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M Winkworth PLC - Trading statement and Market Outlook

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M Winkworth plc ("Winkworth" or the "Company"), the leading franchisor of real estate agencies, is providing the following Trading Statement for the period from July to December 2014.

SUMMARY

As has been widely reported there has been considerable variation in the London and South East residential property markets between the first and second halves of this year. The spike experienced in London at the end of the first quarter has progressively subsided, especially in the prime central London market.

The general election, expected in May 2015, is no doubt an important contributor to the quieter market. This trend is supported by our research, which shows that there is frequently a slowdown in transaction levels in the months leading up to polling day. However, factors such as stricter lending requirements as a result of the Mortgage Market Review and the strength of sterling, lessening the attraction of London property to international buyers, have also played a part in giving rise to caution. Uncertainty in the run up to the election has been most apparent at the top end of the market as a result of concerns over a mansion tax and new measures impacting overseas buyers.

In line with our expansion plan, in 2014 the Company will have opened five new offices in the UK, being London Colney, Enfield, Ramsbury, Salisbury and Reading, as well as an office in Marbella. After consistently opening new offices outside of London over the last few years, the South East and South West now represent the most dynamic growth within our business. We expect to open more new offices in these regions in 2015, and look forward to generating new business opportunities through our Client Services Department (CSD).

The Board of the Company expects full year revenues for 2014 to be in line with market expectations, and we believe that we will be able to achieve stable performance for 2015 despite what may prove to be more difficult market conditions in the first half. If this prognosis proves correct, we will maintain our progressive dividend policy.

MARKET OUTLOOK

Looking to 2015, our expectation is that the market will continue to be subdued in the first half of the year. However, in a reverse image of 2014, we expect the latter half to see a pick up both in terms of prices and transactions.

We anticipate that prime central London will continue to be most affected in coming months, with political uncertainty and proposed legislation for a mansion tax leading to a price fall of 5% in the first half of next year. Changes to the taxation of overseas investors and less attractive exchange rates lead us to believe that, although the market may pick up slightly after the general election, prices will be flat in central London for the year as a whole.

Suburban London is expected to be impacted as the rapid growth seen in 2014 slows, helping to rebalance supply and demand. Caution before the polls suggests that prices will be flat for the first half of the year, before rising modestly by year end.

The Winkworth logo, featuring the word "Winkworth" in a white serif font on a dark blue rectangular background.

M WINKWORTH PLC PRESS RELEASE

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Confidence in the property market in the South East was restored in 2014 as the numbers relocating from the capital grew. We anticipate that this will continue in 2015, with prices outperforming London and increasing by 3 % overall.

We anticipate that the middle market will show the strongest activity in 2015, as delayed interest rate rises prolong the availability of cheap mortgages. The number of transactions overall is expected to be flat on 2014, but that by the end of 2015 these will again be on a steady upward trend.

We expect our rentals income, which this year will have accounted for some 35 % of the group total, to continue to grow by approximately 10 % as employment improves and wage inflation starts to come through, thereby pushing up rents. This will be supported by a more restrained sales market, leading people to rent whilst they wait for the result of the election, and rising prices as a result of an ongoing shortage of supply, particularly in London. We expect the proportion of rentals in the group total to grow again in 2015 due to our investment in that activity.

We will continue to review the quality of our network, re-selling underperforming franchises and investing in our most successful ones by providing loans to help these develop their operations by acquiring lettings businesses, refurbishing existing offices in line with Winkworth's updated brand strategy, or moving to larger, more valuable premises.

By maintaining our plans to further develop our web-based services, grow our CSD capabilities and instigate a new plan to improve the performance of our lettings business, we expect to attract new franchisees and continue to grow the market share of our existing ones.

- ENDS -

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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 over 90 offices in the UK and Portugal, having expanded consistently 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

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