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Trading statement and market outlook

16.12.13

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 2013.

Summary

After a strong first half in 2013, business has accelerated in the second half of the year on the back of improving levels of transactions and strong price rises in the London market. As a result, unaudited gross group revenues in the third quarter rose by 24 % year-on-year and the Directors of the Company anticipate full year revenues being ahead of market expectations.

The rentals side of our business, which accounts for just under 40 % of our turnover, remains solid and has seen further good growth this year. As sentiment switches to the sales market, however, we expect rents to remain flat and yields to stay low.

Market Outlook

The government's Help to Buy scheme has led to improved sentiment, while cheaper mortgages for the professional classes, greater job security and improved employment prospects are underpinning the family house market.

It is encouraging to see a recovery in the country market, both in terms of sentiment and prices. Our strategy in recent years has been to expand our presence outside London, particularly in the South East, in order to be well positioned to service clients looking for a more affordable home outside of the capital. While we expect our London business to remain strong next year, with family houses in Greater London continuing to be a hot spot, we also expect to see some of our new agencies outside of London providing the biggest uplift.

We anticipate that the improved sentiment in the residential market will offset the withdrawal of the Funding for Lending scheme in January 2014. After a 15 % rise in the number of UK sales transactions in 2013, we expect transactions to rise by a similar amount next year, closing the gap with the record level achieved in 2007. We are forecasting a 5 % increase in average prices in central London and the South East, and a 10 % rise in suburban London.

We believe that, in 2014, many that have held off buying in the countryside and instead kept their money in London will look to take advantage of the value gap that has opened up and make a lifestyle choice to move out. This will be supported by improved job security and a return to a more flexible style of working than in recent years.

Having opened a further seven offices in 2013, we anticipate that the Company's office openings next year are more likely to be 'cold starts' than conversions from owner brands. Having been highly cash generative in 2013, we are investing in our existing franchisees to ensure they are best positioned to benefit from the upturn by helping finance new offices, sites and interiors. Our modernised brand strategy continues to make good progress, with 25 offices in the pipeline for completion next year, and to deliver outstanding results.

- ENDS -

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 over 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

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