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Trading Statement and Market Outlook

11.11.15

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 November 2015.

Summary

Despite the unexpectedly clear-cut election outcome in May, the anticipated bounce in the housing market has not materialised in 2015, with the sales market being particularly slow in prime central London. We believe that while concerns around the General Election limited transactions, particularly at the upper end of the market, a large part of the slowdown can be attributed to the stamp duty changes introduced in the latter part of 2014, which saw a significant rise in the tax for properties above £900,000. Transactions below this threshold have been more buoyant, particularly as interest rates have remained low and mortgage lending has increased.

The Board of the Company expects full year revenues for 2015 to be in line with 2014. Costs associated to investment in new projects will be higher than anticipated as our Client Services Department in particular, set up to generate new sales opportunities for franchisees, has taken longer than estimated to reach breakeven. As a consequence, it is expected that profits for 2015 will be slightly below market expectations. Our dividend is well covered, and with no debt and solid cash-flow we expect to be able to maintain our progressive pay-out policy.

This will still be the second best ever year for Winkworth, despite transactions still being 26 % off their historic peak. We are particularly pleased with the continued growth of our rentals business, with lettings in 2015 achieving double the revenues generated in 2006. We continue to focus our efforts on promoting and running a single, well-respected brand and adding maximum value to our existing franchisees while also looking to attract high quality professionals that may be looking to leave prime agencies and seek new opportunities. We are improving the mix of our business and have this year re-sold eight offices to introduce new, higher-quality franchisees who we believe will help drive growth in both income per office and market share.

Market Outlook

Market conditions moving into 2016 are likely to be similar, with stamp duty undermining demand for more expensive properties but low mortgage rates and wage inflation adding momentum at the lower end of the market. As a result of this cautious outlook for the industry we believe that there will be opportunities for us to attract new talent to the Winkworth brand. We are experiencing a pick-up in new franchising inquiries and have three offices scheduled to open in the early part of next year, with more under discussion.

The private rental sector now represents 30 % of the London property market and we expect rentals to continue to grow in importance, with a shortage of supply underpinning prices. We anticipate steady growth of 3-4 % in the price of Greater London rentals, slightly above wage inflation, and growth in our own business at around double this rate as our investment in lettings starts to come to fruition.

With the initiatives taken to maximise revenue-generating opportunities, further organic growth and tight control of costs we look forward to 2016 with confidence.

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Winkworth

M WINKWORTH PLC PRESS RELEASE

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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 some 100 offices, 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

Winkworth