” or “£” are to the lawful currency of the UK.
- 1.3 All references to “euro” or “€” are to the lawful currency of the EU (as adopted by certain member states).
- 1.4 Unless otherwise indicated, the financial information contained in this Circular has been expressed in Pound Sterling, which is the reporting currency of the Countrywide Group.
- 1.5 Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.
- 1.6 All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

### 2. Definitions

The following definitions apply in this Circular unless the context otherwise requires:

<b>2016 Annual Report</b>	has the meaning given to it in section 16 of Part X ( <i>Additional Information</i> );
<b>2017 Annual Report</b>	has the meaning given to it in section 16 of Part X ( <i>Additional Information</i> );
<b>2018 Annual Report</b>	has the meaning given to it in section 16 of Part X ( <i>Additional Information</i> );
<b>2019 Interim Results</b>	has the meaning given to it in section 16 of Part X ( <i>Additional Information</i> );
<b>Adjusted EBITDA</b>	means earnings before interest, tax, depreciation, amortisation, exceptional items, contingent consideration, share-based payments and share of profits/(losses) from joint venture;
<b>Admission</b>	means admission of the New Ordinary Shares to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
<b>Amber</b>	has the meaning given to it in section 9.2(A) of Part X ( <i>Additional Information</i> );
<b>Amended Credit Facility</b>	means the £275.0 million revolving credit facility available under the Amended Credit Facility Agreement, being an amendment and extension of the revolving credit facility available under the Previous Credit Facility Agreement;
<b>Amended Credit Facility Agreement</b>	means the Previous Credit Facility Agreement as amended, extended and restated pursuant to an Amendment, Extension and Restatement Agreement that took effect on 2 August 2018, further details of which are set out in section 10 of Part X ( <i>Additional Information</i> );

<b>Announcement</b>	means the announcement made by Countrywide on 29 November 2019 in relation to the Sale;
<b>Articles</b>	means the articles of association of Countrywide in force at the date of this Circular;
<b>B2B</b>	means the Countrywide Group's Business to Business unit;
<b>Barclays</b>	means Barclays Bank PLC, acting through its investment bank;
<b>Brexit</b>	has the meaning given to it in Part C of Part IV ( <i>Risk Factors</i> );
<b>Business Day</b>	means any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
<b>CA 1985</b>	means the UK Companies Act 1985, as amended;
<b>CA 2006</b>	means the UK Companies Act 2006, as amended;
<b>Cash Consideration</b>	means the consideration as described in Part V ( <i>Principal Terms and Conditions of the Sale</i> );
<b>Circular</b>	means this document dated 29 November 2019, being a circular sent by Countrywide to Shareholders, summarising the background and reasons for the Sale and the Share Consolidation, which includes the Notice of the General Meeting and the information incorporated by reference into it (together with any supplements or amendments thereto);
<b>City Code</b>	means the UK City Code on Takeovers and Mergers;
<b>Closing Price</b>	means the closing, middle market quotation of an Ordinary Share, as published on the Daily Official List;
<b>Completion</b>	means completion of the sale of LSH shares pursuant to the Share Purchase Agreement;
<b>Condition</b>	has the meaning given to it in Part V ( <i>Principal Terms and Conditions of the Sale</i> );
<b>Consolidated Ordinary Share</b>	means every 50 Qualifying Ordinary Shares held by a shareholder at the Record Time consolidated into one new ordinary share of £0.50;
<b>Countrywide Board or Board</b>	means the Countrywide Directors collectively;
<b>Countrywide Directors or Director</b>	means the directors of Countrywide as at the date of the document, and " <b>Countrywide Director</b> " or " <b>Director</b> " means any one of them;
<b>Countrywide Group</b>	means Countrywide and each of its direct and indirect subsidiary undertakings from time to time (where "subsidiary undertaking" shall have the meaning ascribed to it in the CA 2006);
<b>Countrywide or Company</b>	means Countrywide plc of Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex CM2 0PP, a company incorporated in England and Wales with registered number 08340090;
<b>Covenant Adjusted EBITDA</b>	means the measure for EBITDA used by the Countrywide Group for the purposes of the financial covenants under the Countrywide Group's debt facilities;

<b>Covenant net debt</b>	has the meaning given to it in the Countrywide Group's debt facilities and differs from the equivalent measure (net debt) used by the Countrywide Group for financial reporting purposes;
<b>CREST</b>	means the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK;
<b>Deferred Shares</b>	means the deferred shares of £0.01 each in the capital of Countrywide arising as a result of the Share Consolidation;
<b>Disclosure Guidance and Transparency Rules</b>	means the disclosure guidance and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
<b>DSBP</b>	means Countrywide's Deferred Share Bonus Plan;
<b>EU</b>	means the European Union;
<b>FCA</b>	means the Financial Conduct Authority;
<b>FCA Handbook</b>	means the FCA's Handbook of Rules and Guidance, as amended from time to time;
<b>Financial Services</b>	means the Countrywide Group's financial services business unit;
<b>General Meeting</b>	means the general meeting of Countrywide to be convened pursuant to the Notice in order to (among other things) approve the Resolutions;
<b>HMRC</b>	means HM Revenue and Customs;
<b>IFRS</b>	means International Financial Reporting Standards;
<b>Independent Board</b>	means the Board from time to time, excluding any Representative Directors;
<b>ISIN Code</b>	means International Securities Identification Number Code;
<b>Jefferies</b>	means Jefferies International Limited;
<b>Latest Practicable Date</b>	means 27 November 2019, being the latest practicable date before the publication of this Circular;
<b>Listing Rules</b>	means the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
<b>London Stock Exchange</b>	means the London Stock Exchange Group plc or its successor(s);
<b>Long Stop Date</b>	has the meaning given to it in Part V ( <i>Principal Terms and Conditions of the Sale</i> );
<b>LSH</b>	means Lambert Smith Hampton Limited of 5th Floor United Kingdom House, 180 Oxford Street, London, United Kingdom, W1D 1NN, a company incorporated in England and Wales with registered number 02222001;
<b>LSH Group</b>	means LSH and each of its direct and indirect subsidiary undertakings from time to time (where "subsidiary undertaking" shall have the meaning ascribed to it in the CA 2006);
<b>LTIP</b>	means Countrywide's Long Term Incentive Plan;

<b>New Ordinary Shares</b>	means the ordinary shares of £0.01 in the share capital of Countrywide arising as a result of the Share Consolidation;
<b>Notice of General Meeting</b>	means the notice of General Meeting (together with the accompanying notes) contained in this Circular;
<b>Oaktree Affiliates</b>	means OCM Luxembourg Castle Holdings S.à r.l and OCM Luxembourg EPF III Castle Holdings S.à r.l;
<b>Official List</b>	means the Official List of the FCA;
<b>Ordinary Shares or Countrywide Shares</b>	means the existing ordinary shares of £0.01 each in the share capital of Countrywide;
<b>Plans</b>	means, together, the LTIP, the DSBP and the SAYE;
<b>PRA or Prudential Regulation Authority</b>	means the Prudential Regulation Authority of the United Kingdom;
<b>Previous Credit Facility</b>	means the revolving credit facility that was previously made available to Countrywide pursuant to the Previous Credit Facility Agreement;
<b>Previous Credit Facility Agreement</b>	means the revolving credit facilities agreement dated 20 March 2013 (as amended and/or amended and restated from time to time) between, among others, Countrywide and HSBC Bank plc (as agent), but excluding the amendment, extension and restatement that took effect on 1 August 2018;
<b>Prospectus Regulation Rules</b>	means the Prospectus Regulation Rules published by the FCA, as amended;
<b>Purchaser</b>	means John Bengt Moeller;
<b>PwC</b>	means PricewaterhouseCoopers LLP;
<b>Qualifying Ordinary Shares</b>	means each Ordinary Share in the capital of Countrywide in issue at the Record Time;
<b>Qualifying Shareholder</b>	means holders of Ordinary Shares (other than treasury shares) on the register of members of Countrywide at the Record Time;
<b>Record Time</b>	means the time (as determined by the Countrywide Directors in their absolute discretion) at which the Countrywide Shareholder register will be assessed to ascertain which Shareholders are Qualifying Shareholders;
<b>Referral Agreement</b>	means the agreed form referral agreement agreed on 28 November 2019 between the Seller and the Purchaser, the terms of which are described in Part V ( <i>Principal Terms and Conditions of the Sale</i> );
<b>Registrar</b>	Link Market Services Limited (trading as Link Asset Services);
<b>Relationship Agreement</b>	means the relationship agreement between (among others) Countrywide and Oaktree Affiliates, dated 19 March 2013;
<b>Remuneration Committee</b>	means the remuneration committee of Countrywide;
<b>Representative Director</b>	means a Director nominated by the Oaktree Affiliates pursuant to the Relationship Agreement;
<b>Resolutions</b>	means the Sale Resolution, the Share Consolidation Resolution and Resolutions 3 to 6 as set out in the Notice of General Meeting at the end of this Circular;

<b>Restricted Jurisdiction</b>	means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Sale or Share Consolidation is sent or made available to Shareholders in that jurisdiction;
<b>Retained Group</b>	means the Countrywide Group following Completion and “ <b>member of the Retained Group</b> ” shall be construed accordingly;
<b>RICS</b>	means the Royal Institute of Chartered Surveyors;
<b>Sale</b>	has the meaning given to it in Part I ( <i>Letter from the Chairman</i> );
<b>Sale Resolution</b>	means the ordinary resolution of Countrywide to approve the Sale proposed to be passed by the Shareholders at the General Meeting as set out in the Notice of General Meeting at the end of this Circular;
<b>Sales and Lettings</b>	means, as applicable, the UK and/or London sales and lettings business units of Countrywide;
<b>SAYE</b>	means Countrywide’s Save As You Earn Plan;
<b>SEDOL Code</b>	means the Stock Exchange Daily Official List code assigned to securities that trade on the London Stock Exchange and various smaller exchanges in the UK;
<b>Seller</b>	means Countrywide Group plc of Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex CM2 0PP, a company incorporated in England and Wales with registered number 04947152;
<b>Share Consolidation</b>	has the meaning given to it in section 8 of Part I ( <i>Letter from the Chairman</i> );
<b>Share Consolidation Resolution</b>	means the ordinary resolution of Countrywide to effect the Share Consolidation proposed to be passed by the Shareholders at the General Meeting as set out in the Notice of General Meeting at the end of this Circular;
<b>Share Purchase Agreement</b>	means the share purchase agreement entered into on 28 November 2019 between Countrywide Group plc and the Purchaser, the terms of which are described in Part V ( <i>Principal Terms and Conditions of the Sale</i> );
<b>Share Purchase Documents</b>	means the Share Purchase Agreement, Transitional Services Agreement and Referral Agreement, each to be entered into or in agreed form as part of the Sale;
<b>Shareholders</b>	means the holders of Countrywide’s Ordinary Shares from time to time and “ <b>Shareholder</b> ” means any one of them;
<b>SIP</b>	means Countrywide’s Share Incentive Plan;
<b>Transitional Services Agreement</b>	means the agreed form transitional services agreement agreed on 28 November 2019 between the Seller and LSH, the terms of which are described in Part V ( <i>Principal Terms and Conditions of the Sale</i> );
<b>Unaudited Pro Forma Financial Information</b>	means the unaudited pro forma statement of the net assets of the Retained Group;
<b>United Kingdom or UK</b>	means the United Kingdom of Great Britain and Northern Ireland; and

**United States or US**

means the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all areas subject to its jurisdiction.

## PART XII

### NOTICE OF GENERAL MEETING

#### COUNTRYWIDE PLC

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of the shareholders of Countrywide plc (the “**Company**”) will be held at 25 Charterhouse Square, London EC1M 6AE at 10:00 a.m. on 23 December 2019 for the purpose of considering and, if thought fit, passing the resolutions set out below. Words and expressions defined in a circular of the Company dated 29 November 2019 addressed to the Company’s shareholders (the “**Circular**”) of which this notice convening the General Meeting forms part (the “**Notice**”) shall, unless otherwise defined herein, have the same meaning in this Notice.

#### **Resolution 1 – Sale Resolution (proposed as an ordinary resolution)**

**THAT** the sale of LSH (the “**Sale**”) as described in the Circular on the terms and subject to the conditions of a share purchase agreement dated 28 November 2019 (as amended, modified, restated or supplemented from time to time) between Countrywide Group plc, a wholly-owned subsidiary of the Company, and the Purchaser and various other related documents is hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority and that each and any of the directors and the secretary of the Company (or a duly authorised committee of the directors) are hereby authorised to conclude and implement the Sale in accordance with such terms and conditions and to make such amendments, modifications, variations, waivers and extensions of any of the terms of the Sale as the directors or any such committee may deem necessary, expedient or appropriate (provided such amendments, modifications, variations, waivers and extensions are not of a material nature) and to any documents and arrangements connected with the Sale as they may in their absolute discretion think necessary or desirable.

#### **Resolution 2 – Share Consolidation Resolution (proposed as an ordinary resolution)**

**THAT**, subject to and conditional on the admission of the New Ordinary Shares (as defined below) to the premium segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange becoming effective, each ordinary share of £0.01 in the capital of the Company (each a “**Qualifying Ordinary Share**”) in issue at the Record Time (as defined the Circular) be consolidated, subdivided and re-designated as follows:

- every 50 Qualifying Ordinary Shares held by a shareholder at the Record Time shall be consolidated into one new ordinary share of £0.50 (a “**Consolidated Ordinary Share**”); and
- each such Consolidated Ordinary Share shall then immediately be subdivided and re-designated into one ordinary share of £0.01 (a “**New Ordinary Share**”) and 49 deferred shares of £0.01 each (“**Deferred Shares**”), where (i) the rights attaching to the New Ordinary Shares (including voting and dividend rights and rights on a return of capital) will be identical in all respects to those of the existing ordinary shares, and (ii) the Deferred Shares will have the rights described in Part VI (*Rights Attaching to the Deferred Shares*) of the Circular,

provided that, where such consolidation, subdivision and re-designation (the “**Share Consolidation**”) results in any shareholder being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other Shareholders may be entitled; that the board of directors of the Company (the “**Board**”), be and is hereby authorised in accordance with the Company’s articles of association (Article 46) to deal with such fractions as it shall decide, to sell (or appoint any other person to sell), on behalf of all the relevant shareholders, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant Shareholders entitled thereto (save that any fraction of a penny shall be rounded up or down in accordance with the usual practice of the registrar of the Company and save that the proceeds of any fractional entitlement of less than £5 will be donated by the Company to a charity of the Company’s choosing); any director of the Company (or any person appointed by the directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant shareholders and to do all acts and things the directors consider necessary or expedient

to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.

**Resolution 3 – General power to allot (proposed as an ordinary resolution)**

**THAT**, if Resolution 2 is passed, the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- (A) up to a nominal amount of £109,210 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and
- (B) comprising equity securities (as defined in the Companies Act 2006 (the “**Act**”)) up to a nominal amount of £218,420 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authority to apply until the end of next year’s Annual General Meeting (or, if earlier, until the close of business on 23 March 2021) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

**Resolution 4 – General power to disapply pre-emption rights (proposed as a special resolution)**

**THAT**, if Resolution 3 is passed, the Board be given power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of Resolution 3, by way of a rights issue only):
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) in the case of the authority granted under paragraph (A) of Resolution 3 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount of £16,381,

such power to apply until the end of next year’s Annual General Meeting (or, if earlier, until the close of business on 23 March 2021) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

**Resolution 5 – Additional authority to disapply pre-emption rights for purposes of acquisitions or capital investments (proposed as a special resolution)**

**THAT**, if Resolution 3 is passed, the Board be given the power in addition to any power granted under Resolution 4 to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be:

- (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £16,381; and
- (B) used only for the purposes of financing a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice or for the purposes of refinancing such a transaction within six months of its taking place,

such power to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 23 March 2021) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

**Resolution 6 – Authority to undertake market purchase of own shares (proposed as a special resolution)**

**THAT**, if Resolution 2 is passed, the Company be authorised for the purposes of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of its ordinary shares of £0.01 each in the capital of the Company, provided that:

- (A) the maximum number of ordinary shares hereby authorised to be purchased is 3,276,301;
- (B) the minimum price (exclusive of expenses) which may be paid for each ordinary share is 1 pence; and
- (C) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the highest of:
  - (i) an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
  - (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out,

such power to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 23 March 2021) but during this period the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

By order of the Board

**Gareth Williams**  
Company Secretary

## PART XIII

### EXPLANATORY NOTES TO THE NOTICE OF GENERAL MEETING

#### **Explanatory notes to the Share Consolidation Resolution**

1. Resolution 2, if approved, will effect the Share Consolidation as set out below and as described in the Circular. The Board believes that the Share Consolidation may assist with reducing volatility in the Company's share price, thereby enabling a more consistent valuation of the Company.
2. Pursuant to the Share Consolidation it is proposed that:
  - each 50 Qualifying Ordinary Shares held by a Qualifying Shareholder will be consolidated into one Consolidated Ordinary Share of £0.50; and
  - each such Consolidated Ordinary Share of £0.50 will then immediately be subdivided and re-designated into one New Ordinary Share of £0.01 and 49 Deferred Shares of £0.01.
3. The creation of a class of Deferred Shares will ensure that the reduction in the nominal value of the ordinary shares effected by the Share Consolidation will not result in an unlawful reduction in the Company's share capital. The rights attaching to the Deferred Shares, which will not be listed and which will not be freely transferable, will render them effectively valueless. No share certificates will be issued in respect of the Deferred Shares.

#### **Existing ordinary shares**

4. As a result of the Share Consolidation, each ordinary shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged (ignoring the effects of the treatment of the fractions). The only changes will be to the number of the New Ordinary Shares, as their nominal value will remain the same. The rights attaching to New Ordinary Shares (including voting and dividend rights and rights on a return of capital) will be identical in all respects to those of the existing ordinary shares.
5. The number of ordinary shares of the Company listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities will change as a result of the Share Consolidation. However, the proposed Share Consolidation will not affect the Countrywide Group's or Countrywide's net assets.
6. The last day of trading on the London Stock Exchange in the existing ordinary shares is expected to be 27 December 2019. The Share Consolidation is expected to become effective on 30 December 2019.
7. If the Share Consolidation is approved, the New Ordinary Shares will be admitted to trading on the London Stock Exchange on 30 December 2019 with ISIN: GB00BK5V9445 and SEDOL: BK5V944.

#### **Fractional entitlements**

8. As a result of the Share Consolidation, any shareholding of Qualifying Ordinary Shares that is not exactly divisible by 50 will be rounded down to the nearest whole number of New Ordinary Shares, and the Shareholder in question will be left with an entitlement to a fraction of a New Ordinary Share (a "**Fractional Entitlement**"). If a Shareholder's holding comprises fewer than 50 Qualifying Ordinary Shares at the Record Time, the shareholding will still be consolidated and result in a Shareholder no longer being a member of Countrywide in relation to that holding.
9. Arrangements will be put in place for Fractional Entitlements arising from the Share Consolidation to be aggregated and sold in the market on behalf of Shareholders. The value of any one Shareholder's Fractional Entitlement will not exceed the value of one New Ordinary Share. Based on the market price of each existing ordinary share of 4.80 pence on the Latest Practicable Date, the proceeds from the sale of a Fractional Entitlement should always be less than £2.35.

10. Proceeds of the aggregation and sale of Fractional Entitlements of less than £5 will be donated to a charity of Countrywide's choosing. Proceeds of Fractional Entitlements in excess of £5 (if any) will be distributed to Shareholders on or around 31 January 2020.
11. Although ordinary shareholders would hold fewer ordinary shares than before, their shareholding as a proportion of the total number of ordinary shares in issue and therefore their ownership in the Company will be the same before and after the Share Consolidation (subject to any Fractional Entitlements).

### **Explanatory notes to Resolution 3**

12. Resolution 3 seeks to grant the equivalent authority to allot New Ordinary Shares following the Share Consolidation as was granted at the Company's last AGM on 30 April 2019 and would replace this authority.
13. Paragraph (A) of Resolution 3 would give the directors of the Company (the "**Directors**") the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £109,210. This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company, assuming the Share Consolidation becomes effective and no further ordinary shares are issued between the Latest Practicable Date and that time.
14. In line with guidance issued by the Association of British Insurers ("**ABI**"), paragraph (B) of Resolution 3 would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £218,420, as reduced by the nominal amount of any shares issued under paragraph (A) of Resolution 3). This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company, assuming the Share Consolidation becomes effective and no further ordinary shares are issued between the Latest Practicable Date and that time.
15. The authority sought under Resolution 3 will expire at the earlier of 23 March 2021 and the conclusion of the Annual General Meeting of the Company held in 2020.
16. The Directors have no present intention to exercise the authority sought under Resolution 3. However, if they do exercise the authority, the Directors intend to follow ABI recommendations concerning its use (including as regards the Directors standing for re-election in certain cases).
17. As at the date of this Notice, 3,152,500 ordinary shares are held by the Company in treasury. This represented 0.2% of the total ordinary share capital in issue (excluding treasury shares) as at the Latest Practicable Date.

### **Explanatory notes to Resolutions 4 and 5**

18. Resolutions 4 and 5 seek to grant the equivalent authority to disapply pre-emption rights in respect of New Ordinary Shares following the Share Consolidation as was granted at the Company's last AGM on 30 April 2019 and would replace this authority.
19. Resolutions 4 and 5 will be proposed as a special resolution, which requires a 75% majority of the votes to be cast in favour. It would give the Directors the power to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.
20. The power set out in Resolution 4 would be, similar to previous years, limited to (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares, or (b) as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £16,381. This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares), assuming the Share Consolidation becomes effective and no further ordinary shares are issued between the Latest Practicable Date and that time.

21. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders.
22. The power will expire at the earlier of 23 March 2021 and the conclusion of the Annual General Meeting of the Company held in 2020.
23. Resolution 5 is intended to give the Company flexibility to make non pre-emptive issues of ordinary shares in connection with acquisitions and other capital investments as contemplated by the Pre-emption Group's Statements of Principles. The power under Resolution 5 is in addition to that proposed by Resolution 4 and would be limited to allotments or sales of up to an aggregate nominal amount of £16,381 in addition to the power set out in Resolution 5. This aggregate nominal amount represents an additional 5% of the issued ordinary share capital of the Company (excluding treasury shares), assuming the Share Consolidation becomes effective and no further ordinary shares are issued between the Latest Practicable Date and that time.
24. The powers under Resolutions 4 and 5 will expire on 23 March 2021 or, if earlier, the conclusion of the Annual General Meeting of the Company held in 2020.

#### **Explanatory notes to Resolution 6**

25. Resolution 6 will be proposed as a special resolution, which requires a 75% majority of the votes to be cast in favour. Resolution 6 seeks to grant the equivalent authority to make market purchases of New Ordinary Shares following the Share Consolidation as was granted at the Company's last AGM on 30 April 2019 and would replace this authority. Having the authority to buy back some of its shares provides the Company with flexibility in managing its capital base.
26. The proposed authority is for a maximum number of 3,276,301 ordinary shares, which represents 10 *per cent.* of the Company's expected total number of issued shares (excluding treasury shares), assuming the Share Consolidation becomes effective and no further ordinary shares are issued between the Latest Practicable Date and that time.
27. The maximum price which may be paid for a New Ordinary Share is the higher of (i) an amount equal to 5 *per cent.* above the average of the market value of a New Ordinary Share for the five business days immediately preceding the day on which the New Ordinary Share is contracted to be purchased, and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out, in each case exclusive of expenses.
28. The Directors will only make purchases of the Company's own shares if it will result in an increase in the earnings per share and when it is considered in the best interests of the shareholders generally.
29. The shares purchased as a result of Resolution 6 may be cancelled or held in treasury pursuant to the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "**Regulations**"). The Regulations allow companies to retain any of their own shares which they have purchased as treasury stock with a view to possible re-issue at a future date, rather than cancelling them as had previously been required. If the Company were to purchase any of its own shares pursuant to Resolution 6, it would consider holding them as treasury stock, pursuant to the authorisations conferred by this resolution. This would give the Company the ability to reissue treasury shares quickly and cost-effectively, and would provide the Company with additional flexibility in the management of its capital base. As at the date of this Notice, 3,152,500 Ordinary Shares were held by the Company in treasury.
30. The authority will expire at the earlier of 23 March 2021 and the conclusion of the Annual General Meeting of the Company to be held in 2020.

### Shareholders' right to appoint a proxy

31. Members are entitled to appoint another person (a “**proxy**”) to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Proxy Form which may be used to make such appointment and give proxy instructions accompanies this Notice (a “**Proxy Form**”). If you do not have a Proxy Form and believe that you should have one, or if you require additional Forms, please contact Link Asset Services:
- by post at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
  - by telephone on 0371 664 0321 in the UK or on +44 371 664 0321 from overseas. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Lines are open 9:00 a.m. to 5:30 p.m. (London time) Monday to Friday (except public holidays in England and Wales); or
  - by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk).

### Proxy Form

32. To be valid any Proxy Form or other instrument appointing a proxy must be received:
- by post or (during normal business hours only) by hand at Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF;
  - electronically via the shareholder portal at [www.countrywide-shares.co.uk](http://www.countrywide-shares.co.uk); you will need to have your Investor Code which can be found on your share certificate. If you have not already registered, you can do so by following the relevant link to the registration page;
  - in the case of shareholders holding their shares through CREST, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in paragraphs 39 to 42 below; or
  - by using the enclosed pre-paid envelope,
- in each case no later than 10.00 a.m. on 19 December 2019.
33. In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
34. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.
35. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before General Meeting.
36. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in paragraphs 39 to 42 below) will not prevent a member attending the General Meeting and voting in person if he/she wishes to do so.
37. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
38. If you appoint more than one proxy and the Proxy Forms appointing those proxies would give those proxies the apparent right to exercise votes on your behalf in a general meeting over more

shares than you hold, then each of those Proxy Forms will be invalid and none of the proxies so appointed will be entitled to attend, speak or vote at the relevant general meeting.

## **CREST**

39. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
40. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent Link Asset Services (ID is RA10) by 10.00 a.m. on 19 December 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
41. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
42. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

## **Nominated Persons**

43. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
44. The statements of the rights of shareholders in relation to the appointment of proxies in paragraphs 32 to 38 of this Part XIII (*Explanatory Notes to the Notice of General Meeting*) do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
45. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at the Record Time (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

## Voting

46. Voting at the General Meeting will be conducted by way of a poll rather than on a show of hands. The Board believes a poll is more representative of shareholders' voting intentions because shareholders' votes are counted according to the number of shares held and all votes tendered are taken into account.
47. As at the Latest Practicable Date, the Company's issued share capital consists of 1,641,303,439 issued ordinary shares of £0.01 each admitted to trading and carrying one vote each. As at the Latest Practicable Date, the Company holds 3,152,500 ordinary shares in treasury. Therefore the total voting rights in the Company as at the Latest Practicable Date is 1,638,150,939.
48. You can fill in an online voting form instead of coming to the General Meeting in person. The online voting form is available electronically via the shareholder portal at [www.countrywide-shares.co.uk](http://www.countrywide-shares.co.uk). You will need to have your Investor Code which can be found on your share certificate. If you have not already registered, you can do so by following the relevant link to the registration page. Your online voting form must be submitted no later than 10:00 a.m. (UK time) on 19 December 2019 or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

## Corporate representatives

49. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its power as a member provided that they do not do so in relation to the same shares.
50. Except as provided above, members who have general queries about the General Meeting should use the following means of communication (no other methods of communication will be accepted):
  - by telephone on 0371 664 0321 in the UK or on +44 371 664 0321 from overseas. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Lines are open 9:00 a.m. to 5:30 p.m. (London time) Monday to Friday (except public holidays in England and Wales); or
  - by post to the Company Secretary, Countrywide plc, Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex, CM2 0PP.

You may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the Part I (*Letter from the Chairman*) and Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

## Shareholders' right to ask questions at the General Meeting

51. Any member attending the meeting has the right to ask questions relating to the business of the General Meeting in accordance with section 319A of the Act. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

## Notice of General Meeting on Countrywide's website

52. A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.countrywide.co.uk](http://www.countrywide.co.uk).

## Poll result

53. It is expected that the total of the votes cast by shareholders for or against or withheld on the resolution will be published on [www.countrywide.co.uk](http://www.countrywide.co.uk) after the General Meeting.



