



Financial Results for the Quarter ended June 30 2012

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Executive Summary (Grenville Turner)

- Encouraging financial performance
- Investment in key areas continues
- No change to overall focus / strategy

HOWEVER

- Consumer confidence remains fragile
- Mortgage lending conditions tightening
- Lack of cohesive Government strategy to support recovery

Key Financials (Jim Clarke)

<u>TOTAL GROUP</u>	<u>Q2 2012</u>	<u>YTD 2012</u>
•Revenue (£m)	134.6 (+5%)	257.2 (+10%)
•EBITDA (£m)	15.0 (-3%)	19.6 (+17%)

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- Q2 result impacted by end of stamp duty holiday in March
 - acceleration of transactions from Q2 into Q1
 - profit impact circa £1.5m
 - underlying Q2 performance EBITDA up 10%
 - LTM EBITDA £59.2m

Estate Agency (Excluding Hamptons)

	<u>Q2 2012</u>	<u>YTD 2012</u>
•Revenue (£m)	53.8 (+1%)	103.5 (+6%)
•EBITDA (£m)	2.7 (+15%)	0.2 v. (1.6)

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- Progress continues across a number of areas
 - increased upfront fees / enhanced marketing packages
 - investment in prestige market (Sotheby's / Faron Sutaria)
 - consolidation of administration and finance centres
 - continued development in our New Homes operation
 - Continued improvement in financials
 - Market share gain in 2012 Q1 (Land Registry)

Hamptons

	<u>Q2 2012</u>	<u>YTD 2012</u>	<u>Excl. New Branches</u> <u>YTD 2012</u>
•Revenue (£m)	18.4 (+5%)	33.0 (+9%)	32.2 (+7%)
•EBITDA (£m)	4.0 (-13%)	5.0 (-13%)	6.0 (+3%)

- Progress continues across all three core divisions (Sales, Lettings and Residential Development and Investment)
- Recovery in Country regions augments London performance
- Expansion plans on track / 5 new openings so far in 2012
- Continuing to win market share in Prestige market

Lettings

	<u>Q2 2012</u>	<u>YTD 2012</u>	<u>Excl. New Starts</u> <u>YTD 2012</u>
•Revenue (£m)	23.3 (+17%)	45.3 (+16%)	41.6 (+11%)
•EBITDA (£m)	5.1 (+28%)	9.6 (+35%)	10.9 (+35%)

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- Continued positive trends
 - Core business operating margin 26%
 - Expansion continues
 - 10 acquisitions so far in 2012 including strategic entry into Leeds market
 - new start branches now at 162 (target 180 by December 2012)

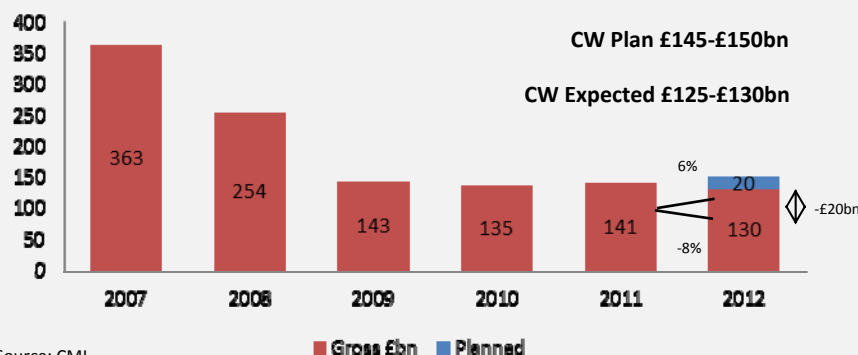
Financial Services

	<u>Q2 2012</u>	<u>YTD 2012</u>
•Revenue (£m)	15.6 (flat)	30.3 (+9%)
•EBITDA (£m)	2.0 (-24%)	3.2 (-12%)

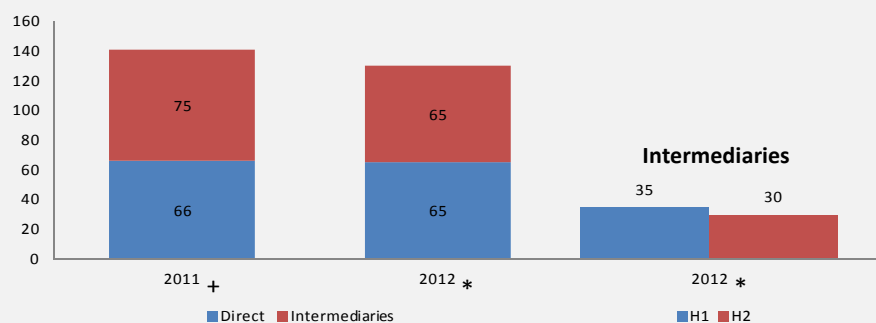
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- Challenging period following significant profit growth in 2011 due to investment in increasing number of advisors
 - Mortgage Intelligence and Capital Private Finance continue to perform in line with expectations
 - Overall market share holding up
 - Strong performance and cost management in H2 is expected to produce a result ahead of 2011 EBITDA

Financial Services

Gross Mortgage Lending



Intermediary Lending



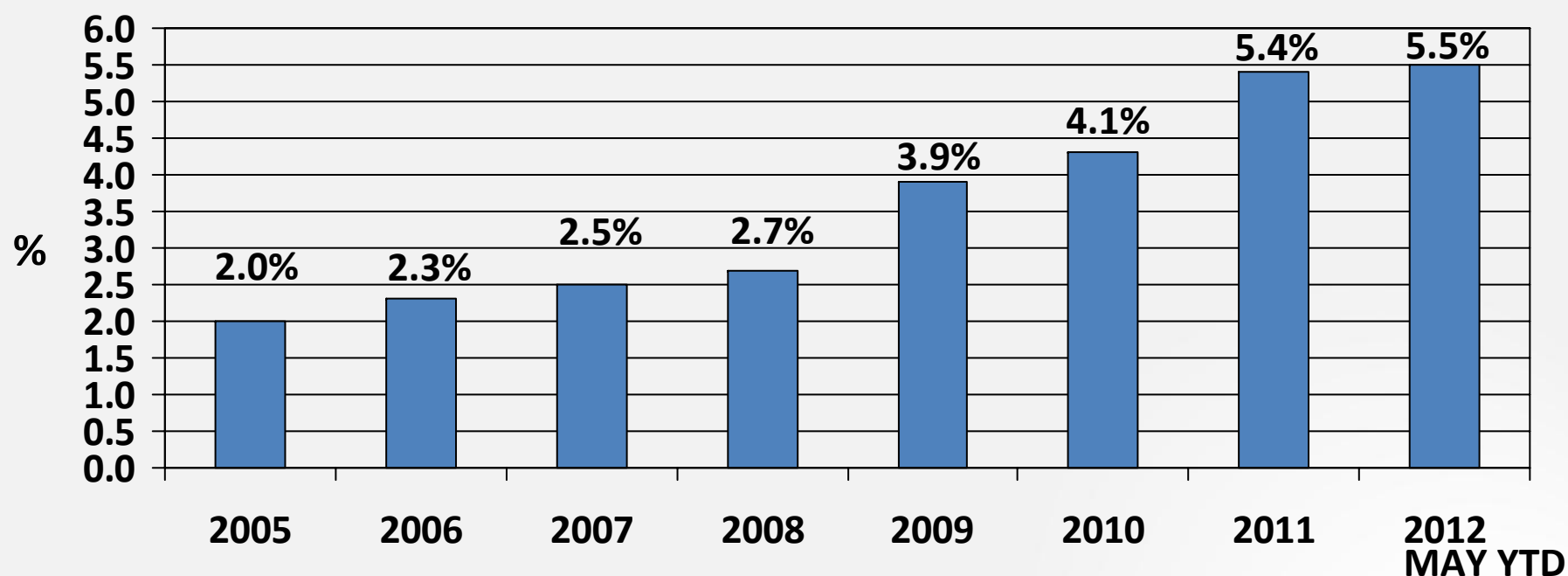
+ = Source: LBG

* = Source: Countrywide revised 2012 estimates

- Mortgage volumes continue to be under pressure from capital and liquidity constrained lender appetite
- Mortgage availability now subject to stricter application of lending criteria than 6 months ago
- Pricing increased in last 8 months up 0.75-0.90%
- Countrywide expected modest lending growth in 2012 and invested in mortgage distribution
- This investment now ambitious with all commentators looking at a reduction of 8% (from £141bn) to £125-130bn

Financial Services – Market Share

Total Mortgages Exchanged as % of BoE Total Mortgage Approvals
(New Purchase and Remortgage)



Surveying & Valuation

	<u>Q2 2012</u>	<u>YTD 2012</u>
•Revenue (£m)	17.4 (+11%)	32.8 (+13%)
•EBITDA (£m)	2.6 (+8%)	4.5 (+14%)

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- Strong recent financial performance continued in Q2
 - in house volumes up 5% H1 v. 2011
 - record levels of productivity
 - full benefits of National Operations Centre now becoming evident

Conveyancing

	<u>Q2 2012</u>	<u>YTD 2012</u>
•Revenue (£m)	6.0 (+4%)	11.7 (+14%)
•EBITDA (£m)	1.7 (-13%)	3.1 v. 3.1

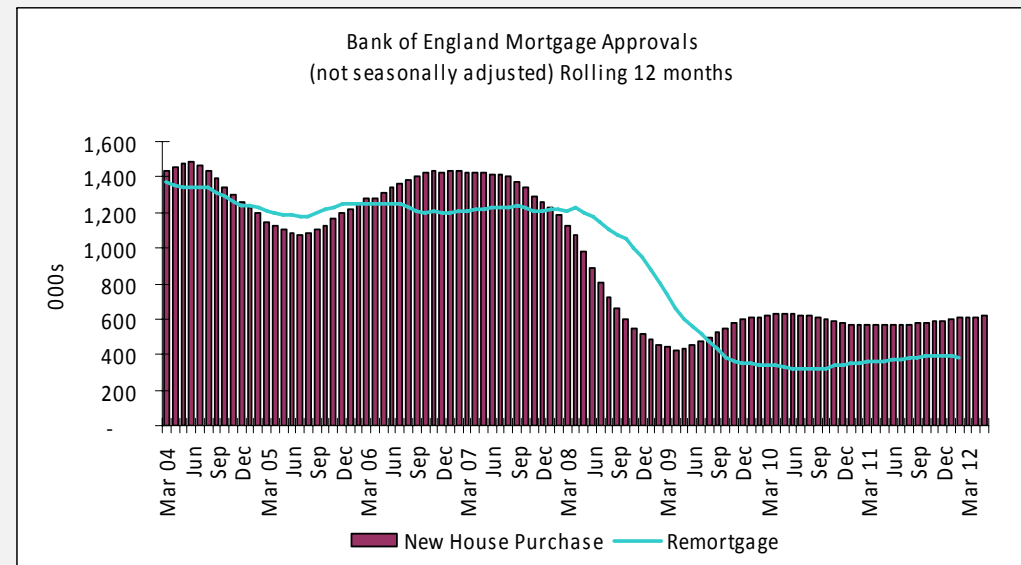
- Financial performance impacted by:
 - end of stamp duty holiday
 - continued investment in new business streams → 6 months cost / 2 months revenue
- Some issues on exchange conversion as Lenders apply strict guidelines
- Good progress in private conveyancing

Funding / Balance Sheet / Provisions

- Net debt £208m
- Strong funding position
 - cash balance £42m
 - available RCF facility
- YoY improvement in key ratios
 - leverage 3.5 (2011 : 3.9)
 - fixed charge cover 2.2 times (2011 : 2.0)
- Trend in PI claims broadly as expected

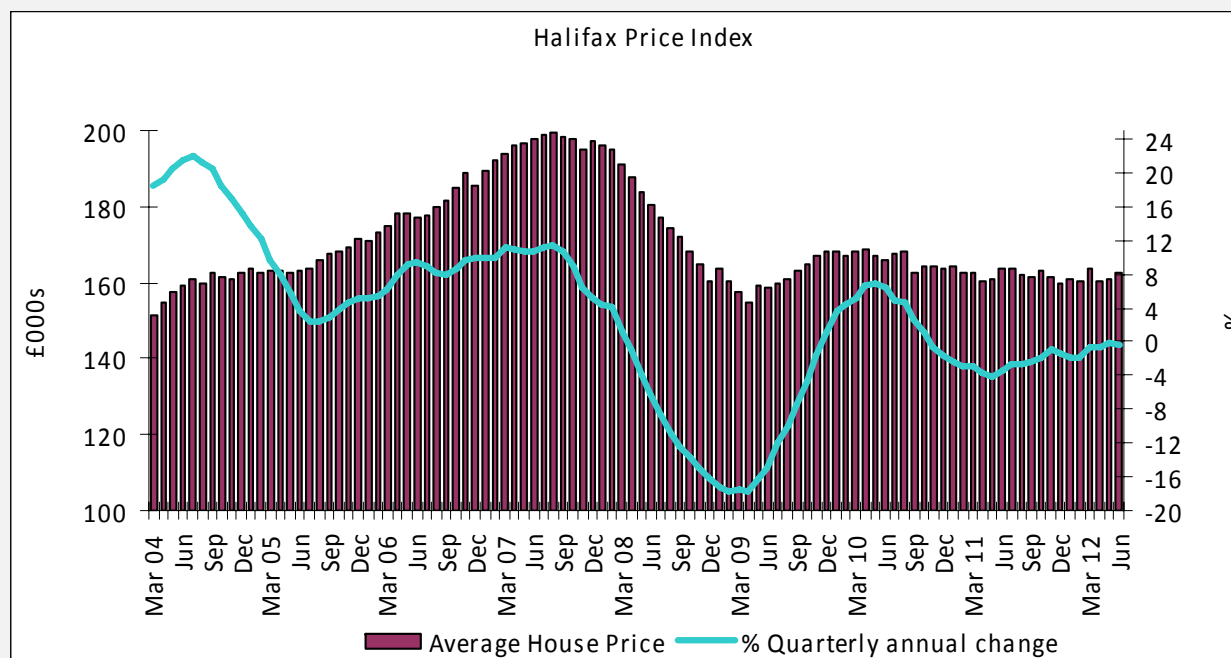
Market Update (Grenville Turner)

- Land Registry
 - 2011 volumes -2%
 - LTM (March 2012) +3%
- BoE
 - 2011 volumes +3%
 - LTM (May 2012) +10%



- Remortgage volumes down 5% in first 5 months of 2012

House Price Trends



- Halifax Q2 2012 -0.6% v. 2011
- Nationwide June 2012 -1.5% v. 2011
- Countrywide H1 2012 +3% v. 2011

Further Progress – Corporate Business

platform 

The co-operative bank
good with money

Britannia

- Co-op merged with Britannia Building Society
- Tender issued for valuation panel management for all 3 brands
- Held the Co-op and Platform contracts, gained Britannia
- Beat stiff competition from all major players
- As well as panel management services, CSS undertaking bulk of valuation work
- Commencement August 2012

Further Progress - Marketing

National Property Showcase

- London event 10th May.
- Open House Weekend 12th – 13th May.
- Over 19,000 properties featured – **BEST EVER**
- Over 80,000 viewings during the campaign – **BEST EVER**
- Over 2,500 properties sold – **BEST EVER**



Enhanced Marketing Packages

Re-brand of marketing packages sold to vendors – EMP's

- New CW branded sales aid produced
- Statistically, Vendors choosing to purchase an EMP are **27%** more likely to sell their home!!



Award Winning Service

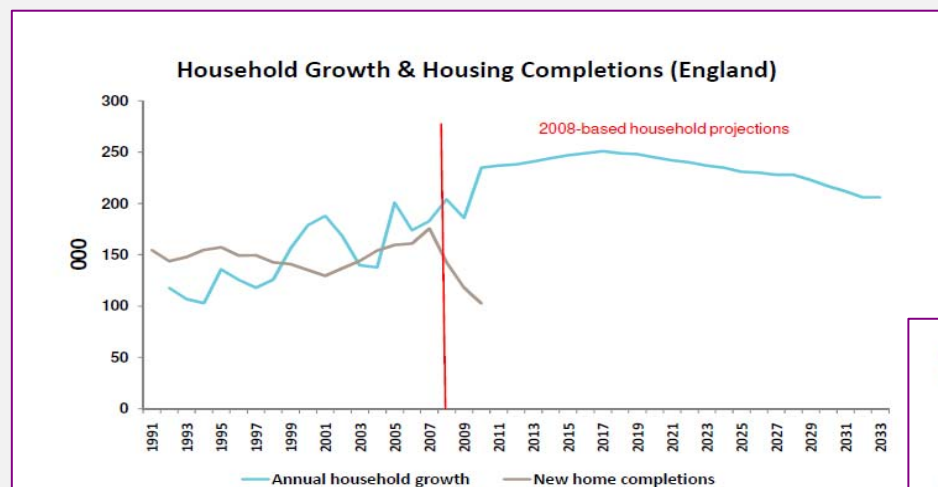
Countrywide have now won over 100 industry and customer awards in the last 3 years.....

- New awards collateral issued to branches in June
- Includes window stickers & posters
- New email signature produced
- Online awards pages updated



Land and New Homes

- National shortage of new homes in the UK
- Recent government initiatives to unlock the market...



Estimated that 270,000 new homes required annually to 2026, vs. current production of c.130,000

Actions taken to unlock both supply and demand in the last 12 months,- full impact yet to be felt

Scale of initiatives

- FirstBuy (shared equity) - 10,500 sales
- £570m Get Britain Building – 16,000 units unlocked
- Public land – 100,000 plots
- NewBuy (MIG) – 100,000 sales over 3 years
- Financial incentives for councils
- Significant taken together

Land and New Homes

2012 Year to date, three areas of focus...

Continued investment: creation of new senior roles:

- National Head of Land, Head of Affordable Housing, Commercial Director
- Strengthened sales management throughout the UK, with five new trading regions opening in the first six months of 2012
- Planned investment in Land Team

Leverage of Group capability: listened to developers to address their needs

- Access to overseas markets from our Hamptons and Sotheby's brands
- 7 day New Homes Property Lawyers
- Dedicated Financial Services, Consultancy team
- Part Exchange / Assisted Move PLC trials
- Proactive appraisal and valuation service

Joint Venture Partnerships: delivering land and downstream revenue



Further Progress – Lettings Expansion

Acquisitions

Bullock & Lees



Alan Harvey
property services



Christchurch –
Additional office to
Network

Warrington –
Additional office to
Network

Bow / Leytonstone – 2
Additional Offices to
Network

Enfield –Additional
Office to Network

Acquisitions



nest



Copleys
of York

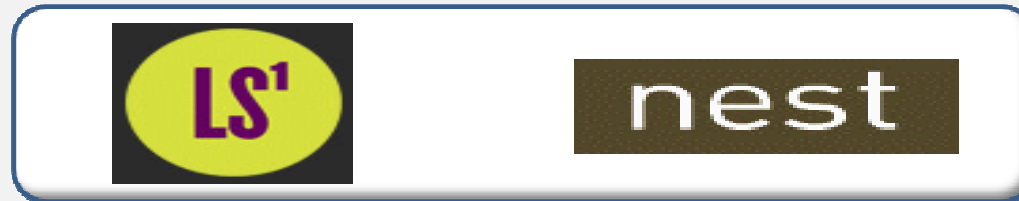
Leeds / Manchester
Strategic Leeds Expansion
with LS1 and Nest
businesses combined.

M1 significant boost to
Manchester city centre
business

Woking – Additional office
to Network

York –Expansion of
existing York business

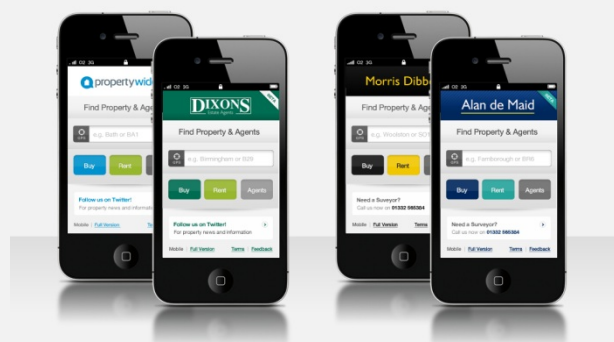
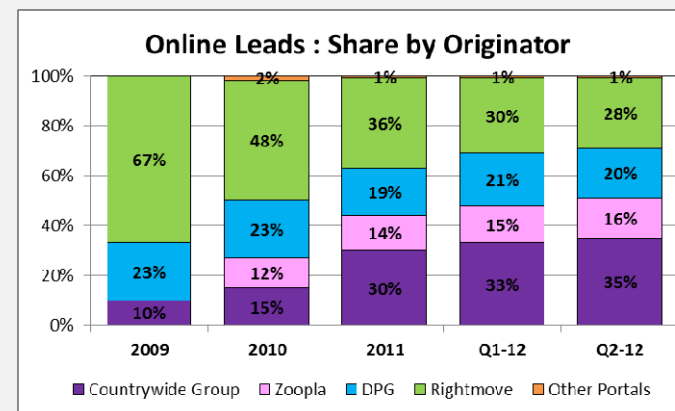
Strategic Leeds Expansion



- Acquire LS1 and Nest to deliver Market Leader in Leeds
- Combined Leeds business will generate c £1.25m income p.a.
- LS1 is well established business with strong brand and presence in City centre. Office in Clarence dock offers further scope to expand. Nest adds scope to expand the student let sector
- Link to Plans to develop Sales business under Bridgfords Brand from suburbs

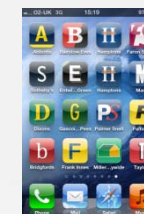
Further Progress - Online

- Online lead generation for Countrywide
 - Own leads now > 35% and growing 20% YoY
 - Own leads + Zoopla Property Group = 71% online leads
 - Rightmove leads down to 28%



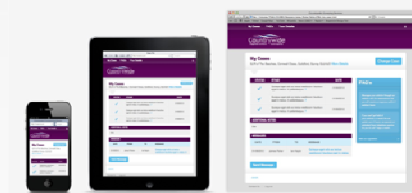
Mobile Development

- Websites
 - Launched end of 2011 – interest growing
 - Accounts for > 12% of visits
- Apps
 - Propertywide launched January – downloads growing
 - Roll-out to larger agency brands in Q2 2012
 - Completion of mid size brands in Q3 2012



Other online developments

- Launch of “new” Sotheby’s web site
- Launch of HSBC online conveyancing tracking capability using responsive design
- Launch of Harvey Donaldson & Gibson website



Further Progress - Recognition

127 high-profiled industry awards since 2008

British Mortgage Awards 2012

- Conveyancing Business Leader

The RESI Awards

- UK Lettings Agent of the Year category - Gold
- UK Sales Agent of the Year category - Finalist (Countrywide Land & New Homes)



Sunday Times Lettings Agency of the Year 2012

- Best Large Lettings Chain: Countrywide Residential Lettings (Silver)
- Best Large Lettings Chain: Hamptons International (Bronze)
- Training & Development: Hamptons International (Bronze)



2012 Moneyfacts Awards

- Best Conveyancing/Legal Search (Highly commended)

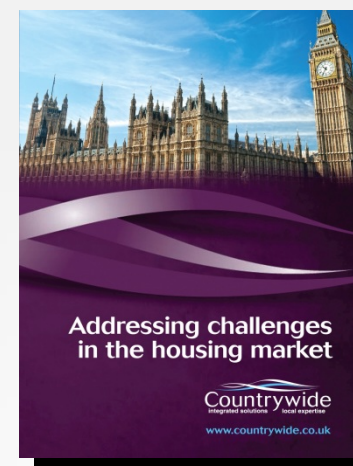
Challenges Facing the Housing Market

- Highlights the key issues facing the UK housing market at present
- We firmly believe that, like any well run business, UK housing plc. needs a plan
- Details our approach to creating a healthy and sustainable housing sector including recommended commercial solutions for Government and the private sector
- Innovation and the adoption of a communicative approach with all concerned parties aligned while respecting commercial interest is the only way to begin to emerge out of this challenging environment



Challenges Facing the Housing Market

- Establish and enforce meaningful mortgage lending targets
- Address the structure of the UK house building sector and restrictive planning laws
- Align tax receipts from the housing sector with long-term investment in social housing and regenerations as well as incentivising investment in the public and private rental sectors
- Change the SDLT system – thresholds and ‘slab’ mechanism should be reviewed
- Reduce house price volatility
- Engage with the UK housing industry



Summary

- 1 2012 market likely to be flat on 2011
- 2 Euro-zone issues remain a negative influence on sentiment
- 3 Mortgage market remains challenging
 - pricing increasing
 - lending conditions tightening
 - 2012 lending likely to be lower than 2011
- 4 Key focus areas remain
 - hold / increase average fees
 - market share
 - cost management
 - cash generation
 - further market consolidation
- 5 No visibility on timing of significant market recovery