

Winkworth PLC
11 Berkeley Street
Mayfair, London
W1J 8DS

Tel: -> 020 7355 2866
Fax: -> 020 7355 0210
Email: -> winkworthpr@winkworth.com
Website: -> winkworthplc.com

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Trading Update

M Winkworth plc ("Winkworth"), the leading franchisor of real estate agencies, is providing the following Trading Update for the year ended 31 December 2011.

Summary

Trading in 2011 was in line with expectations with Winkworth selling an increased number of residential properties, bucking the decline in transactions for the UK industry as a whole, and achieving a record year for lettings and management.

In property sales, overall price growth was limited with London continuing to outperform the country markets. Prices for prime London properties continued to rise throughout the year, while prices for flats and properties in less prime areas were broadly stable. Family houses continued to be in strong demand. With 58 franchises across the capital, Winkworth is the largest estate agent in London by number of offices. Some 90% of revenues in Winkworth's sales and lettings business derive from the London market.

Our increased investment in the lettings and management business to further improve its performance has proven timely, as the market has continued to move ahead in particular in London. Its importance to the group has grown significantly as a result.

Our expansion into new markets tangential to London has proven to be an ongoing success. Converted franchises have witnessed a marked increase in the average price of properties sold under the Winkworth banner and, as a result, average sales commissions outside of London rose by 13% in 2011.

As part of our programme of expanding and upgrading our network of offices, we are very pleased to have opened a record number of 11 new franchises in 2011, 10 of which were conversions from existing businesses, compared to seven openings in 2010. After the consolidation of some existing franchises, the total net number of offices under the Winkworth banner increased by five to a current total of 93. The new offices include key target areas which affiliate with London such as Oxford, Chalfont St Peter, Petersfield, Farnham, Harrow and Chislehurst, as well as a chain of four offices in the Bournemouth area. With a full pipeline going into 2012 we would hope to open a further four offices in the first quarter of the year.

We plan to continue to grow our network of country offices, linked to London by our newly formed country house department, which in 2011 successfully referred 43 properties with an average value of £1.6m. We have grown our market share of the country house market, increasing transactions by 2% versus a general market decline, and seek to broaden our footprint in these areas as other agents retrench, positioning ourselves for an uplift in transactions and benefiting from reduced competition.

Outlook

In early 2012 there are some encouraging signs in the London market as more properties become available and this is matched by solid demand. The exception to this is central London where instructions remain very low and demand means those wishing to secure their property of choice have to pay a premium on the asking price. We expect to see prices in central London continuing to move upwards as buyers from the Far East and the Eurozone, looking to London as a safe haven for investment, fuel demand.

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Overall, we anticipate that national transaction levels in 2012 will remain flat on 2011, which in turn was similar to 2010 at approximately 880,000 transactions, some 50% of the peak level of approximately 1,669,000 transactions in 2006. Rental properties will continue to be in short supply across all of London and, as a result, we expect this side of our business to remain robust.

As a result of this prolonged period of low transaction levels, we anticipate ongoing consolidation in the residential market with independent agents seeking to grow market share by joining a recognised banner and thus optimising their cost structure. Some 70% of the industry is made up of independent agents employing five or less people in around 11,750 agencies. This effect will continue to boost our growth as we to prove our ability to improve the businesses of independent agents.

Our target is to open ten net new franchises in 2012 and, as was the case last year, we will act swiftly when the opportunity presents itself to acquire chains of quality independent agents looking to drive their business forward in an uncertain climate with Winkworth's support.

We therefore look forward to 2012 with confidence, despite the challenging conditions in the market as a whole.

Note: HMRC data

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For further information:

M Winkworth PLC
Tel: 020 7355 2866

Dominic Agace (Chief Executive Officer)
Chris Neoh (Chief Financial Officer)

FinnCap (Nominated Adviser)
Tel: 020 7600 1658

Matthew Robinson (Corporate Finance)
Rose Herbert (Corporate Finance)
Tom Jenkins (Corporate Broking)

Milbourne (Public Relations)
Tel: 020 7920 2367
Tim Draper

About Winkworth

Winkworth is a leading franchisor of residential real estate agencies and is admitted to trading on the AIM Market of the London Stock Exchange.

Established in Mayfair in 1835, Winkworth has a pre-eminent position in the mid to upper segments of the central London residential sales and lettings markets. In total, the company operates from more than 90 offices in the UK, France and Portugal, having doubled in size in recent years.

The franchise model allows entrepreneurial real estate professionals to provide the highest standards of service under the banner of a well-respected brand name and to benefit from the support and promotion that Winkworth offers. Franchisees deliver in-depth local knowledge and a highly personalised service to their clients.

For further information please visit: www.winkworthplc.com or winkworth.co.uk