

## Countrywide and Hermes partner in order to create the UK's pre-eminent residential property fund

Countrywide plc ("Countrywide"), the UK's largest property services group, and Hermes Investment Management ("Hermes"), the £27.4billion\* investment manager are delighted to announce a new strategic partnership in order to create the pre-eminent residential property investment fund (the "Fund") operating in the UK Private Rented Sector ("PRS").

The partnership will combine the complementary skill sets of Countrywide, the UK's largest lettings and property management company, and Hermes Real Estate, a recognised industry leader with both an innovative and long term approach to responsible property investment and over £6 billion\* of Real Estate assets under management.

The Fund vehicle has been established with an initial £95 million of seed equity, inclusive of three assets in Manchester, Birmingham and Nottingham, and will seek to raise further capital and bank debt to fund investment. It will invest in existing residential assets and will also forward commit to acquire new developments throughout the UK. Furthermore, the Fund will support the building of much needed high quality, well maintained and professionally managed homes in places where they are needed most.

This proposition aims to provide institutional investors with a real estate exposure that offers potentially compelling net yield combined with long term capital growth, as well as complementing existing real estate and credit assets. Moreover, it is an opportunity aiming to leverage current demographic trends and the institutionalisation of the residential lettings market.

### **Commenting Graham Bell, Finance Director, Countrywide, said:**

"As the UK's largest residential property services company with over 1,000 branches, the size and scale of Countrywide means it is uniquely placed to play a leading role in building and managing a large residential investment vehicle.

"The Fund leverages Countrywide's platform to overcome the main barriers to institutional investment in residential property, namely difficulty in finding areas with both attractive and sustainable yields, managing operating costs and sourcing attractive assets. Countrywide's proprietary data and on-the-ground knowledge generated from over 12,000 employees working in their local property markets, allows us to identify specific areas which combine strong economic growth potential and attractive yields. Our integrated letting and property management platform, with over 65,000 properties let and managed, allows us to drive operating performance and minimize gross-to-net erosion. Finally, both our Lambert Smith Hampton division and our large Land & New Homes team give us access to an extensive network of relationships across the UK which allows us to source attractive investment opportunities.

"We have chosen to partner with Hermes because they think about the opportunity in UK residential property in the same way, and on the same scale, as we do at Countrywide. As an industry leader with an outstanding track record, they have immediate access to significant investment capital combined with an excellent international client base for future fund raising."

**Chris Taylor, Chief Executive, Hermes Real Estate, said:** “The investment thesis within the residential sector for long term investors remains compelling with a major imbalance between supply and demand; the major constraint to institutional investors has been the lack of a quality operator and access to stock. We are excited about the opportunity to grow the Fund to be the leading UK Private Rented Sector investment vehicle available.

“Our strategic partnership with Countrywide, and the complementary skill sets that we both bring to the table, will provide a best in class operating platform and crucially unique UK wide access to private rented sector stock. Moreover, this collaboration is consistent with our innovative approach to delivering what our clients require from their real estate allocations, by focusing upon delivering long-term, sustainable and attractive income returns.”

**-Ends-**

**To find out more, please contact:**

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**Notes to Editors:**

**About Countrywide plc**

Countrywide plc, the UK's largest integrated property services Group, including the largest estate agency and lettings network, operates more than 1,300 associated branches across the UK.

Countrywide plc's network of expertise helps more people move than any other business in the UK and is a leading provider of estate agency, lettings, mortgage services, land and new homes, auctions, surveying, conveyancing, corporate property management services and commercial property.

Countrywide plc's award-winning service has earned the business over 180 high-profile industry awards in the last six years, with customers voting Countrywide Best Estate and Lettings Agency at the 2014 ESTAS awards. Our Land & New Homes team was named the UK's Best New Homes Agent for two consecutive years at the Estate Agency of the Year Awards 2012 and 2013 and Countrywide

Surveying Services won the award for Best Surveyor/Valuer - Panel Manager at the Mortgage Strategy Awards 2014.

## Hermes Investment Management

Hermes is focused on delivering superior, sustainable, risk adjusted returns for our clients – responsibly.

Hermes manages assets on behalf of more than 200 clients\* across equities, fixed income, alternatives and real estate, with £27.4 billion\* assets under management. In Hermes Equity Ownership Services, we have the industry's leading engagement resource, advising on more than £108.6 billion\* of assets.

We believe in **Excellence, Responsibility** and **Innovation**

- **Excellence:** We aspire to excellence in everything we do. This manifests itself most visibly in our investment performance. We will only offer products to our clients where we believe there is a strong investment thesis and where we can deliver sustainable alpha.
- **Responsibility:** We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large. We have always sought positive engagement with the firms in which we invest.
- **Innovation:** We have the entrepreneurial culture to identify forward-looking products that meet those needs, along with the resources and speed-to-market mentality to develop them rapidly.

Our structure gives clients globally the benefit of access to a broad range of specialist, high conviction investment teams operating within an established and robust operating platform.

Hermes' investment solutions include:

- **Equities:** Global, Emerging Markets, Small & Mid Cap, Europe, Asia Ex Japan
- **Fixed Income:** Inflation-Linked, Government Bonds, Investment Grade, High Yield, Multi Strategy
- **Real Estate:** Segregated, Unitised, Debt, UK, US Residential, European
- **Alternatives:** Commodities, Hedge Fund Solutions, Infrastructure, Private Equity

\*Please note the total AuM figure includes £3.6bn of assets managed or under an advisory agreement by Hermes GPE LLP ("HGPE"), a joint venture between Hermes Fund Managers ("HFM") and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.4bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 30 June 2014.