



# COUNTRYSIDE

Places People Love

Mr. Usman Nabi  
Browning West, LP  
10250 Constellation Boulevard  
14th Floor  
Los Angeles, California 90067  
United States

3 December 2020

Dear Usman,

We are in receipt of your letter dated 2 December 2020.

As you know, our Chairman, Independent Non-Executive Directors and senior management team have been highly engaged in private dialogue with you since you became a significant shareholder in Countryside in July 2020. During our numerous and extensive private conversations since then, the Countryside team listened carefully to your recommendations and reviewed them thoroughly with advisors. We have always made clear, both in words and action, that we welcome input from shareholders and hope to continue that dialogue with you.

As we stated during each conversation, we have a legal obligation to disclose all sensitive information to the market simultaneously and are restricted from selectively disclosing material non-public information to individual shareholders. We asked for your patience to allow us to get to our full year results announcement, which was released this morning, so that we could share important strategic, financial and operational information with you and others in an appropriate manner. We find it disappointing that, as someone who is adamant about having a long-term perspective, you chose to launch a public attack on Countryside and our Board just one day prior to that results announcement.

However, what is most important, and what our Board is solely focused on, is where Countryside is today, where we are going, and how we maximise value for all shareholders and other stakeholders. We will not repeat all of the detailed information we have laid out in our full year results materials, but we wanted to emphasise and clarify the Board's position on several key issues you have raised in the letter you have chosen to publicly release.

As we told you many times in our private discussions and also in our public statements, our Board agrees that Countryside's Partnerships business is a world-class asset with tremendous growth potential. That is why we have been clear that our focus has been to prioritise capital allocation to that business and why we raised fresh equity to invest in accelerating its growth during the summer. As we explained, the Board regularly reviews its strategy for maximising long-term shareholder value from the Group and has looked regularly at the question of structure. Having considered the growth opportunities for both divisions, which operate largely independently of each other, and our focus on allocating capital to growing Partnerships, the opportunities to grow the Housebuilding business may be restricted. You will have therefore seen in our full year results RNS that we have appointed Rothschild & Co. to advise the Board on the best time and process to realise best value from the separation of Housebuilding from the Group.

Our Board, which has significant experience in complex M&A transactions and capital allocation decisions, is already working very closely with our advisors to ensure the Group is ready for any separation by conducting an internal reorganisation of its legal structure to align with its operational structure.

In terms of governance, it is our duty to make sure our Board has the right mix of skills and experience for the present as well as the future of the business. You also will have seen in this morning's full year results RNS that David Howell, Non-Executive Chairman, has informed the Company of his intention to step down from the Board during 2021, after completing five years in that role. David, who has led the Company during a period of growth and value creation, is committed to ensuring there is a smooth transition and that there is limited disruption to the important work being carried out by the Board during this critical next phase.

The Nomination Committee, which will be led by the Senior Independent Director, will commence a rigorous process to select a new Chairman to succeed David. We note your desire to be appointed to our Board outside of that process and to lead the search yourself, but having carefully considered your request, reflecting on feedback we have received from other Countryside shareholders and having already set in motion the events you are specifically asking for, we do not believe it is either necessary or in the best interests of the Company or its shareholders to appoint you to the Board.

As we know you will appreciate, the COVID-19 pandemic has had a significant impact on our recent performance as a result of the closure of the housing market and construction sites through March, April and May 2020. However, our recovery plans have been well executed and our production capacity is now back to normal levels. We have remained focused on executing our growth strategy despite challenging circumstances.

We believe it is important though to take a step back and look at Countryside's performance against its peers with a longer-term perspective. From its IPO in 2016 until the close of trading yesterday, Countryside shares have generated total shareholder returns of approximately 119%, which is more than any of our peers and more than double the FTSE 250. We believe there are many exciting opportunities ahead to create even more value for shareholders as we enter this next phase of the Company's strategic evolution regardless of the short-term pressure created by the challenging macroeconomic environment.

As we have stated many times to you, we prefer to keep our extensive dialogue with our shareholders private. That is not only a courtesy we believe shareholders deserve, but also critical to ensuring the Company does not suffer from the distraction of having complex matters debated in the public arena. That disruption, particularly in the face of the current environment, is not only bad for shareholders, but detrimental to employees, customers and the other stakeholders who rely on Countryside. While it is not our preference, or usual practice, the Board has also decided to make our response to you public so that our positions are clear not only to you, but to all shareholders and other stakeholders.

We regret that you chose to launch a public campaign against Countryside and its Board rather than continue to engage with us in a constructive private dialogue. It is clear that had you waited one more day until it was appropriate to share these latest developments with you and other shareholders at the same time, you would have seen that our Board has put into motion many of the very things that you have recently raised with us because we believe they are the right approach to maximising the value of the Company. We will continue to welcome your views on how to achieve those objectives and will continue to chart a course that we believe will benefit all our shareholders and other stakeholders.

We look forward to speaking with you again soon.

Yours sincerely,

Amanda Burton, Douglas Hurt, Sally Morgan, Simon Townsend