

15 October 2020

**Countryside Properties PLC
FY 2020 Trading Statement**

Well positioned for the next phase of growth

Countryside Properties plc (the "Group"), a leading UK mixed-tenure developer, is today issuing a trading update for the year from 1 October 2019 to 30 September 2020. The Group will report its full year results on Thursday 3 December 2020.

Highlights

- Ended the year in line with the Board's expectations, delivering adjusted operating profit of approximately £54m
- Total completions of 4,053 homes (2019: 5,733 homes)
- Private average selling price ("ASP") of £364,000 (2019: £367,000)
- Net reservation rate¹ of 0.78, in line with our target range (2019: 0.84)
- Average open sales outlets at 63 (2019: 56)
- Total forward order book up 17% at £1.4bn (2019: £1.2bn)
- Net cash of £98.2m (2019: £73.4m)
- Successful placing of 74.6m new ordinary shares in July 2020, raising gross proceeds of £250m
- Two new Partnerships Framework Agreements signed, underpinning mixed-tenure delivery

¹ Net reservations per open outlet per week

Group Performance

Although the COVID-19 pandemic has caused significant disruption to the business, particularly in the second half of our financial year, our mixed-tenure model has proved resilient and we have continued to see strong demand for all tenures of housing. We returned to phased construction activity from 11 May 2020, with an increased focus on affordable and private rented sector ("PRS") homes. This focus gave us confidence to return to site, allowed us to generate revenue as soon as construction activity recommenced and provided greater certainty of work for our supply chain. Our sites are now operating at around 95% of their normal delivery level, assisted by longer opening hours and sharp focus on the phasing of activity on site.

During the year we completed 4,053 homes (2019: 5,733 homes) of which 1,454 were private (2019: 2,177 homes), 1,691 were Affordable (2019: 2,179 homes) and 908 were PRS (2019: 1,377 homes). We were active on a total of 124 sites as at 30 September 2020 (2019: 137 sites) of which 62 were open selling outlets (2019: 58).

Despite the national lockdown, our private sales activity remained robust throughout the year. Our net reservation rate of 0.78 for the full year (2019: 0.84) was at the upper end of the Group's target range of 0.6 to 0.8, despite an elevated cancellation rate due to customer uncertainty caused by COVID-19. The healthy levels of activity seen earlier in the year gradually returned as we reopened in June 2020 and since then we have seen a sustained period of demand during the summer as the market recovered from the lockdown.

We have excellent visibility of future work through our strong forward sales position of over 6,800 homes (2019: 6,112 homes) at a value of £1.4bn (2019: £1.2bn). Our private forward order book at £528m is 119% higher than the same period last year (2019: £241m) partly as a result of homes completing later than originally planned due to COVID-19. In addition, our Affordable and PRS order book has been maintained at £0.9bn despite our increased focus on delivering these tenures through the second half of the year.

In July the Group successfully raised £250m through the placing of 74.6m new ordinary shares. £100m of the proceeds were used to strengthen the Group's balance sheet, with the remaining £150m earmarked to accelerate the growth of the Partnerships division as we open three new regional businesses and accelerate a further eight Partnerships developments which were already in our

pipeline. These plans remain on track with our management teams focused on delivering the enhanced growth plan over the coming years. As outlined during the placing, this growth will result in our Partnerships division growing to around 75% of Group profits.

Our mixed-tenure growth plans have been further underpinned by two new framework agreements signed in Q4. This includes the expansion of our partnership with Sigma alongside their new investment partner EQT Real Estate, to deliver 367 homes as the initial phase of a larger London PRS framework. In addition, we signed a new PRS framework agreement with Goldman Sachs to deliver up to 1,000 PRS homes over the next three years. This will initially include 410 homes across three sites in Bicester, West Bromwich and Wolverhampton.

Divisional Performance

Our Partnerships division delivered total completions of 3,213 homes (2019: 4,425 homes). We had another strong year for new business, adding 11,374 plots which resulted in our secured work increasing to 42,442 plots (2019: 34,842 plots) equivalent to over 9 years work based on 2019 volumes. In addition, we have visibility over a further 100,000 plots that we are tracking in our pipeline.

As announced in July, as we continue to grow our Partnerships division, our Partnerships North business has been separated into two: Partnerships North, covering Manchester, Merseyside and Yorkshire and Partnerships Midlands which will incorporate regions in the East, West and South Midlands. We are adding to these with our new Chilterns and South West regions following our placing in July. We are making good progress on strengthening our management teams to ensure our growth plans are carefully managed and will provide more detail at our full year results in December 2020.

We continue to focus on operational efficiency. Key to this is the £20m investment in our second modular panel factory in Bardon, Leicestershire, which remains on track to become operational in Autumn 2021. Once fully operational in 2022 it is expected to have the capacity to deliver over 3,000 homes per year.

Our Housebuilding division delivered total completions of 840 homes (2019: 1,308 homes). During the period we secured new options for 350 homes in Bedfordshire and 400 homes in Knebworth, Hertfordshire as well as securing outline planning for 1,138 homes in Maldon, Essex and 468 homes in Burgess Hill, West Sussex in collaboration with Homes England. Overall, our land bank stood at 25,042 plots at 30 September 2020 (2019: 24,303). As we reposition the Housebuilding division to be more balanced around London and continue to manage our exposure to higher price points in the South East, we have announced the merger of our Millgate business with our existing Housebuilding West region and the closure of the Millgate offices in Twyford as we combine the regional teams.

As previously announced in March 2020, the sales of five parcels of land were put on hold due to COVID-19. We completed two of those land sales in the second half with terms agreed on a further two, as part of our ongoing programme of land sales which will deliver £15-£20m of profit in FY2021.

Outlook

We are reassured by the improving performance of the Group that was evident in the second half as we emerged from lockdown.

Whilst the broader economic outlook remains uncertain, we are well positioned for the current financial year with a strong forward order book. We continue to monitor market activity closely and, as outlined in the summer, we have taken steps to de-risk delivery in FY21 by increasing the proportion of affordable and PRS homes to be delivered, accepting that this lower risk will result in lower margins in the short-term. Our current intention is to reinstate guidance for FY21 with our year end results in December 2020.

The Board is confident in Countryside's resilient mixed-tenure business model and the growth opportunities within its Partnerships division, underpinned by the future cash-generative qualities of the Housebuilding division, and believes the Group will continue to benefit from good underlying demand for housing of all tenures over the medium-term. Our strong relationships and track record of working with a wide range of private and public sector partners positions us well despite the near-term economic uncertainty.

Iain McPherson, Group Chief Executive, commented:

“We have seen significant disruption to our business this year as a result of COVID-19 and I would like to thank all our staff for the way they have adapted to new ways of working in these unprecedented times. We have been pleased by robust customer demand throughout the second half and our mixed tenure model continues to prove resilient, positioning us well in the current market. We are focused on delivering our enhanced growth plan, building on our strong pipeline of work and our relationships to further expand our geographical footprint. We will continue to work with our partners to deliver sustainable communities across the country.”

There will be a conference call for analysts and investors this morning at 0830hrs (BST). Details are set out below:

Date:	Thursday 15 October 2020
Time:	0830hrs
Dial in (Int'l):	+44 (0)20 7192 8338
Dial in UK FreeCall:	0800 279 6619
Dial in UK LocalCall:	0844 481 9752
Conference ID / passcode:	4258418

- Ends -

Enquiries:

Countryside Properties – 01277 260 000

Iain McPherson – Group Chief Executive
Mike Scott – Group Chief Financial Officer
Victoria Prior – Managing Director, Corporate Affairs

Brunswick Group LLP – 020 7404 5959

Nina Coad
Oliver Sherwood

Note to editors:

Countryside is a leading UK mixed-tenure developer through its two divisions, Partnerships and Housebuilding.

Countryside's Partnerships division was established over 40 years ago, specialising in estate regeneration, with operations in London, the South East, the North West, the Midlands and Yorkshire. It works mainly on public sector owned and brownfield land, in partnership with local authorities and housing associations to develop private, affordable and PRS homes. It recently established a modular panel manufacturing facility in Warrington to improve quality and reduce build times on site. Its developments include large scale urban regeneration projects at Beam Park, Rainham, Acton Gardens, Ealing and Rochester Riverside, Medway.

Countryside's Housebuilding division benefits from an industry leading strategic land bank which is focused around outer London and the Home Counties. It builds family homes, with a focus on placemaking and selling to local owner occupiers. Its developments include a number of large-scale projects including Beaulieu Park, Essex, Springhead Park, Ebbsfleet and Tattenhoe Park, Milton Keynes.

For more information see www.countrysideproperties.com or follow @CountrysideProp on Twitter.