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THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE ON, REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB AS DEFINED IN, OR IN RELIANCE ON, RULE 144A, OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

This electronic transmission and the attached document and the Offer when made are only addressed to and directed at persons in member states of the European Economic Area (the "EEA"), other than the United Kingdom, who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors"). This electronic transmission and the attached document must not be acted on or relied on in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to, in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

**Confirmation of Your Representation:** This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company and Credit Suisse Securities (Europe) Limited, Jefferies International Limited and Canaccord Genuity Limited (collectively, the "Banks") that (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such

securities in “offshore transactions”, as defined in, and in reliance on, Regulation S under the Securities Act; (ii) if you are in any member state of the EEA other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors, to the extent you are acting on behalf of persons or entities in the EEA; and (iii) if you are not in the United States or the EEA (other than the United Kingdom), you are an institutional investor that is eligible to receive this document and you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Banks nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. None of the Banks nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Shares. The Banks and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in the attached document.

### **Zoopla Property Group Plc**

The attached document (the “Prospectus”) has been published in connection with the admission of the Shares to the Official List of the UK Financial Conduct Authority (the “Financial Conduct Authority”) and to trading on the London Stock Exchange plc’s main market for listed securities (together, “Admission”). The Prospectus has been approved by the Financial Conduct Authority as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000 (the “FSMA”). The Prospectus has been published and is available from the Company’s registered office and on the Company’s website at [www.zpg.co.uk/ipo](http://www.zpg.co.uk/ipo). Pricing information and other related disclosures have also been published on this website. Prospective investors are advised to access such information prior to making an investment decision.

The distribution of this document and the offering and sale of the Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions could result in a violation of the laws of such jurisdictions. In particular, this document is not for distribution in or into Australia, Canada, Japan or the United States, save in the United States for distribution to persons reasonably believed to be qualified institutional buyers (“QIBs”) (as defined in Rule 144A under the US Securities Act 1933, as amended), in Japan pursuant to relevant private placement exemptions, in Australia to persons to whom the offer of securities may be made without a disclosure document in accordance with Part 6 D.2 of Division 2 of Part 7.9 of the Corporations Act 2001 (Cth) and in Canada pursuant to relevant private placement exemptions.

Credit Suisse Securities (Europe) Limited, authorised by the Prudential Regulatory Authority and regulated by the Prudential Regulatory Authority and Financial Conduct Authority in the United Kingdom and each of Jefferies International Limited and Canaccord Genuity Limited, each authorised and regulated by the Financial Conduct Authority in the United Kingdom, are acting exclusively for the Company and no-one else in connection with the Offer and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this document.

Dated 5 June 2014.

# Zoopla Property Group

Zoopla

 PrimeLocation

**SMART**  
new homes

alltheagents.co.uk  


**HOMES**  
OVERSEAS

This document comprises a prospectus (the “Prospectus”) for the purposes of Article 3 of European Union Directive 2003/71/EC, as amended (the “Prospectus Directive”) relating to Zoopla Property Group Plc (the “Company”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “FCA”) made under section 73A of the Financial Services and Markets Act 2000 (the “FSMA”). The Prospectus will be made available to the public in accordance with the Prospectus Rules.

Application will be made to the FCA for all of the ordinary shares of the Company (the “Shares”) issued and to be issued to be admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange plc (the “London Stock Exchange”) for all of the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (together, “Admission”). Conditional dealings in the Shares are expected to commence on the London Stock Exchange on or about 19 June 2014. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on or about 24 June 2014. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for the Shares to be admitted to listing or dealt with on any other exchange.**

The directors of the Company, whose names appear on page 43 of this Prospectus (the “Directors”), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

**Prospective investors should read this Prospectus in its entirety. See “Risk Factors” in Part 1 for a discussion of certain risks and other factors that should be considered prior to any investment in the Shares.**



## Zoopla Property Group Plc

*(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 09005884)*

Offer of up to 214,402,923 Shares of £0.001 each  
at an Offer Price expected to be between 200 pence and 250 pence per Share  
and admission to the premium listing segment of the Official List  
and to trading on the London Stock Exchange

*Joint Global Co-ordinators, Joint Bookrunners and Joint Sponsors*

Credit Suisse

Jefferies

*Co-Lead Manager*

Canaccord Genuity Limited

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### ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

**(assuming the Offer Price is set at the mid-point of the Price Range)**

#### Issued and fully paid

Number	Nominal Value
417,641,960	£417,641.96

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The Selling Shareholders are collectively expected to offer up to 214,402,923 Shares so as to raise expected gross proceeds for the Selling Shareholders of up to £536.0 million. The Company will not receive any of the proceeds from the sale of the Shares, all of which will be paid to the Selling Shareholders.

The Price Range has been set by the Company and the Share Offer Size Range has been set by the Selling Shareholders. It is currently expected that the Offer Price and Share Offer Size will be set within the Price Range and the Share Offer Size Range, respectively. A number of factors will be considered in determining the Offer Price, the Share Offer Size and the basis of allocation, including the level and nature of demand for the Shares during the bookbuilding process, the level of demand in the Member Offer, prevailing market conditions and the objective of establishing an orderly after-market in the Shares. Unless required to do so by law or regulation, the Company does not envisage publishing a supplementary prospectus or an announcement triggering the right to withdraw applications for Shares pursuant to section 87Q of FSMA on determination of the Offer Price or the Share Offer Size. If the Offer Price is set within the Price Range and the Share Offer Size is set within the Share Offer Size Range, a pricing statement containing the Offer Price and confirming the number of Shares which are comprised in the Offer (the "Pricing Statement") and related disclosures are expected to be published on or about 19 June 2014 and will be available on the Company's website at [www.zpg.co.uk/ipo](http://www.zpg.co.uk/ipo). If (i) the Offer Price is set above the Price Range or the Price Range is revised higher and/or (ii) the number of Shares to be sold by the Selling Shareholders is set above or below the Share Offer Size Range (subject to the minimum free float requirements agreed by the Company with the UK Listing Authority), the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Shares would be made clear in the Company's announcement.

In connection with the Offer, Credit Suisse Securities (Europe) Limited, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any overallotments and/or from sales of Shares effected by it during the stabilising period, it is expected that the Over-allotment Shareholders will grant the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 10 per cent of the total number of Shares comprised in the Offer (the "Over-allotment Shares") at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Offer and will form a single class for all purposes with the other Shares.

Credit Suisse Securities (Europe) Limited, authorised by the Prudential Regulatory Authority and regulated by the Prudential Regulatory Authority and Financial Conduct Authority in the United Kingdom and each of Jefferies International Limited and Canaccord Genuity Limited, authorised and regulated by the Financial Conduct Authority in the United Kingdom (together, the "Banks") is acting exclusively for the Company and no one else in connection with the Offer. None of the Banks will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. Apart from

the responsibilities and liabilities, if any, which may be imposed on the Banks by FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Banks nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer. Each of the Banks and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus shall be relied upon as a promise or representation in this respect, whether or not to the past or future.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

### **Notice to overseas shareholders**

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “US Securities Act”). The Shares offered by this Prospectus may not be offered or sold in the United States, except to qualified institutional buyers (“QIBs”), as defined in, and in reliance on, the exemption from the registration requirements of the US Securities Act provided in Rule 144A under the US Securities Act (“Rule 144A”) or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A. No actions have been taken to allow a public offering of the Shares under the applicable securities laws of any jurisdiction, including Australia, Canada or Japan. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction, including Australia, Canada or Japan. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen in Australia, Canada or Japan. The Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Prospectus and the offer and sale of the Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken by the Company, the Selling Shareholders or the Banks to permit a public offering of the Shares under the applicable securities laws of any jurisdiction. Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED

STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **Available information**

For so long as any of the Shares are in issue and are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is not subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the “US Exchange Act”), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

#### **Withdrawals**

In the event that the Company is required to publish a supplementary prospectus, applicants who have applied to purchase Shares in the Offer will have at least two clear Business Days following the publication of the supplementary prospectus within which to withdraw their offer to acquire Shares in the Offer.

In addition, in the event that (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the number of Shares to be sold by the Selling Shareholders is set above or below the Share Offer Size Range (subject to the minimum free float requirements agreed by the Company with the UK Listing Authority), then applicants who have applied to purchase Shares in the Offer would have a statutory right to withdraw their offer to purchase Shares in the Offer in its entirety pursuant to section 87Q of FSMA before the end of a period of two Business Days commencing on the first Business Day after the date on which an announcement of this is published via a Regulatory Information Service announcement (or such later date as may be specified in that announcement).

If the application is not withdrawn within the stipulated period, any offer to apply for Shares in the Offer will remain valid and binding. Investors wishing to exercise a statutory right to withdraw their offer to purchase Shares in the Offer must do so by lodging a written notice of withdrawal by hand (during normal business hours only) at the offices of the Receiving Agent, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by facsimile (during normal business hours only) so as to be received no later than two Business Days after the date on which the supplementary prospectus is published or the date on which an announcement is made (as described above). Notice of withdrawal given by any other means or which is deposited with or received after the expiry of such period will not constitute a valid withdrawal.

#### **Company’s website**

Information contained on the Company’s websites is not incorporated into and does not form part of this document.

The date of this Prospectus is 5 June 2014.

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## SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.*

<b>Section A—Introductions and warnings</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
A.1	Warning	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (“Member States”), have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such Shares.</p>
A.2	Consent for Intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

<b>Section B—Issuer</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
B.1	Legal and commercial name	Zoopla Property Group Plc (the “Company”)
B.2	Domicile and legal form	The Company’s registered office is in the United Kingdom. Zoopla Property Group Plc was incorporated and registered in England and Wales on 22 April 2014 with registered number 09005884 under the Companies Act 2006, as amended (the “Act”) as a public limited company with the name Project ZigZag Limited. The Company was re-registered as Zoopla Property Group Plc on 16 May 2014. The principal legislation under which the Company operates is the Act.

<p>B.3</p>	<p>Key factors affecting current operations and principal activities</p>	<p>The Group operates as a digital media business in the UK residential property market by providing property search and research services to users and property marketing and data services to property professionals (estate agents, letting agents and new home developers).</p> <p>The Group owns and operates a number of the leading online UK property portals, accessible via the internet and mobile devices, with a portfolio of brands that help users search for property, research the property market and connect with property professionals. The Group's brands include Zoopla and PrimeLocation, the second and third most-visited property websites in the United Kingdom, respectively (source: Hitwise January 2014). The Group also owns other niche brands including SmartNewHomes and HomesOverseas as well as powering the property search function of a number of leading third-party websites and mobile applications.</p> <p>The Group aims to provide the most comprehensive property search and research tools in the United Kingdom to empower users with the resources they need to make better-informed property decisions. The Group helps users research the market by combining hundreds of thousands of property listings with up-to-date market data, local information and community tools and has developed complex and proprietary algorithms to provide current value estimates for more than 28 million UK homes. The Group also attracts an active community of users, many of whom have contributed proprietary user-generated content on over 9 million UK homes. The Group is committed to making as much useful property data as practical freely and easily accessible to its users.</p> <p>Users are increasingly using the internet and mobile devices as their primary means of searching for properties and property-related information. In the six months ended 31 March 2014, the Group averaged 40 million visits per month to its websites and mobile applications. The Group enables property professionals to market their businesses and property listings efficiently to this broad and differentiated audience. These property professionals (whom the Group refers to as its "members") pay the Group a monthly subscription fee to advertise all of their property listings across the Group's platform, which includes the Group's own websites and mobile applications as well as the third-party websites and mobile applications powered by the Group. As at 31 March 2014, the Group had 19,239 active members subscribing for its advertising services.</p> <p>In the six months ended 31 March 2014, the Group generated revenues of £38.3 million, an increase of 26.5 per cent as compared to £30.3 million in the six months ended 31 March 2013 and Adjusted EBITDA of £18.7 million, an increase of 26.3 per cent as compared to £14.8 million in the six months ended 31 March 2013.</p>
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		<p>The Group's revenue is principally comprised of the recurring subscription fees charged to its members, which amounted to 86 per cent of total revenues in both the six months ended 31 March 2014 and the financial year ended 30 September 2013, respectively.</p>
B.4a	<p>Significant recent trends affecting the Group and the industry in which it operates</p>	<p>The Group operates as a digital media business in the UK residential property market by providing property search and research services to users and property marketing and data services to property professionals. The Group's growth is underpinned by the following structural growth drivers:</p> <ul style="list-style-type: none"> <li>• The property classified advertising market is experiencing a shift from print to digital as digital marketing overcomes many of the limitations of traditional print media.</li> <li>• Total UK classified property advertising spend for 2013 was estimated to be £415 million, comprised of a 49 per cent and 51 per cent split between digital and print advertising, respectively, and the increasing focus on digital advertising from print advertising is forecasted to continue (source: selected broker reports).</li> <li>• Following a period of decline post the 2008 financial crisis, annual residential property sales transaction volumes have gradually recovered, reflecting a perceived improvement in UK economic conditions (source: Land Registry for England and Wales).</li> <li>• A number of UK government initiatives aimed at increasing home ownership and transaction volumes in the United Kingdom have been recently launched such as the <i>NewBuy Guarantee Scheme</i> (launched March 2012), the <i>Help to Buy</i> equity loan scheme (launched April 2013) and the <i>Funding for Lending Scheme</i> (launched July 2012).</li> <li>• Mortgage approval rates, which also experienced a rapid decline in 2008, have increased in 2013 and the first part of 2014 to the highest level since the start of the financial crisis (source: Bank of England).</li> <li>• The Group's principal members are estate agents, who continue to play a central role in the UK residential property market with over 90 per cent of residential property sales transactions being intermediated by an estate agent (source: GfK NOP Survey).</li> </ul>

B.5	Group description	<p>The current trading entity of the Group is ZPG Limited. The Company is currently a non-trading and wholly-owned subsidiary of DMG Media Investments Limited. Upon completion of a group reorganisation (the “Reorganisation”), the Company will, immediately prior to Admission, become the holding company of ZPG Limited and its subsidiaries.</p>																																																						
B.6	Major shareholders	<p>Insofar as it is known to the Company, as at 4 June 2014 (being the latest practicable date prior to the publication of this Prospectus), the Shareholders identified below will, on Admission, be directly or indirectly interested in three per cent or more of the issued share capital of the Company. The indicative interests in Shares of such Shareholders immediately prior to Admission (calculated on the basis that the Offer Price is set at the mid-point of the Price Range), together with a corresponding estimate of their interests in Shares immediately following Admission (assuming no exercise of the Over-allotment Option and the sale of the maximum amount of Shares such Shareholder has agreed to make available in the Offer) are set out below:</p> <table border="1" data-bbox="715 875 1394 1234"> <thead> <tr> <th rowspan="3">Shareholder</th> <th colspan="2">Interest immediately prior to Admission</th> <th colspan="2">Shares to be sold pursuant to the Offer<sup>(2)</sup></th> <th colspan="2">Interest immediately following Admission<sup>(2)</sup></th> </tr> <tr> <th colspan="2">% of total issued<sup>(1)</sup></th> <th colspan="2">% of holding<sup>(1)</sup></th> <th colspan="2">% of total issued<sup>(1)</sup></th> </tr> <tr> <th>No.</th> <th>%</th> <th>No.</th> <th>%</th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td colspan="7" style="text-align: center;"><i>(millions, except %s)</i></td> </tr> <tr> <td>DMG Media Investments Limited</td> <td>217.4<sup>(1)</sup></td> <td>52.1%</td> <td>97.9<sup>(1)</sup></td> <td>45.0%</td> <td>119.5<sup>(1)</sup></td> <td>28.6%</td> </tr> <tr> <td>Atlas Venture Fund VII, L.P.</td> <td>48.5</td> <td>11.6%</td> <td>21.8</td> <td>45.0%</td> <td>26.6</td> <td>6.4%</td> </tr> <tr> <td>Alex Chesterman</td> <td>33.9</td> <td>8.1%</td> <td>15.3</td> <td>45.0%</td> <td>18.6</td> <td>4.5%</td> </tr> <tr> <td>Countrywide plc</td> <td>25.8</td> <td>6.2%</td> <td>11.6</td> <td>45.0%</td> <td>14.2</td> <td>3.4%</td> </tr> </tbody> </table> <p><b>Notes</b></p> <p>(1) Calculated on the basis that the Offer Price is set at the mid-point of the Price Range.</p> <p>(2) Assumes such Shareholder has sold the maximum number of Shares it has agreed to make available in the Offer and no exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full and assuming the Offer Price is set at the mid-point of the Price Range, a further 19,491,044 Shares, representing 4.7 per cent of the Company’s issued share capital will be sold by the Over-allotment Shareholders pro rata to their sale of Shares in the Offer.</p> <p>The Shares comprised in the Offer rank pari passu with other Shares in all respects.</p> <p>On 5 June 2014, the Company and Daily Mail and General Trust plc (“DMGT”) entered into the Relationship Agreement which will, conditional upon Admission, regulate the ongoing relationship between the Company and DMGT. The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of DMGT, that transactions and relationships with DMGT (including any transactions and relationships with any member of the Group) are at arm’s length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained.</p>	Shareholder	Interest immediately prior to Admission		Shares to be sold pursuant to the Offer <sup>(2)</sup>		Interest immediately following Admission <sup>(2)</sup>		% of total issued <sup>(1)</sup>		% of holding <sup>(1)</sup>		% of total issued <sup>(1)</sup>		No.	%	No.	%	No.	%	<i>(millions, except %s)</i>							DMG Media Investments Limited	217.4 <sup>(1)</sup>	52.1%	97.9 <sup>(1)</sup>	45.0%	119.5 <sup>(1)</sup>	28.6%	Atlas Venture Fund VII, L.P.	48.5	11.6%	21.8	45.0%	26.6	6.4%	Alex Chesterman	33.9	8.1%	15.3	45.0%	18.6	4.5%	Countrywide plc	25.8	6.2%	11.6	45.0%	14.2	3.4%
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		<p>The Relationship Agreement will remain in force for so long as (a) the Shares are listed on the premium listing segment of the Official List and (b) DMGT or any of its associates together are entitled to exercise or to control the exercise of 10 per cent or more of the votes which are generally exercisable at general meetings of the Company.</p> <p>Under the Relationship Agreement, DMGT has undertaken, for so long as it and its associates together are entitled to exercise or control the exercise of the equivalent of 30 per cent. or more of the votes which are generally exercisable at general meetings of the Company, that:</p> <ul style="list-style-type: none"> <li>• all transactions and arrangements between it or any of its associates and any member of the Group are conducted at arms' length and on normal commercial terms;</li> <li>• it shall not take any action (and will prevent its associates from taking any action) that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and</li> <li>• it will not propose or procure the proposal of (and will prevent its associates from proposing or procuring to propose) a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.</li> </ul> <p>Under the Relationship Agreement, DMGT is able to appoint two Non-Executive Directors to the Board for so long as it and its associates together are entitled to exercise or to control the exercise of the equivalent of 25 per cent or more of the votes which are generally exercisable at general meetings of the Company. DMGT is able to appoint one Non-Executive Director to the Board for so long as it and its associates together are entitled to exercise or control the exercise of between 10 and 25 per cent of the votes which are generally exercisable at general meetings of the Company. It is expected immediately following Admission and assuming no exercise of the Over-allotment Option, that DMGT will hold more than 25 per cent of the voting rights attached to the issued share capital of the Company, which will entitle it to appoint two Non-Executive Directors to the Board. The first such appointees are Stephen Daintith and David Dutton.</p> <p>The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of DMGT, and ensure that all transactions and relationships between the Company and/or the members of the Group (on the one hand) and DMGT (on the other) are, and will be, on arm's length terms and on a normal commercial basis.</p>
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B.7

Key financial information and narrative description of significant changes to financial condition and operating results of the Group during or subsequent to the period covered by the historical key financial information

The selected financial information set out below has been extracted without material adjustment from the Historical Financial Information relating to the Group included in Part 10 “Historical Financial Information”.

### Consolidated statement of comprehensive income

	For the year ended 31 December	For the nine months ended 30 September	For the year ended 30 September	For the six months ended 31 March	
	2011	2012	2013	2013	2014
	(audited)	(audited)	(audited)	(unaudited)	(audited)
	(£ thousands)				
Revenue	13,816	26,845	64,498	30,317	38,346
Administrative expenses	(16,617)	(29,098)	(36,536)	(16,224)	(22,142)
<b>Adjusted EBITDA</b>	<b>(625)</b>	<b>8,573</b>	<b>29,433</b>	<b>14,788</b>	<b>18,677</b>
Share-based payments	(1,968)	(6,717)	(98)	(37)	(250)
Depreciation and amortisation	(208)	(486)	(1,373)	(658)	(788)
Exceptional items	—	(3,623)	—	—	(1,435)
<b>Operating (loss)/ profit</b>	<b>(2,801)</b>	<b>(2,253)</b>	<b>27,962</b>	<b>14,093</b>	<b>16,204</b>
Finance income	8	6	325	168	113
Finance costs	(23)	(34)	—	—	—
<b>(Loss)/profit before tax</b>	<b>(2,816)</b>	<b>(2,281)</b>	<b>28,287</b>	<b>14,261</b>	<b>16,317</b>
Income tax income/ (expense)	89	3,383	(5,957)	(2,608)	(3,560)
<b>(Loss)/ profit for the period</b>	<b>(2,727)</b>	<b>1,102</b>	<b>22,330</b>	<b>11,653</b>	<b>12,757</b>

### Consolidated statement of financial position

	As at 31 December	As at 30 September	As at 30 September	As at 31 March
	2011	2012	2013	2014
	(audited)	(audited)	(audited)	(audited)
	(£ thousands)			
Total assets	5,249	97,178	119,232	121,339
Total liabilities	2,437	7,246	11,945	13,278
<b>Total equity</b>	<b>2,812</b>	<b>89,932</b>	<b>107,287</b>	<b>108,061</b>

### Consolidated statement of cash flows

	For the year ended 31 December	For the nine months ended 30 September	For the year ended 30 September	For the six months ended 31 March	
	2011	2012	2013	2013	2014
	(audited)	(audited)	(audited)	(unaudited)	(audited)
	(£ thousands)				
Net cash flows from operating activities	(1,436)	7,938	31,580	13,615	14,990
Net cash (used in)/from investing activities	(63)	1,452	(4,277)	(111)	(1,703)
Net cash used in financing activities	1,084	(400)	(10,136)	—	(12,233)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(415)</b>	<b>8,990</b>	<b>17,167</b>	<b>13,504</b>	<b>1,054</b>
Cash equivalents at the beginning of the period	2,381	1,966	10,956	10,956	28,123
<b>Cash equivalents at the end of the period</b>	<b>1,966</b>	<b>10,956</b>	<b>28,123</b>	<b>24,460</b>	<b>29,177</b>

Certain significant changes to the Group’s financial condition and results of operations occurred during the year ended 31 December 2011, the nine months ended 30 September 2012, the year ended 31 September 2013 and

		<p>the six months ended 31 March 2014. These changes are set out below.</p> <p>Revenue increased by £50.7 million, from £13.8 million in the year ended 31 December 2011 to £64.5 million in the year ended 30 September 2013, and increased by £8.0 million, or 26.5 per cent, from £30.3 million in the six months ended 31 March 2013 to £38.3 million in the six months ended 31 March 2014, primarily driven by the DPG Acquisition and organic growth.</p> <p>Profit or loss for the period increased by £25.0 million from a loss of £2.7 million in the year ended 31 December 2011 to a profit of £22.3 million in the year ended 30 September 2013, and increased by £1.1 million, or 9.5 per cent, from £11.7 million in the six months ended 31 March 2013 to £12.8 million in the six months ended 31 March 2014.</p> <p>The Group's strong operating momentum has continued since 31 March 2014, with all key performance metrics continuing to be significantly ahead of last year.</p> <p>Traffic on the Group's websites and mobile applications has continued to grow with average monthly visits for the eight months ended 31 May 2014 reaching 41 million, a 37 per cent increase as compared with the corresponding period in 2013. The Group's mobile channels have continued to deliver growth with total mobile visits and app sessions for the eight months ended 31 May 2014 accounting for 52 per cent of overall traffic, representing more than double the traffic from the corresponding period in 2013. In addition, the Group's total members reached a record of 19,462 as at 31 May 2014.</p> <p>Save as described above, there has been no significant change in the financial position or results of operations of the Group since 31 March 2014, the date to which the last audited consolidated financial information of the Group was prepared.</p>
B.8	Key pro forma financial information	Not applicable. There is no pro forma financial information.
B.9	Profit forecast	Not applicable. There is no profit forecast or estimate.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications to the accountant's report on the historical financial information.
B.11	Insufficient working capital	Not applicable. In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

<b>Section C—Securities</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
C.1	Type and class of securities	<p>On Admission, there will be up to 417,644,730 ordinary shares of £0.001 each in the share capital of the Company (the “Shares”) in issue. The Share Offer Size will be set out in a pricing statement (the “Pricing Statement”), which is expected to be published on or about 19 June 2014 and will be available on the Company’s website at <a href="http://www.zpg.co.uk/ipo">www.zpg.co.uk/ipo</a>.</p> <p>All Shares in issue on Admission will be fully paid.</p> <p>When admitted to trading, the Shares will be registered with ISIN number GB00BMHTHT14 and SEDOL number BMHTHT1.</p>
C.2	Currency	United Kingdom pounds sterling.
C.3	Number of securities to be issued	<p>As at the date of this Prospectus, the issued share capital of the Company is £50,000, comprising (i) 1 Share of £0.001 each; and (ii) 50,000 Company Preference Shares of £1 each (which were fully paid or credited as fully paid). Immediately following completion of the Offer, assuming the Offer Price is set at the mid-point of the Price Range, the issued share capital of the Company is expected to be £417,641.96 comprising 417,641,960 Shares of £0.001 each.</p>
C.4	Description of the rights attaching to the securities	<p>The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.</p> <p>On a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share.</p> <p>Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.</p>
C.5	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares.
C.6	Admission	Application will be made to the FCA for all of the Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List of the FCA and for such Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.
C.7	Dividend policy	<p>As a public company, the Directors intend to adopt a progressive dividend policy, reflecting the cash generative nature and long term earnings potential of the Group.</p> <p>Assuming that there are sufficient distributable reserves available at the time, the Directors initially intend to target</p>

		<p>a dividend between 35 per cent and 45 per cent of the annual reported Group profits for the financial year after tax but before any exceptional or share-based payment costs. Subject to cash not being used for organic investment or for potential acquisitions, the Directors intend to return any excess cash to Shareholders over time.</p> <p>The Directors intend that the Company will pay a dividend in February 2015 representing between 35 per cent and 45 per cent of the reported Group profits for the period from June to September 2014 after tax but before any share-based payment costs.</p> <p>The Group may revise its dividend policy from time to time.</p>
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#### Section D—Risks

Element	Disclosure Requirement	Disclosure
D.1	Key information on the key risks specific to the issuer and its industry	<p>The Group derives substantially all of its revenues from the UK residential property market and is thus dependent on this market and macroeconomic conditions in the United Kingdom. If the UK economy, or parts of it, stagnates or contracts or if interest rates increase, average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market could decrease, which could reduce the number of member branches who subscribe to the Group’s services and as a result, materially adversely impact the Group’s business, results of operations, financial condition or prospects.</p> <p>If property professionals do not continue to subscribe to the Group’s services or the Group is unable to attract new members, the Group’s subscription revenues would decrease. Further, any decrease in membership could impair the Group’s ability to maintain comprehensive, accurate and timely property listing information, which could cause users to become dissatisfied, potentially leading the Group’s traffic to decrease. This could reduce the attractiveness of the Group’s websites and mobile applications to its members and thus have a material adverse effect on the Group’s business, results of operations, financial condition or prospects.</p> <p>Growth of the Group’s business will depend on its strong brands and reputation and any failure to maintain, protect and enhance the Group’s brands and reputation could hurt the Group’s ability to retain or expand its base of users and members.</p> <p>The Group participates in a competitive market and may be unable to compete successfully against existing or future competitors such as Agents’ Mutual or keep up with new technology developments in order to provide services and products that are attractive to its base of users and members.</p>

		The Group's recent revenue growth rates may not be indicative of its future growth and any efforts to expand by the Group in the future, whether by means of entering into new business areas or by acquiring or investing in new businesses may not be successful and could result in operating difficulties.
D.3	Key information on the key risks specific to the securities	<p>There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.</p> <p>Moreover, even if a market develops, the Shares could be subject to market price volatility and the market price of the Shares may decline in response to developments that are unrelated to the Company's operating performance, as a result of sales of substantial amounts of Shares, for example, following the expiry of the lock-up period, or the issuance of additional Shares in the future, and shareholders could earn a negative or no return on their investment in the Company.</p> <p>Finally, shareholders in the United States or other jurisdictions outside the United Kingdom may not be able to participate in future equity offerings.</p>

#### Section E—Offer

Element	Disclosure Requirement	Disclosure
E.1	Net proceeds and costs of the offer	<p>The Company will not be receiving any proceeds from the Offer. Assuming that the Offer Price is set at the mid-point of the Price Range and that the Share Offer Size is set at the mid-point of the Share Offer Size Range, the aggregate expenses of, or incidental to, Admission and the Offer to be borne by the Company are estimated to be approximately £4.6 million (including VAT), which the Company will procure to pay out of available Group cash resources.</p> <p>Through the sale of Shares pursuant to the Offer, the Company expects the Selling Shareholders to raise in aggregate approximately £323.8 million (assuming that the Offer Price is set at the mid-point of the Price Range, that the Share Offer Size is at the mid-point of the Share Offer Size Range and no exercise of the Over-allotment Option) before taking into account expenses. On that basis, the aggregate underwriting commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Global Offer are estimated to be up to approximately £9.7 million.</p> <p>No expenses will be charged to investors in connection with Admission or the Offer by the Company or the Selling Shareholders.</p>

E.2a	Reasons for the offer and use of proceeds	<p>The Selling Shareholders are seeking to realise part of their investment in the Company by way of the Offer. The Company is making the Offer and is seeking Admission in order to assist in positioning the Group for its next stage of development, give the Group access to a wider range of capital-raising options which may be of use in the future and assist in recruiting, retaining and incentivising key management and employees.</p>
E.3	Terms and conditions of the offer	<p>The Offer is being made by way of:</p> <ul style="list-style-type: none"> <li>• an Institutional Offer by the Selling Shareholders: (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S and in accordance with locally applicable laws and regulations, and (ii) in the United States, only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and</li> <li>• a Member Offer in the United Kingdom by the Principal Selling Shareholders to Eligible Members.</li> </ul> <p>In addition, Shares (representing up to 10 per cent of the total number of Shares that are subject to the Offer) are being made available pursuant to the Over-allotment Option granted by the Over-allotment Shareholders.</p> <p>The price at which the Shares are to be sold in the Offer (the “Offer Price”) is expected to be between 200 pence per Share and 250 pence per Share (the “Price Range”). The number of Shares to be sold in the Offer (the “Share Offer Size”) is expected to be between 92,882,726 Shares and 194,911,751 Shares (the “Share Offer Size Range”). Assuming that the Offer Price is set at the mid-point of the Price Range and the Member Offer is taken up in full, the total number of Shares comprised in the Member Offer is 20,067,993 Shares. In addition a maximum of 20,067,993 Shares are being made available to satisfy Member Options, which entitle Eligible Members to purchase additional Shares after the first anniversary of Admission at the Discounted Offer Price (as described below) in an amount equal to the number of Shares such Eligible Member purchased in the Member Offer. Any Shares not applied for pursuant to the Member Offer, together with the number of Shares made available to satisfy the corresponding Member Options, are expected to be made available for sale in the Institutional Offer.</p> <p>All Shares subject to the Offer will be sold at the Offer Price, save that Eligible Members will be entitled to apply to purchase Shares up to the Member Offer Entitlement at the Discounted Offer Price, which is at a 20 per cent discount to the Offer Price. The Offer Price (and therefore the Discounted Offer Price) will be determined by the Company, certain of the Selling Shareholders and the Joint Global Co-Ordinators. The Offer Price and the Share Offer</p>

		<p>Size are expected to be announced on or around 19 June 2014. The Pricing Statement, which will contain, among other things, the Offer Price and the Share Offer Size, will (subject to certain restrictions) be published on the Company’s website at <a href="http://www.zpg.co.uk/ipo">www.zpg.co.uk/ipo</a>.</p> <p>The Price Range has been set by the Company. The Share Offer Size Range has been set by the Selling Shareholders. It is currently expected that the Offer Price and the Share Offer Size will be set within the Price Range and the Share Offer Size Range, respectively. A number of factors will be considered when setting the Offer Price, including the level and nature of demand for Shares during the book-building process, the level of demand in the Member Offer and the objective of encouraging the development of an orderly after-market in the Shares.</p> <p>If (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the number of Shares to be sold by the Selling Shareholders is set above or below the Share Offer Size Range (subject to the minimum free float requirements agreed by the Company with the UK Listing Authority), then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA.</p> <p>In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Shares would be made clear in the announcement.</p> <p>It is expected that Admission will take place and unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. on or about 24 June 2014. Prior to Admission, it is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange on or about 19 June 2014. The expected date for settlement of such dealings will be 24 June 2014. All dealings in the Shares prior to the commencement of unconditional dealings will be on a “when issued” basis and will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.</p> <p>The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature, including Admission becoming effective by no later than 8.00 a.m. on 24 June 2014 (or such later date as the Company and the Joint Global Co-ordinators (on behalf of the Underwriters) and the Joint Sponsors may agree) and on the Underwriting Agreement not having been terminated prior to Admission.</p>
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		<p>None of the Shares comprising the Offer may be offered for sale or purchase or be sold or delivered, and this document and any other offering material in relation to the Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration in any jurisdiction, other than the United Kingdom.</p> <p>Investors agreeing to purchase Shares pursuant to the Offer agree with each of the Company and the Selling Shareholders to be bound by certain terms and conditions upon which Shares will be sold in the Offer. Upon being allocated Shares pursuant to the Offer, each investor agrees to become a shareholder of the Company, to acquire the Shares allocated to it at the Offer Price and to pay the Offer Price for the Shares allocated to it. If an investor fails to pay as required, the relevant investor will remain liable to pay such amount and will be deemed to have appointed the Joint Global Co-ordinators to sell any or all of the Shares allocated to it at such price as the Joint Global Co-ordinators may achieve subsequent to any such failure to pay.</p> <p>Under the terms and conditions of the Offer, each investor makes certain representations, warranties and acknowledgements to the Company and the Selling Shareholders customary for an offer of this type, including but not limited to: (i) in relation to certain characteristics of the investor; (ii) the investor's compliance with restrictions contained in the Offer and with specified laws and regulations; (iii) reliance, responsibility and liability in respect of this document, the Offer and information outside of this document; (iv) compliance with laws; (v) jurisdiction; and (vi) liability for duties or taxes.</p> <p>On request, an investor may be required to disclose certain information, including any information about the agreement to purchase Shares, the investor's nationality (if an individual) and jurisdiction in which the investor's funds are managed or owned (if a discretionary fund manager). The terms and conditions also provide for the following issues: the sending of documents to the investor; the investor being bound by the Articles upon transfer or issue of Shares; the application of English law to the contract to purchase Shares; and joint agreements to purchase Shares.</p> <p>The Institutional Offer will be fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement.</p>
E.4	Material interests	There are no interests, including conflicting interests, that are material to the Offer, other than those disclosed in B.6 above.

E.5

Selling Shareholders  
and Lock-up**(A) Expected interests of the Selling Shareholders  
immediately prior to and following Admission**

The indicative interests in Shares of the Selling Shareholders immediately prior to Admission (calculated on the basis that the Offer Price is set at the mid-point of the Price Range), together with a corresponding estimate of its interests in Shares immediately following Admission (assuming no exercise of the Over-allotment Option and the sale of the maximum number of Shares such Shareholder has indicated it will make available in the Offer), are set out in the table below.

Shareholder	Interest immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the Offer <sup>(1)(2)</sup>		Interest immediately following Admission <sup>(1)(2)</sup>	
	No.	% of total issue <sup>(8)</sup>	No.	% of holding <sup>(8)</sup>	No.	% of total issued <sup>(8)</sup>
	<i>(millions, except %s)</i>					
Alex Chesterman <sup>(3)(4)</sup> . . . . .	33.9	8.1%	15.3	45.0%	18.6	4.5%
Simon Kain <sup>(3)(4)</sup> . . . . .	8.1	1.9%	3.7	45.0%	4.5	1.1%
DMG Media Investments Limited <sup>(3)</sup> . . . . .	217.4 <sup>(8)</sup>	52.1%	97.9 <sup>(8)</sup>	45.0%	119.5 <sup>(8)</sup>	28.6%
Atlas Venture Fund VII, LP <sup>(3)</sup> . . . . .	48.5	11.6%	21.8	45.0%	26.6	6.4%
Countrywide plc <sup>(3)</sup> . . . . .	25.8	6.2%	11.6	45.0%	14.2	3.4%
Connells Limited <sup>(3)</sup> . . . . .	20.8	5.0%	9.4	45.0%	11.4	2.7%
LSL Property Services plc <sup>(3)(7)</sup> . . . . .	20.8	5.0%	9.0	45.0%	11.7	2.8%
Octopus Zenith LP <sup>(3)</sup> . . . . .	13.8	3.3%	6.2	45.0%	7.6	1.8%
Octopus Investments Nominees Limited <sup>(3)</sup> . . . . .	4.5	1.1%	2.0	45.0%	2.5	0.6%
EBT Trustee <sup>(5)</sup> . . . . .	19.2	4.6%	13.4	69.9%	5.8	1.4%
Other Selling Shareholders <sup>(6)(7)</sup> . . . . .	5.9	1.4%	4.6	80.9%	1.3	0.3%

**Notes**

- (1) The interests of Shares as at the date of this document have been stated on the basis that the Reorganisation has been completed in full.
- (2) Assuming such shareholder has sold the maximum number of Shares it has indicated that it will make available in the Offer and assuming no exercise of the Over-allotment Option. The Over-allotment Shareholders have agreed to make available Shares representing, in aggregate, up to 10 per cent of the total number of Shares that are subject to the Offer pursuant to the Over-allotment Option, pro rata to the number of Shares sold by each such Over-allotment Shareholder in the Offer.
- (3) In connection with Admission, the Principal Selling Shareholders have indicated that they will make available, in aggregate, between 123,539,535 and 196,372,125 Shares, representing between 31.5 and 50 per cent of their existing holdings on a weighted average basis (including in each case Shares subject to the Over-allotment Option). Assuming the Offer Price is set at the mid-point of the Price Range, the maximum number of Shares to be made available in connection with Admission comprise a maximum of 20,067,993 Shares to be made available in the Member Offer and a maximum of 20,067,993 Shares to be made available to satisfy Member Options (which entitle Eligible Members to purchase additional Shares after the first anniversary of Admission at the Discounted Offer Price in an amount equal to the number of Shares such Eligible Member purchased in the Member Offer), with the balance to be sold in the Institutional Offer and pursuant to the Over-allotment Option. Any Shares not applied for pursuant to the Member Offer, together with the number of Shares made available to satisfy the corresponding Member Options, are expected to be made available for sale in the Institutional Offer.
- (4) Interests held through the EBT Trustee. Other than “free shares” assumed to be acquired on Admission under the Employee Offer.
- (5) Comprising (a) Shares held beneficially by and being made available for sale by certain Group employees (excluding Shares beneficially held by Alex Chesterman and Simon Kain) and (b) Shares held for the purpose of satisfying options granted prior to Admission under the ZPG Executive Share Option Scheme.

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|  |  | <p>(6) Comprising Shares held by Group members and other individual Selling Shareholders.</p> <p>(7) Including Shares issuable upon the exercise of warrants which will replace existing warrants in respect of ZPG Ordinary Shares following the Reorganisation.</p> <p>(8) Assuming that the Offer Price has been set at the mid-point of the Price Range.</p> <p><b>(B) Lock-up arrangements</b></p> <p>Pursuant to the Underwriting Agreement:</p> <p>(i) the Company has undertaken, for 180 days from the date of this Prospectus, not to issue, offer, pledge, sell, issue or grant options, rights or warrants in respect of, contract to issue, pledge or sell, or otherwise dispose of, directly or indirectly, except for customary exceptions as provided in the Underwriting Agreement, any Shares or any securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into, or exchangeable for, or that represent the right to receive, Shares or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of, and in each case described in, this document) or to enter into any agreement, commitment or arrangement which provides for the issue, offer or sale of Shares or to do anything with the same economic effect as any of the foregoing, without the prior written consent of the Joint Global Co-ordinators;</p> <p>(ii) the Principal Selling Shareholders (other than Alex Chesterman and Simon Kain) have each undertaken, for 180 days from the date of this Prospectus, not to offer, pledge, sell, contract to sell or pledge, issue options, rights or warrants in respect of or otherwise dispose of, directly or indirectly, except for certain exceptions as provided in the Underwriting Agreement, any Shares or any securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into, or exchangeable for, or that represent the right to receive, Shares or any such substantially similar securities (other than upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date of the Underwriting Agreement and in each case described in this document), in each case, which are held by the Principal Selling Shareholders on Admission or do anything with the same economic effect as any of the foregoing, without the prior written consent of a majority of the Joint Global Co-ordinators; and</p> |
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		<p>(iii) each Director and each member of Senior Management has undertaken, for 365 days from the date of this Prospectus, not to offer, pledge, sell, contract to sell or pledge, issue options, rights or warrants in respect of or otherwise dispose of, directly or indirectly, except for customary exceptions as provided in the Underwriting Agreement, any Shares or any securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into, or exchangeable for, or that represent the right to receive, Shares or any such substantially similar securities (other than upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date of the Underwriting Agreement and in each case described in this document), in each case, which are held by the Director or the member of Senior Management on Admission (whether directly or through any employee share option plan) or do anything with the same economic effect as any of the foregoing, without the prior written consent of a majority of the Joint Global Co-ordinators.</p>
E.6	Dilution	<p>As the Offer only comprises existing Shares, existing Shareholders will not experience any dilution as a result of the Offer.</p>
E.7	Expenses charged to the investor	<p>No expenses will be charged to investors by the Company or the Selling Shareholders. The Company intends to pay for the expenses of, or incidental to, Admission and the Offer to be borne by it out of cash resources.</p> <p>Information contained on the Company's website is not incorporated into and does not form part of this document.</p>

## PART 1

### RISK FACTORS

*Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider risk factors associated with any investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.*

*Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and/or financial condition and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.*

#### **Risks relating to the Group's business and industry**

##### ***The Group is dependent on the United Kingdom's residential property market and macroeconomic conditions in the United Kingdom***

The Group derives substantially all of its revenues from the UK residential property market. The Group's principal customers are estate agents, letting agents and new home developers who pay a subscription fee to advertise property listings on the Group's websites (whom the Group refers to as its "members"). The Group is, therefore, adversely affected by factors that reduce the advertising spend of property professionals in the United Kingdom, including a lower volume of property transactions and/or a lower number of estate agents, letting agents and new home developers operating in the UK residential property market.

The UK housing market historically has been linked to the strength of the UK economy, the availability of mortgage financing and interest rate levels. The economic weakness experienced in the United Kingdom from 2008 caused a significant decline in the number of residential property sales transactions as well as a decline in mortgage approvals. According to statistics from the Land Registry for England and Wales and the Registers of Scotland, home sales in the United Kingdom fell from 1,428,000 in 2006 to 684,000 in 2009 (a decline of 52 per cent). The market has since recovered but the volume of residential property sales transactions is still significantly below 2006 levels.

The Group cannot predict whether, when, or which parts of, the UK housing market will return to a period of sustained growth. If the UK economy, or parts of it, stagnates or contracts, if interest rates increase or if mortgage underwriting criteria tightens, average property prices, the number of mortgage approvals and the volume of activity in the UK housing market could decrease, which could reduce the number of members who subscribe to the Group's services due to closure, consolidation or otherwise and as a result, materially adversely impact the Group's business, results of operations, financial condition or prospects.

Consolidation of estate agents, letting agents and/or new home developers through acquisition or merger or because of competition could also result in a reduction in the number of members in local areas where there is an overlap in coverage or a surplus supply of residential property professionals. If the number of members who subscribe to the Group's services decreases, the subscription revenues earned by the Group could

decrease which would have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

***If property professionals do not continue to subscribe to the Group's services, or the Group is unable to attract new members, the Group's business and operating results would be harmed***

The Group relies on subscriptions purchased by its members, which include estate agents, letting agents and new home developers, to generate a substantial portion of its revenue. Recurring subscription revenue accounted for 86 per cent of the Group's total revenue for the six months ended 31 March 2014, the year ended 30 September 2013 and the nine months ended 30 September 2012, respectively and 89 per cent of the Group's revenue for the year ended 31 December 2011. The Group's agreements with its members vary in length and may generally be terminated on one month's notice, following an initial term. Whilst none of its member agreements are exclusive, the Group does have a number of multi-year agreements with certain of its larger members (which can generally be terminated, subject to certain conditions, on one month's notice).

The Group's ability to attract and retain members and to generate subscription revenues depends on a number of factors, including:

- its ability to attract users to the Group's websites and mobile applications;
- the overall number of users using the Group's websites and mobile applications;
- the quality and number of transaction-ready user contacts (referred to as "leads") that the Group directly or indirectly provides to its members compared to the subscription fees the Group charges;
- the strength of the UK residential property market and overall marketing spend by UK property professionals;
- the competition for marketing spend by UK property professionals;
- the strength of the Group's brands; and
- the amount and effectiveness of the Group's sales and marketing expenditures directed toward attracting and retaining members.

Members may discontinue their subscriptions if the subscription does not deliver a return on their investment. Further, the Group's members may choose not to continue to use the Group's services and may choose to use the services of one or more of the Group's competitors due to better service, pricing or contract terms or may pursue alternative means of advertising property listings altogether. If members do not renew their subscriptions with the Group with the same or higher subscription fees, or at all, or the Group is unable to attract new members, the Group's business, results of operations, financial condition or prospects could be materially adversely impacted.

***If the Group does not maintain comprehensive, accurate and timely property listing information, the Group's business may suffer***

All of the property listings and much of the other information included on the Group's websites and mobile applications are provided by members or other third parties. The Group's reputation with users depends on the accuracy, completeness and timeliness of the information that the Group provides, although the accuracy and completeness of this data is often outside of the Group's control. The Group cannot and does not independently verify the accuracy, completeness or timeliness of all of the information provided by members or third parties. If the Group is not able to provide comprehensive listings information on a timely basis, or if such information is inaccurate, users may become dissatisfied, potentially causing the Group's traffic to decrease, which could reduce the attractiveness of the Group's websites and mobile applications to its members and thus have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Further, if information contained on any of the Group's websites is inaccurate, members or users could make a claim against the Group. To the extent that a claim is made, even if not successful, any resulting proceedings could require the Group to expend substantial resources and harm the Group's reputation, which could materially adversely impact the Group's business, results of operations, financial condition or prospects.

***Growth of the Group's business will depend on its strong brands and reputation and any failure to maintain, protect and/or enhance the Group's brands and reputation could hurt the Group's ability to retain or expand its base of users and members***

The Directors believe that strong brands are necessary to continue to attract and retain users and, in turn, the members who choose to subscribe to and advertisers who choose to advertise on the Group's websites and mobile applications. The Group needs to maintain, protect, and enhance its brands in order to expand the Group's base of users and increase their engagement with the Group's websites and mobile applications. This will depend largely on the Group's ability to continue to provide high-value, differentiated products and services, and the Group may not be able to do so effectively. While the Group may choose to engage in marketing campaigns to further promote the Group's brands, these efforts may not be successful. Furthermore, negative publicity about the Group, including the Group's content, technology, sales practices, personnel, or customer service could diminish confidence in and the use of the Group's services, which could harm the Group's operating results. If the Group is unable to maintain or enhance user, member and advertiser awareness of the Group's brands cost effectively, the Group's business, results of operations, financial condition or prospects could be materially adversely affected.

***The Group participates in a competitive market and may be unable to compete successfully against existing or future competitors***

The market to provide advertising services to the UK residential property professionals is competitive. Homes are not typically marketed exclusively through any single channel and users can access home listings and related data through more than one source.

The Group competes with online property portals, such as Rightmove, other property websites, including property professionals' own websites, and traditional print media. The Group competes to attract users primarily on the basis of the number and accuracy of listings; quality of user experience; the breadth, depth and relevance of insights and other content provided that is relevant to users transacting in the residential property market; and brand and reputation. The Group competes to attract members primarily on the basis of the quality of the Group's websites and mobile applications, the size and attractiveness of the Group's user audience, the volume and quality of the leads the Group generates and the perceived return on investment the Group delivers to its members. The Group also generates revenues from advertisers seeking to engage with users who are transacting in the residential property market and competes for such advertisers against other websites and media primarily on the basis of the size and attractiveness of the Group's user audience, pricing and the ability to target desired audiences.

The Group's competitors may be able to provide members and users with products and services that are different from, superior to or broader in range than those of the Group or to provide members with more competitive pricing. The success of the Group's competitors could result in fewer users using the Group's websites and mobile applications, the loss of members and advertisers, price reductions for the Group's subscriptions and display advertising, weaker operating results, and loss of market share. Further, any attempt by the Group to match the products and prices offered by its competitors may require the Group to divert its resources, which may adversely impact the Group's long-term strategy and ultimately may not be successful.

As the market in which the Group operates is a high margin sector, competition may increase. Any future market entrants, including Agents' Mutual, as described below or other new entrants, may also receive investments from or enter into strategic relationships with larger, well-established and well-financed companies and obtain significantly greater financial, marketing, content and development resources than the Group. If the Group is not able to compete effectively, the Group's business, results of operations, financial condition or prospects could be materially adversely affected.

In addition, property owners could advertise their properties through private channels that put prospective buyers and tenants directly in contact with property owners, without the aid of property professionals.

***Agents who are a part of Agents' Mutual Limited could terminate their subscriptions with the Group***

Some of the leading estate and lettings agents in the United Kingdom have founded Agents' Mutual in order to create a new industry-owned property portal, which the Group understands intends to launch in early 2015. The founding members of Agents' Mutual are Savills, Knight Frank, Strutt & Parker, Chesterton Humberts, Douglas & Gordon and Glentree Estates (together representing 240 branches or 1.2 per cent of the Group's members as at 31 March 2014). Agents' Mutual's information memorandum dated 26 July 2013 also states that it will require its members to list on Agents' Mutual's website and a maximum of one other property portal of its members' choosing. In May 2014, Agents' Mutual claimed at an industry presentation to have signed up approximately 550 member firms (together representing 1,850 branches or 9.5 per cent of the Group's members as at 31 March 2014). Since Agents' Mutual has yet to launch, it is not possible to assess its potential impact on the Group's business, however, if it successfully launches with its proposed restrictive advertising provision, a portion of the Group's existing members may terminate their subscriptions with the Group, which could materially adversely impact the Group's business, results of operations, financial condition or prospects. See also the risk factor entitled "*If property professionals do not continue to subscribe to the Group's services, or the Group is unable to attract new members, the Group's business and operating results would be harmed*".

***If the Group does not provide products and services that are attractive to users or keep pace with new technological developments, the Group's business could be harmed***

The online property portal market is continuously evolving and the Group's success depends on its continued ability to innovate. This is particularly true with respect to mobile applications, which are increasingly being used by users. As a result, the Group must continually invest significant resources in research and development in order to improve the attractiveness and comprehensiveness of the Group's products and services. The Group's competitors regularly enhance their offerings and create new offerings for users, members and others involved in the residential property industry. If the Group is unable to continue offering innovative products and services, the Group may be unable to attract and retain users, members and advertisers.

Further, the Group's success depends in part upon its ability to store, retrieve, process, manage and display substantial amounts of information. To achieve its strategic objectives and remain competitive, the Group must continue to develop and enhance its information technology systems. This may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. No assurance can be given that the Group will be able to continue to design, develop, implement or utilise, in a cost-effective manner, information technology systems that provide the capabilities necessary for the Group to compete effectively. Any failure to adapt to technological developments could mean that the Group fails to capture what may become an increasingly important part of the UK property market and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***If the Group is unable to attract a sufficient audience to the Group's websites and mobile applications at a commercially reasonable cost, its business, financial condition and results of operations may be materially adversely affected***

The attractiveness of the Group's services to members is determined by its ability to attract users to the Group's websites and mobile applications and to do so in a cost-effective manner. Although the Group has made substantial investments in advertising and public relations campaigns in online and traditional media in order to raise awareness of, and direct traffic to, the Group's websites and mobile applications, and intends to continue to do so, there can be no assurance that these campaigns will be successful. Factors important to maintaining and increasing the audience to the Group's websites and mobile applications include the Group's ability to:

- maintain a convenient and reliable user experience as user preferences evolve and as the Group expands into new product categories, business lines and markets;

- develop and manage new and existing technologies and distribution channels, including smartphones and tablets; and
- increase awareness of its brands, websites and mobile applications through marketing and promotional activities.

Any failure to properly manage these factors could negatively affect the Group's brands and reputation, its ability to attract and retain users and the level of its subscription revenues, which could materially adversely impact the Group's business, results of operations, financial condition or prospects.

***The Group depends in part on search engines' natural listings to direct traffic to the Group's websites***

A significant number of users access the Group's websites via links contained in search engines' "natural" listings (i.e. listings not dependent on advertising or other payments). Search engines typically do not accept payments to rank websites in their natural listings and instead rely on algorithms to determine which websites are included and in what priority order in the results of a search query.

The Group endeavours to enhance the relevance of its websites to common user search queries and thereby improve the rankings of the Group's websites in natural listings (a process known as "search engine optimisation" or "SEO"). Search engines frequently modify their algorithms and ranking criteria to prevent their natural listings from being manipulated, which could impair the Group's search engine optimisation activities. These algorithms and ranking criteria may be confidential or proprietary information, and the Group may not have complete information on the methods used to rank the Group's websites. If the Group is unable to quickly recognise and adapt its techniques to such modifications in search engine algorithms or if the effectiveness of the Group's SEO activities is affected for any other reason, it could suffer a significant decrease in traffic to the Group's websites.

Further, a violation of a search engine's terms of services may result in a website's exclusion from that search engine's natural listings. If a search engine were to modify its terms of service or interpret existing or modified terms of service in a manner such that the Group's SEO practices were deemed to violate such terms, the Group's websites could be excluded from the search engine's natural listings. Such exclusion could significantly affect the Group's ability to direct traffic to the Group's websites and could materially adversely impact the Group's business, results of operations, financial condition or prospects.

***The Group's recent revenue growth rates may not be indicative of its future growth and the Group may not continue to grow at its recent pace or at all***

The Group has a relatively short operating and financial history and the online property portal market is continuing to evolve. This makes it relatively difficult to evaluate the Group's future prospects. From the year ended 31 December 2011 to the year ended 30 September 2013, the Group's revenues grew from £13.8 million to £64.5 million, which represents a compounded annual growth rate of approximately 141 per cent. In the future, the Group's revenues may not grow as rapidly as they have over the past several years or may decrease. The Group's ability to grow its revenues depends, in part, on its ability to demonstrate increased value to existing members through enhanced performance or through package upgrades and the sale of additional products and services. Additionally, the Directors believe that the Group's future revenue growth will depend, among other factors, on its ability to:

- increase the brand awareness of the Group's brands;
- attract a growing number of users to the Group's websites and mobile applications;
- successfully develop and deploy new products for the residential property industry;
- maximise the Group's sales personnel's productivity;
- acquire additional members;
- respond effectively to competitive threats;
- sell advertising to third parties; and
- successfully expand the Group's business into other markets.

The Group may not be successful in its efforts to do any of the foregoing and the Group's past revenue growth should not be considered indicative of the Group's future growth. The Group may not be able to address the risks and difficulties that it may encounter as a relatively early-stage company in a rapidly changing market. If the demand for property information online does not develop as the Group expects, or if the Group fails to address the needs of its users, members or advertisers, the Group's business, results of operations, financial condition or prospects could be materially adversely affected.

***The Group's efforts to enter into new business areas may not be successful***

The Group may seek to expand its business by broadening its product offering or by offering new services to its members and users. The Group may be unable to expand its business in these ways in a cost-effective or timely manner. Furthermore, any such expansion of the Group's business that is not favourably received by members or users could damage the Group's reputation and brands.

Any such expansion of the Group's business would also be likely to require significant additional investment, together with operations and resources, which could strain the Group's management, financial and operational resources. The lack of market acceptance of such efforts or the Group's inability to generate satisfactory revenue from expanded products or services to offset their costs could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

***The Group may make acquisitions and investments, which could result in operating difficulties, dilution and other harmful consequences***

The Group's success has in the past depended, in part, on its ability to expand its audience, products and services, and grow its business in response to changing technologies together with member, user, and advertiser demands, and competitive pressures. In some circumstances historically, the Group has done so through the acquisition of complementary businesses rather than through organic development. Any transactions that the Group enters into could be costly, may not result in the intended benefits to the Group's business, and the Group may not successfully evaluate or utilise the acquired products, and services, technology, or personnel, or accurately forecast the financial impact of an acquisition transaction. The process of integrating another company, business or technology could create unforeseen operating difficulties and expenditures. The areas where the Group faces risks include:

- diversion of management time and focus from operating the Group's business to acquisition integration challenges;
- implementation or remediation of controls, procedures and policies at the acquired company;
- coordination of product, engineering and sales and marketing functions;
- retention of employees from the acquired company;
- liability for activities of the acquired company before the acquisition;
- litigation or other claims arising in connection with the acquired company;
- impairment charges associated with goodwill and other acquired intangible assets; and
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

The Group's failure to address these risks or other problems encountered in connection with past or future acquisitions and investments could cause the Group to fail to realise the anticipated benefits of these acquisitions or investments, cause the Group to incur unanticipated liabilities, and harm the Group's business generally.

***The loss of one or more members of the Group's senior management team or one or more of its key employees could adversely affect the Group's business, prospects, financial condition and results of operations***

The loss of the services of one or more of the Group's senior management team members or any of its other key employees could disrupt the Group's operations. Certain key employees possess important undocumented knowledge of the Group's processes and systems and if any such employee no longer worked for the Group, the Group's ability to follow such processes or maintain such systems may be diminished. The Group's success depends on the continued service and performance of its senior management team members and other key employees, and the Group may not be able to retain the services of such individuals.

Further, the Group's business requires skilled development, technical, operating, sales and marketing personnel and the Group may not be able to continue attracting similarly qualified and skilled individuals to join its staff and senior management or to retain its current personnel. Competition for qualified employees is intense and the loss of a number of qualified employees to its competitors, new entrants or otherwise, or an inability to attract, retain and motivate additional highly skilled employees required for the expansion of the Group's activities could materially adversely impact the Group's business, results of operations, financial condition or prospects.

***The Group may fail to maintain its culture***

The Directors believe that the Group has a strong culture of innovation and transparency and that its culture has helped the Group to attract high-quality personnel, maintain a high retention rate of key staff and create a work force that is dedicated to delivering high-quality products and services. Growth in the Group's operations in size, scope and complexity, including as the Group becomes a public company, may make the maintenance of the Group's culture more difficult. If the Group fails to maintain its culture, the quality of its products and services may deteriorate and its brands may be affected, which could materially adversely impact the Group's business, results of operations, financial condition or prospects.

***Growth may place significant demands on the Group's management and infrastructure***

The Group has experienced substantial growth in its business that has placed, and may continue to place, significant demands on the Group's management and operational infrastructure. As the Group's operations grow in size, scope and complexity, including as the Group becomes a public company, it will need to improve and upgrade its systems and infrastructure. As a public company, the Group will incur additional expenses including registration and listing fees, increased corporate governance costs and other similar expenditure. Further, continued growth could also strain the Group's ability to maintain reliable service levels for the Group's users, members and advertisers, develop and improve the Group's operational, financial, and management controls, enhance the Group's reporting systems and procedures, and recruit, train and retain highly skilled personnel.

Managing the Group's growth will require significant expenditures and allocation of valuable management resources. If the Group fails to achieve the necessary level of efficiency in its organisation as it grows, the Group's business, results of operations, financial condition or prospects could be materially adversely affected.

***The ability to obtain, retain and share user data is important to the Group and is heavily regulated by privacy, data protection and related laws in the jurisdictions in which it operates***

The Group's services depend in part on its ability to use personal data. The Group's ability to obtain, retain, share and otherwise manage such data is governed by data protection and privacy regulations and guidance. In the UK, the Group must comply with the requirements established by the Data Protection Act 1998 (the "DPA") and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (as amended) when processing personal data and direct marketing to its users. The Group has recently reviewed and updated the consents to direct marketing it obtains from its users.

Under the DPA, the Group must maintain appropriate data protection registrations with the UK Information Commissioner's Office ("ICO"). ZPG Limited is registered as a data controller.

The Directors are not currently aware of any ongoing material failure to comply with the DPA. Any failure to comply with the DPA could result in enforcement notices, monetary fines, criminal charges and breach of contractual arrangements. Further, to the extent any third parties with whom the Group shares such data violate laws, other regulatory requirements or their contractual obligations to the Group, or act inappropriately in the conduct of their business, the Group's business and reputation could be negatively affected or penalties could be imposed on the Group. Furthermore, the Group may not be aware of the occurrence of any such violations.

The 1995 European Union Data Protection Directive is currently being considered by European legislative bodies. On 25 January 2012, the European Commission published its draft EU Data Protection Regulation. The new regulation is not yet in final form and is still being negotiated between the European Parliament and Commission. The current form of the draft regulation proposes substantial changes to the EU data protection regime, involving replacement of the current UK data protection laws by a directly applicable EU regulation. If this draft regulation became law in its current form, it would impose a substantially higher compliance burden on the industry and may impair the Group's ability to use data. Under the proposed law, the maximum level of fines for compliance failures will potentially increase from its current level in the UK of £500,000 to up to €100 million or 2–5 per cent of total annual turnover. The proposed EU regulation continues to progress through the legislative process and it is not currently possible to assess its full potential impact on the Group's business, financial condition, results of operations or prospects.

***The Group is affected by a variety of laws and regulations, many of which are unsettled and still developing***

The Group is subject to a variety of UK and EU laws and regulations, including laws regarding data protection (as described above), competition, the internet and taxation. A failure to comply with one or more laws or regulations could result in fines, third party damages actions and other penalties, which in turn could harm the Group's reputation. Changes in such laws or regulations or the adoption of new laws and regulations applicable to the Group may increase the costs or reduce the profitability of providing the Group's services to members and users or limit the Group's ability to expand its product and service offerings, all of which could adversely impact the Group's business, results of operations, financial condition or prospects. Any regulatory changes that impair the Group's ability to continue its current use of user and/or member data in its systems or its ability to share data could impact the Group's revenues.

Further, the scope and interpretation of certain laws that are or may be applicable to the Group are still developing. More stringent laws or regulations may impose additional burdens on the Group and it is difficult to predict the impact of new or amended laws or regulations to which the Group may become subject.

***Failure to adequately protect the Group's intellectual property could harm the Group's business and operating results***

The Group regards its intellectual property as critical to its success. The Group's business and IT systems and other key proprietary intellectual property generally are not protected by patents or registered design rights. The Group is therefore particularly reliant on trademarks, copyright, database rights, registered domain names and the law protecting confidential information to protect its brands, technologies and databases. Although the Group has taken steps consistent with industry practice to reduce these risks, such steps may be inadequate. If the Group is not successful in protecting its intellectual property, the value of its brands and business, results of operations and financial condition could be harmed.

The Group has a portfolio of 18 registered UK trademarks, 21 registered European Community trademarks, and 1 pending European Community trademark in respect of the various trading names and logos used in connection with the Group's websites and mobile applications. The Group does not have any registered trademark protection in any country outside of the European Union. Competitors may adopt service names similar to that of the Group, thereby harming the Group's ability to build brand identity and possibly leading to user confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of the Group's various trading names and logos.

The Group currently owns a portfolio of Internet domain names that relate to its various brands and websites. The regulation of domain names in the UK is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. The Group actively monitors the domain name market for any changes and additions and seeks to protect its brands through the registration of additional domain names, where appropriate. However, the Group may not be able to acquire or maintain all domain names that relate to its brands.

If not already protected, the Group will need to seek intellectual property protection of its brands, technologies and databases in any new geographic market the Group enters, if available. Outside of the European Union, there is a risk that registered trademark protection for the Group's various trading names and logos may not be available as a result of prior rights held by third parties.

To the extent the Group's brands, technologies and databases are not protected by intellectual property rights or the law protecting confidential information, third parties, including competitors, may be able to commercialise or otherwise use the Group's brands, technologies and/or databases without compensating the Group. The Group also faces the risk that existing or new competitors may independently develop similar or alternative technologies that are equal or superior to the Group's technology without infringing the Group's intellectual property rights, or may design around the Group's proprietary technologies.

Litigation or proceedings before governmental authorities in the UK and abroad may be necessary in the future to enforce the Group's intellectual property rights, to protect the Group's trade secrets and domain names and to determine the validity and scope of the proprietary rights of others. The Group's efforts to enforce or protect its proprietary rights may be ineffective and could result in substantial costs and diversion of resources, which could adversely impact the Group's business, results of operations, financial condition or prospects.

***The Group may be subject to intellectual property rights claims, which are costly to defend and could require it to pay damages or an account of profits***

Companies in the internet, technology and media sectors may enter into litigation in order to enforce and protect their patents, copyrights, database rights or trademarks. Third parties have asserted, and may in the future assert, that the Group has infringed their intellectual property rights. As the Group faces increasing competition, the possibility of being subject to intellectual property rights claims grows.

The Group's technologies may not be able to withstand any third party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management's attention. If the Group were found to be in violation of a third party's intellectual property rights, it may be required to pay compensation, including damages, or an account of profits, or be subject to injunctions that prevent it from using certain technologies. The Group may have to seek a licence for the technology, which may not be available or available on reasonable terms and may significantly increase its operating expenses. As a result, the Group may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If the Group cannot licence or develop aspects of its technology due to infringement of intellectual property rights, it may be forced to limit its product and service offerings and may be unable to compete effectively. Any of these events could materially adversely affect the Group's business, financial condition and results of operations.

The Group could also be subject to potential claims from persons alleging ownership or co-ownership of certain intellectual property used by the Group. Although the Group enters into invention assignment and non-disclosure agreements with its employees, consultants and third parties, there is no assurance that these contracts will be enforceable, or interpreted to cover the Group's use or development of disputed intellectual property.

In addition, the Group uses open source software and will continue to use open source software in the future. From time to time, the Group may be subject to claims brought against companies that incorporate open source software into their products or services, claiming ownership of, or demanding release of, the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source licence. These claims could also result

in litigation, require the Group to purchase a costly licence or require the Group to devote additional research and development resources to changing the Group's products or services, any of which could adversely impact the Group's business, results of operations, financial condition or prospects.

***If the Group's security measures are compromised, users may curtail their use of the Group's products and services and members may choose not to subscribe to the Group's services***

The Group's products and services involve the storage and transmission of information, some of which may be private, and security breaches could expose the Group to a risk of loss or exposure of this information, which could result in potential liability and litigation, including in respect of data protection as described in the risk factor entitled "*The ability to obtain, retain and share user data is important to the Group and is heavily regulated by privacy, data protection and related laws in the jurisdictions in which it operates*", above. The Group cannot guarantee absolute protection against unauthorised attempts to access its IT systems, including malicious third-party applications that may interfere with or exploit security flaws in its products and services. Like all technology platforms, those of the Group are vulnerable to computer viruses, worms and other malicious software programmes as well as break-ins, phishing attacks, attempts to overload the Group's servers with denial-of-service or other attacks and similar disruptions from unauthorised use of the Group's computer systems, any of which could lead to interruptions, delays, or website shutdowns, causing loss of critical data. If the Group's security is compromised, resulting in performance or availability problems with the Group's technology platform or the complete shutdown of any of the Group's websites and mobile applications, the Group's ability to attract and retain users and members could be negatively impacted and the Group could be subjected to third-party lawsuits, regulatory fines or other action or liability, which could materially adversely impact the Group's business, results of operations, financial condition or prospects.

***Any significant disruption in service on the Group's websites or mobile applications could damage the Group's reputation and harm the Group's business, results of operations and financial condition***

The Group's brands, reputation and ability to attract users, members and advertisers depend on the reliable performance of the Group's platform and systems. The Group's services are accessed by a large number of users, often at the same time, and as user traffic increases, the Group may not be able to scale its technology to accommodate increased capacity requirements, which may result in interruptions or delays in service. The Group has experienced minor interruptions in its systems in the past, including server failures, that temporarily slowed the performance of the Group's websites or mobile applications, and the Group may experience interruptions in the future. Interruptions in these systems, whether due to system failures, computer viruses, software errors or physical or electronic break-ins, could affect the security or availability of the Group's products and services on the Group's websites or mobile applications and prevent or inhibit the ability of users to access the Group's services. Since the Group's members may rely on the Group's products and services, problems with the reliability, availability or security of the Group's systems could damage members' businesses, harm the Group's reputation, result in a loss of users, members and advertisers and result in additional costs, any of which could harm the Group's business, results of operations and financial condition.

Most of the Group's physical technical infrastructure (including its servers, website hosting and database storage) is supplied by cloud service providers remotely over the internet. Problems faced by the Group's cloud service providers could adversely affect the experience of the Group's users and members. The cloud service providers could decide to close their facilities without adequate notice. Any financial or operational difficulties, faced by the Group's cloud service providers or any of the third party service providers with whom they contract may have negative effects on the Group's business, the nature and extent of which are difficult to predict. In addition, if distribution channels/networks for the Group's mobile applications experience disruptions, such disruptions could adversely affect the ability of users or members and potential users or members to access or update the Group's mobile applications, which could harm the Group's business.

The Group's cloud service providers' systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. The occurrence of any of the foregoing events

could result in damage to the Group's systems and hardware or could cause them to fail completely. Any errors, defects, disruptions or other performance problems with the Group's services could harm the Group's reputation and materially adversely impact the Group's business, results of operations, financial condition or prospects.

***The Group's IT systems are interdependent and a failure in one system may disrupt the efficiency and functioning of the Group's operations***

The Group relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of third parties, including the internet and mobile network infrastructure generally. Users and members access to the Group's websites and mobile applications and the speed with which they are able to navigate such websites and mobile applications affects the attractiveness of the Group's services. Any failure of the internet and/or mobile network infrastructure generally, or any failure of existing or future computer or communication systems or software systems, could impair the processing and storage of data and the day-to-day management of the Group's business. While the Group has disaster recovery and business continuity contingency plans, it has not conducted a full-scale disaster recovery test and no assurance can be given that, if a serious disaster occurred that affected the Group's business, systems or operations, such plans would be sufficient to enable the Group to continue or recommence trading without loss of business.

Furthermore, the Group has, from time to time, experienced operational bugs in its systems and technologies. The Group expects operational bugs to continue to occur from time to time due to a combination of one or more of the following: electro-mechanical equipment failures, computer server or system failures, network outages, software performance problems, human error and power failures. As at the date of this document, the operational bugs that the Group has experienced have not had a material impact on the Group's financial condition or results of operations and the Group attempts to deploy its systems and technologies in a quality controlled manner with the aim of reducing the occurrence of such operational bugs. There can be no assurance, however, that the Group will not experience an increase in the frequency or severity of such operational bugs in the future.

The efficient operation of the Group's business systems and IT infrastructure is critical to attracting and retaining users and members. If the Group is unable to meet user or member demand or service expectations due to the occurrence of one or more of the aforementioned issues, the Group's business, financial condition and results of operations may be materially adversely affected.

**Risks relating to the Offer and the Shares**

***Certain of the Selling Shareholders may retain a significant interest in and continue to exert substantial influence over the Group following the Offer and their interests may differ from or conflict with those of other shareholders***

Immediately following Admission and assuming that the Offer Price is set at the mid-point of the Price Range, DMGT is expected to continue to own beneficially between 28.6 per cent and 40.3 per cent of the issued share capital of the Company (assuming no exercise of the Over-allotment Option and between 26.0 per cent and 39.1 per cent if the Over-allotment Option is exercised in full). As a result, DMGT will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. The interests of certain of the Selling Shareholders may not always be aligned with those of other holders of the Shares.

***The market price of the Shares could be negatively affected by sales of substantial amounts of such Shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur***

Following Admission and assuming that the Offer Price is set at the mid-point of the Price Range, the Principal Selling Shareholders and the Directors and Senior Management will own beneficially, in aggregate, between 52.2 per cent and 72.4 per cent of the Company's issued share capital (assuming no exercise of the Over-allotment Option and between 47.5 per cent and 70.1 per cent if the Over-allotment Option is exercised in full). The Company, the Selling Shareholders, the Directors and Senior Management are subject to

restrictions on the sale and/or transfer of their respective holdings in the Company's issued share capital as described in paragraph 11 of Part 11 "Details of the Offer—Lock-up arrangements". The sale of a substantial number of Shares by the Directors, Senior Management or the Selling Shareholders in the public market after the lock-up restrictions in the Underwriting Agreement expire (or are waived by the Joint Global Co-ordinators), or the perception that these sales may occur, may depress the market price of the Shares and could impair the Group's ability to raise capital through the sale of additional equity securities.

***There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained***

Prior to Admission, there has been no public trading market for the Shares. Although the Company has applied to the UK Listing Authority for admission to the premium listing segment of the Official List and has applied to the London Stock Exchange for admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Shares will develop or, if developed, could be sustained following the closing of the Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

Shares in the Company may be subject to market price volatility and the market price of the Shares in the Company may decline disproportionately in response to developments that are unrelated to the Group's operating performance.

The Offer Price is not indicative of the market price of the Shares following Admission. The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these Risk Factors, as well as period-to-period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group or its subsidiaries in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

***Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings***

The Articles provide for pre-emption rights to be granted to shareholders in the Company, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Group's ability to allow participation by shareholders in future offerings. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

***The issuance of additional Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings***

The Group may seek to raise financing for future acquisitions and other growth opportunities. The Group may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, existing Shareholders may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

***The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements and is therefore not guaranteed***

There can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its revenues, profits and cash flow may significantly underperform market expectations. If the Group's cash flow underperforms market expectations, then its capacity to pay a dividend will suffer. While the Directors intend to adopt a dividend policy reflecting the Group's ability to generate surplus cash while undertaking the Group's planned expansion of its business segments (see Part 5 "Business Description—Dividend Policy"), there can be no assurance that the Group will pay dividends in the future. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions, the Group's financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors that the Directors deem significant from time to time.

***Overseas shareholders may be subject to exchange rate risk***

The Shares are, and any dividends to be paid in respect of them will be denominated in pounds sterling. An investment in Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

## PART 2

### PRESENTATION OF FINANCIAL AND OTHER INFORMATION

#### General

Investors should only rely on the information in this document. No person has been authorised to give any information or to make any representations in connection with the Offer, other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders, or any of the Underwriters. No representation or warranty, express or implied, is made by any of the Underwriters or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by any of the Underwriters or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, neither the delivery of this document nor any sale of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this document or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this document by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs after the publication of the Prospectus or if this document contains any mistake or substantial inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

Prior to making any decision as to whether to purchase the Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

Investors who purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders or any of the Underwriters.

None of the Company, the Directors, the Selling Shareholders or any of the Underwriters or any of their representatives is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment by such offeree or purchaser.

In connection with the Offer, the Underwriters and any of their respective affiliates, acting as investors for their own accounts, may acquire Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the

Shares being offered, acquired, placed or otherwise dealt in should be read as including any offer, acquisition, dealing or placing by, the Underwriters and any of their affiliates acting as investors for their own accounts. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

### **Presentation of financial information**

The Group's consolidated historical financial information in Section A of Part 10 "Historical Financial Information — Consolidated Financial Information of the Group" has been prepared in accordance with the requirements of the PD Regulation and the Listing Rules and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") subject to certain exceptions as described in note 1.1 to the historical financial information (hereinafter such historical financial information shall be referred to as "prepared in accordance with IFRS", which should be read as described herein). The significant accounting policies of the Group are set out within note 1 of the Group's consolidated historical financial information in Section A of Part 10 "Historical Financial Information — Consolidated Financial Information of the Group". The historical financial information of the Group in Section A of Part 10 "Historical Financial Information — Consolidated Financial Information of the Group" has been reported on, with the exception of the financial information for the six months ended 31 March 2013, which is unaudited and is presented for comparative purposes only.

The historical financial information in Section B of Part 10 "Historical Financial Information — Consolidated Financial Information of DPG" has been prepared in accordance with the requirements of the PD Regulation and the Listing Rules and in accordance with IFRS.

### **Financial information**

Following a change in financial year end effective for the financial year ended 30 September 2012, the Company's financial year runs from 1 October to 30 September. The financial information included in Part 10 "Historical Financial Information" is covered by the respective accountant's reports included in Sections A and B, which reports on procedures performed in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

The Group's financial information for its 2011, 2012 and 2013 financial years are not directly comparable, as the financial information for each year is based upon a consolidation that includes different entities and includes a transition period following a change in the financial year end of the Group.

The financial information included in this Prospectus for the Group's 2011 financial year is based upon the audited consolidated financial information of ZPG Limited and its subsidiaries ("ZPG") for the twelve months ended 31 December 2011. The financial information included in this Prospectus for the Group's 2012 financial period comprises the audited consolidated financial information of ZPG from 1 January to 30 September 2012 and consolidates the financial information of The Digital Property Group Limited and its subsidiaries ("DPG") from 31 May 2012, following its acquisition. Concurrently with the DPG Acquisition the Group changed its financial year end to 30 September. Accordingly, the financial information included in this Prospectus in respect of the Group's 2012 financial period is for the nine months ended 30 September 2012. In order to aid comparability of the Group's results of operations, the Group has also included unaudited measures of revenue and Adjusted EBITDA in respect of the three month period ended 31 December 2011.

Following the 2012 transition period, the financial information included in this Prospectus for the Group's 2013 financial year and 2014 half year comprises the audited consolidated financial information of ZPG (including DPG) for the twelve months ended 30 September 2013 and the six months ended 30 March 2014, respectively.

In addition, this Prospectus includes historical financial information as at and for the years ended 30 September 2011 and 2012 for DPG.

None of the financial information used in this document has been audited in accordance with auditing standards generally accepted in the United States of America ("US GAAS") or auditing standards of the

Public Company Accounting Oversight Board (United States) (“PCAOB”). The financial information included in Part 10 “Historical Financial Information” and other financial information included throughout this Prospectus is not intended to comply with the reporting requirements of the US Securities and Exchange Commission (“SEC”). Compliance with the reporting requirements of the SEC would require the modification, reformulation or exclusion of certain financial measures. Potential investors should consult their own professional advisers to gain an understanding of the “Historical Financial Information” in Part 10 and the implications of differences between the auditing standards noted herein.

### **Non-IFRS measures**

The Group presents Adjusted EBITDA and Adjusted EBITDA margin (collectively, “Non-IFRS measures”), which are not measures of financial performance under IFRS or other generally accepted accounting principles.

#### ***Adjusted EBITDA***

The Group defines EBITDA as profit or loss for the period before income taxes, finance income, finance costs, depreciation and amortisation. Adjusted EBITDA is arrived at by making further adjustments to EBITDA for costs and profits which management believe to be exceptional in nature by virtue of their size or incidence or those having a distortive effect. Such exceptional items may include costs associated with business combinations, gains and losses on disposal, and similar items considered to be of a non-recurring nature together with reorganisation costs and similar charges. This is further adjusted for share-based payment expense (which is comprised of charges relating to (i) warrants issued to certain of the Group’s members in order to establish a critical mass of property listings on the Group’s platform; and (ii) employee incentive plans which are aimed at retaining staff and aligning employee objectives with those of the Group. The Directors consider that excluding these amounts in arriving at Adjusted EBITDA gives a more appropriate measure of the Group’s underlying financial performance.

Adjusted EBITDA has limitations and should not be considered in isolation or as a substitute for the Group’s operating results reported under IFRS. Such limitations include but are not limited to:

- Adjusted EBITDA does not reflect the impact of income tax expense on the Group’s operating performance.
- Adjusted EBITDA does not reflect the impact of depreciation of assets on the Group’s performance. The depreciation expense could be considered to approximate to the future replacement cost of such assets. By excluding this expense from Adjusted EBITDA, the Group is not reflecting potential future cash requirements for these replacements.
- Adjusted EBITDA does not reflect the impact of amortisation costs of intangible assets, which form a large component of the Group’s asset base. By excluding this expense from Adjusted EBITDA, the Group is not reflecting the declining value of the benefits derived from the use of such intangible assets.
- Adjusted EBITDA does not reflect changes in or cash requirements for the Group’s working capital needs.
- Adjusted EBITDA removes the impact of share-based payments, which reflect non-cash consideration provided to employees and others in exchange for services and other rights. In the absence of such non-cash consideration the Group would have been required to pay cash for such services and other rights.
- Other companies in the Group’s industry may calculate Adjusted EBITDA differently or may use this measure for different purposes, thus limiting its usefulness as a comparative measure.

The Group compensates for the aforementioned limitations by relying on its IFRS results and using Adjusted EBITDA only as a supplemental measure in monitoring the Group’s financial performance.

Information regarding Adjusted EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings towards repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of Adjusted EBITDA or similar measures and the criteria upon which Adjusted EBITDA or similar measures are based can vary from company to company. Adjusted EBITDA, by itself, does not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

The reconciliation of the Group's results from profit or loss for the period to Adjusted EBITDA is as follows:

	<b>For the year ended 31 December</b>	<b>For the nine months ended 30 September</b>	<b>For the year ended 30 September</b>	<b>For the six months ended 31 March</b>	
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(£ thousands)</i>				
<b>Profit for the period .....</b>	<b>(2,727)</b>	<b>1,102</b>	<b>22,330</b>	<b>11,653</b>	<b>12,757</b>
Income tax (income)/ expense .....	(89)	(3,383)	5,957	2,608	3,560
Finance income .....	(8)	(6)	(325)	(168)	(113)
Finance costs .....	23	34	—	—	—
Exceptional items .....	—	3,623	—	—	1,435
Depreciation and amortisation .....	208	486	1,373	658	788
Share-based payments .....	1,968	6,717	98	37	250
<b>Adjusted EBITDA .....</b>	<b>(625)</b>	<b>8,573</b>	<b>29,433</b>	<b>14,788</b>	<b>18,677</b>

### ***Adjusted EBITDA margin***

Adjusted EBITDA margin is Adjusted EBITDA expressed as a percentage of total revenue. Adjusted EBITDA margin is presented in this Prospectus because the Group considers it to be a useful measure for comparing the Group's margins in respect of its operations between periods, without distortions from changeable share-based payment expense and other items considered to be exceptional in nature by virtue of their size or incidence.

Adjusted EBITDA Margin is derived using a Non-IFRS measure and has limitations similar to those applicable to Adjusted EBITDA summarised above. Adjusted EBITDA Margin should not be considered in isolation or as a substitute for the Group's operating margins calculated using results reported under IFRS.

### **Key Performance Indicators**

The Board has adopted the following metrics, which give an understanding of the Group's underlying performance drivers. These measures are referred to as key performance indicators ("KPIs"). The KPIs described below are not measures of financial performance under generally accepted accounting principles, including IFRS, and should not be considered in isolation or as an alternative to the primary financial information included in Part 10 "Historical Financial Information".

Because these measures are not determined in accordance with generally accepted accounting principles and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

The Board considers the Group’s KPIs to be as follows:

*Visits:* Visits comprise individual sessions to the Group’s websites or mobile applications by users for the period indicated as measured by Google Analytics.

*Leads:* Leads are enquiries made to the Group’s members initiated either through the telephone number or email form displayed on the Group’s websites and mobile applications. Telephone calls are categorised as a lead if the duration is in excess of 10 seconds. Emails are categorised as a lead if they relate to an appraisal enquiry, a specific property enquiry or an enquiry about available properties in general.

*Number of members:* The Group’s number of members as at a given date represents the total number of estate agency branches, lettings agency branches and new home developments paying subscription fees to advertise their property listings on the Group’s websites and mobile applications at such date.

*Number of listings:* The Group’s number of listings as at a given date represents the total number of properties being advertised for sale or to rent on the Group’s websites and mobile applications as at such date.

*ARPA:* Average Revenue Per Advertiser (“ARPA”) is the total monthly revenue from agents and developers for a given period divided by the average number of Group members for such period.

### **Currency presentation**

Unless otherwise indicated, all references in this document to “sterling”, “pounds sterling”, “GBP”, “£”, or “pence” are to the lawful currency of the United Kingdom. The Company prepares its financial statements in pounds sterling. All references to “US dollars” or “US\$” are to the lawful currency of the United States.

The average exchange rates of the US dollar are shown relative to pounds sterling below. These exchange rates should not be construed as representations that the relevant currency could be converted into sterling at the rate indicated or at any other rate:

<u>Average rate against pounds sterling on</u>	<u>US dollar</u>
31 December 2011 .....	1.5509
31 December 2012 .....	1.6242
31 December 2013 .....	1.6566
<u>Average rate against pounds sterling for the year ended</u>	<u>US dollar</u>
31 December 2011 .....	1.6037
31 December 2012 .....	1.5850
31 December 2013 .....	1.5648
<u>Average rate against pounds sterling for the month ended</u>	<u>US dollar</u>
31 January 2014 .....	1.6469
28 February 2014 .....	1.6560
31 March 2014 .....	1.6629
30 April 2014 .....	1.6746
31 May 2014 .....	1.6861

*Source: Bloomberg*

### **Rounding**

Certain data in this document, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

## **Market, economic and industry data**

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by Google Analytics, Experian Hitwise, Enders Analysis, Harris Interactive, Land Registry of England and Wales, Bank of England, GfK NOP, DCLG, Nielsen UKOM Media Tel., Omnibus and selected brokers.

The Company confirms that all such data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified.

## **Service of process and enforcement of civil liabilities**

The Company has been incorporated under English law. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since most directly owned assets of the Company are outside the United States, any judgment obtained in the United States against it may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under US federal securities laws in original actions in English courts, and, subject to certain exceptions and time limitations, English courts will treat a final and conclusive judgment of a US court for a liquidated amount as a debt enforceable by fresh proceedings in the English courts.

## **No incorporation of website information**

Information contained on the Company's websites are not incorporated into and does not form part of this document.

## **Definitions**

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in Part 13 "Definitions".

## **Information not contained in this document**

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

## **Information regarding forward-looking statements**

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "Summary", "Risk Factors", "Business

Description” and “Operating and Financial Review” regarding the Company’s strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this document speak only as of the date of this document. The Company, the Directors, the Selling Shareholders and the Underwriters expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, or the Disclosure and Transparency Rules of the FCA.

### **Over-allotment and stabilisation**

In connection with the Offer, Credit Suisse Securities (Europe) Limited, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

## PART 3

### DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

<b>Directors</b>	Mike Evans Alex Chesterman Stephen Morana Duncan Tatton-Brown Sherry Coutu Robin Klein Stephen Daintith David Dutton Grenville Turner
<b>Company Secretary</b>	Ned Staple
<b>Registered and head office of the Company</b>	Harlequin Building 65 Southwark Street London SE1 0HR
<b>Joint Global Co-ordinators, Joint Bookrunners and Joint Sponsors</b>	Credit Suisse Securities (Europe) Limited One Cabot Square London E14 4QJ  Jefferies International Limited Vintners Place 68 Upper Thames Street London EC4V 3BJ
<b>Co-Lead Manager</b>	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
<b>English and US legal advisers to the Company</b>	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
<b>English and US legal advisers to the Joint Global Co-ordinators, Joint Bookrunners, Joint Sponsors, Co-Lead Manager and Underwriters</b>	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
<b>Reporting Accountants</b>	Deloitte LLP 2 New Street Square London EC4A 3BZ
<b>Auditors</b>	Deloitte LLP 2 New Street Square London EC4A 3BZ
<b>Registrar, Receiving Agent and Nominee</b>	Equiniti Limited Aspect House Spencer Road Lancing, West Sussex BN99 6DA

## PART 4

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

#### Expected timetable of principal events

<u>Event</u>	<u>Time and Date<sup>(1)(2)</sup></u>
Latest time and date for receipt of completed hard copy Application Forms in respect of the Member Offer by the Receiving Agent	5 p.m. on 13 June 2014
Announcement of the Offer Price and Share Offer Size, publication of the Pricing Statement and notification of allocations of Shares <sup>(3)</sup>	At or prior to 8 a.m. on 19 June 2014
Commencement of conditional dealings in Shares on the London Stock Exchange	8 a.m. on 19 June 2014
Admission and Commencement of unconditional dealings in Shares on the London Stock Exchange	8 a.m. on 24 June 2014
CREST accounts credited in respect of Shares sold in the Institutional Offer in uncertificated form	24 June 2014
Latest date for despatch by post of definitive share certificates (where applicable) for Shares sold in the Member Offer in certificated form	By 30 June 2014

#### Notes:

- <sup>(1)</sup> Times and dates set out in the timetable above and mentioned throughout this document that fall after the date of publication of this document are indicative only and may be subject to change without further notice. **In particular, the dates and times of the announcement of the Offer Price and Share Offer Size, Commencement of conditional dealings in Shares on the London Stock Exchange and Admission and Commencement of unconditional dealings in shares on the London Stock Exchange may be accelerated or extended by agreement between the Joint Global Coordinators and the Company.**
- <sup>(2)</sup> All references to time in this timetable are to UK time.
- <sup>(3)</sup> The Offer Price and Share Offer Size will be set out in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this document but it will be available free of charge at the Company's registered office at Harlequin Building, 65 Southwark Street, London SE1 0HR. In addition, the Pricing Statement will (subject to certain restrictions) be published on the Company's website at [www.zpg.co.uk/ipo](http://www.zpg.co.uk/ipo). If the Share Offer Size is set above or below the Share Offer Size Range and/or if the Offer Price is set above the Price Range or the Price Range is revised higher, then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected date of the publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Shares would be made clear in the announcement.

**It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.**

**Offer statistics<sup>(1)</sup>**

Price Range (per Share) <sup>(2)</sup> .....	200 pence to 250 pence
Expected minimum number of Shares in the Offer <sup>(3)</sup> .....	92,882,726
Expected maximum number of Shares in the Offer <sup>(4)</sup> .....	194,911,751
Maximum number of Shares subject to the Over-allotment Option <sup>(5)</sup> .....	19,491,172
Number of Shares in issue following the Offer <sup>(6)</sup> .....	417,641,960
Market capitalisation of the Company at the Offer Price <sup>(6)</sup> .....	£939,694,410
Estimated net proceeds of the Offer receivable by the Selling Shareholders <sup>(7)</sup> .....	£314.1 million

**Notes:**

<sup>(1)</sup> Assumes all of the steps set out in paragraph 4 of Part 12 “Additional Information” are completed in full. To the extent that these steps are not completed in full, the Offer will not proceed and Admission will not be sought.

<sup>(2)</sup> It is currently expected that the Offer Price will be within the Price Range. It is expected that the Pricing Statement containing the Offer Price and the number of Shares which are comprised in the Offer will be published on or about 19 June 2014 and will be available (subject to certain restrictions) on the Company’s website at [www.zpg.co.uk/ipo](http://www.zpg.co.uk/ipo). If the Offer Price is set above the Price Range, or the Price Range is revised higher, then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA.

<sup>(3)</sup> Assuming no exercise of the Over-allotment Option and the Member Offer is taken up in full (as described below).

In connection with Admission, the Principal Selling Shareholders have indicated that they will make available, in aggregate, between 123,539,535 and 196,372,125 Shares, representing between 31.5 and 50 per cent of their existing holdings on a weighted average basis (including in each case Shares subject to the Over-allotment Option). Assuming the Offer Price is set at the mid-point of the Price Range, the maximum number of Shares to be made available in connection with Admission comprise a maximum of 20,067,993 Shares to be made available in the Member Offer and a maximum of 20,067,993 Shares to be made available to satisfy Member Options (which entitle Eligible Members to purchase additional Shares after the first anniversary of Admission at the Discounted Offer Price in an amount equal to the number of Shares such Eligible Member purchased in the Member Offer), with the balance to be sold in the Institutional Offer and pursuant to the Over-allotment Option. Any Shares not applied for pursuant to the Member Offer, together with the number of Shares made available to satisfy the corresponding Member Options, are expected to be made available for sale in the Institutional Offer.

Accordingly if 50 per cent of the maximum number of Shares being made available in the Member Offer are taken up and the non-Principal Selling Shareholders sell 50 per cent. of their respective Shares in the Offer (assuming the Offer Price is set at the bottom of the Price Range and no exercise of the Over-allotment Option), the minimum number of Shares being made available in the Offer would be 111,214,510, equivalent to 26.6 per cent. of the issued ordinary share capital immediately following Admission.

<sup>(4)</sup> Assuming no exercise of the Over-allotment Option. It is currently expected that the Share Offer Size will be set by the Selling Shareholders within the Share Offer Size Range. If the Share Offer Size is set above or below the Share Offer Size Range, then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA. It is expected that the Pricing Statement containing the Offer Price and the number of Shares which are comprised in the Offer will be published on or about 19 June 2014 and will be available (subject to certain restrictions) on the Company’s website at [www.zpg.co.uk/ipo](http://www.zpg.co.uk/ipo).

<sup>(5)</sup> The maximum number of Shares comprised in the Over-allotment Option is, in aggregate, equal to 10 per cent of the maximum number of Shares comprised in the Offer.

<sup>(6)</sup> Assuming no exercise of the Over-allotment Option and the Offer Price is set at the mid-point of the Price Range. The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Offer Price.

<sup>(7)</sup> Assuming no exercise of the Over-allotment Option, that the Offer Price is set at the mid-point of the Price Range and that the Share Offer Size is set at the mid-point of the Share Offer Size Range, the estimated net proceeds receivable by the Selling Shareholders are stated after deduction of the estimated underwriting commissions and other fees and expenses of the Offer (including VAT) payable by the Selling Shareholders, which are currently expected to be approximately £9.7 million.

## **PART 5**

### **BUSINESS DESCRIPTION**

*Investors should read this Part 5 “Business Description” in conjunction with the more detailed information contained in this document including the financial and other information appearing in Part 8 “Operating and Financial Review”. Information relating to the markets in which the Group operates has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Group is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where stated, financial information in this section has been extracted from Part 10 “Historical Financial Information”.*

#### **MISSION**

The Group’s mission is to provide the most useful online resources to users, and be the most effective partner to property professionals in the United Kingdom.

#### **INTRODUCTION AND BACKGROUND**

The Group operates as a digital media business in the UK residential property market by providing property search and research services to users and property marketing and data services to property professionals (estate agents, letting agents and new home developers).

The Group owns and operates a number of the leading online UK property portals, accessible via the internet and mobile devices, with a portfolio of brands that help users search for property, research the property market and connect with property professionals. The Group’s brands include Zoopla and PrimeLocation, the second and third most-visited property websites in the United Kingdom, respectively (source: Hitwise January 2014). The Group also owns other niche brands including SmartNewHomes and HomesOverseas as well as powering the property search function of a number of leading third-party websites and mobile applications.

The Group aims to provide the most comprehensive property search and research tools in the United Kingdom to empower users with the resources they need to make better-informed property decisions. The Group helps users research the market by combining hundreds of thousands of property listings with up-to-date market data, local information and community tools and has developed complex and proprietary algorithms to provide current value estimates for more than 28 million UK homes. The Group also attracts an active community of users, many of whom have contributed proprietary user-generated content on over 9 million UK homes. The Group is committed to making as much useful property data as practical freely and easily accessible to its users.

Users are increasingly using the internet and mobile devices as their primary means of searching for properties and property-related information. In the six months ended 31 March 2014, the Group averaged 40 million visits per month to its websites and mobile applications. The Group enables property professionals to market their businesses and property listings efficiently to this broad and unique audience. These property professionals (whom the Group refers to as its “members”) pay the Group a monthly subscription fee to advertise all of their property listings across the Group’s platform, which includes the Group’s own websites and mobile applications as well as the third-party websites and mobile applications powered by the Group. As at 31 March 2014, the Group had 19,239 active members subscribing for its advertising services.

In the six months ended 31 March 2014, the Group generated revenues of £38.3 million, an increase of 26.5 per cent as compared to £30.3 million in the six months ended 31 March 2013 and Adjusted EBITDA of £18.7 million, an increase of 26.3 per cent as compared to £14.8 million in the six months ended 31 March 2013. The Group’s revenue is principally comprised of the recurring subscription fees charged to its members, which amounted to 86 per cent of total revenues in both the six months ended 31 March 2014 and the financial year ended 30 September 2013, respectively.

**HISTORY**

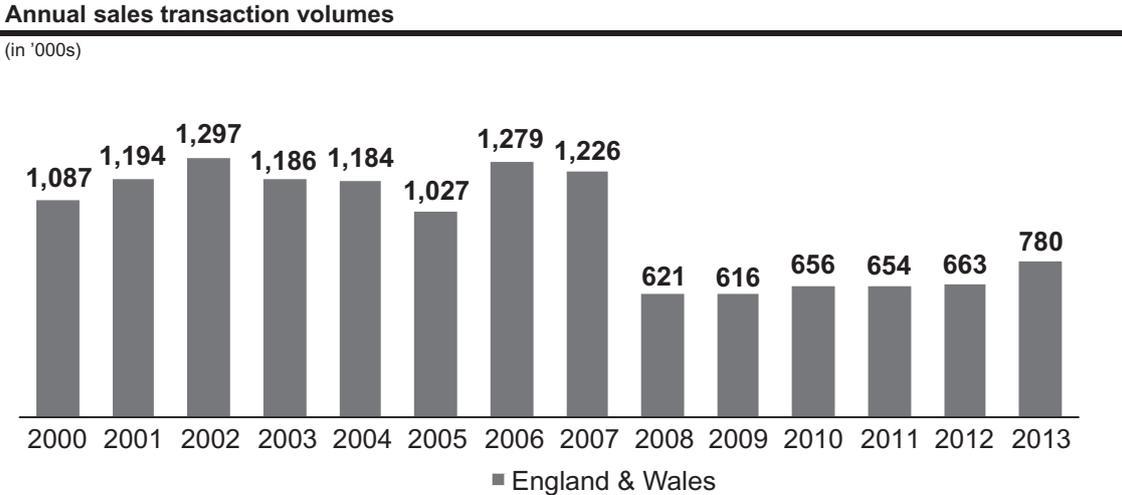
The Group was founded in 2007 by Alex Chesterman and Simon Kain and the *zoopla.co.uk* website was launched in January 2008. Since its inception, the Group has grown rapidly both organically and through a number of acquisitions and has demonstrated a solid track record of efficiently integrating its acquired businesses. The Group’s most significant acquisition to date has been that of The Digital Property Group (“DPG”) in May 2012, which enabled the Group to achieve critical mass in terms of both user audience and property listings. The Group has a highly-experienced management team, led by its founder and CEO, Alex Chesterman.

**MARKET OVERVIEW**

**UK residential property market**

Residential property is one of the largest sectors of the UK economy and is currently undergoing a transformation: technology is changing the way users search for homes and the way that professionals market their listings and build their businesses. The 2008 downturn and subsequent partial recovery in the UK property market has served to accentuate this transformation as users are seeking more comprehensive information and professionals are seeking more effective marketing channels.

Finding a home is often one of the most important decisions a user will make and a home is likely to be one of their most valuable assets. As a result, users spend a significant amount of time seeking information related to the property search process, such as available properties, historic and current house prices, neighbourhood information and financing options. As users increasingly conduct their property search and research online, property professionals are naturally shifting their marketing budgets towards online advertising to reach these users.



Source: Land Registry for England and Wales

The market downturn saw the average number of residential property sales transactions in England and Wales fall from an average of approximately 1,185,000 transactions per year from 2000 to 2007 to 665,000 transactions per year since 2008, reaching a low in 2009 relative to historical averages. Since then, annual residential property sales transaction volumes have recently started to recover, with an increase of 17.6 per cent in 2013 as compared with 2012, reflecting a perceived improvement in UK economic conditions.

Similarly, mortgage approval rates, which experienced a rapid decline in 2008 to reach a recent historical low in 2009, have since increased in 2013 and the first part of 2014 to the highest level since the start of the financial crisis<sup>1</sup> (source: Bank of England). According to Halifax, mortgage payments as a percentage of income was 27 per cent in 2013, the lowest level since 1999. There are also a number of current UK government initiatives aimed at increasing home ownership and transaction volumes in the United Kingdom, including the *NewBuy Guarantee Scheme*, launched in March 2012, aimed at increasing mortgage

<sup>1</sup> Pre-crisis levels calculated as the average between 2005 and 2007.

availability for newly-built properties, the *Help to Buy* equity loan scheme, launched in April 2013, as a three-year initiative aimed at stimulating home sales and the *Funding for Lending Scheme*, aimed at increasing overall property lending. To improve the quality of mortgage lending in the United Kingdom, the FCA recently implemented the Mortgage Market Review at the end of April 2014, which requires lenders to carry out more detailed checks on applicants before granting mortgages.

The Directors believe that the improving overall economic environment, combined with an increase in mortgage approvals and ongoing UK government initiatives aimed at increasing home ownership and transaction volumes may result in an increase in residential property transaction volumes towards historical levels, although the extent and timing of any such market recovery is uncertain.

### **Estate agents, letting agents and new home developers**

The Group's members are made up of the individual branch offices of estate and lettings agencies and development sites of new home developers. The Directors believe that in 2013, there were approximately 18,500 estate and letting agency branches and approximately 3,000 new home developments in the United Kingdom.

Agents have long played a central role in the UK residential property market with over 90 per cent of residential property sales transactions intermediated by an estate agent. (source: GfK NOP Survey). The agency market in the United Kingdom is very competitive and highly fragmented. National chains compete with local independent players as well as online-only agencies. The Directors believe that the top 10 chains accounted for only 14 per cent of all agency branches in the United Kingdom in 2013 and the average agency business had 1.8 branches.

In addition, the United Kingdom has a very active residential property lettings market. Private rentals account for over 17 per cent of all housing, up from 11 per cent 10 years ago (source: English Housing Survey, DCLG February 2013). A significant proportion of the Group's members advertise properties to let and a significant proportion of the Group's users search for properties to rent.

The new home developer market is also very active in the United Kingdom and many new home developments are marketed directly by the developer to potential buyers rather than through agents. In 2013, there were an estimated 133,670 completed new homes in the United Kingdom, an increase of 28 per cent as compared to 2012. The Directors believe that the Group's top 25 new home developer members account for approximately 70 per cent of the new home development sites in the United Kingdom.

### **Property classified advertising and the shift to digital advertising**

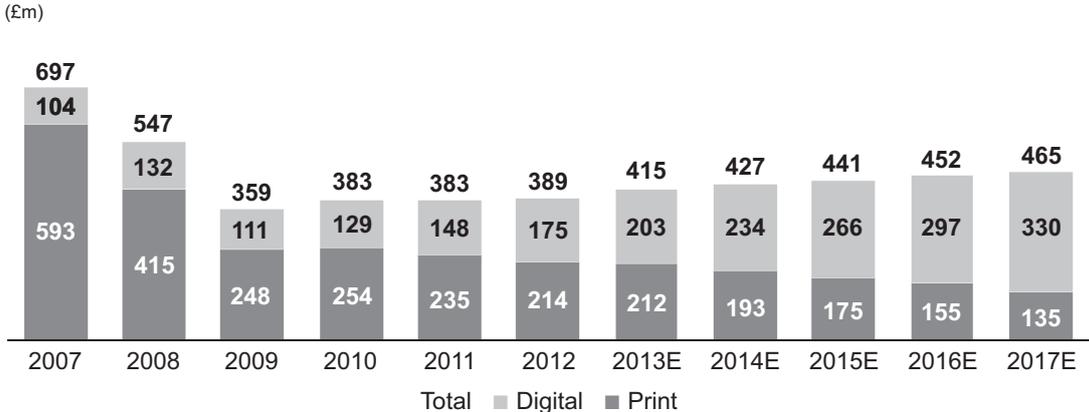
The Group competes in the market for property classified advertising spend where property professionals seek to sell or let the properties they have listed and win new business from property owners. This market is broad and includes print advertising such as newspapers and magazines, property professionals' own websites and mobile applications, as well as property portals such as those operated by the Group.

Property classified advertising was historically focussed on print advertising at a local level and as a result, users lacked access to comprehensive information useful to making informed residential property decisions and professionals lacked the ability to reach an audience outside of their local area. As more information has become available online, the internet has become a primary source of research for housing market decisions. Online property portals such as those operated by the Group overcome many of the limitations of traditional print media by providing users with free access to a one-stop-shop of detailed, up-to-date, searchable information with real-time alerts and supplementary advice and services. For property professionals, portals provide a cost-effective means of expanding their marketing reach, receiving real-time customer enquiries and accessing market data. Further, the development of mobile technology has allowed users to conduct location-based property searches and access property-related information at any time or place.

Users are thus increasingly turning to the internet and mobile devices to access property information and by 2016, more than half of the UK population will have a smartphone and/or tablet (source: Euromonitor, eMarketer). As a result of the print to digital shift in the user audience for property search and research activities, property classified advertising spend has begun to shift in recent years from print to digital. According to Ender's Analysis, total UK classified property advertising spend was £389 million in 2012, comprised of a 45 per cent and 55 per cent split between digital and print advertising, respectively. Overall

digital advertising has also experienced growth in recent years, comprising 16 per cent of total UK ad spend in 2006 and estimated to comprise 48 per cent of total UK ad spend in 2014 (source: GroupM). The increasing focus on digital advertising over print advertising is forecast to continue.

**Property classified advertising spend**



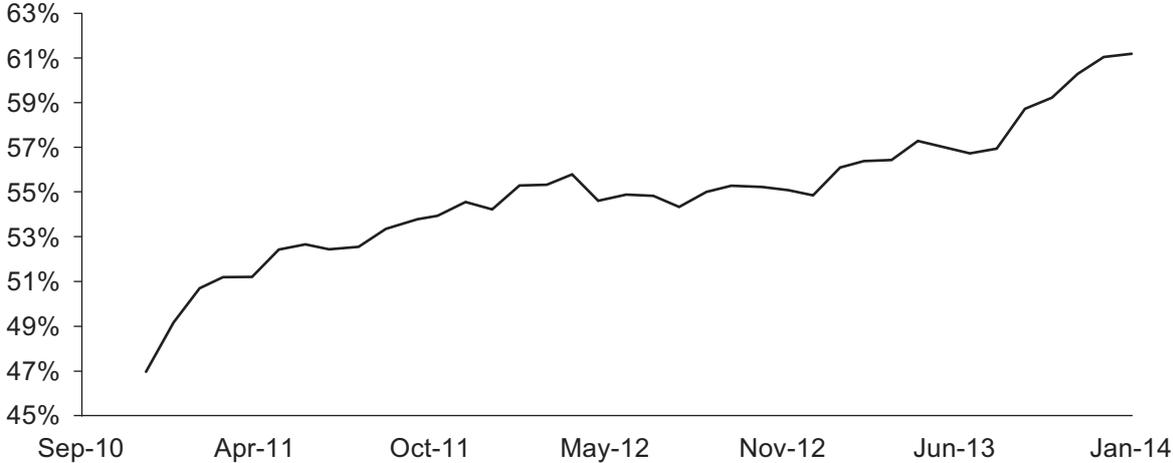
Source: Historical figures from Enders Analysis October 2013 and forecasts based on consensus of selected brokers.

**COMPETITION**

The Group competes for users with other property portals, other mobile applications and property professionals’ own websites and mobile applications. The Group competes on the basis of the quality of the user experience provided, which includes the breadth, depth, accuracy and usefulness of the Group’s data and information as well as the Group’s brand awareness and reputation.

Property portals have become increasingly popular with users in recent years, taking market share from property professionals’ own websites and mobile applications as a result of the more comprehensive information that they provide. According to Hitwise, 61 per cent of visits to the top 1,000 property websites in the United Kingdom in January 2014 were to the three leading portals (rightmove.co.uk, zoopla.co.uk and primelocation.com), two of which are owned by the Group, with the next biggest 997 property websites accounting for only 39 per cent of visits. The Group’s primary competitor is Rightmove and, according to Nielsen UKOM Media Tel., the Group attracts a largely unique and distinct audience from Rightmove with only 37 per cent of the user audience in January 2014 having visited websites operated by both the Group and Rightmove.

*Visits to major portals (rightmove.co.uk, zoopla.co.uk and primelocation.com) as a percentage of top 1,000 property websites in the United Kingdom*



Source: Hitwise 2013

Furthermore, the Group attracts a significant majority of all property portal visitors, according to Nielsen UKOM Media Tel., with 65 per cent of all UK property portal visitors in January 2014 using the Group's websites or mobile applications.

The Group also competes for subscribing members and classified property advertising spend by property professionals with other property portals, search engines and property professionals' own activities as well as traditional print media including newspapers and magazines. The Group competes on the basis of the return on marketing investment that it provides relative to other advertising media (measured by leads, the number of users who contact the Group's members as a result of viewing a property listing or the members' advertising on one of the Group's websites or mobile applications), the scale of the Group's audience, the effectiveness of the Group's products and the Group's pricing structure.

The Directors believe that the Group offers a very effective return on marketing investment for its members relative to other forms of marketing. Furthermore, unlike traditional marketing channels, the Group provides tools to track enquiries and performance, enabling property professionals to measure and quantify the value of the Group's products and services.

## **STRENGTHS**

The Directors believe that the Group is well-positioned to continue its disciplined and profitable growth as a result of its large audience and strong user engagement, combined with its continued product innovation and differentiation that delivers significant value for its members, in addition to its leading position in the UK property market which is experiencing a recovery. The Directors believe that the Group's key strengths are as follows:

### **Leading market position in an industry with high barriers to success for new entrants**

Property portals have become an integral part of the property search, research and marketing processes and have transformed the behaviour of both property consumers and professionals in the United Kingdom. By providing a one-stop-shop for information on available property listings, property professionals, historic and current house prices and local neighbourhoods, the Group's websites and mobile applications add transparency and efficiency to the property market and help consumers make better-informed property decisions and provide property professionals with a cost-effective marketing platform.

The Directors believe that a combination of the Group's engaging products, marketing campaigns, experienced sales network and large, differentiated consumer audience have contributed to the Group having approximately 90 per cent of the estimated total inventory of residential property listings from property professionals in the United Kingdom. The Group's websites and mobile applications have become some of the most popular destinations of choice for consumers in the UK residential property market and in six months ended 31 March 2014, the Group attracted an average of approximately 40 million visits per month to its websites and mobile applications. Further, the Group's leading market position as one of the leading property portals makes it well-placed to take advantage of any developments in the UK property portal market.

The Directors believe that the significant investment that the Group has made in marketing its brands, developing its technology platform and building its sales network are what is required to obtain and retain a significant share of the listings inventory in the highly fragmented UK property market and to develop a consumer brand with high levels of national awareness. Thus, despite the growth in consumer habits of using the internet and mobile devices to access property listings and information, the majority of UK property websites have been unable to achieve the same level of activity as the leading property portals with a number of smaller portals having either been consolidated or no longer being actively maintained.

The Group benefits from powerful network effects whereby the size of its user audience reinforces the value to its members of listing their properties on the Group's platform which in turn further draws users to the Group's websites and mobile applications in order to access the Group's comprehensive property listings. The unique additional information and content available on the Group's platform including proprietary content generated by its users further reinforces these network effects. The Group's core brand, Zoopla,

enjoys 76 per cent prompted brand awareness amongst adults nationally in the United Kingdom according to a recent survey conducted by Harris Interactive.

### **Proven track record of innovation and differentiation**

The Group provides its users with unique features and content, generating valuable insights into the residential property market, and its members with a wide array of tools and services to enable them to market their listings and win more business. The Group's ability to innovate over the past few years has allowed it to create a superior user experience with compelling functionality and rich data. By combining the Group's comprehensive property listings with local neighbourhood information on school performance, crime levels, tax rates and amenities as well as providing advice and forums for home movers the Group has created a unique and engaging product for its users and members.

The Directors believe that the Group has developed some of the strongest products and services in the UK property portal industry for both consumers and property professionals. The Group has invested significant resources into differentiated product and technology development including the Group's instant automated value estimates that provide transparency in the market and generate valuable appraisal leads for property professionals.

By allowing its users to interact with the tools and information on its websites and mobile applications, the Group has collected a significant database of proprietary user-generated content on over 9 million UK homes in addition to data available in the public domain. User generated content from owners, property professionals and other third parties enriches the Group's database and by overlaying this data on top of property related information in the public domain, the Group has accumulated and continues to develop valuable datasets relating to the UK residential property market.

The Group's experienced in-house product development team designs all of the Group's products, translating user journeys into product specifications. The product development team works closely with the technology team, which focuses on software development and quality assurance to ensure products are scoped efficiently and built in the most effective way. Through innovation and differentiation, the Group's platform has become a destination of choice for property consumers and a marketing platform of choice for property professionals in the United Kingdom.

### **Long-term strategic relationships**

The Group has cultivated long-term strategic relationships with a number of the leading property professionals in the United Kingdom. The Group has become a highly-valued resource for its members, delivering exposure to and enquiries from the Group's significant user audience and helping its members win new business.

The Group has also developed exclusive listings distribution partnerships with a number of the leading media businesses in the United Kingdom that offer property search services to their users. The Group has long-standing exclusive relationships with leading national and regional newspaper groups including The Times, The Telegraph, The Evening Standard, The Daily Mail, Johnston Press and Archant, where the Group powers the property search facility on their websites and is able to extend the audience reach it offers to its members. The Group also has exclusive listings distribution relationships with a number of other participants in the residential property market including Halifax, Barclays and the BBC, where the Group powers the property listings on mobile applications of such participants. The Group's continuous investment in building new and innovative products and services make it an attractive long-term partner for both its members and distribution partners.

### **Compelling member proposition**

The Group's subscription services provide compelling value and a strong return on investment for members by delivering enquiries at what the Directors believe to be relatively low cost as compared to the Group's competitors and substantially lower than the corresponding cost and return on investment of print and other forms of advertising. The Group's member tools also allow members to track, manage and communicate with transaction-ready users, helping to measure and quantify the value created by the Group's enquiries.

The Directors believe that the Group's innovative products and continuous focus on building essential solutions for its members exemplify the Group's superior value proposition to its competitors. Committed to delivering a high-quality service to its members, the Group continues to introduce compelling and useful features and products to its member packages and add-on options including featured properties (which displays members' properties at the top of search results), area sponsorship (which promotes members' brands on search results and is exclusive to one member per search area), premium listings (which enhances listings with additional features such as extra photos) and appraisal booster (which allows members to be at the top of the list for homeowners' appraisal requests by area). Coupled with favourable market trends such as the recovery in the UK residential property market and the shift in property professionals' advertising spend from print to digital, the Group is well-positioned to create additional value for its growing member base and grow its revenues in the future.

### **High growth, high margin, recurring subscription-based model**

In the year ended 30 September 2013 (which represented the first full year of ownership of The Digital Property Group as described in "—History", above), the Group generated revenues of £64.5 million, as compared to £26.8 million in the nine months ended 30 September 2012 and Adjusted EBITDA for the year ended 30 September 2013 was £29.4 million.

The Group's revenue is principally comprised of the subscription fees charged to its members on a monthly basis to advertise property listings on the Group's platform, which amounted to 86 per cent of total revenues in the year ended 30 September 2013. The vast majority of the Group's members pay their subscription fees via direct debit, collected before the end of each month. The Group has historically experienced low churn rates (the number of members who discontinue their membership indefinitely as a percentage of total members), which the Directors believe is a result of the Group's engaged member base and its high value-added service. Furthermore, the Group has a business model characterised by a high profit margin, with an Adjusted EBITDA margin of 46 per cent for the year ended 30 September 2013 and low capital expenditure requirements, leading to an operating cash conversion (Adjusted EBITDA as a proportion of operating cash flows) of approximately 100 per cent for the period.

### **Entrepreneurial management team with exceptional proven experience**

The Group adopts an agile and lean management structure, seeking to ensure that the senior management team remains close to its members, users and their colleagues. Further, the Directors believe that recruiting, incentivising and retaining the best talent is key to the Group's success. The Group has strived to promote from among its existing employees but also hires externally from leading businesses in related sectors in an effort to maintain a blend of experience and innovation within its management structure.

The Group has also created a strong culture of innovation and transparency, which the Directors believe has allowed it to maintain a high retention rate of key staff and develop a workforce that is dedicated to delivering high-quality products and services. Further, the Directors believe that the senior management team's track record of delivering cost-effective organic scale growth and successfully integrating numerous acquisitions within a short timeframe are one of the Group's core strengths in a complex and continually evolving industry.

## **STRATEGY**

The Group's mission is to provide the most useful online resources to UK property consumers and be the most effective partner to its members. The Group focuses on the following core strategies in order to deliver on this mission.

### **Grow brand awareness and user audience**

The Group plans to continue to grow its brand awareness through its advertising, public relations and social media campaigns. These campaigns aim to inform users of the advantages of using the Group's websites and mobile applications to enable them to make better-informed property decisions.

The Group has achieved significant growth in brand awareness for its core brand, Zoopla, over the last few years. The prompted brand awareness of the Zoopla brand amongst all adults nationally has grown from 26 per cent to 76 per cent between November 2010 and February 2014 according to brand surveys conducted by Harris Interactive. The Group aims to continue to increase the awareness and use of its brands.

### **Extend listings inventory and property data**

There are approximately 21,500 residential agency branches and new home developer sites operating in the United Kingdom, close to 90 per cent of which are members of the Group. The Group aims to attract the remaining UK property professionals that are not currently members to subscribe to the Group's services by communicating the value of the Group's products and the benefits of accessing the Group's significant user audience. The Group has extensive field based and telesales teams that are continually building relationships with property professionals who are prospective members. Extending the Group's listings inventory to cover the whole of the market would further improve the user experience, enabling consumers to search all of the United Kingdom's property listings on one portal and, as a result, increases the Group's value to its users and members.

### **Develop additional products to extend value to members**

The Group aims to be the most effective partner to property professionals in the United Kingdom. The Group's strategy is to develop products that assist members as much as possible to attract new clients and generate leads. The Group's products such as *ZooplaPro* and *MarketView* have been developed to provide members with information on their marketing performance and their competitive position in a local area. The Group is continually improving its existing products and developing new products that allow the Group to offer subscription package upgrades and product add-ons, which help to grow its revenues.

### **Further innovate and increase user engagement**

The Directors believe that user engagement is characterised by three key processes: (i) initially acquiring a user's attention; (ii) repeatedly engaging a user through compelling products and features and (iii) retaining user loyalty through developing a customised user experience.

The Group intends to further increase its user engagement levels by continuing its consumer-centric approach to product development and to develop tools that (i) assist users' core property searches (real-time alerts, smart maps, keyword searches), (ii) provide local information to contextualise users' property searches (school information, crime rates, points of interest), (iii) facilitate contact between users and members and (iv) personalise the Group's interactions with its users, including via *MyZoopla*, where users can save property searches, track property values and create property alerts.

The Group also generates unique property-related content that is useful for users as a means to increase engagement. The Group will continue to add more data and content to its platform and develop new features and tools to further improve user experience and deepen engagement with the Group's websites and mobile applications, thereby improving the volume and quality of leads delivered to members.

The growing number of users accessing the Group's services through smartphone and tablet devices has increased the traffic to the Group's platform and enhanced overall user engagement. Mobile functionality provides users with additional opportunities to access the Group's resources while conducting property searches on the move, thus driving the Group's strategy of creating a cohesive user experience across all devices.

### **Develop revenue streams in related/adjacent markets**

The Group is beginning to pursue additional revenue opportunities in related/adjacent markets:

- (i) *Further products and services for members.* The Group seeks to assist its members beyond the provision of portal services, including the provision of data services, website design and hosting services and digital print and email campaign services, amongst others.

- (ii) *Overseas and commercial property.* The Group has recently acquired and re-launched a leading overseas property portal, homesoverseas.com, and intends to launch another specialised property portal in 2014, dedicated to UK commercial property.
- (iii) *Complete coverage of the property journey.* The Group aims to be the most useful property resource for consumers not only in relation to property searches, but throughout the property cycle. The Group plans to develop further services in order to engage users with the Group’s websites and mobile applications at different points in their property journey. This engagement of the UK property consumer also assists the Group’s core strategy of delivering high-quality leads to the Group’s members.
- (iv) *Property dataset.* The Group has a unique UK property data resource comprised of historic sales transaction data, property listings information, and proprietary user-generated content, which the Directors believe is one of the most comprehensive residential property datasets in the UK. The Group will continue to explore new ways to add to and apply this dataset in its products and services offered to users and members and to monetise this data.

The Directors believe that the Group’s large and engaged user audience, strong relationships with the vast majority of UK property professionals, leading brands and powerful technology platform make it well-positioned to capitalise on opportunities in related/adjacent markets.

**OPERATIONS**

**Business model**

The Group owns and operates some of the leading online UK property portals, which are accessible via the internet and mobile devices, with a portfolio of brands that help users search for property, research the market and connect with local property professionals. The Group also powers the property search function on a number of leading third-party websites and mobile applications.

As illustrated below, the Group benefits from powerful network effects where the size of the its user audience reinforces the value to its members of listing their properties on the Group’s platform, which in turn further draws users to the Group’s websites and mobile applications in order to access the Group’s comprehensive property listings. The unique tools and content available on the Group’s platform including proprietary content generated by its users further reinforces these network effects.



**Products and services for users**

The Group provides users with free information, products and services to help them to research the residential property market and find their next home.

**Property listings**

The Group provides prospective home-hunters with a comprehensive, searchable database of properties available for sale and rent, which includes approximately 90 per cent of all residential property listings in the United Kingdom. The Group’s current listings database includes over one million available properties listed by its members, each typically with a price, description, location information and photographs. Users

can customise their search of the Group's database by property type, location, price, size and specific keywords to identify attributes that meet their requirements and can sort and display results in a variety of customisable ways.

The Group also provides a searchable database of overseas property listings from its international members which include property listings from over 90 countries.

### ***Valuation estimates***

The Group provides, via its main website, [zoopla.co.uk](http://zoopla.co.uk), instant automated value estimates for every residential property in the United Kingdom (over 28 million properties in total). The Group has built complex, proprietary algorithms that analyse property-specific attributes, comparable property data, user-generated content and historic transaction records to generate the most accurate automated value estimates. The Group has a unique UK property data resource comprised of historic sales transaction data, residential property listings information and user-generated content.

The Group's automated valuation model works on a hyper local level and adapts to the specific information available for each property, thus creating a custom approach to valuing each property and automatically generating a new set of data based on the constantly changing information included in the Group's database. Each valuation estimate provided carries a "Confidence level" that indicates the likely level of accuracy of the estimate and a "Value range" that indicates the likely price range of a home based on the Group's available data and varying market conditions.

### ***Historic sales transactions***

The Group provides historic sales transaction data from 1995 to the present day, with over 19 million sales transaction records, covering over 12 million unique residential properties in the United Kingdom which are freely available on its websites and mobile applications to its users and members.

### ***Local information***

The Group supplements its property listings by aggregating local information such as demographics, school performance, reported crime levels, council tax rates and neighbourhood amenities from a variety of sources in order to provide users with insights into the local neighbourhood where they are searching for a home and allowing them to compare neighbourhood profiles to see how areas differ.

### ***Directory of property professionals***

The Group provides users with access to a comprehensive database of property professionals together with contact information as well as data relating to their available listings and their performance in order to assist users in selecting the most appropriate property professional for them.

### ***Advice and forums***

Users often have many questions relating to the property search and home-moving processes and look to seek advice from both locals and property professionals in the area they are moving to. The Group provides numerous tools, services, guides and forums for such advice including the Group's proprietary AskMe Q&A feature, which allows users to ask questions and provides locals and property professionals with an opportunity to demonstrate their expertise.

Other services that the Group provides to help users throughout their property journey include:

- AskPhil – a question and answer forum hosted by leading UK property expert Phil Spencer;
- Move Planner – a tool designed to help users plan every aspect of their home move;
- Finance Centre – aimed at helping users find the best financing solutions available;
- Property Guides – designed to help users navigate buying, selling and renting homes; and

- Advice – videos, guides and a compilation of the latest news articles aimed at helping users better understand the property market including government schemes such as NewBuy and Help to Buy.

### ***Mobile services***

Users are increasingly using mobile devices to access property information. The Group provides location-based services via mobile devices such as smartphones and tablets, thus allowing the Group's products and services to be accessible at any time and from any location. Over 50 per cent of the Group's visits now come via mobile devices and the Group is well-placed to capture an increasing share of the mobile audience for online property information.

The Directors believe that a strong mobile offering is crucial to the property market that the Group serves because property search is inherently location-based and, as a result, users place significant emphasis on mobile services, leading to a stronger likelihood of lead conversion from mobile traffic.

### **Products and services for members**

The Group offers property professionals a range of subscription products to promote themselves and their property listings and to connect with users to win new business. Members benefit from the exposure to the significant audience of users who access the Group's websites and mobile applications and the enquiries and new instructions generated by those users.

The Group offers a range of subscription packages at differing price points to enable members to select the subscription most appropriate for their business. All subscription packages include the display of listings across the Group's platform, including the websites and mobile applications owned, operated and/or powered by the Group. Subscription packages are differentiated by the mix of services included, with more extensive packages having higher subscription fees than basic packages. Furthermore, the Group offers additional products that can be purchased as add-ons to core membership packages including, among others, featured properties (which displays members' properties at the top of search results), area sponsorship (which promotes members' brand on search results and are exclusive to one member per search area), premium listings (which enhances listings with additional features such as extra photos) and appraisal boosters (which allows members to be at the top of the list for home owners' appraisal requests by area).

The composition of the Group's subscription packages as at 31 March 2014 are detailed in the table below:

	<b>Bronze</b>	<b>Silver</b>	<b>Gold</b>	<b>Platinum</b>	<b>International</b>	<b>Commercial</b>
Agents Directory	✓	✓	✓	✓	✓	✓
Up to 100 Listings	✓	✓	✓	✓	✓	✓
MarketView	✓	✓	✓	✓	✓	✓
Zoopla Pro	✓	✓	✓	✓	✓	✓
Branded Listings		✓	✓	✓		
Appraisal Leads		✓	✓	✓		
Featured Agent			✓	✓		
Appraisal Booster			✓	✓		
Premium Listings				✓		
Market View Pro				✓		

Subscription fees can vary based on a number of other factors including the geographic location of the member, the number of properties advertised by the member, the leads that the Group is able to generate for the member and the number of branches or developments a member has. Members also have access to ZooplaPro, a members-only area of the Group's platform where they can use a range of back office tools, management information, property data and market reports to enable them to track their performance.

**Members**

**Membership base**

The Group’s members include estate agents, letting agents and new home developers. As at 31 March 2014, the Group had active subscription contracts with 19,239 members, including 16,261 UK agency branch offices, which the Directors believe represents approximately 90 per cent of the total number of agency offices in the United Kingdom. As at 31 March 2014, the Group had 2,626 new home developments and 352 overseas agencies advertised across its platform. The Group has a diversified member base and the Group’s top ten members comprised only 11 per cent of its revenues for the year ended 30 September 2013.

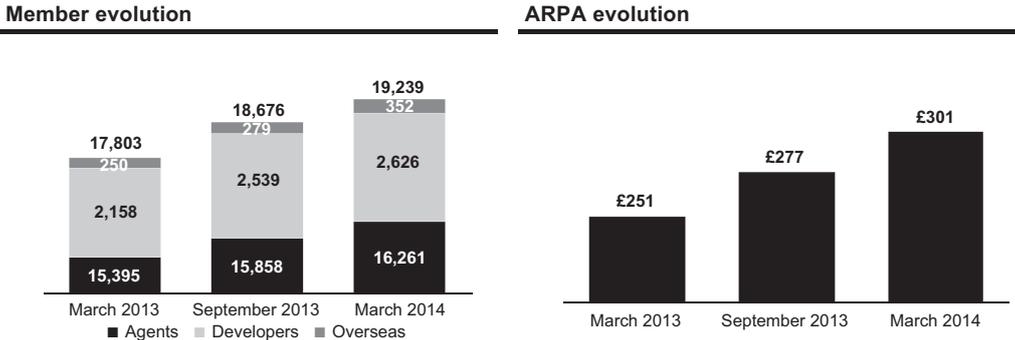
As at the date of this Prospectus, all of the top twenty agents and top twenty new home developers in the United Kingdom, as measured by number of branches and developments, were members of the Group.

**Membership revenue**

The Group’s average monthly subscription fee for the year ended 30 September 2013 was £272 per branch for UK agents, £206 per development for new home developers and £139 per branch for overseas members.

The Group’s members have all entered into subscription contracts with the Group which vary in length and may generally be terminated on one month’s notice, following an initial term. Whilst none of its member agreements are exclusive, the Group does have a number of multi-year agreements with certain of its larger members.

The following chart sets out the evolution of the Group’s membership as at 31 March 2013, 30 September 2013 and 31 March 2014 and the Group’s ARPA for the 6 months ended 31 March 2013, 30 September 2013 and 31 March 2014.



Source: Company information, “Agents” excludes overseas agents.

Source: Company information.

**Other revenues**

In addition to the Group’s core subscription revenues generated from members, the Group also generates revenues from display advertising and commercial marketing and data relationships. For advertisers seeking to access the Group’s sizeable user audience, the Group offers display advertising opportunities across the Group’s platform. The Group also has a range of marketing and data partnerships with companies in a variety of property-related business areas from financial services to home furnishings.

**DEPARTMENTS**

**Product and technology**

The Group aims to exceed the expectations of its users and members with its technology and products. Simon Kain, one of the Group’s original founders, has served as the Group’s CTO since its inception, exemplifying the Group’s core focus on prioritising its website and mobile technology and product development and innovation. The Group’s software development methodology is flexible and promotes teamwork, collaboration and process adaptability throughout the development of a project.

The Group is a data and technology-driven business and, as such, its infrastructure, websites and mobile applications are designed to provide users and property professionals with real-time access to the most up-to-date property market information and data. The Group uses a single platform that powers all of its websites and mobile applications, thus allowing for efficient updates and product roll-outs across the Group's various brands. Further, many of the Group's services are available through an application programming interface (API) allowing for easy integration into third-party websites. As part of its initiative to increase transparency and accessibility in the property market, the Group has made its API available to software developers to create applications using the Group's unique property datasets.

The Group utilises a third-party provider for website hosting, data storage and other cloud computing functions. Robust monitoring systems have been put in place to ensure a high level of uptime and availability. The Group has designed its systems such that failure of any individual component should not affect the overall availability of its platform. The Group employs a host of encryption, antivirus, firewall and monitoring technology to protect and maintain its systems. In addition to a series of automated systems that monitor the Group's technology infrastructure, a dedicated team works to ensure stability across the systems and platform.

### **Sales and customer support**

The Group's sales team is responsible for generating new subscribing members to the Group's platform and upselling additional products and services to existing members. The majority of the sales team is field-based but the Group also operates a telesales team at its London headquarters. The Group attracts subscribing members through a combination of sales and marketing activities. The Directors believe that the Group's multi-brand strategy and exclusive distribution partnerships with some of the United Kingdom's leading media businesses give its members a unique level of exposure and provides its sales team with a unique selling point.

As a reflection of the Group's tailored approach in offering suitable products and services to existing and prospective members, the Group's sales team is split into separate divisions for UK agencies, new home developers and overseas agencies. All members of the sales team thus have a specialised portfolio of existing members to service with whom they develop long-term relationships.

The Group's sales team also takes a consultancy approach to assist existing and prospective members in maximising the benefit of their membership and more widely on online marketing effectiveness and best practices.

The Directors believe that customer support is vital to the Group's success. The Group's customer support team is located at its London headquarters and handles all technical, operational and commercial enquiries from members as well as any queries from users.

### **Marketing**

The Group's multi-media and multi-brand marketing strategy has been designed to drive user audience growth and brand reputation. By focusing on the features and services that help users with their property search and research, the Group has been able to grow its audience and brand awareness significantly and promote products that users want to engage with and talk about.

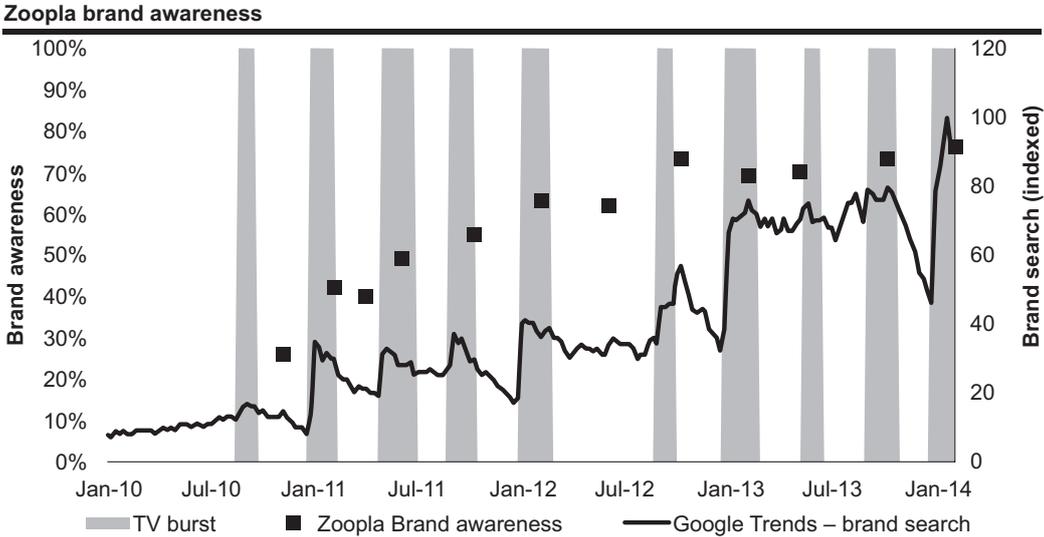
The Group engages in a variety of marketing activities, both paid and unpaid. The Group has advertised its brands in a variety of media campaigns including national TV, radio, print, online and outdoor advertising activities. The Group engages in search engine optimisation to increase its organic traffic from search engine's natural listings via regular production of engaging and relevant property-related content on its websites. Further, the Group continually promotes its websites and mobile applications to ensure that they benefit from the maximum free exposure offered through search engines, social media, blogs, surveys and other public relations activities.

The Group's strategy has been successful to date, as its core brand, Zoopla, had 76 per cent prompted brand awareness amongst adults nationally in February 2014, up from 26 per cent in November 2010 (source: Harris Interactive). The Group's audience reach has grown and in half year ended 31 March 2014, the

Group’s websites and mobile applications generated approximately 40 million visits on average per month. As advertising spend typically follows audience, so property professionals have followed users to the Group’s platform.

The Group also engages in a variety of trade marketing activities including sponsoring a number of leading property industry events and hosting an annual charity golf tournament for its members.

The following chart sets out the evolution of the brand awareness and brand search levels for Zoopla from 2010 to 2014.



Source: Company information, Harris Interactive.

**INTELLECTUAL PROPERTY**

The Group protects its intellectual property through a combination of trademarks, domain names, copyrights and trade secrets as well as contractual restrictions on access and use of its proprietary data and technology.

The Group has a portfolio of 18 registered UK trademarks, 21 registered European Community trademarks, and 1 pending European Community trademark in respect of the various trading names used in connection with the Group’s websites and mobile applications. The Group may pursue additional trademark registrations in the future if it is in the interests of the Group. The Group routinely monitors the market place for infringers of its intellectual property and to date has not identified any material infringement of its registered trademarks.

**EMPLOYEES**

As at 31 March 2014, the Group had 200 full-time employees.

The following table details the average number of directors and employees in senior management and other roles during the periods indicated:

Employees by function (full and part time)

	Average as at 31 December	Average as at 30 September	
	2011	2012	2013
Senior management	4	8	9
Other employees	77	137	163
<b>Total</b>	<b>81</b>	<b>145</b>	<b>172</b>

None of the Group's employees is covered by a collective bargaining agreement or represented by a labour organisation. To date, the Group has not experienced any labour-related work stoppage. The Group believes it has good relations with its employees.

Further details about the Directors and the senior management are set out in Part 6 "Directors, Senior Management and Corporate Governance".

Details of the share-based compensation plans that have been implemented by the Company for its executives and employees are set out in Part 12 "Additional Information".

#### **INSURANCE**

The Directors believe that the Group's current insurance coverage is appropriate for its business, in respect of its level and applicable excesses and deductibles, considering the Group's business location as well as the size and scope of its business activities.

#### **PROPERTY**

The Group's headquarters are located in London and are occupied under a leasehold arrangement committed to 25 October 2023 with an annual rent of £598,000 payable starting 15 March 2016. The Group moved into its current premises on 28 April 2014.

#### **ENVIRONMENTAL MATTERS**

The Directors believe that the Group does not have any material environmental compliance costs or environmental liabilities.

#### **WORKING CAPITAL STATEMENT**

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of the publication of this Prospectus.

#### **LIQUIDITY AND CAPITAL REQUIREMENT**

Information on the Group's liquidity and capital resources is set out in Part 8 "Operating and Financial Review".

#### **DIVIDEND POLICY**

The Group's business model is highly cash generative with substantial revenue visibility and offers the possibility of strong cash returns to Shareholders.

During the first four years of operation, the Group's priority was to reinvest the majority of its cash into growing the business and to not pay any dividends to its Shareholders. In 2013, the Group initiated a dividend policy. For the financial year ending 30 September 2013, ZPG Limited paid an interim dividend of £10.2 million and a final dividend of £12.2 million. These dividend distributions represented approximately 100 per cent of the combined annual reported Group profits for the financial year ending 30 September 2013. For the six months ended 31 March 2014, ZPG Limited paid an interim dividend of £14.3 million and ZPG Limited intends to pay a further interim dividend of £9.0 million in June 2014 prior to Admission.

As a public company, the Directors intend to adopt a progressive dividend policy, reflecting the cash generative nature and long term earnings potential of the Group.

Assuming that there are sufficient distributable reserves available at the time, the Directors initially intend to target a dividend between 35 per cent and 45 per cent of the annual reported Group profits for the financial year after tax but before any exceptional or share-based payment costs. Subject to cash not being used for organic investment or for potential acquisitions, the Directors intend to return any excess cash to Shareholders over time.

The Directors intend that the Company will pay a dividend in February 2015 representing between 35 per cent and 45 per cent of the reported Group profits for the period from June 2014 to September 2014 after tax but before any share-based payment costs.

The Group may revise its dividend policy from time to time.

## PART 6

### DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

#### Directors

The following table lists the names, positions and ages of the Directors:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mike Evans	53	Non-Executive Chairman
Alex Chesterman	44	Founder & Chief Executive Officer
Stephen Morana	43	Chief Financial Officer
Duncan Tatton-Brown	49	Senior Independent Non-Executive Director
Sherry Coutu	50	Independent Non-Executive Director
Robin Klein	66	Independent Non-Executive Director
Stephen Daintith	50	Non-Executive Director
David Dutton	71	Non-Executive Director
Grenville Turner	56	Non-Executive Director

#### *Mike Evans (Non-Executive Chairman)*

Mr. Evans became Chairman of Zoopla Property Group in 2014. He has been Chairman of Hargreaves Lansdown plc since 2009, which he joined as a non-executive director in 2006. Mr. Evans is a qualified actuary with over 30 years' experience in the financial services industry. He is also a non-executive director of esure Group plc, Chesnara plc and CBRE Global Investors Group (UK) Ltd. He is a member of the advisory board of Spectrum Corporate Finance and chairs the board of Trustees of Wessex Heartbeat. Mr. Evans was formerly Chief Operating Officer at Skandia UK Limited and he holds a BSc in Mathematics from the University of Bristol.

#### *Alex Chesterman (Founder & Chief Executive Officer)*

Mr. Chesterman founded Zoopla Property Group in 2007 and he remains with the business as CEO, having developed it to now own some of the UK's best-known online property brands. Previously, Mr. Chesterman co-founded LOVEFiLM.com, one of Europe's leading online DVD rental services, which was successfully sold to Amazon. Mr. Chesterman is recognised as one of the UK's leading entrepreneurs and has been a winner of the Ernst & Young Entrepreneur of the Year Award as well as being named by Property Week as one of the 100 most important people in the UK residential property industry. Mr. Chesterman holds an Honours degree in Economics from London University.

#### *Stephen Morana (Chief Financial Officer)*

Mr. Morana joined Zoopla Property Group in 2013 and is currently its CFO. He also serves as a non-executive director of boohoo.com plc. Previously, Mr. Morana spent over a decade at Betfair plc, one of the leading online sports betting providers. As part of the Betfair management team since 2002, he became CFO in 2006 and then served as interim CEO in 2012. Prior to Betfair, he held a number of senior finance positions, including at Sapien, the NASDAQ listed technology innovator. Mr. Morana is a qualified chartered accountant and a member of the INSEAD alumni.

#### *Duncan Tatton-Brown (Senior Independent Non-Executive Director)*

Mr. Tatton-Brown became a Director of Zoopla Property Group in 2014. He is currently CFO of Ocado Group plc which he joined in 2012. Previously, Mr. Tatton-Brown was CFO of Fitness First plc and prior to that was Group Finance Director of Kingfisher plc, one of the world's largest home improvement retailers. He has held senior finance positions at B&Q plc, Virgin Entertainment Group and Burton Group plc and was also a non-executive director of Rentokil Initial plc. Mr. Tatton-Brown holds a master's degree in

Engineering from King’s College, Cambridge and is a member of the Chartered Institute of Management Accountants.

***Sherry Coutu (Independent Non-Executive Director)***

Ms. Coutu became a Director of Zoopla Property Group in 2014. She currently serves as a non-executive director of the London Stock Exchange Group, Cambridge University Press, Raspberry Pi and Artfinder. She also serves on the advisory boards of LinkedIn, Care.com and is an external non-executive Director of Cambridge University. Previously, she has served as a director of New Energy Finance, Jarvis plc and RM plc and formerly she founded Interactive Investor International plc. Ms. Coutu was awarded a CBE in 2013 for “Services to Entrepreneurship” and she holds an MBA from Harvard, an MSc from the London School of Economics and a BA from the University of British Columbia.

***Robin Klein (Independent Non-Executive Director)***

Mr. Klein became a Director of Zoopla Property Group in 2012. He is currently a venture partner of Index Ventures, a founding partner of The Accelerator Group and serves as a non-executive director of MoneySupermarket.com Group plc. Mr. Klein is a serial entrepreneur and an angel investor in a number of the UK’s leading high-growth internet businesses. Companies he has backed at an early stage include LastMinute.com, Agent Provocateur, LOVEFiLM, Wonga, Mind Candy (Moshi Monsters), Fizzback, Tweetdeck, Graze, FreeAgent, Skimlinks and Moo.

***Stephen Daintith (Non-Executive Director)***

Mr. Daintith became a Director of Zoopla Property Group in 2013. He is currently Finance Director of DMGT, which he joined in 2011. Previously, Mr. Daintith was COO and CFO of Dow Jones, a subsidiary of News Corp. He has also held several CEO and CFO positions in various overseas markets for British American Tobacco. Mr. Daintith started his career as an accountant at Price Waterhouse and holds a BA in Economics & Accountancy from Leeds University.

***David Dutton (Non-Executive Director)***

Mr. Dutton became a Director of Zoopla Property Group in 2012. He serves as Chairman of DMG Information, a division of DMGT, as well being a non-executive Director of a number of other DMGT subsidiaries. Mr. Dutton has been an Executive director of DMGT since 1997 and advises the Group on property matters. He also serves as Chairman of UCL Business plc. Mr. Dutton is a successful entrepreneur and holds a BA in Economics from Cambridge University and an MBA from Harvard University.

***Grenville Turner (Non-Executive Director)***

Mr. Turner became a Director of Zoopla Property Group in 2010. He is currently Group CEO of Countrywide plc which he joined in 2006 and is also a non-executive director of the DCLG, Chairman of Hamptons International, Chairman of Bellpenny Ltd and Chairman of Knightsbridge Student Housing Limited. He was formerly Chief Executive of Intelligent Finance and Chief Executive of Business to Business at HBOS and has previously served as a Director of St James’s Place Capital Plc, Sainsbury’s Bank Plc and Rightmove plc. Mr. Turner qualified as a chartered banker and holds an MBA from Cranfield Business School.

**Senior Management Team**

The Company’s current senior management team, including the Executive Directors listed above, is as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Alex Chesterman	44	Founder & Chief Executive Officer
Stephen Morana	43	Chief Financial Officer
Simon Kain	40	Chief Technology Officer
Jon Notley	40	Commercial Director

***Alex Chesterman (Founder & Chief Executive Officer)***

See “—Directors”, above for Alex Chesterman’s biography.

***Stephen Morana (Chief Financial Officer)***

See “—Directors”, above for Stephen Morana’s biography.

***Simon Kain (Chief Technology Officer)***

Mr. Kain co-founded Zoopla Property Group in 2007 and he remains with the business as CTO. Previously, Mr. Kain was CTO at LOVEFiLM where he was responsible for building the technical platform and team behind one of Europe’s leading online DVD rental service. Mr. Kain was formerly at Bookpages.co.uk which was acquired by Amazon where he spent five years developing and managing a significant part of the European software team. Mr. Kain holds an honours degree in Computer Science from Warwick University.

***Jon Notley (Commercial Director)***

Mr. Notley joined Zoopla Property Group in 2011 as Commercial Director. Previously, Mr. Notley was Group Sales Director of Digital Property Group, which was subsequently acquired by the Group. Mr. Notley’s classified advertising career began in 1997 at the London Evening Standard and was followed by two years’ experience working for recruitment websites. Mr. Notley then spent four years at Northern & Shell where he was the Classified Advertising Manager responsible for a number of classified verticals across the Express Newspaper titles.

**Corporate governance**

***UK Corporate Governance Code***

The Board is committed to the highest standards of corporate governance. As of the date of this Prospectus and on and following Admission, the Board will comply with the UK Corporate Governance Code (the “Governance Code”) published in September 2012 by the Financial Reporting Council except as set out below.

The Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director’s judgement. As of the date of this Prospectus and on Admission, the Company will not be compliant with the requirements of the Governance Code in this respect, however, the Company intends to move towards compliance with these requirements within a reasonable period of time.

As envisaged by the Governance Code, the Board has established an audit committee, a nomination committee and a remuneration committee and has also established a separate risk committee. If the need should arise, the Board may set up additional committees as appropriate.

Pursuant to the Relationship Agreement, the Company has agreed with DMGT that DMGT may appoint a Non-Executive Director nominated by it under the terms of the Relationship Agreement as an observer (with the right to attend and speak at committee meetings, but not to vote) to each of the audit committee, nomination committee and remuneration committee. On Admission, the observer to the audit committee will be Stephen Daintith and the observer to the nomination committee and remuneration committee will be David Dutton.

For further details of the Relationship Agreement, see “Relationship Agreement”, below.

***Audit committee***

The audit committee’s role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group’s annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls,

whistleblowing and fraud systems in place within the Group. The audit committee will normally meet not less than four times a year.

The audit committee is chaired by Duncan Tatton-Brown and its other members are Robin Klein, Sherry Coutu and Stephen Daintith (as an observer appointed by DMGT). The Governance Code recommends that all members of the audit committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and that one such member has recent and relevant financial experience. The Board considers that the Company complies with the requirements of the Governance Code in this respect and considers that the attendance of the observer at committee meetings will not prejudice the independence or proper functioning of the committee.

#### ***Nomination committee***

The nomination committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Chief Executive and other senior executives. The nomination committee will normally meet not less than twice a year.

The nomination committee is chaired by Mike Evans and its other members are Alex Chesterman, Robin Klein and David Dutton (as an observer appointed by DMGT). The Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. As such, the Board considers that the Company will not be in compliance with this requirement of the Governance Code on Admission. The Board considers that the attendance of the observer at committee meetings will not prejudice the independence or proper functioning of the committee.

#### ***Remuneration committee***

The Remuneration Committee recommends the Group's policy on executive remuneration, determines the levels of remuneration for Executive Directors and the Chairman and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The Remuneration Committee will normally meet not less than three times a year.

The remuneration committee is chaired by Sherry Coutu and its other members are Duncan Tatton-Brown, Mike Evans and David Dutton (as an observer appointed by DMGT). The Governance Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Chairman of the Company may be a member of the Remuneration Committee if he is independent on appointment but, under the Governance Code, he cannot count as one of the three independent non-executive directors required. As such, the Board considers that the Company will not be in compliance with this requirement of the Governance Code on Admission. The Board considers that the attendance of the observer at committee meetings will not prejudice the independence or proper functioning of the committee.

#### ***Share dealing code***

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the model code as published in the Listing Rules. The code adopted will apply to the Directors and other relevant employees of the Group.

#### **Relationship Agreement**

Immediately after Admission and assuming that the Offer Price is set at the mid-point of the Price Range, it is expected that DMGT will hold between approximately 28.6 per cent and 40.3 per cent of the voting rights attached to the issued share capital of the Company, assuming no exercise of the Over-allotment Option, and between 26.0 per cent and 39.1 per cent assuming the Over-allotment Option is exercised in full.

None of the Company's major shareholders have or will have different voting rights attached to the Shares they hold.

On 5 June 2014, the Company and Daily Mail and General Trust plc ("DMGT") entered into the Relationship Agreement which will, conditional upon Admission, regulate the ongoing relationship between the Company and DMGT. The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of DMGT, that transactions and relationships with DMGT (including any transactions and relationships with any member of the Group) are at arm's length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained. The Relationship Agreement will remain in force for so long as (a) the Shares are listed on the premium listing segment of the Official List and (b) DMGT or any of its associates together are entitled to exercise or to control the exercise of 10 per cent or more of the votes which are generally exercisable at general meetings of the Company.

Under the Relationship Agreement, DMGT has undertaken, for so long as it and its associates together are entitled to exercise or control the exercise of the equivalent of 30 per cent. or more of the votes which are generally exercisable at general meetings of the Company, that:

- all transactions and arrangements between it or any of its associates and any member of the Group are conducted at arms' length and on normal commercial terms;
- it shall not take any action (and will prevent its associates from taking any action) that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- it will not propose or procure the proposal of (and will prevent its associates from proposing or procuring to propose) a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Under the Relationship Agreement, DMGT is able to appoint two Non-Executive Directors to the Board for so long as it and its associates together are entitled to exercise or to control the exercise of the equivalent of 25 per cent or more of the votes which are generally exercisable at general meetings of the Company. DMGT is able to appoint one Non-Executive Director to the Board for so long as it and its associates together are entitled to exercise or control the exercise of between 10 and 25 per cent of the votes which are generally exercisable at general meetings of the Company. It is expected immediately following Admission and assuming no exercise of the Over-allotment Option, that DMGT will hold more than 25 per cent of the voting rights attached to the issued share capital of the Company, which will entitle it to appoint two Non-Executive Directors to the Board. The first such appointees are Stephen Daintith and David Dutton.

The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of DMGT and ensure that all transactions and relationships between the Company and/or the members of the Group (on the one hand) and DMGT and/or its associates (on the other) are, and will be, on arm's length terms and on a normal commercial basis.

### **Conflicts of interest**

Stephen Daintith and David Dutton, both the Group's Non-Executive Directors, each holds a position at DMGT, which, immediately following Admission and assuming that the Offer Price is set at the mid-point of the Price Range, is expected to continue to own beneficially between 28.6 per cent and 40.3 per cent of the issued share capital of the Company (assuming no exercise of the Over-allotment Option) and between 26.0 per cent and 39.1 per cent if the Over-allotment Option is exercised in full.

Grenville Turner, a Non-Executive Director, is currently the CEO of Countrywide plc, which, immediately following Admission and assuming that the Offer Price is set at the mid-point of the Price Range, is expected to continue to own beneficially between 3.4 per cent and 5.1 per cent of the issued share capital of the Company (assuming no exercise of the Over-allotment Option) and between 3.1 per cent and 4.9 per cent if the Over-allotment Option is exercised in full.

Save as set out in the paragraph above, there are no potential conflicts of interest between any duties owed by the Directors or senior management to the Company and their private interests or other duties.

## PART 7

### SELECTED FINANCIAL INFORMATION

The Group's financial information for its 2011, 2012 and 2013 financial periods are not directly comparable, as the financial information for each period is based upon a consolidation that includes different entities and includes a transition period following a change in the financial year end of the Group.

The financial information included in this Prospectus for the Group's 2011 financial year is based upon the historical financial information of ZPG Limited and its subsidiaries ("ZPG") for the twelve months ended 31 December 2011. The financial information included in this Prospectus for the Group's 2012 financial period comprises the consolidated financial information of ZPG from 1 January to 30 September 2012 and consolidates the financial information of The Digital Property Group Limited and its subsidiaries ("DPG") from 31 May 2012, following its acquisition. Concurrent with the DPG Acquisition, the Group changed its financial year end to 30 September. Accordingly, the financial information included in this Prospectus in respect of the Group's 2012 financial period is for the nine months ended 30 September 2012. Following this transition period, the financial information included in this Prospectus for the Group's 2013 financial year and 2014 half year comprises the consolidated financial information of ZPG (including DPG) for the twelve months ended 30 September 2013 and the six months ended 31 March 2014, respectively. The financial information for the six months ended 31 March 2013 is unaudited and included for comparative purposes.

In addition, this Prospectus includes financial information as at and for the year ended 30 September 2011 and 2012 for DPG.

The selected financial information set out below has been extracted without material amendment from Section(s) A and B of Part 10 "Historical Financial Information" of this Prospectus, where it is shown with important notes describing some of the line items.

#### THE GROUP

##### Consolidated statement of comprehensive income

	For the year ended 31 December	For the nine months ended 30 September	For the year ended 30 September	For the six months ended 31 March	
	2011	2012	2013	2013	2014
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(£ thousands)</i>				
Revenue .....	13,816	26,845	64,498	30,317	38,346
Administrative expenses .....	(16,617)	(29,098)	(36,536)	(16,224)	(22,142)
<b>Adjusted EBITDA .....</b>	<b>(625)</b>	<b>8,573</b>	<b>29,433</b>	<b>14,788</b>	<b>18,677</b>
Share-based payments .....	(1,968)	(6,717)	(98)	(37)	(250)
Depreciation and amortisation .....	(208)	(486)	(1,373)	(658)	(788)
Exceptional items .....	—	(3,623)	—	—	(1,435)
<b>Operating (loss)/profit .....</b>	<b>(2,801)</b>	<b>(2,253)</b>	<b>27,962</b>	<b>14,093</b>	<b>16,204</b>
Finance income .....	8	6	325	168	113
Finance costs .....	(23)	(34)	—	—	—
<b>(Loss)/profit before tax .....</b>	<b>(2,816)</b>	<b>(2,281)</b>	<b>28,287</b>	<b>14,261</b>	<b>16,317</b>
Income tax income/ (expense) .....	89	3,383	(5,957)	(2,608)	(3,560)
<b>Profit for the period .....</b>	<b>(2,727)</b>	<b>1,102</b>	<b>22,330</b>	<b>11,653</b>	<b>12,757</b>

## Consolidated statement of financial position

	As at 31 December	As at 30 September		As at 31 March
	2011	2012	2013	2014
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
		<i>(£ thousands)</i>		
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	66	176	106	845
Intangible assets .....	510	71,674	76,537	75,779
Trade and other receivables .....	—	4,500	9,563	—
Deferred tax assets .....	—	3,394	—	—
	<u>576</u>	<u>79,744</u>	<u>86,206</u>	<u>76,624</u>
<b>Current assets</b>				
Trade and other receivables .....	2,707	6,478	4,903	15,538
Cash and cash equivalents .....	1,966	10,956	28,123	29,177
	<u>4,673</u>	<u>17,434</u>	<u>33,026</u>	<u>44,715</u>
<b>Total assets</b> .....	<b><u>5,249</u></b>	<b><u>97,178</u></b>	<b><u>119,232</u></b>	<b><u>121,339</u></b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables .....	1,771	6,185	10,140	8,971
Loans and borrowings .....	250	—	—	—
Current tax liabilities .....	—	1,002	720	3,761
Provisions .....	—	—	492	—
<b>Non-current liabilities</b>				
Deferred tax liability .....	—	—	534	487
Loans and borrowings .....	416	—	—	—
Provisions .....	—	59	59	59
<b>Total liabilities</b> .....	<b><u>2,437</u></b>	<b><u>7,246</u></b>	<b><u>11,945</u></b>	<b><u>13,278</u></b>
<b>Net assets</b> .....	<b><u>2,812</u></b>	<b><u>89,932</u></b>	<b><u>107,287</u></b>	<b><u>108,061</u></b>
<b>Equity attributable to owners of the parent</b>				
Share capital .....	1	4	4	4
Share premium reserve .....	8,692	13,492	18,577	18,592
Merger reserve .....	—	71,172	70,187	69,694
Retained earnings .....	(5,881)	5,264	18,519	19,771
<b>Total equity</b> .....	<b><u>2,812</u></b>	<b><u>89,932</u></b>	<b><u>107,287</u></b>	<b><u>108,061</u></b>

## Consolidated statement of cash flows

	For the year ended 31 December	For the nine months ended 30 September	For the year ended 30 September	For the six months ended 31 March	
	2011	2012	2013	2013	2014
	(audited)	(audited)	(audited)	(unaudited)	(audited)
			(£ thousands)		
<b>Cash flows from operating activities</b>					
(Loss)/ Profit before tax .....	(2,816)	(2,281)	28,287	14,261	16,317
Adjustments for:					
Depreciation of property, plant and equipment .....	62	38	132	43	30
Amortisation of intangible assets .....	146	448	1,241	615	758
Loss on disposal of property, plant and equipment .....	—	632	23	—	—
Financial income.....	(8)	(6)	(325)	(168)	(113)
Financial expense .....	23	34	—	—	—
Share-based payments.....	1,968	6,717	98	37	250
Operating cash flow before changes in working capital .....	(625)	5,582	29,456	14,788	17,242
Increase/(decrease) in receivables.....	(730)	(523)	2,577	462	(1,072)
(Decrease)/ increase in payables .....	(168)	2,731	1,271	(187)	(122)
Increase in provisions .....	—	59	492	—	(492)
Cash generated from operating activities .....	(1,523)	7,849	33,796	15,063	15,556
Income tax (paid)/received .....	87	89	(2,216)	(1,448)	(566)
<b>Net cash flows from operating activities .....</b>	<b>(1,436)</b>	<b>7,938</b>	<b>31,580</b>	<b>13,615</b>	<b>14,990</b>
<b>Cash flows used in investing activities</b>					
Acquisition of subsidiaries, net of cash acquired .....	—	1,705	(4,496)	(200)	(1,047)
Interest received .....	8	6	325	168	113
Acquisition of property, plant and equipment.....	(47)	(148)	(85)	(65)	(769)
Acquisition of intangible assets .....	(24)	(111)	(21)	(14)	—
<b>Net cash (used in)/from investing activities .....</b>	<b>(63)</b>	<b>1,452</b>	<b>(4,277)</b>	<b>(111)</b>	<b>(1,703)</b>

	For the year ended 31 December	For the nine months ended 30 September	For the year ended 30 September	For the six months ended 31 March	
	2011	2012	2013	2013	2014
	(audited)	(audited)	(audited)	(unaudited)	(audited)
<i>(£ thousands)</i>					
<b>Cash flows from financing activities</b>					
Proceeds on issue of shares .....	440	301	22	—	15
Borrowings advanced .....	667	—	—	—	—
Borrowings repaid.....	—	(667)	—	—	—
Interest paid.....	(23)	(34)	—	—	—
Dividends paid .....	—	—	(10,158)	—	(12,248)
<b>Net cash used in financing activities .....</b>	<b>1,084</b>	<b>(400)</b>	<b>(10,136)</b>	<b>—</b>	<b>(12,233)</b>
<b>Net increase in cash and cash equivalents .....</b>	<b>(415)</b>	<b>8,990</b>	<b>17,167</b>	<b>13,504</b>	<b>1,054</b>
<b>Cash and cash equivalents at the beginning of the period ..</b>	<b>2,381</b>	<b>1,966</b>	<b>10,956</b>	<b>10,956</b>	<b>28,123</b>
<b>Cash and cash equivalents at the end of the period.....</b>	<b>1,966</b>	<b>10,956</b>	<b>28,123</b>	<b>24,460</b>	<b>29,177</b>

#### DPG

#### Consolidated statement of comprehensive income

	Year ended 30 September	
	2011	2012
	(audited)	
	<i>(£ thousands)</i>	
<b>Revenue .....</b>	32,066	33,625
Administrative expenses.....	(27,836)	(25,020)
Adjusted EBITDA .....	4,828	11,937
Depreciation and amortisation .....	(598)	(500)
Exceptional items .....	—	(2,832)
<b>Operating profit and profit before tax .....</b>	<b>4,230</b>	<b>8,605</b>
Income tax expense .....	(1,268)	(2,159)
<b>Profit for the year being total comprehensive income .....</b>	<b>2,962</b>	<b>6,446</b>

## Consolidated statement of financial position

	As at 30 September	
	2011	2012
	<i>(audited)</i> <i>(£ thousands)</i>	
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment .....	1,165	—
Intangible assets .....	38,062	—
Deferred tax asset.....	301	—
	<u>39,528</u>	<u>—</u>
<b>Current assets</b>		
Trade and other receivables .....	20,155	—
Cash and cash equivalents .....	145	—
	<u>20,300</u>	<u>—</u>
<b>Total assets</b> .....	<u><b>59,828</b></u>	<u><b>—</b></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables .....	51,621	—
Current tax liabilities .....	1,161	—
<b>Total liabilities</b> .....	<u><b>52,782</b></u>	<u><b>—</b></u>
<b>Net assets</b> .....	<u><b>7,046</b></u>	<u><b>—</b></u>
<b>Equity</b>		
Share capital.....	—	—
Retained earnings.....	7,046	—
<b>Total equity</b> .....	<u><b>7,046</b></u>	<u><b>—</b></u>

## Consolidated statement of cash flows

	Year ended 30 September	
	2011	2012
	<i>(audited)</i> <i>(£ thousands)</i>	
<b>Cash flows from operating activities</b>		
Profit before tax .....	4,230	8,605
Adjustments for:		
Depreciation of property, plant and equipment .....	495	349
Amortisation of intangible assets.....	103	151
Impairment of intangible assets .....	—	205
Loan on disposal of property, plant and equipment .....	53	620
Operating cash flow before changes in working capital .....	<u>4,881</u>	<u>9,930</u>
(Increase)/decrease in receivables .....	786	2,881
Decrease in payables .....	<u>(3,767)</u>	<u>(3,713)</u>
Cash generated from operating activities.....	1,900	9,098
Income tax paid .....	<u>(1,043)</u>	<u>(1,158)</u>
<b>Net cash inflows from operating activities</b> .....	<u><b>857</b></u>	<u><b>7,940</b></u>

	<b>Year ended 30 September</b>	
	<b>2011</b>	<b>2012</b>
	<i>(audited)</i>	
	<i>(£ thousands)</i>	
<b>Cash flows used in investing activities</b>		
Acquisition of property, plant and equipment .....	(776)	(16)
Acquisition of intangible assets .....	(89)	—
Proceeds from disposal of property, plant and equipment .....	4	14
<b>Net cash used in investing activities</b> .....	<b>(861)</b>	<b>(2)</b>
<b>Cash flows used in investing activities</b>		
Dividends paid .....	—	(8,083)
<b>Net cash used in investing activities</b> .....	<b>—</b>	<b>(8,083)</b>
<b>Net decrease in cash and cash equivalents</b> .....	<b>(4)</b>	<b>(145)</b>
<b>Cash and cash equivalents at the beginning of the period</b> .....	<b>149</b>	<b>145</b>
<b>Cash and cash equivalents at the end of the period</b> .....	<b>145</b>	<b>—</b>

## PART 8

### OPERATING AND FINANCIAL REVIEW

*This Part 8 “Operating and Financial Review” should be read in conjunction with Part 2 “Presentation of Financial and Other Information”, Part 5 “Business Description” and Part 10 “Historical Financial Information”. Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part 8 “Operating and Financial Review” is extracted from the financial information set out in Part 10 “Historical Financial Information”. The Group’s financial information for its 2011, 2012 and 2013 financial periods are not directly comparable, as the financial information for each period is based upon a consolidation that includes different entities and includes a transition period following a change in the financial year end of the Group.*

*The following discussion of the Group’s results of operations and financial conditions contains forward-looking statements. The Group’s actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly under Part 1 “Risk Factors” and Part 2 “Presentation of Financial and Other Information – Forward-Looking Statements”. In addition, certain industry issues also affect the Company’s results of operations and are described in Part 5 “Business Description — Market Overview”.*

#### OVERVIEW

The Group operates as a digital media business in the UK residential property market by providing property search and research services to users and property marketing and data services to property professionals (estate agents, letting agents and new home developers).

The Group owns and operates a number of the leading online UK property portals, accessible via the internet and mobile devices, with a portfolio of brands that help users search for property, research the property market and connect with property professionals. The Group’s brands include Zoopla and PrimeLocation, the second and third most-visited property websites in the United Kingdom, respectively (source: Hitwise January 2014). The Group also owns other niche brands including SmartNewHomes and HomesOverseas as well as powering the property search function of a number of leading third-party websites and mobile applications.

The Group aims to provide the most comprehensive property search and research tools in the United Kingdom to empower users with the resources they need to make better-informed property decisions. The Group helps users research the market by combining hundreds of thousands of property listings with up-to-date market data, local information and community tools and has developed complex and proprietary algorithms to provide current value estimates for more than 28 million UK homes. The Group also attracts an active community of users, many of whom have contributed proprietary user-generated content on over 9 million UK homes. The Group is committed to making as much useful property data as practical freely and easily accessible to its users.

Users are increasingly using the internet and mobile devices as their primary means of searching for properties and property-related information. In the six months ended 31 March 2014, the Group averaged 40 million visits per month to its websites and mobile applications. The Group enables property professionals to market their businesses and property listings efficiently to this broad and unique audience. These property professionals (whom the Group refers to as its “members”) pay the Group a monthly subscription fee to advertise all of their property listings across the Group’s platform, which includes the Group’s own websites and mobile applications as well as the third-party websites and mobile applications powered by the Group. As at 31 March 2014, the Group had 19,239 active members subscribing for its advertising services.

In the six months ended 31 March 2014, the Group generated revenues of £38.3 million, an increase of 26.5 per cent as compared to £30.3 million in the six months ended 31 March 2013 and Adjusted EBITDA

of £18.7 million, an increase of 26.3 per cent as compared to £14.8 million in the six months ended 31 March 2013. The Group's revenue is principally comprised of the recurring subscription fees charged to its members, which amounted to 86 per cent of total revenues in both the six months ended 31 March 2014 and the financial year ended 30 September 2013, respectively.

## KEY PERFORMANCE INDICATORS

The Directors consider the following metrics to be the Group's key performance indicators ("KPIs"):

- Number of visits to its websites and mobile applications;
- Number of leads sent to its members from users of its websites and mobile applications on an annual basis;
- Number of active members subscribing to its advertising services;
- Number of property listings displayed on its platform; and
- Average revenue per advertiser per month ("ARPA");

in each case, as described more fully below.

The Group benefits from a virtuous circle generating powerful network effects where the overall traffic to its websites and mobile applications reinforces the value to its members of listing their properties on the Group's platform, which in turn further draws users to the Group's websites and mobile applications in order to access the Group's comprehensive property listings. The size of the Group's user audience also drives the number of leads that the Group is able to deliver to its members, which aids in demonstrating value to members and therefore driving ARPA. An increase in subscription revenues further allows the Group to reinvest in marketing and raising brand-awareness to further drive audience growth.

The table below presents the Group's KPIs as at and for the periods indicated.

	As at and for					
	Year ended	Nine months	Year ended	Six months	Six months	Six months
	31	ended	30	ended	ended	ended
	December	30	September	31 March	30	31 March
	2011	2012	2013	2013	2013	2014
Number of monthly visits (millions).....	9.8	13.4 <sup>(1)</sup>	32.2	29.0	35.3	39.9
Number of listings <sup>(3)</sup> (million) .....	0.5	1.1	1.1	1.1	1.1	1.1
Number of leads (millions) .....	6.9	7.5 <sup>(2)</sup>	26.1	—	—	—
Number of members <sup>(3)</sup> .....	10,487	18,521	18,676	17,803	18,676	19,239
Number of agents <sup>(3)(4)</sup> .....	8,763	16,092 <sup>(7)</sup>	15,858	15,395	15,858	16,261
Number of developers <sup>(3)(4)</sup> ..	1,724	2,278 <sup>(7)</sup>	2,539	2,158	2,539	2,626
ARPA (£) <sup>(5)</sup> .....	107	138 <sup>(6)</sup>	264	251	277	301
Monthly agent ARPA.....	112	142	275	258	291	311
Monthly developer ARPA..	76	108	206	211	200	253

<sup>(1)</sup> The number of visits to the Group's websites and mobile applications for the three months ended 31 December 2011 was 26.5 million.

<sup>(2)</sup> The number of leads sent to members for the three months ended 31 December 2011 was 1.5 million.

<sup>(3)</sup> Reflects the total as at the date indicated.

<sup>(4)</sup> Excludes overseas agents, which amounted to 284 agents, 279 agents, 250 agents and 352 agents as at 31 October 2012 (following the migration of the DPG platform), 30 September 2013, 31 March 2013, and 31 March 2014, respectively.

<sup>(5)</sup> Monthly overseas agent ARPA was £137, £141 and £142 for the six months ended 31 March 2013, 30 September 2013 and 31 March 2014, respectively.

<sup>(6)</sup> Reflects the average of the standalone ARPA for the five months ended 31 May 2012 (before the DPG Acquisition) and the average of the standalone ARPA and DPG standalone ARPA for the four months ended 30 September 2012.

<sup>(7)</sup> As at 31 October 2012, following the migration of the DPG platform.

## **Number of visits**

The Group's ability to generate revenue depends in part on the volume of traffic to the Group's websites and mobile applications. The Group measures the number of visits to the Group's websites and mobile applications via Google Analytics.

The Group engages in both "above the line" marketing and digital marketing activity to drive traffic to its websites and mobile applications. The Group's "above the line" marketing activity includes national TV, radio, print and outdoor advertising campaigns. As a result of the Group's brand-building initiatives, the Group's core brand, Zoopla, had 76 per cent prompted brand awareness amongst all adults nationally in February 2014, up from 26 per cent in November 2010 (source: Harris Interactive).

The Group's digital marketing initiatives include using search engine optimisation ("SEO") and paid digital advertising. The Group has a dedicated SEO team that regularly produces engaging and relevant property-related content in order to increase the Group's organic traffic from search engines' natural listings. The Group also engages in sponsored or paid listings generated from search engine queries, although this has decreased over time as traffic generated from search engines' "natural" listings has increased.

The Group's number of visits increased by 10.9 million, or 37.5 per cent from 29.0 million visits per month in the six months ended 31 March 2013 to 39.9 million visits in the six months ended 31 March 2014. This increase was primarily due to the Group's continued focus on building its portfolio of brands. The Group's number of visits via a mobile device (smart phones or tablets) increased from an average of 34 per cent of traffic in the six months ended 31 March 2013 to 50 per cent of traffic in the six months ended 31 March 2014.

## **Number of leads**

The Group tracks the total number of user enquiries to its members made via its websites and mobile applications, either via telephone or email, and refers to such enquiries as "leads". The Directors believe that the number of leads delivered by the Group to its members demonstrates the value for members of subscribing to the Group's services and also contributes to the ability to grow ARPA.

The number of leads delivered to the Group's members is driven by overall user traffic to the Group's websites and mobile applications and user engagement, which are each affected by the number of property listings and quality of other property-related information on, as well as the functionality, design and ease-of-use of, the Group's websites and mobile applications. The Directors believe that as at 31 March 2014, the Group had approximately 90 per cent of all residential property listings in the United Kingdom (as described in "—Number of listings", below), allowing users to access nearly all of the United Kingdom's residential property listings. Further, the Group's user-centric approach to product development and track record of continually improving and developing its websites and mobile applications have enhanced user engagement, resulting in higher lead generation.

## **Number of members**

The Group's members are comprised of estate agents, letting agents and new homes developers who pay a subscription fee to advertise property listings on the Group's platforms.

The number of members who subscribe to the Group's services consequently affects the Group's revenue. As at 31 March 2014, the Group had active subscription contracts with 19,239 members, including 16,261 UK estate and lettings agency branches and 2,626 new home developments, which the Directors believe represents close to 90 per cent of the total number of property professionals in the United Kingdom. As at 31 March 2014, the Group also had 352 overseas agents. The Group's agent churn (the number of estate agents and letting agents who do not renew their membership as a percentage of total agents who are members) has historically been low and usually linked to the natural churn in the estate agency market of branch openings and closings.

The number of the Group's members increased by 1,436, or 8.1 per cent from 17,803 as at 31 March 2013 to 19,239 as at 31 March 2014. This increase was primarily due to the Group's focus on attracting the

remaining UK property professionals that are not currently members of the Group to subscribe to the Group's services.

### **Number of listings**

The volume of property listings advertised on the Group's websites affects the attractiveness of the Group's websites and mobile applications to its users as a means of conducting their property search. This in turn affects the overall user traffic to the Group's websites and mobile applications and as a result, the volume of leads that the Group is able to generate for its members. The Directors believe that as at 31 March 2014, the Group had approximately 90 per cent of all residential property listings in the United Kingdom, as a result of having close to 90 per cent of UK property professionals as members, allowing users to access substantially all of the United Kingdom's residential property listings.

The Group's inventory of property listings correlates directly with the number of members who pay to advertise all of their property listings across the Group's platform, which is in turn affected by the condition of the UK residential property market and the wider UK economy. Further, the number of listings featured on the Group's websites and mobile applications is influenced by fluctuations caused by seasonality.

The number of listings on the Group's websites and mobile applications remained relatively stable at 1.1 million as at 31 March 2013 and at 31 March 2014.

### **ARPA**

The Group's average revenue per member per month ("ARPA") is calculated as the revenue from member subscriptions derived in a given month divided by the total number of members subscribing during the month, typically measured as a monthly average over a period. ARPA is primarily driven by the value the Group is able to demonstrate to its members, through the number and quality of leads generated as well as the innovative products offered to members. The Directors believe that the cost to the Group's members of the Group's subscription services are relatively low as compared to the Group's competitors and substantially less than the corresponding cost of print advertising. The Group's cost per lead for members, calculated for each member as their subscription fee divided by the number of leads generated by the Group, measures what the Directors believe to be the Group's value to members as a cost-effective means of reaching a wide user audience. The Group's average cost per lead for the year ended 30 September 2013 was £2.25. Because the Group is committed to maximising the return on marketing investment for members, the Group continues to innovate with new products and solutions and periodically conducts rate reviews to ensure that its subscription pricing reflects the value offered to members.

The Group's ARPA increased by £50, or 19.9 per cent from £251 per month for the 6 months ended March 2013 to £301 per month as at 31 March 2014. This increase was primarily due to the continued alignment of the Group's monthly subscription fees with the value delivered to members through the Group's services and products.

## **KEY FACTORS AFFECTING THE COMPANY'S FINANCIAL RESULTS**

### **Overview**

The Group's results have been affected, and are expected to be affected in the future, by a variety of factors. Certain of these key factors that have had, or may have an effect on the Group's results are set forth below. For a further discussion of the factors affecting the Group's results of operations, see Part 1 "Risk Factors".

### ***UK residential property market***

The Group's main website, *zoopla.co.uk*, was launched in 2008 when the economic weakness experienced in the United Kingdom caused stagnation in the UK residential property market via a significant decline in the number of residential property sales transactions as well as a decline in mortgage approvals and subsequently a contraction in the number of UK property professionals. The market has since partially recovered but the volume of residential property sales transactions is still significantly below 2006 levels. The gradual recovery in the residential property market, the generally low start-up costs of opening an estate or lettings agency and the supply constraints on the overall number of residential properties in the United

Kingdom creates competition between property professionals to win instructions and demonstrate sales and lettings capability. Property portals, such as those operated by the Group, have thus become an integral part of the property search and marketing processes by allowing property professionals to access a wide user audience in a cost-effective manner. The Group is, therefore, also affected by any reduction in the advertising spend of property professionals in the United Kingdom, including as a result of a lower volume of property transactions and/or a lower number of property professionals operating in the UK residential property market.

### ***Competition***

The Group currently competes against other property portals such as Rightmove, property search engines and property professionals' own activities as well as traditional print media including newspapers and magazines. The Group competes on the basis of quality of user experience and on the basis of the return on marketing investment and quality of products and services for members. As the market in which the Group operates is a high margin sector, competition may increase. For example, a group of estate agents have formed Agents' Mutual Limited, which the Group understands intends to launch an online property portal in early 2015. Any future market entrants could affect the Group's ability to compete successfully to attract users and members. However, the Directors believe that substantial sales resources and marketing spend are required to obtain a significant share of the listings inventory in the highly fragmented UK residential property market and to develop a brand with high levels of national awareness. Thus, despite the growth in users habits of using the internet and mobile devices to access property listings and property-related information, the majority of UK property websites have either been unable to achieve the same level of activity as the leading property portals or have been consolidated or are no longer actively maintained.

### ***Subscription fees***

The key component of the Group's revenues is subscription revenue from its members, which include estate agents, lettings agents and new homes developers. Subscriptions accounted for 86 per cent of the Group's revenue for the six months ended 31 March 2014, the year ended 30 September 2013 and the nine months ended 30 September 2012, respectively and 89 per cent of the Group's revenue for the year ended 31 December 2011; and the majority of the revenue of DPG prior to its acquisition by the Group. The Directors believe that the cost to the Group's members of the Group's subscription services remain relatively low as compared to the Group's competitors and substantially less than the corresponding cost of print advertising. The Group continually introduces new features and products in its member packages and add-on options and conducts periodic rate reviews in order to align the value offered to members and the Group's subscription fees.

### ***Staff costs***

Staff costs are a significant component of the Group's operating cost base. During the period under review, staff costs increased broadly in line with the growth in the Group's revenue, and are expected to continue to do so in the medium term although staff costs initially decreased following the DPG Acquisition as a result of the Group's rationalising of duplicative roles.

### ***Other costs***

The Group's other costs, including marketing, technology, property and administrative expenses, have also increased during the period under review. The majority of the Group's other costs consist of marketing expenses.

The Group's marketing costs have increased during the period under review as the Group has been engaged in a brand-building initiative for the last three years. The Group's core brand, Zoopla, had 76 per cent prompted brand awareness amongst all adults nationally in February 2014, up from 26 per cent in November 2010 (source: Harris Interactive). The Group expects to transition into a brand maintenance phase, with marketing activity to be steadily reduced over the medium-term. The Group's marketing activity and costs are split between three categories: (i) "above the line" marketing such as TV advertising, (ii) digital marketing, such as online marketing and SEO, and (iii) trade marketing, such as marketing to members and prospective members via industry events and publications (See Part 5 "Business Description —

Departments — Marketing”). The Directors believe that increased brand awareness, which results from focused and targeted marketing initiatives, drives traffic to the Group’s websites and mobile applications and thus makes the Group’s listing services more attractive to members.

## ACQUISITIONS

### Overview

The Group has developed its business through a combination of organic growth, which includes increasing its member base and listings inventory as well as increasing brand awareness through marketing campaigns, and a number of strategic acquisitions.

The Group has completed nine acquisitions since its launch in 2008, which are detailed below.

Date of acquisition	Company	Websites(s)/brand(s)
24 July 2009	N/A (asset purchase)	thinkproperty.com
7 August 2009	Propertyfinder Group Limited	propertyfinder.com hotproperty.co.uk ukpropertyshop.co.uk
30 April 2010	Byteplay Limited	dothomes.com ononemap.co.uk
31 December 2010	Labworks Limited	houseprices.co.uk
19 April 2012	N/A (asset purchase)	upmystreet.com
31 May 2012	The Digital Property Group Ltd	primelocation.com findaproperty.com
21 December 2012	Globrix Limited	globrix.com
31 May 2013	Vizzihome Limited	Vizzihome.com
31 August 2013	Trinity Mirror Digital Property Limited	smartnewhomes.com homesoverseas.co.uk email4property.co.uk

The Group’s acquisitions have primarily been executed to accelerate its market penetration of members and listings inventory, its product and service offerings and the scale of its audience. A number of acquired websites have subsequently been re-directed to the Group’s main website, *zoopla.co.uk*, and all acquisitions have been integrated onto the Group’s single technology platform.

The Group’s initial acquisitions, in 2009, of *thinkproperty.com* and Propertyfinder Group Limited provided the Group with an increase in listings inventory and an enhanced user audience. The Group’s subsequent acquisitions of Byteplay Limited and Labworks Limited in 2010 and *upmystreet.com* and Globrix Limited in 2012 further enhanced the Group’s products and services as well as provided an increased audience reach. For the Group’s members, the acquisition of Vizzihome Limited in 2013 enhanced the backend tools and performance data provided by the Group, allowing members to monitor their performance against that of their competitors.

The Group’s most recent acquisition of Trinity Mirror Digital Property Limited in August 2013 enhanced the Group’s multi-brand strategy by adding two leading niche brands to the Group’s portfolio, namely *smartnewhomes.com* and *homesoverseas.co.uk*.

### DPG Acquisition

The DPG Acquisition in May 2012 was a transformational event for the Group, allowing it to reach critical mass in terms of both its audience reach and its market penetration of members and listings. Following a four-month integration period that completed 30 September 2012, the enhanced Group had over one million property listings and over 18,000 members. As a result of the network effects of having an improved user proposition, a wider audience and significantly more listings, the number of leads generated by the Group also substantially increased. Further, the Group’s close management of member relationships throughout the integration period as well as a restructuring of staff increased the Group’s profitability.

## **Impact of DPG Acquisition on the historical financial information of the Group**

As described in Part 2 “Presentation of Financial and Other Information”, the Group consolidated the results of DPG from 31 May 2012, the date of the DPG Acquisition. In addition, the Group changed its financial year end to 30 September and reported a nine month period (including four months of consolidated DPG results) for the 2012 financial period with revenue of £26.8 million and Adjusted EBITDA of £8.6 million.

On the basis of the Group’s unaudited management accounts, in the three months ended 31 December 2011, ZPG achieved revenue of £3.9 million, comprised of agent revenue of £3.1 million, developer revenue of £0.4 million and other revenue of £0.4 million and Adjusted EBITDA of £0.6 million. In the three months ended 31 December 2011, ZPG’s administrative expenses were £3.2 million, including staff costs of £1.4 million and other costs of £1.9 million on the basis of the Group’s unaudited management accounts.

In the twelve months ended 30 September 2012, DPG reported revenue of £33.6 million, comprised of agents revenue of £27.5 million, developer revenue of £2.4 million and other revenue of £3.7 million and Adjusted EBITDA of £11.9 million of which, revenue of £10.8 million, comprised of agents revenue of £9.0 million, developer revenue of £1.0 million and other revenue of £0.8 million and Adjusted EBITDA of £6.2 million was consolidated into the results of the Group. In the twelve months ended 30 September 2012, DPG’s administrative expenses were £25.0 million, including staff costs of £7.8 million and other costs of £17.2 million. Following the DPG Acquisition, £4.5 million of DPG’s administrative expenses, including staff costs of £2.4 million and other costs of £2.1 million, were consolidated into the results of the Group.

## **CURRENT TRADING AND FUTURE PROSPECTS**

The Group’s strong operating momentum has continued since 31 March 2014, with all key performance metrics continuing to be significantly ahead of last year.

Traffic on the Group’s websites and mobile applications has continued to grow with average monthly visits for the eight months ended 31 May 2014 reaching 41 million, a 37 per cent increase as compared with the corresponding period in 2013. The Group’s mobile channels have continued to deliver growth with total mobile visits and app sessions for the eight months ended 31 May 2014 accounting for 52 per cent of overall traffic, representing more than double the traffic from the corresponding period in 2013. In addition, the Group’s total members reached a record of 19,462 as at 31 May 2014.

## **DESCRIPTION OF INCOME STATEMENT LINE ITEMS**

The following discussion provides a description of the composition of certain of the Group’s income statement line items for the period under review.

### **Revenue**

Revenue consists of the Group’s agent revenue, developer revenue and other revenue, which consists of revenue from overseas agents, third party relationships, direct advertising partners and data services revenue.

### **Administrative expenses**

Administrative expenses include staff costs, marketing expenses, lease rentals, technology costs and other administrative costs.

### **Adjusted EBITDA**

See Part 2 “Presentation of Financial and Other Information — Non-IFRS measures — Adjusted EBITDA”.

### **Share-based payments**

Share-based payments relate to charges recorded in connection with the Group’s share-based employee incentive plan and warrants granted to certain estate agent members. The Group provides an equity settled share-based incentive plan allowing certain employees to acquire shares in ZPG Limited. The Group also

issues warrants over shares of ZPG Limited to a number of its estate agent members, allowing them to acquire shares in ZPG Limited in exchange for the estate agent members' continued subscription to the Group's services.

### **Depreciation and amortisation**

Depreciation relates to the write-off of the cost of tangible assets less their residual values over their useful economic lives using the straight-line method and amortisation relates to the amortisation of intangible assets on a straight-line basis over the estimated useful lives of such assets.

### **Finance income**

Finance income represents interest receivable on cash and cash deposit balances.

### **Finance costs**

Finance costs represent interest charged on bank loans and overdraft balances.

### **Income tax expense**

Income tax expense relates to current and deferred tax. The Group recognises deferred tax assets and liabilities where the carrying amount of an asset or liability differs from its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

## **KEY FACTORS AFFECTING COMPARABILITY**

### **Transition period**

The Group's financial information for its 2011, 2012 and 2013 financial years are not directly comparable, as the financial information for each year is based upon a consolidation that includes different entities and includes a transition period following a change in the financial year end of the Group.

The financial information included in this section for the Group's 2011 financial year is based upon the audited consolidated financial information of ZPG Limited for the twelve months ended 31 December 2011. The financial information included in this section for the Group's 2012 financial period comprises the audited consolidated financial information of ZPG Limited and its subsidiaries from 1 January to 31 May 2012 (the date of the DPG Acquisition) and consolidates the financial information of DPG from 31 May 2012. Concurrent with the DPG Acquisition the Group changed its financial year end to 30 September. Accordingly, the financial information included in this section in respect of the Group's 2012 financial period is for the nine months ended 30 September 2012. In order to aid the comparability of the Group's results, figures for DPG's results for the years ended 30 September 2011 and 2012 have been provided, where appropriate.

## RESULTS OF OPERATIONS

### Six months ended 31 March 2014 compared to six months ended 31 March 2013

The following table sets out the Group's results of operations for the periods indicated.

	Six months ended 31 March	
	2013 <i>(unaudited)</i>	2014 <i>(audited)</i>
	<i>(£ thousands)</i>	
Agents revenue .....	24,312	30,015
Developer revenue .....	2,800	4,029
Other revenue.....	3,205	4,302
<b>Revenue</b> .....	<b>30,317</b>	<b>38,346</b>
Staff costs.....	(4,739)	(5,957)
Other costs .....	(11,485)	(16,185)
<b>Administrative expenses</b> .....	<b>(16,224)</b>	<b>(22,142)</b>
<b>Adjusted EBITDA</b> .....	<b>14,788</b>	<b>18,677</b>
Share-based payments .....	(37)	(250)
Depreciation and amortisation.....	(658)	(788)
Exceptional items .....	—	(1,435)
<b>Operating profit</b> .....	<b>14,093</b>	<b>16,204</b>
Finance income.....	168	113
Finance cost.....	—	—
<b>Profit before tax</b> .....	<b>14,261</b>	<b>16,317</b>
Income tax income/ (expense).....	(2,608)	(3,560)
<b>Profit for the period</b> .....	<b>11,653</b>	<b>12,757</b>

#### *Revenue*

The Group's revenue increased by £8.0 million, or 26.5 per cent, from £30.3 million in the six months ended 31 March 2013 to £38.3 million in the six months ended 31 March 2014. This was primarily driven by agent and developer revenue, which increased by £6.9 million as a result of an increase in the number of the Group's subscribing members from 17,803 as at 31 March 2013 to 19,239 as at 31 March 2014, as well as an increase in subscription fees. Other revenue increased by £1.1 million, primarily due to increases in revenue from display advertising and data services.

#### *Administrative expenses*

The Group's administrative expenses increased by £5.9 million, or 36.5 per cent, from £16.2 million in the six months ended 31 March 2013 to £22.1 million in the six months ended 31 March 2014. This increase was primarily due to increased marketing spend as the Group continued its brand-building initiatives and an increase in the number of employees.

#### *Adjusted EBITDA*

The Group's Adjusted EBITDA increased by £3.9 million, or 26.3 per cent, from £14.8 million in the six months ended 31 March 2013 to £18.7 million in the six months ended 31 March 2014. This increase was primarily due to the increase in revenue over the same period as set out above.

### *Share-based payments*

The Group's share-based payments increased by £213,000, from £37,000 in the six months ended 31 March 2013 to £250,000 in the six months ended 31 March 2014. This increase was due to the new employee share option scheme and the new member warrants both issued in January 2014.

### *Depreciation and amortisation*

The Group's depreciation and amortisation increased by £0.1 million, or 14.3 per cent, from £0.7 million in the six months ended 31 March 2013 to £0.8 million in the six months ended 31 March 2014. This increase was primarily due to the amortisation of intangible assets acquired in 2013.

### *Exceptional items*

The Group's exceptional items were £1.4 million in the six months ended 31 March 2014, comprised of one-off costs incurred in connection with the Offer.

### *Finance income*

The Group's finance income decreased by £55,000, from £168,000 in the six months ended 31 March 2013 to £113,000 in the six months ended 31 March 2014. This decrease was primarily due to a decrease in interest rates.

### *Income tax (expense)/income*

The Group's income tax increased by £1.0 million, or 36.5 per cent, from £2.6 million in the six months ended 31 March 2013 to £3.6 million in the six months ended 31 March 2014. This increase was primarily due to the increase in the Group's profit before tax and use of tax losses in the prior period.

### *Profit for the period*

Due to the factors described above, the Group's profit for the period increased by £1.1 million, or 9.5 per cent, from £11.7 million in the six months ended 31 March 2013 to £12.8 million in the six months ended 31 March 2014.

## **Year ended 30 September 2013, nine months ended 30 September 2012 and year ended 31 December 2011**

The following table sets out the Group's results of operations for the periods indicated:

	<b>For the year ended 31 December 2011 <i>(audited)</i></b>	<b>For the nine months ended 30 September<sup>(1)</sup> 2012 <i>(audited)</i></b>	<b>For the year ended 30 September 2013 <i>(audited)</i></b>
		<i>(£ thousands)</i>	
Agents revenue .....	11,065	21,304	51,613
Developer revenue .....	1,306	2,637	5,719
Other revenue.....	1,445	2,904	7,166
<b>Revenue.....</b>	<b>13,816</b>	<b>26,845<sup>(2)</sup></b>	<b>64,498</b>
Staff costs .....	(4,714)	(6,661)	(9,699)
Other costs .....	(11,903)	(22,437)	(26,837)
<b>Administrative expenses.....</b>	<b>(16,617)</b>	<b>(29,098)</b>	<b>(36,536)</b>
<b>Adjusted EBITDA .....</b>	<b>(625)<sup>(3)</sup></b>	<b>8,573<sup>(3)</sup></b>	<b>29,433</b>
Share-based payments .....	(1,968)	(6,717)	(98)
Depreciation and amortisation.....	(208)	(486)	(1,373)
Exceptional items .....	—	(3,623)	—

	<b>For the year ended 31 December</b>	<b>For the nine months ended 30 September<sup>(1)</sup></b>	<b>For the year ended 30 September</b>
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
		<i>(£ thousands)</i>	
<b>Operating (loss)/ profit</b> .....	<b>(2,801)</b>	<b>(2,253)</b>	<b>27,962</b>
Finance income.....	8	6	325
Finance costs .....	(23)	(34)	
<b>(Loss)/ profit before tax</b> .....	<b>(2,816)</b>	<b>(2,281)</b>	<b>28,287</b>
Income tax income/ (expense).....	89	3,383	(5,957)
<b>(Loss)/ profit for the period</b> .....	<b>(2,727)</b>	<b>1,102</b>	<b>22,330</b>

<sup>(1)</sup> The Group's results for the nine months ended 30 September 2012 include the results of DPG following the Group's acquisition of DPG on 31 May 2012.

<sup>(2)</sup> The Group's revenue for the three months ended 31 December 2011 was £3.9 million.

<sup>(3)</sup> The Group's Adjusted EBITDA for the three months ended 31 December 2011 was £0.6 million.

### **Revenue**

The Group's revenue increased by £37.7 million, from £26.8 million in the nine months ended 30 September 2012 to £64.5 million in the year ended 30 September 2013. This was primarily driven by agent and developer revenue which increased by £33.4 million as a result of the DPG Acquisition which led to members receiving the benefit of an enhanced Group platform including increased traffic and leads. This prompted the Group to align member rates resulting in increased subscription fees for some members. Other revenue increased by £4.3 million as a result of increased traffic following the DPG Acquisition, which led to increased advertising revenue, increased business services revenue from Vizzihome Limited acquired in May 2013, as well as the consolidation of four months of other revenue from DPG.

The Group's revenue increased by £13.0 million, or 94.3 per cent, from £13.8 million in the year ended 31 December 2011 to £26.8 million in the nine months ended 30 September 2012. This was primarily driven by agent and developer revenue which increased by £11.6 million as a result of organic growth as well as the consolidation of four months of revenue from DPG. Other revenue increased by £1.5 million.

### **Administrative expenses**

The Group's administrative expenses increased by £7.4 million, or 25.6 per cent, from £29.1 million in the nine months ended 30 September 2012 to £36.5 million in the year ended 30 September 2013. This increase was due to the year ended 30 September 2013 being a full 12 months, increased staff costs associated with the hiring of additional employees and increased marketing spend as the Group continued its brand-building initiatives.

The Group's administrative expenses increased by £12.5 million, or 75.1 per cent, from £16.6 million in the year ended 31 December 2011 to £29.1 million in the nine months ended 30 September 2012. This increase was due to £3.6 million of restructuring costs following the DPG Acquisition and DPG's operational costs associated with the four-month transition period following the DPG Acquisition when both the Group and DPG continued to operate as separate platforms.

### **Adjusted EBITDA**

The Group's Adjusted EBITDA increased by £20.9 million, from £8.6 million in the nine months ended 30 September 2012 to £29.4 million in the year ended 30 September 2013. This increase was due to the full year impact of the DPG Acquisition, which allowed the Group to align member subscription fees with the benefits of being on the new Group platform and the extraction of cost synergies across the business following the DPG Acquisition.

The Group's Adjusted EBITDA increased by £9.2 million, from a loss of £0.6 million in the year ended 31 December 2011 to earnings of £8.6 million in the nine months ended 30 September 2012. This increase was due to the increase in revenues of the Group following the DPG Acquisition, as described above, which grew at a greater rate than the associated administrative expenses.

#### ***Share-based payments***

The Group's share-based payments decreased by £6.6 million, from £6.7 million in the nine months ended 30 September 2012 to £0.1 million in the year ended 30 September 2013. This decrease was due to the accelerated vesting of warrants by certain members in the nine months ended 30 September 2012.

The Group's share-based payments increased by £4.7 million, from £2.0 million in the year ended 31 December 2011 to £6.7 million in the nine months ended 30 September 2012. This increase was due to the one-off exercise of warrants by certain members of the Group as a result of the DPG Acquisition.

#### ***Depreciation and amortisation***

The Group's depreciation and amortisation increased by £0.9 million, from £0.5 million in the nine months ended 30 September 2012 to £1.4 million in the year ended 30 September 2013. This increase was due to the depreciation and amortisation of the fair value allocated to tangible and intangible assets recognised in the DPG Acquisition on 31 May 2012.

The Group's depreciation and amortisation increased by £0.3 million, from £0.2 million in the year ended 31 December 2011 to £0.5 million in the nine months ended 30 September 2012. This increase was due to the consolidation of depreciation and amortisation costs following the DPG Acquisition.

#### ***Exceptional items***

The Group's exceptional items were £3.6 million in nine months ended 30 September 2012, comprised of restructuring costs in relation to the DPG Acquisition.

#### ***Finance costs***

The Group's finance costs decreased by £34,000, from £34,000 in the nine months ended 30 September 2012 to nil in the year ended 30 September 2013. This decrease was due to the repayment of a loan in September 2012.

The Group's finance costs increased by £11,000, or 47.8 per cent, from £23,000 in the year ended 31 December 2011 to £34,000 in the nine months ended 30 September 2012. This increase was due to drawing down on a loan facility in July 2011 and the outstanding balance carrying through the nine months ended 30 September 2012.

#### ***Income tax income/(expense)***

The Group's income tax expense increased by £9.3 million, from an income tax credit of £3.4 million in the nine months ended 30 September 2012 to an income tax charge of £6.0 million in the year ended 30 September 2013. The credit recorded in 30 September 2012 was primarily due to the recognition of a deferred tax asset on brought forward trading losses that had previously not been recognised, following the significant improvement in the Group's profitability as a result of the DPG Acquisition. The Group's effective tax rate for the year ended 30 September 2013 was 21.1 per cent, broadly in line with the statutory tax rate.

The Group's income tax expense decreased by £3.3 million, from a credit of £0.1 million in the year ended 31 December 2011 to an income tax credit of £3.4 million in the nine months ended 30 September 2012. This decrease was due to the recognition of a deferred tax asset in the nine months ended 30 September 2012.

#### ***Profit for the period***

Due to the factors described above, the Group's profit for the period increased by £21.2 million, from £1.1 million in the nine months ended 30 September 2012 to £22.3 million in the year ended 30 September

2013, and increased by £3.8 million, from a loss of £2.7 million in the year ended 31 December 2011 to a profit of £1.1 million in the nine months ended 30 September 2012.

### DPG year ended 30 September 2011 compared to year ended 30 September 2012

The following table sets out DPG's results of operations for the periods indicated. For the four months ended 30 September 2012 following the DPG Acquisition, DPG's results of operations were kept separate from those of the Group as the Group and DPG continued to operate as separate platforms during this integration period.

	<b>Year ended 30 September</b>	
	<b>2011</b>	<b>2012</b>
	<i>(audited)</i>	<i>(audited)</i>
	<i>(£ thousands)</i>	
Revenue .....	32,066	33,625
Administrative expenses .....	(27,836)	(25,020)
<b>Adjusted EBITDA .....</b>	<b>4,828</b>	<b>11,937</b>
Depreciation and amortisation.....	(598)	(500)
Exceptional items .....	—	(2,832)
<b>Operating profit and profit before tax.....</b>	<b>4,230</b>	<b>8,605</b>
Income tax (expense)/income.....	(1,268)	(2,159)
<b>Profit for the period.....</b>	<b>2,962</b>	<b>6,446</b>

#### *Revenue*

DPG's revenue increased by £1.6 million, or 4.9 per cent, from £32.1 million in the year ended 30 September 2011 to £33.6 million in the year ended 30 September 2012. This increase was due to an increase in agent and developer revenue and advertising revenue, partially offset by a decline in data services revenue.

#### *Administrative expenses*

DPG's administrative expenses decreased by £2.8 million, or 10.1 per cent, from £27.8 million in the year ended 30 September 2011 to £25.0 million in the year ended 30 September 2012. This decrease was due to a decrease in marketing costs and rationalisation of other operating costs following the DPG Acquisition.

#### *Income tax expense*

DPG's income tax expense increased by £0.9 million, from £1.3 million in the year ended 30 September 2011 to £2.2 million in the year ended 30 September 2012. This increase was due to an increase in taxable profits for the year.

#### *Profit for the period*

Due to the factors described above, DPG's profit for the period increased by £3.5 million, from £3.0 million in the year ended 30 September 2011 to £6.4 million in the year ended 30 September 2012.

### LIQUIDITY AND CAPITAL RESOURCES

#### **Overview**

The Group's principal source of liquidity for the period under review has been its cash flows from operating activities. The Directors expect that the Group will continue to rely on its cash flows from operating activities as its principal source of liquidity going forward. As at 31 March 2014, the Group had cash on hand of £29.2 million.

The Directors expect that the Group's main uses of cash in the future will be funding business operations, capital expenditure, any acquisitions that may arise and dividends.

## Capital resources

As noted above, the Group has funded and expects to continue to fund its operations entirely out of operating cash flow. The Group has no current requirement of any bank facilities because it receives cash from its members on a monthly basis via subscription fees (which minimises trade receivables) while its trade creditors operate under normal commercial terms. Accordingly, the Group's cash on hand has historically exceeded the level of trade payables and other indebtedness. As the Group continues to grow, it expects this situation to continue.

The Board's policy is to maintain a strong capital base so as to retain strategic flexibility for the future development of the business.

## Cash flows

The following table sets out the Group's consolidated cash flows for the periods indicated.

	Year ended 31 December	Nine months ended 30 September	Year ended 30 September	Six months ended 31 March	
	2011	2012	2013	2013	2014
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	<i>(£ thousands)</i>				
Net cash flow from operating activities .....	(1,436)	7,938	31,580	13,615	14,990
Net cash flow (used in)/ from investing activities .....	(63)	1,452	(4,277)	(111)	(1,703)
Net cash flow used in financing activities .....	1,084	(400)	(10,136)	—	(12,233)
Net increase in cash and cash equivalents.....	(415)	8,990	17,167	13,504	1,054
Cash and cash equivalents at beginning of period .....	2,381	1,966	10,956	10,956	28,123
Cash and cash equivalents at end of period .....	1,966	10,956	28,123	24,460	29,177

### *Net cash flow from operating activities*

Net cash flow from operating activities increased by £1.4 million, or 10.1 per cent, from £13.6 million in the six months ended 31 March 2013 to £15.0 million in the six months ended 31 March 2014. This increase was primarily due to an increase in operating profits.

Net cash flow from operating activities increased by £23.6 million, from £7.9 million in the nine months ended 30 September 2012 to £31.6 million in the year ended 30 September 2013. This increase was primarily due to the full year impact of the DPG Acquisition and thus, a full year of subscription revenues from the combined members of the Group, cost savings attributable to the DPG Acquisition and higher ARPA reflective of the value to members of the combined platform.

Net cash flow from operating activities increased by £9.4 million, from a cash outflow of £1.4 million in the year ended 31 December 2011 to a cash inflow of £7.9 million in the nine months ended 30 September 2012. This increase was primarily due to the Group's organic growth, which led to an increase in cash generated from earnings.

### *Net cash flow (used in)/from investing activities*

Net cash flow used in investing activities increased by £1.6 million, from £0.1 million in the six months ended 31 March 2013 to £1.7 million in the six months ended 31 March 2014. This increase was primarily due to the acquisition of subsidiaries and the capital expenditure required for a new office.

Net cash flow (used in)/from investing activities decreased by £5.7 million, from a cash inflow of £1.5 million in the nine months ended 30 September 2012 to a cash outflow of £4.3 million in the year ended 30 September 2013. This decrease was primarily due to the acquisitions of Globrix Limited, Vizzihome Limited and Trinity Mirror Digital Property Group Limited.

Net cash flow (used in)/from investing activities increased by £1.5 million, from a cash outflow of £0.1 million in the year ended 31 December 2011 to a cash inflow of £1.5 million in the nine months ended 30 September 2012. This increase was primarily due to cash from DPG, which the Group acquired as part of the DPG Acquisition

***Net cash flow (used in)/ from financing activities***

Net cash flow used in financing activities increased from nil in the six months ended 31 March 2013 to £12.2 million in the six months ended 31 March 2014. This increase was primarily due to the payment of a dividend to shareholders.

Net cash flow used in financing activities increased by £9.7 million, from £0.4 million in the nine months ended 30 September 2012 to £10.1 million in the year ended 30 September 2013. This increase was primarily due to dividends paid in the year ended 30 September 2013.

Net cash flow (used in)/from financing activities decreased by £1.5 million, from cash inflows of £1.1 million in the year ended 31 December 2011 to a cash outflow of £0.4 million in the nine months ended 30 September 2012. This increase/decrease was primarily due to the repayment of borrowings in the nine months ended 30 September 2012.

**COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 March 2014, the Group had two leases for its office in London. The leases are committed to 25 October 2023 with an annual rent of £598,000 payable starting 15 March 2016.

**CAPITAL EXPENDITURE**

The following table sets forth the Group’s capital expenditure for the periods indicated:

	<b>Year ended 31 December</b>	<b>Nine months ended 30 September</b>	<b>Year ended 30 September</b>
	<b>2011</b>	<b>2012</b>	<b>2013</b>
		<i>(£ thousands)</i>	
Computer equipment .....	37	763	78
Fixtures and fittings .....	10	17	7
<b>Total</b> .....	<b>47</b>	<b>780</b>	<b>85</b>

The Group’s capital expenditure primarily comprises computer equipment for staff as well as spare equipment and servers necessary to support the Group’s internal IT infrastructure. The Group’s capital expenditure of £763,000 in the nine months ended 30 September 2012 includes costs associated with acquiring the tangible assets of DPG.

**QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK**

**Credit risk**

Credit risk is the risk of financial loss to the Group if a member or bank (a “counterparty”) fails to meet its contractual obligations resulting in financial loss to the Group. The Group’s exposure to credit risk is influenced by the individual characteristics of each counterparty.

Standard credit terms range from 15-30 days from the date of invoice. The Group reserves the right to charge interest on overdue receivables, although the Group does not hold collateral over any trade receivable

balances. The Group's trade receivables are stated net of an impairment allowance. This provision is reviewed regularly in conjunction with a detailed analysis of historic payment profiles and past default experience.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was granted up to the period end date. Further information regarding the Group's credit risk can be found in note 26 of Part 10 "Historical Financial Information".

### **Liquidity risk**

Liquidity risk refers to the ability of the Group to meet the obligations associated with its financial liabilities that are settled in cash as they fall due. Management regularly reviews performance against budgets and forecasts to ensure sufficient cash funds are available to meet their contractual obligations.

The Group's revenue streams are largely subscription based, which results in a regular level of cash conversion allowing it to effectively service working capital requirements. Furthermore, the Group does not have any third-party debt. Further information regarding the Group's liquidity risk can be found in note 26 of Part 10 "Historical Financial Information".

### **Market risk**

Market risk is the risk that changes in foreign exchange and interest rates will affect the income and financial management of the Group. The Group is not exposed to any significant currency risk. Furthermore, the Group has no interest bearing financial liabilities and there is a minimal interest rate risk on cash and bank balances.

At 31 March 2014, the Group held total cash and bank balances of £29.2 million (30 September 2013: £28.1 million, 30 September 2012: £11.0 million, 31 December 2011: £2.0 million).

### **CRITICAL ACCOUNTING POLICIES**

For a description of the Group's critical accounting judgements and key sources of estimation uncertainty, see Note 1 of Part 10 "Historical Financial Information".

## PART 9

### CAPITALISATION AND INDEBTEDNESS

#### Capitalisation and indebtedness

The table below sets out the Company's capitalisation and indebtedness as at 31 March 2014.

The capitalisation and indebtedness information has been extracted without material adjustment from the Group's financial information included in Part 10 "Historical Financial Information" as at 31 March 2014.

	<b>31 March 2014</b>
	£'000
<b>Total current debt</b>	
Guaranteed.....	—
Secured .....	—
Unguaranteed/unsecured.....	—
<b>Total non-current debt (excluding current portion of long-term debt)</b>	
Guaranteed.....	—
Secured .....	—
Unguaranteed/unsecured.....	—
<b>Shareholder's equity</b>	
Share capital .....	4
Legal reserve.....	—
Other reserves .....	108,057
<b>Total.....</b>	<b>108,061</b>

There has been no material change in the Company's capitalisation since 31 March 2014.

The following table sets out the Company's net indebtedness as at 31 March 2014.

	<b>31 March 2014</b>
	£'000
Cash and cash equivalents.....	29,177
Trading securities.....	—
<b>Liquidity .....</b>	<b>29,177</b>
Current Financial Receivable .....	9,562
Current bank debt .....	—
Current portion of non-current debt .....	—
Other current financial debt.....	—
Current Financial Debt .....	—
Net Current Financial Indebtedness .....	—
Non current bank loans.....	—
Bonds issued.....	—
Other non current loans .....	—
Non Current Financial Indebtedness .....	—
Net Financial Indebtedness.....	<b>38,739</b>

The Group has no indirect and contingent indebtedness.

## PART 10

### HISTORICAL FINANCIAL INFORMATION

#### SECTION A – CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

##### Accountants' Report

**Deloitte.**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

The Board of Directors  
on behalf of Zoopla Property Group Plc  
Harlequin Building  
65 Southwark Street  
London  
SE1 0HR

Credit Suisse Securities (Europe) Limited  
One Cabot Square  
London  
E14 4QJ

Jefferies International Limited  
Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ

5 June 2014

Dear Sirs

##### **ZPG Limited**

We report on the financial information for the year ended 31 December 2011, the nine months ended 30 September 2012, the year ended 30 September 2013 and the six months ended 31 March 2014 set out in Part 10 Section A of the prospectus dated 5 June 2014 of ZPG Limited (the "Company" and, together with its subsidiaries, the "Group") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

We have not audited or reviewed the financial information for the six months ended 31 March 2013 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

##### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any

liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 30 September 2011, 30 September 2012, 30 September 2013 and 31 March 2014 and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 1 to the financial information.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP  
Chartered Accountants

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.*

**Consolidated Financial Information of the Group**  
**Consolidated statement of comprehensive income**

		Year ended 31 December 2011	9 months ended 30 September 2012	Year ended 30 September 2013	6 months ended 31 March 2013 (unaudited)	6 months ended 31 March 2014
	Notes	£000	£000	£000	£000	£000
<b>Revenue</b>		13,816	26,845	64,498	30,317	38,346
Administrative expenses		(16,617)	(29,098)	(36,536)	(16,224)	(22,142)
<b>Adjusted EBITDA</b>	3	(625)	8,573	29,433	14,788	18,677
Share-based payments		(1,968)	(6,717)	(98)	(37)	(250)
Depreciation and amortisation		(208)	(486)	(1,373)	(658)	(788)
Exceptional items	3(i)	–	(3,623)	–	–	(1,435)
<b>Operating (loss)/profit</b>	4	(2,801)	(2,253)	27,962	14,093	16,204
Finance income		8	6	325	168	113
Finance costs		(23)	(34)	–	–	–
<b>(Loss)/profit before tax</b>		(2,816)	(2,281)	28,287	14,261	16,317
Income tax income/(expense)	9	89	3,383	(5,957)	(2,608)	(3,560)
<b>(Loss)/profit for the period being total comprehensive income attributable to owners of the parent</b>		(2,727)	1,102	22,330	11,653	12,757
<b>(Loss)/earnings per share</b>	11					
Basic (pence per share)		(31.7)	5.0	58.3	30.4	33.3
Diluted (pence per share)		(31.7)	4.7	56.1	29.3	31.8

## Consolidated statement of financial position

		31 December	30 September	30 September	31 March
	Notes	2011	2012	2013	2014
		£000	£000	£000	£000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	66	176	106	845
Intangible assets	15	510	71,674	76,537	75,779
Trade and other receivables	16	–	4,500	9,563	–
Deferred tax asset	21	–	3,394	–	–
		<u>576</u>	<u>79,744</u>	<u>86,206</u>	<u>76,624</u>
<b>Current assets</b>					
Trade and other receivables	16	2,707	6,478	4,903	15,538
Cash and cash equivalents		1,966	10,956	28,123	29,177
		<u>4,673</u>	<u>17,434</u>	<u>33,026</u>	<u>44,715</u>
<b>Total assets</b>		<u><u>5,249</u></u>	<u><u>97,178</u></u>	<u><u>119,232</u></u>	<u><u>121,339</u></u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	17	1,771	6,185	10,140	8,971
Loans and borrowings	18	250	–	–	–
Current tax liabilities	19	–	1,002	720	3,761
Provisions	20	–	–	492	–
<b>Non-current liabilities</b>					
Deferred tax liability	21	–	–	534	487
Loans and borrowings	18	416	–	–	–
Provisions	20	–	59	59	59
		<u>2,437</u>	<u>7,246</u>	<u>11,945</u>	<u>13,278</u>
<b>Total liabilities</b>		<u><u>2,437</u></u>	<u><u>7,246</u></u>	<u><u>11,945</u></u>	<u><u>13,278</u></u>
<b>Net assets</b>		<u><u>2,812</u></u>	<u><u>89,932</u></u>	<u><u>107,287</u></u>	<u><u>108,061</u></u>
<b>Equity attributable to owners of the parent</b>					
Share capital	22	1	4	4	4
Share premium reserve		8,692	13,492	18,577	18,592
Merger reserve		–	71,172	70,187	69,694
Retained earnings		(5,881)	5,264	18,519	19,771
		<u>2,812</u>	<u>89,932</u>	<u>107,287</u>	<u>108,061</u>
<b>Total equity</b>		<u><u>2,812</u></u>	<u><u>89,932</u></u>	<u><u>107,287</u></u>	<u><u>108,061</u></u>

## Consolidated statement of cash flows

	31 December 2011	30 September 2012	30 September 2013	31 March 2013 (unaudited)	31 March 2014
	£000	£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
(Loss)/profit before tax	(2,816)	(2,281)	28,287	14,261	16,317
Adjustments for:					
Depreciation of property plant and equipment	62	38	132	43	30
Amortisation of intangible assets	146	448	1,241	615	758
Loss on disposal of property, plant and equipment	–	632	23	–	–
Financial income	(8)	(6)	(325)	(168)	(113)
Financial expense	23	34	–	–	–
Share-based payments	1,968	6,717	98	37	250
Operating cash flow before changes in working capital	(625)	5,582	29,456	14,788	17,242
(Increase)/decrease in receivables	(730)	(523)	2,577	462	(1,072)
(Decrease)/increase in payables	(168)	2,731	1,271	(187)	(122)
Increase/(decrease) in provisions	–	59	492	–	(492)
Cash (used in)/from operating activities	(1,523)	7,849	33,796	15,063	15,556
Income tax received/(paid)	87	89	(2,216)	(1,448)	(566)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(1,436)</b>	<b>7,938</b>	<b>31,580</b>	<b>13,615</b>	<b>14,990</b>
<b>Cash flows used in investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	–	1,705	(4,496)	(200)	(1,047)
Interest received	8	6	325	168	113
Acquisition of property, plant and equipment	(47)	(148)	(85)	(65)	(769)
Acquisition of intangible assets	(24)	(111)	(21)	(14)	–
<b>Net cash (used in)/from investing activities</b>	<b>(63)</b>	<b>1,452</b>	<b>(4,277)</b>	<b>(111)</b>	<b>(1,703)</b>
<b>Cash flows from financing activities</b>					
Proceeds on issue of shares	440	301	22	–	15
Borrowings advanced	667	–	–	–	–
Borrowings repaid	–	(667)	–	–	–
Interest paid	(23)	(34)	–	–	–
Dividends paid	–	–	(10,158)	–	(12,248)
<b>Net cash flows from/(used in) financing activities</b>	<b>1,084</b>	<b>(400)</b>	<b>(10,136)</b>	<b>–</b>	<b>(12,233)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(415)</b>	<b>8,990</b>	<b>17,167</b>	<b>13,504</b>	<b>1,054</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,381</b>	<b>1,966</b>	<b>10,956</b>	<b>10,956</b>	<b>28,123</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,966</b>	<b>10,956</b>	<b>28,123</b>	<b>24,460</b>	<b>29,177</b>

## Consolidated statement of changes in equity

	Share capital £000	Share premium reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2011	1	8,252	–	(5,122)	3,131
Loss and total comprehensive loss for the year	–	–	–	(2,727)	(2,727)
Transactions with owners recorded directly in equity					
Issue of share capital	–	440	–	–	440
Share-based payments	–	–	–	1,968	1,968
31 December 2011	1	8,692	–	(5,881)	2,812
	Share capital £000	Share premium reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2012	1	8,692	–	(5,881)	2,812
Profit and total comprehensive income for the period	–	–	–	1,102	1,102
Transactions with owners recorded directly in equity					
Issue of share capital	3	4,800	–	–	4,803
Share-based payments	–	–	–	6,717	6,717
Creation of merger reserve (i)	–	–	74,498	–	74,498
Transfer between reserves (ii)	–	–	(3,326)	3,326	–
30 September 2012	4	13,492	71,172	5,264	89,932
	Share capital £000	Share premium reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 October 2012	4	13,492	71,172	5,264	89,932
Profit and total comprehensive income for the year	–	–	–	22,330	22,330
Transactions with owners recorded directly in equity					
Share-based payments	–	–	–	98	98
Issue of share capital	–	5,085	–	–	5,085
Transfer between reserves (iii)	–	–	(985)	985	–
Dividends paid	–	–	–	(10,158)	(10,158)
30 September 2013	4	18,577	70,187	18,519	107,287
	Share capital £000	Share premium reserve £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 October 2013	4	18,577	70,187	18,519	107,287
Profit and total comprehensive income for the period	–	–	–	12,757	12,757
Transactions with owners recorded directly in equity					
Share-based payments	–	–	–	250	250
Current tax on share-based payments	–	–	–	(37)	(37)
Deferred tax on share-based payments	–	–	–	37	37
Issue of share capital	–	15	–	–	15
Transfer between reserves (iii)	–	–	(493)	493	–
Dividends paid	–	–	–	(12,248)	(12,248)
31 March 2014	4	18,592	69,694	19,771	108,061

- (i) The merger reserve was created on 31 May 2012 from the premium on shares issued for the acquisition of The Digital Property Group Limited.
- (ii) The transfer from merger reserve to retained earnings in the nine months ended 30 September 2012 represents an adjustment to equalise the balance on the merger reserve with the balance sheet value of goodwill and intangibles relating to the acquisition of The Digital Property Group Limited.
- (iii) The transfer from merger reserve to retained earnings in the year ended 30 September 2013 and 6 months ended 31 March 2014 represents an equalisation adjustment in respect of the amortisation charge on intangibles which arose on acquisition of The Digital Property Group Limited on 31 May 2012.

## **Notes to the historical financial information**

### **1. Accounting policies**

Zoopla Property Group Limited is a company domiciled and incorporated in the United Kingdom. The address of the registered office is The Harlequin Building, 65 Southwark Street, London, SE1 0HR.

#### **1.1 Basis of preparation**

The principal accounting policies adopted in the preparation of the historical financial information are set out below for the 6 month periods ended 31 March 2014 and 31 March 2013 (unaudited), the years ended 30 September 2013 and 31 December 2011, and the 9 months ended 30 September 2012. The policies have been consistently applied to all the periods presented, unless otherwise stated.

This historical financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations (collectively “IFRSs”) issued by the International Accounting Standards Board (“IASB”) as adopted by the European Union (“adopted IFRSs”), except as described below. It has been prepared on the historical cost basis.

IFRSs do not provide for the specific accounting treatment set out below, and accordingly in preparing the historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the material departure from adopted IFRSs disclosed in the paragraph below. In other respects IFRSs have been applied.

The company adopted IFRSs within their statutory financial statements for the year ended 30 September 2013, with an IFRS transition date of 1 January 2012. Those financial statements included a statement of full IFRS compliance and included the reconciliations required by IFRS 1: “First-Time Adoption of International Financial Reporting Standards” on transition from the company’s previous accounting framework, UK GAAP. The historical financial information for the year ended 31 December 2011 has been prepared in accordance with IFRSs, except that the date of transition to IFRSs was disclosed within the most recent statutory financial statements as 1 January 2012, rather than 1 January 2011. Whilst the effect of adopting IFRSs on 1 January 2011 rather than 1 January 2012 would not result in any changes to this historical financial information, this is not in accordance with IFRS 1. As the IFRS reconciliations as at 1 January 2012 have already been presented in the statutory financial statements for the year ended 30 September 2013, no reconciliations between UK GAAP and IFRS have been included within this historical financial information.

The preparation of financial information in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group’s accounting policies. Note 1.20 gives further details relating to the group’s critical accounting estimates.

#### **1.2 Adoption of new and revised standards**

These financial statements have been prepared in accordance with the policies set out in the group’s statutory financial statements for the year ended 30 September 2013, with the exception of the application of certain new and revised accounting standards in the period. These policies are expected to be applied in the preparation of the group’s full financial statements for the year ended 30 September 2014. The new and revised standards and interpretations that have been adopted and a description of their impact on the amounts reported in the historical financial information is provided below.

### *IFRS 10 – Consolidated Financial Statements*

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when (i) it has power over the investee; (ii) it is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The adoption of IFRS 10 has had no material impact on the historical financial information.

### *IFRS 12 – Disclosure of Interests in Other Entities*

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

In general, the application of IFRS 12 has resulted in slightly more disclosures in the historical financial information.

### *IFRS 13 – Fair Value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

The adoption of IFRS 13 has had no material impact on the historical financial information.

With the exception of IFRS 13, these standards and amendments have been early adopted for the purposes of the group's application of IFRS as adopted by the EU.

## **1.3 Basis of consolidation**

The consolidated historical financial information incorporates the accounts of Zoopla Property Group Limited ('the company') and entities controlled by the company (its "subsidiaries") (together, the "group"). Control is achieved where the company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired are included from the effective date of acquisition. The results of subsidiaries sold are included up to the effective date of disposal.

#### 1.4 **Going concern**

The financial position of the group shows a positive net and current asset position with significant cash resources. As a consequence, the directors believe that the group is well placed to manage its business and financial risks successfully.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the historical financial information.

#### 1.5 **Revenue**

Revenue represents amounts due for services provided during the period, net of Value Added Tax (“VAT”), with the VAT liability being recognised at the date of invoice.

The main sources of revenue are subscriptions from Estate Agents (“Agency revenue”) and Developers (“Developer revenue”), in respect of properties advertised on group websites. They are recognised over the period of the subscription.

Other services including display advertising (“Other revenue”) are recognised in the month in which the service is provided.

#### 1.6 **Operating leases**

Leases are classified as operating leases as substantially all of the risks and rewards incidental to ownership are not transferred to the group. The total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

#### 1.7 **Finance income and costs**

Finance income represents interest receivable on cash and deposit balances. Interest income is recognised on an accruals basis using the effective interest method.

Finance costs represent interest charged on bank loans and overdraft balances. Finance costs are recognised on an accruals basis using the effective interest method.

#### 1.8 **Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Subsequent costs to repair or service a previously recognised item of property, plant and equipment are expensed when incurred as they do not provide future economic benefit to the organisation.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful economic lives, using the straight-line method, on the following bases:

Fixtures and fittings	–	over 3 years
Computer equipment	–	over 2-3 years
Leasehold improvements	–	over the lease term

The directors review the residual values and useful economic lives of assets on an annual basis.

#### 1.9 **Business combinations**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value on the acquisition date except deferred tax assets and liabilities which are measured in accordance with IAS 12, Income Taxes.

#### 1.10 Goodwill

Goodwill represents the difference between consideration paid and fair value of assets and liabilities acquired in a business combination. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Goodwill is not subject to amortisation but is tested for impairment annually and whenever the directors have an indication that it might be impaired. For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the combination.

Goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit with its recoverable amount, which represents the higher of estimated fair value and value in use. An impairment loss is recognised when the carrying value of the asset exceeds its recoverable amount.

The recoverable amounts of intangible assets and goodwill are based on the value in use, which is determined using cash flow projections derived from financial plans approved by management covering a five year period. They reflect management's expectations of revenue, EBITDA growth, capital expenditure, working capital and operating cash flows, based on past experience and future expectations of business performance. Cash flows beyond the five year period have been extrapolated using perpetuity growth rates.

A growth rate of 5% has been applied to extrapolate the cash flows into perpetuity. The growth rate has been determined using long-term historical growth rates of the goodwill and intangible assets and management's expectation of future growth.

The pre-tax discount rate used is 15%.

#### 1.11 Intangible assets

Intangible assets with finite lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets as follows:

Domain names	–	5 years
Databases	–	5-10 years
Customer relationships	–	5 years

#### 1.12 Research and development

The group incurs expenditure on research and development in order to develop and improve new and existing property websites and products. Expenditure includes the staff costs of the technical team.

Research expenditure on planning new websites or products and obtaining new technical knowledge is expensed in the period in which it is incurred. Development costs are expensed when incurred unless they meet certain criteria for capitalisation. Development costs whereby research findings are applied to creating a substantially enhanced website or new product are only capitalised once the technical feasibility and the commercial viability of the project has been demonstrated and they can be reliably measured. Capitalised development costs are amortised on a straight-line basis over their expected useful economic life.

Once the new website or product is available for use, subsequent expenditure to maintain the website or product, or on small enhancements to the website or product, is recognised as an expense when it is incurred.

### 1.13 **Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the directors review the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 1.14 **Financial instruments**

Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are not interest bearing and are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for impairment in relation to irrecoverable amounts. This is deemed to be a reasonable approximation of their fair value.

An impairment allowance is made for trade receivables. This provision is reviewed regularly in conjunction with a detailed analysis of historic payment profiles and past default experience. When a trade receivable is deemed uncollectible, it is written off against the allowance account.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount which is deemed to be a reasonable approximation of their fair value.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The group's ordinary shares are classified as equity instruments and are recognised at the proceeds received, net of any direct issue costs. Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial instruments are not used for speculative purposes.

### 1.15 **Current tax**

Current income tax, including UK income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 1.16 **Deferred tax**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### 1.17 **Provisions**

Provisions are recognised when the group has a present obligation, legal or constructive, as a result of a past event, it is probable that the group will be required to settle that obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the period end date, and are discounted to present value where the impact is material. The unwinding of any discount is recognised in finance costs.

Dilapidation provisions are recognised based on management's best estimation of costs to make good the group's leasehold properties at the end of the lease term.

The group recognises a restructuring provision when there is a detailed formal plan in place and when it has raised a valid expectation in those affected that it will carry out the restructuring, either by starting to implement the plan or by announcing its main features to those affected. The provision includes only the direct expenditures arising from the restructuring and not those associated with the ongoing activities of the group.

### 1.18 **Employee benefits: defined contribution benefit scheme**

The group operates a defined contribution pension scheme which is a post-employment benefit plan under which the group pays fixed contributions into a fund. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The pension charge represents the amounts payable by the group to the fund in respect of the period.

### 1.19 Share-based payments

The group provides equity settled share-based incentive plans allowing certain employees to acquire shares in Zoopla Property Group Limited. The group also issues warrants over shares to a number of its estate agent members, allowing them to acquire shares in Zoopla Property Group Limited in exchange for the estate agent members making their property listings available for inclusion on the group's websites.

Equity-settled share-based payments to employees and members are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions and includes the impact of non-vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in notes 23 and 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest.

At each balance sheet date, the group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The fair value is measured using the Black-Scholes pricing model. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility (based on a statistical analysis of daily share prices over a period equivalent to the expected life of the instrument for a group of comparable companies), weighted average expected life of the instruments (based on historical experience and general option behaviour), expected dividend yield, and risk-free interest rates based on government backed securities.

### 1.20 Critical accounting estimates and judgements

The group's management make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future periods are discussed below.

#### *Acquisitions*

Since the company is a private company, where shares are issued as consideration for an acquisition, it is necessary to estimate the fair value of the company's shares. The value of shares is estimated by management, taking into account a number of factors including the pricing applied in the group's external funding rounds.

Determining the fair value of assets, liabilities and contingent liabilities acquired requires significant estimates and assumptions, including assumptions with respect to cash flows and unprovided liabilities and commitments. The group recognises intangible assets acquired as part of a business combination at fair values at the date of the acquisition. Fair values are determined based on the expected future cash flows attributable to the intangible asset, discounted to present value using an appropriate discount rate. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future cash flows generated by the assets and the selection of an appropriate discount rate. Additionally, management must estimate the expected useful economic lives of intangible assets and charge amortisation on these assets accordingly.

### *Impairment of goodwill and intangibles*

Determining whether goodwill and intangible assets are impaired or whether a reversal of impairment of intangible assets should be recorded requires an estimation of the recoverable value, which represents the higher of fair value and value in use, of the relevant cash-generating unit. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred. A key area of judgement is deciding the long-term growth rate of the applicable businesses and the discount rate applied to those cash flows.

### *Share-based payments*

These are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. The key estimates used in calculating the fair value of the options are the fair value of company's shares at the grant date, the discount rate, expected share price volatility, risk free interest rate, expected dividends, and expected option lives.

The number of options that are expected to vest is based upon estimates of the number of employees that will forfeit their awards through leaving the company and the likelihood of any non-market based performance conditions being satisfied. Management regularly performs a true-up of the estimate of the number of shares that are expected to vest; this is dependent on the anticipated number of leavers.

### *Deferred tax assets*

The group makes estimates regarding the recoverability of deferred tax assets relating to losses based on forecasts of future taxable profits which are, by their nature, uncertain.

## **2. Business and geographical segments**

The Chief Executive Officer has been identified as the group's Chief Operating Decision Maker. The monthly reporting pack provided to the Chief Executive Officer to enable assessment of the performance of the business has been used as the basis for determining the group's operating segments.

Whilst the Chief Operating Decision Maker monitors the performance of the business at a revenue stream level; operating costs, finance income and costs, and income tax are all monitored on a centralised basis. Accordingly, there is no profitability information below the group level and thus there is a single operating segment.

The group focuses its internal management reporting on the following activities:

- Agency revenue represents property advertising services to estate agents and lettings agents on the group's websites.
- Developer revenue represents property advertising services to new home developers on the group's websites.
- Other revenue represents overseas property advertising services, display advertising on the group's websites and business services.

No single customer represents 10% or more of group revenues.

Assets and liabilities are also managed on a centralised basis and are not reported to the Chief Operating Decision Maker in a disaggregated format.

All revenues are generated from within the UK.

The following table analyses the group's revenues as described above:

	<b>Year ended</b> <b>31 December</b> <b>2011</b> <b>£000</b>	<b>9 months</b> <b>ended</b> <b>30 September</b> <b>2012</b> <b>£000</b>	<b>Year ended</b> <b>30 September</b> <b>2013</b> <b>£000</b>	<b>6 months</b> <b>ended</b> <b>31 March</b> <b>2013</b> <b>(unaudited)</b> <b>£000</b>	<b>6 months</b> <b>ended</b> <b>31 March</b> <b>2014</b> <b>£000</b>
Agency	11,065	21,304	51,613	24,312	30,015
Developer	1,306	2,637	5,719	2,800	4,029
Other	1,445	2,904	7,166	3,205	4,302
Total revenue	<u>13,816</u>	<u>26,845</u>	<u>64,498</u>	<u>30,317</u>	<u>38,346</u>

### 3. Adjusted EBITDA

Adjusted EBITDA is used by management as a key measure to monitor the group's business and the Directors believe it should be disclosed on the face of the income statement to assist in the understanding of the group's underlying financial performance.

The group defines EBITDA as profit or loss for the period before income tax expense or income, finance income, finance costs, and depreciation and amortisation. Adjusted EBITDA is arrived at by making adjustments for costs and profits which management believe to be exceptional in nature by virtue of their size or incidence. Such items would include costs associated with business combinations, one-off gains and losses on disposal, and similar items of a non-recurring nature together with reorganisation costs and similar charges. This is further adjusted for share-based payment expenses which are comprised of charges relating to (i) warrants issued to certain of the group's members in order to establish a critical mass of property listings on the group's platform; and (ii) employee incentive plans which are aimed at retaining staff and aligning employee objectives with those of the group. The Directors consider that excluding these non-cash charges in arriving at Adjusted EBITDA gives a more appropriate measure of the group's underlying financial performance.

The table below presents a reconciliation of profit for the period to Adjusted EBITDA for the periods shown:

	<b>Year ended</b> <b>31 December</b> <b>2011</b> <b>£000</b>	<b>9 months</b> <b>ended</b> <b>30 September</b> <b>2012</b> <b>£000</b>	<b>Year ended</b> <b>30 September</b> <b>2013</b> <b>£000</b>	<b>6 months</b> <b>ended</b> <b>31 March</b> <b>2013</b> <b>(unaudited)</b> <b>£000</b>	<b>6 months</b> <b>ended</b> <b>31 March</b> <b>2014</b> <b>£000</b>
(Loss)/profit for the period	(2,727)	1,102	22,330	11,653	12,757
Income tax (income)/expense	(89)	(3,383)	5,957	2,608	3,560
Finance income	(8)	(6)	(325)	(168)	(113)
Finance costs	23	34	–	–	–
Depreciation and amortisation	208	486	1,373	658	788
Share-based payments	1,968	6,717	98	37	250
Exceptional items (i)	–	3,623	–	–	1,435
Adjusted EBITDA	<u>(625)</u>	<u>8,573</u>	<u>29,433</u>	<u>14,788</u>	<u>18,677</u>

(i) Exceptional items during the 9 months ended 30 September 2012 represent restructuring costs in respect of the acquisition of The Digital Property Group Limited. Exceptional items during the 6 months ended 31 March 2014 represent one-off costs incurred to date in respect of the group's review of its strategic options.

#### 4. Operating (loss)/profit

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
Operating (loss)/profit is stated after charging:					
Depreciation of property, plant and equipment	62	38	132	43	30
Amortisation of intangible assets	146	448	1,241	615	758
Loss on disposal of property, plant and equipment	–	632	23	–	–
Operating lease rentals:					
Land and buildings	235	260	324	161	244
Other	84	181	89	44	146
Share-based payment charge	1,968	6,717	98	37	250

Amortisation charges on the group's intangible assets are recognised in the administrative expenses line item in the consolidated statement of comprehensive income.

#### 5. Auditor's remuneration

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
Fees payable to the group's auditor and their associates for the audit of the group's annual accounts	10	15	44	–	–
<b>Total audit fees</b>	<u>10</u>	<u>15</u>	<u>44</u>	<u>–</u>	<u>–</u>
Fees payable to the group's auditor and their associates for other services to the group					
– Audit-related assurance services	–	–	–	–	35
– Corporate finance services	–	–	–	–	462
– Taxation compliance services	9	–	–	–	–
– Other services	–	30	–	–	–
<b>Total non-audit fees</b>	<u>9</u>	<u>30</u>	<u>–</u>	<u>–</u>	<u>497</u>

Fees payable in 2011 relate to amounts paid to the group's previous auditor and not Deloitte LLP.

## 6. Employee costs

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
Staff costs (including directors) comprise:					
Wages and salaries	4,237	6,116	8,640	4,197	5,270
Social security costs	444	513	975	502	625
Defined contribution pension cost	33	32	84	40	62
	<u>4,714</u>	<u>6,661</u>	<u>9,699</u>	<u>4,739</u>	<u>5,957</u>

## 7. Directors' remuneration

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
Salary	361	293	623	234	351
Defined contribution pension cost	33	28	31	15	19
	<u>394</u>	<u>321</u>	<u>654</u>	<u>249</u>	<u>370</u>
In respect of the highest paid director:					
Salary	149	166	321	149	150
Defined contribution pension cost	33	28	31	15	16
	<u>182</u>	<u>194</u>	<u>352</u>	<u>164</u>	<u>166</u>

## 8. Director and employee numbers

The average monthly number of directors, and employees in administration and management during the period was:

	Year ended 31 December 2011 No.	9 months ended 30 September 2012 No.	Year ended 30 September 2013 No.	6 months ended 31 March 2013 (unaudited) No.	6 months ended 31 March 2014 No.
Administration	77	137	163	153	190
Management	4	8	9	8	10
	<u>81</u>	<u>145</u>	<u>172</u>	<u>161</u>	<u>200</u>

## 9. Income tax

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
<b>Current tax:</b>					
Current period	(87)	1,055	2,132	–	3,836
Adjustment in respect of prior periods	(2)	(53)	(215)	(215)	(266)
<b>Total current tax</b>	<u>(89)</u>	<u>1,002</u>	<u>1,917</u>	<u>(215)</u>	<u>3,570</u>
<b>Deferred tax:</b>					
Origination and reversal of temporary differences	–	(4,292)	4,023	2,806	(70)
Adjustment in respect of prior periods	–	(93)	(60)	(60)	60
Effect of change in UK corporation tax rate	–	–	77	77	–
<b>Total deferred tax</b>	<u>–</u>	<u>(4,385)</u>	<u>4,040</u>	<u>2,823</u>	<u>(10)</u>
<b>Total income tax (income)/expense</b>	<u><u>(89)</u></u>	<u><u>(3,383)</u></u>	<u><u>5,957</u></u>	<u><u>2,608</u></u>	<u><u>3,560</u></u>

Corporation tax is calculated at 22.0% (6 months ended 31 March 2013 (unaudited) and year ended 30 September 2013: 23.5%; 9 months ended 30 September 2012: 24.67%; and year ended 31 December 2011: 20.0%) of the taxable profit for the period.

A reduction in the standard rate of corporation tax from 24% to 23% was effective from 1 April 2013. The Finance Act 2013 provides for a further reduction in the standard rate of tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015. This change was substantively enacted on 2 July 2013, which was before the balance sheet date. These reduced rates have been reflected in the calculation of deferred tax as they were substantively enacted at the balance sheet date.

The charge for the period can be reconciled to the profit/(loss) in the statement of comprehensive income as follows:

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
(Loss)/profit before tax	(2,816)	(2,281)	28,287	14,261	16,317
Current corporation tax rate of 22.0% (6 months ended 31 March 2013 (unaudited) and year ended 30 September 2013: 23.5%; 9 months ended 30 September 2012: 24.67%; and year ended 31 December 2011: 20.0%)	(563)	(563)	6,647	3,351	3,590
Non-deductible expenses	408	2,058	43	45	239
Adjustments in respect of prior periods	(2)	(146)	(275)	(275)	(206)
Utilisation of tax losses not previously recognised	–	(4,332)	(405)	(472)	(63)
Recognition of deferred tax assets not previously recognised	–	(400)	(130)	(118)	–
Unrelieved tax losses	68	–	–	–	–
Effect of change in UK corporation tax rate	–	–	77	77	–
<b>Total income tax (income)/expense</b>	<u>(89)</u>	<u>(3,383)</u>	<u>5,957</u>	<u>2,608</u>	<u>3,560</u>

In addition to the amount charged to profit and loss, the following amounts relating to tax have been recognised directly in equity:

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
<b>Current tax:</b>					
Capital gain relating to share-based payments on issued warrants	–	–	–	–	37
<b>Deferred tax:</b>					
Change in capital gain relating to share-based payments on issued warrants	–	–	–	–	(37)
<b>Total income tax (income)/expense</b>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

## 10. Dividends

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 £000	Year ended 30 September 2013 £000	6 months ended 31 March 2013 (unaudited) £000	6 months ended 31 March 2014 £000
Final dividend for the year ended 30 September 2013 (£0.30 per ordinary share) (9 months ended 30 September 2012: £nil per ordinary share; year ended 31 December 2011: £nil per ordinary share)	–	–	–	–	12,248
Interim dividend for the year ended 30 September 2013 (£0.25 per ordinary share) (9 months ended 30 September 2012: £nil per ordinary share; year ended 31 December 2011: £nil per ordinary share)	<u>–</u>	<u>–</u>	<u>10,158</u>	<u>–</u>	<u>–</u>

There are no tax consequences of future dividend payments.

## 11. Earnings per share

	12 months Year ended 31 December 2011	9 months ended 30 September 2012	12 months ended 30 September 2013	6 months ended 31 March 2013 (unaudited)	6 months ended 31 March 2014
(Loss)/earnings for the purposes of basic and diluted earnings per share being (loss)/profit for the period (in £000)	(2,727)	1,102	22,330	11,653	12,757
<b>Number of shares</b>					
Weighted average number of Ordinary, B Ordinary and C Ordinary shares for the purposes of basic earnings per share	8,598,064	21,855,813	38,300,551	38,297,971	38,287,407
Dilutive effect of contingently returnable A Ordinary shares	–	534,307	1,269,041	1,200,000	1,350,000
Dilutive effect of share options and warrants	–	870,007	248,341	254,843	442,056
Dilutive earnings per share denominator	8,598,064	23,260,127	39,817,933	39,752,814	40,079,463
Basic (loss)/earnings per share (in pence per share)	<u>(31.7)</u>	<u>5.0</u>	<u>58.3</u>	<u>30.4</u>	<u>33.3</u>
Diluted (loss)/earnings per share (in pence per share)	<u>(31.7)</u>	<u>4.7</u>	<u>56.1</u>	<u>29.3</u>	<u>31.8</u>

The A Ordinary shares are not included in the denominator for the calculation of basic earnings per share as they are subject to a reverse vesting schedule and are therefore contingently returnable. Certain of these shares are also subject to performance conditions and are not included in the denominator for the calculation of basic or diluted earnings per share because the performance condition had not been satisfied at the reporting date (see note 22).

## 12. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
<b>Cost</b>				
At 1 January 2011	75	38	33	146
Additions	10	37	–	47
At 31 December 2011	85	75	33	193
Additions	17	763	–	780
Disposals	–	(632)	–	(632)
At 30 September 2012	102	206	33	341
Additions	7	78	–	85
Disposals	–	(100)	–	(100)
At 30 September 2013	109	184	33	326
Additions	163	155	451	769
At 31 March 2014	<u>272</u>	<u>339</u>	<u>484</u>	<u>1,095</u>

	<b>Fixtures and fittings £000</b>	<b>Computer equipment £000</b>	<b>Leasehold improvements £000</b>	<b>Total £000</b>
<b>Accumulated depreciation</b>				
At 1 January 2011	45	8	12	65
Depreciation charge for the year	25	26	11	62
At 31 December 2011	70	34	23	127
Depreciation charge for the year	10	20	8	38
At 30 September 2012	80	54	31	165
Depreciation charge for the year	11	119	2	132
Disposals	–	(77)	–	(77)
At 30 September 2013	91	96	33	220
Depreciation charge for period	6	24	–	30
At 31 March 2014	97	120	33	250
<b>Net book value</b>				
At 31 March 2014	175	219	451	845
At 30 September 2013	18	88	–	106
At 30 September 2012	22	152	2	176
At 31 December 2011	15	41	10	66

### 13. Investment in subsidiaries

The group consists of the parent company, Zoopla Property Group Limited, incorporated in the United Kingdom and a number of subsidiaries held directly and indirectly by Zoopla Property Group Limited, which are also incorporated in the United Kingdom.

Information about the composition of the group at the end of the reporting period is as follows:

<b>Principal activity</b>	<b>Place of incorporation and operation</b>	<b>Number of wholly owned subsidiaries</b>			
		<b>31 December 2011</b>	<b>30 September 2012</b>	<b>30 September 2013</b>	<b>31 March 2014</b>
Operation of property websites providing online search and research facilities to consumers and digital media services to property professionals	United Kingdom	10	14	17	8

Details of subsidiaries at 31 March 2014 are shown below. All are dormant (unless specified as active and trading).

Name	Country of incorporation	Ownership and voting interest			31 March 2014
		31 December 2011	30 September 2012	30 September 2013	
The Digital Property Group Limited	(i) United Kingdom	–	100%	100%	–
Primelocation.com Limited	(i) United Kingdom	–	100%	100%	–
Primelocation.co.uk Limited	(i) United Kingdom	–	100%	100%	–
Primelocation Limited	(i) United Kingdom	–	100%	100%	–
Labworks Limited	(i) United Kingdom	100%	100%	100%	–
Byteplay Limited	(i) United Kingdom	100%	100%	100%	–
Asserta Home Limited	(i) United Kingdom	100%	100%	100%	–
Propertyfinder Group Limited	United Kingdom	100%	100%	100%	100%
Propertyfinder Publications Limited	United Kingdom	100%	100%	100%	100%
Sherlock Publications Limited	United Kingdom	100%	100%	100%	100%
Propertyfinder.co.uk Limited	United Kingdom	100%	100%	100%	100%
Propertyfinder Holdings Limited	United Kingdom	100%	100%	100%	100%
Internet Property Finder Limited	United Kingdom	100%	100%	100%	100%
UK Property Shop Limited	(i) United Kingdom	100%	100%	100%	–
Globrix Limited	(i) United Kingdom	–	–	100%	–
Vizzihome Limited	United Kingdom	–	–	100%	100%
<b>Active (during period)</b>					
Trinity Mirror Digital Property Limited	(ii) United Kingdom	–	–	100%	100%

(i) Certain of the group's dormant subsidiaries were struck-off during the 6 months ended 31 March 2014.

(ii) On 31 December 2013, the assets of Trinity Mirror Digital Property Limited were transferred to Zoopla Property Group Limited and the business ceased to trade.

#### 14. Acquisitions

The following table provides a reconciliation of the amounts included in the consolidated statement of cashflows:

	Year ended 31 December 2011 £000	9 months ended 30 September 2012 (i) £000	Year ended 30 September 2013 (ii), (iii) and (iv) £000	6 months ended 31 March 2013 (unaudited) (ii) £000	6 months ended 31 March 2014 (ii) and (iv) £000
Cash consideration	–	–	(4,025)	(200)	–
Deferred consideration paid	–	–	(672)	–	(1,047)
Cash and cash equivalents acquired with subsidiaries	–	126	201	–	–
Cash contribution in respect of working capital adjustment	–	1,579	–	–	–
Cash inflow/(outflow) on acquisition of subsidiaries	–	1,705	(4,496)	(200)	(1,047)

The table above includes amounts in relation to the following acquisitions, further details of which are given below:

- (i) The Digital Property Group Limited
- (ii) Globrix Limited
- (iii) Vizzihome Limited
- (iv) Trinity Mirror Digital Property Limited

Goodwill arising on the acquisitions is principally attributable to the anticipated profitability from providing enhanced services in new and existing markets, existing services in new markets and from the operating synergies expected to arise from the business combinations.

The amount of goodwill which is deductible for the purposes of calculating the group's tax charge is £nil.

Directly attributable costs in relation to the above acquisitions are included in administrative expenses and amounted to £nil for the 6 months ended 31 March 2014 (6 months ended 31 March 2013: £nil; year ended 30 September 2013: £81,000; 9 months ended 30 September 2012: £4.1 million; year ended 31 December 2011 £379,000).

If all acquisitions had been completed on the first day of the financial year in which the acquisition occurred, group revenues for the year ended 30 September 2013 would have been £67.7 million and group profit would have been £22.7 million (9 months ended 30 September 2012: £41.2 million revenues; £3.2 million profit).

### Acquisition of The Digital Property Group Limited

On 31 May 2012, Zoopla Property Group Limited acquired 100% of the issued share capital of The Digital Property Group Limited in exchange for the issuance of shares in the company, less a £1.6 million working capital adjustment. The fair value of these shares was estimated at £74.5 million. The Digital Property Group Limited operated a number of property listings websites including Primelocation.com. The business combination occurred to enhance the consumer proposition and to benefit from the synergies of the combined operations.

The purchase was made under the acquisition method. The fair value of the assets and liabilities was as follows:

	<b>Fair value £000</b>
Intangible assets	
– Customer relationships	4,526
– Domain name	400
Property, plant and equipment	732
Trade and other receivables	3,336
Cash and cash equivalents	126
Deferred tax liability	(991)
Trade and other payables	(1,782)
Net assets	<u>6,347</u>
Goodwill on acquisition	<u>66,575</u>
Total consideration	<u><u>72,922</u></u>
Satisfied by:	
21,285,989 Ordinary Shares of Zoopla Property Group Limited	74,501
Cash contribution in respect of working capital adjustment	(1,579)
Total consideration	<u><u>72,922</u></u>

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £3.3 million and a gross contractual value of £3.3 million. The best estimate at the acquisition date of the contractual cash flows not to be collected is £nil.

The fair value of the ordinary shares issued was estimated by management, taking into account a number of factors including the pricing applied in the group's external funding rounds.

On 30 September 2012 the trade, assets and liabilities of The Digital Property Group Limited were hived-up to Zoopla Property Group Limited.

The Digital Property Group Limited contributed £10.8 million revenue; £2.4 million to the group's profit; £2.4 million staff costs; £2.2 million other costs (excluding depreciation, amortisation and exceptional items); and £6.2 million to group adjusted EBITDA (EBITDA before share based payments and exceptional items, see note 3) for the period between the date of acquisition and 30 September 2012.

If the acquisition had been completed on the first day of the 9 month period ended 30 September 2012, The Digital Property Group Limited would have contributed £25.2 million to the group's revenue for the period and £4.5 million to the group's profit.

### Acquisition of Globrix Limited

On 21 December 2012, Zoopla Property Group Limited acquired 100% of the issued share capital of Globrix Limited for consideration of £645,000. Globrix Limited operated the UK property listings website globrix.com. The business combination occurred to help increase exposure of property listings available on the group's websites.

The acquisition accounting method has been used. The fair value of the assets and liabilities are as follows:

	<b>Fair value</b>
	<b>£000</b>
Domain name	200
Deferred tax asset	445
Net assets	<u>645</u>
Total consideration	<u>645</u>
Satisfied by:	
Cash	200
Deferred consideration	445
Total consideration	<u>645</u>

On 21 December 2012, the assets of Globrix Limited were transferred to Zoopla Property Group Limited and the business ceased to trade.

The deferred consideration is non-interest bearing. £223,000 was paid during the year ended 30 September 2013 and the remaining £222,000 was payable in two equal instalments on 14 October 2013 and 14 January 2014.

Globrix Limited contributed £nil revenue and £nil to the group's profit for the period between the date of acquisition and 30 September 2013.

If the acquisition had been completed on the first day of the financial year ended 30 September 2013, Globrix Limited would have contributed £23,000 to the group's revenue for the year. It would have reduced the group's profit by £33,000.

### Acquisition of Vizzihome Limited

On 31 May 2013, Zoopla Property Group Limited acquired 100% of the issued share capital of Vizzihome Limited for consideration of £2.25 million. Vizzihome Limited was a provider of property market intelligence data. The business combination occurred to enhance products available to members of Zoopla Property Group Limited.

The acquisition accounting method has been used. The fair value of the assets and liabilities are as follows:

	<b>Fair value £000</b>
Intangible assets	
– Customer relationships	546
Trade and other receivables	329
Cash and cash equivalents	93
Trade and other payables	(422)
Deferred tax liability	(117)
Net assets	<u>429</u>
Goodwill on acquisition	<u>1,821</u>
Total consideration	<u><u>2,250</u></u>
Satisfied by:	
Cash	1,350
Deferred consideration	<u>900</u>
Total consideration	<u><u>2,250</u></u>

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £329,000 and a gross contractual value of £329,000. The best estimate at the acquisition date of the contractual cash flows not to be collected is £nil.

On 31 August 2013, the assets of Vizzihome Limited were transferred to Zoopla Property Group Limited and the business ceased to trade.

The deferred consideration is non-interest bearing. £450,000 was paid during the year ended 30 September 2013 and the balance of £450,000 is payable on 31 May 2014.

Vizzihome Limited contributed £268,000 revenue and £177,000 to the group's profit for the period between the date of acquisition and 30 September 2013.

If the acquisition had been completed on the first day of the financial year ended 30 September 2013, Vizzihome Limited would have contributed £997,000 to the group's revenue for the year and £240,000 to the group's profit.

#### **Acquisition of Trinity Mirror Digital Property Limited**

On 31 August 2013, Zoopla Property Group Limited acquired 100% of the issued share capital of Trinity Mirror Digital Property Limited for consideration of £3.3 million. Trinity Mirror Digital Property Limited operated the SmartNewHomes website, amongst others. The business combination occurred to attract new consumers to the group.

The purchase was made under the acquisition method. The fair value of the assets and liabilities are as follows:

	<b>Fair value £000</b>
Intangible assets	
– Customer relationships	1,019
– Domain name	100
Trade and other receivables	666
Cash and cash equivalents	108
Deferred tax liability	(216)
Trade and other payables	(774)
Net assets	<u>903</u>
Goodwill on acquisition	<u>2,397</u>
Total consideration	<u><u>3,300</u></u>
Satisfied by:	
Cash	2,475
Deferred consideration	<u>825</u>
Total consideration	<u><u>3,300</u></u>

The fair value of the financial assets acquired includes trade and other receivables with a fair value of £666,000 and a gross contractual value of £666,000. The best estimate at the acquisition date of the contractual cash flows not to be collected is £nil.

On 31 December 2013, the assets of Trinity Mirror Digital Property Limited were transferred to Zoopla Property Group Limited and the business ceased to trade.

The deferred consideration is non-interest bearing. The full amount was paid on 31 December 2013.

Trinity Mirror Digital Property Limited contributed £217,000 to the group's revenue for the period between the date of acquisition and 30 September 2013. The company made a loss of £287,000 for the period between the date of acquisition and 30 September 2013. This included costs of £350,000 in relation to redundancy.

If the acquisition had been completed on the first day of the financial year ended 30 September 2013, Trinity Mirror Digital Property Limited would have contributed £2,711,000 to the group's revenue for the year and £101,000 to the group's profit.

## 15. Intangible assets

	<b>Goodwill £000</b>	<b>Customer relationships £000</b>	<b>Domain names £000</b>	<b>Database £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 January 2011	–	–	143	184	327
Additions	–	–	497	24	521
At 31 December 2011	–	–	640	208	848
On acquisition of subsidiary	66,575	4,526	400	–	71,501
Additions	–	–	100	11	111
At 30 September 2012	66,575	4,526	1,140	219	72,460
On acquisition of subsidiary	4,218	1,565	300	–	6,083
Additions	–	–	11	10	21
At 30 September 2013 and 31 March 2014	<u><u>70,793</u></u>	<u><u>6,091</u></u>	<u><u>1,451</u></u>	<u><u>229</u></u>	<u><u>78,564</u></u>

	<b>Goodwill £000</b>	<b>Customer relationships £000</b>	<b>Domain names £000</b>	<b>Database £000</b>	<b>Total £000</b>
<b>Amortisation</b>					
At 1 January 2011	–	–	65	127	192
Amortisation charge for the year	–	–	123	23	146
At 31 December 2011	–	–	188	150	338
Amortisation charge for the period	–	302	126	20	448
At 30 September 2012	–	302	314	170	786
Amortisation charge for the year	–	958	259	24	1,241
At 30 September 2013	–	1,260	573	194	2,027
Amortisation charge for the period	–	609	143	6	758
At 31 March 2014	–	1,869	716	200	2,785
<b>Net book value</b>					
At 31 March 2014	70,793	4,222	735	29	75,779
At 30 September 2013	70,793	4,831	878	35	76,537
At 30 September 2012	66,575	4,224	826	49	71,674
At 31 December 2011	–	–	452	58	510

#### 16. Trade and other receivables

	<b>31 December 2011 £000</b>	<b>30 September 2012 £000</b>	<b>30 September 2013 £000</b>	<b>31 March 2014 £000</b>
Trade receivables	604	4,274	2,127	2,386
Prepayments	1,910	1,757	1,912	2,342
Accrued income	62	282	742	752
Unpaid premium on share capital	–	4,500	9,563	9,563
Other receivables	42	165	122	495
Income tax	89	–	–	–
	<u>2,707</u>	<u>10,978</u>	<u>14,466</u>	<u>15,538</u>
Current	2,707	6,478	4,903	15,538
Non-current	–	4,500	9,563	–
	<u>2,707</u>	<u>10,978</u>	<u>14,466</u>	<u>15,538</u>

Further details regarding the unpaid premium on share capital are provided in note 22.

The directors consider that the carrying value of trade and other receivables is approximate to their fair value. The carrying value also represents the maximum credit exposure.

Details of the group's exposure to credit risk are given in note 26.

## 17. Trade and other payables

	31 December 2011 £000	30 September 2012 £000	30 September 2013 £000	31 March 2014 £000
Trade payables	834	860	3,043	1,804
Other payables	12	422	2,599	648
Accruals	615	2,203	2,666	4,342
Deferred income	55	62	17	165
Other taxation and social security payments	255	2,638	1,815	2,012
	<u>1,771</u>	<u>6,185</u>	<u>10,140</u>	<u>8,971</u>

The directors consider that the carrying value of trade and other payables is approximate to their fair value.

Details of the group's exposure to liquidity risk are given in note 26.

## 18. Loans and borrowings

The group's borrowings can be analysed as follows:

	31 December 2011 £000	30 September 2012 £000	30 September 2013 £000	31 March 2014 £000
Bank loans	666	–	–	–
	<u>666</u>	<u>–</u>	<u>–</u>	<u>–</u>
Due for settlement within 12 months	250	–	–	–
	<u>250</u>	<u>–</u>	<u>–</u>	<u>–</u>
Due for settlement after 12 months	416	–	–	–
	<u>416</u>	<u>–</u>	<u>–</u>	<u>–</u>

As at 31 March 2014 the total amount of secured liabilities was £nil (30 September 2013: £nil; 30 September 2012: £nil; 31 December 2011: £666,000). Silicon Valley Bank held a fixed and floating charge over the company and its assets against all monies due or to become due to them in respect of the loan under a mortgage charge. The charge was removed on repayment of the outstanding balance in September 2012. The loan carried interest at a rate of 90 day LIBOR + 6.75%.

## 19. Current tax liability

	31 December 2011 £000	30 September 2012 £000	30 September 2013 £000	31 March 2014 £000
Current tax liability	–	1,002	720	3,761
	<u>–</u>	<u>1,002</u>	<u>720</u>	<u>3,761</u>

## 20. Provisions

	31 December 2011 £000	30 September 2012 £000	30 September 2013 £000	31 March 2014 £000
Dilapidation provisions	–	59	201	59
Redundancy provisions	–	–	350	–
<b>Total provisions</b>	<u>–</u>	<u>59</u>	<u>551</u>	<u>59</u>
Current	–	–	492	–
Non-current	–	59	59	59
	<u>–</u>	<u>59</u>	<u>551</u>	<u>59</u>

The movement in provisions can be analysed as follows:

	<b>Dilapidation provisions £000</b>	<b>Redundancy provisions £000</b>	<b>Total £000</b>
At 1 January and 31 December 2011	–	–	–
Charged in the period	59	–	59
At 30 September 2012	59	–	59
Charged in the year	142	350	492
At 30 September 2013	201	350	551
Utilised in the period	(142)	(350)	(492)
At 31 March 2014	59	–	59

The dilapidation provisions relate to management's best estimation of costs to make good the group's leasehold properties at the end of the lease term.

The redundancy provisions relate to post acquisition restructuring costs in respect of the acquisition of Trinity Mirror Digital Property Limited.

## 21. Deferred tax

	<b>Tax losses £000</b>	<b>Property, plant and equipment £000</b>	<b>Intangible assets £000</b>	<b>Share-based payments £000</b>	<b>Total £000</b>
At 1 January and 31 December 2011	–	–	–	–	–
Credit to profit or loss	3,826	493	66	–	4,385
Acquisition of subsidiary	–	–	(991)	–	(991)
At 30 September 2012	3,826	493	(925)	–	3,394
(Charge)/credit to profit or loss	(4,271)	21	210	–	(4,040)
Acquisition of subsidiary	445	–	(333)	–	112
At 30 September 2013	–	514	(1048)	–	(534)
(Charge)/credit to profit or loss	–	(92)	102	–	10
(Charge)/credit to equity	–	–	–	37	37
At 31 March 2014	–	422	(946)	37	(487)

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>31 December 2011 £000</b>	<b>30 September 2012 £000</b>	<b>30 September 2013 £000</b>	<b>31 March 2014 £000</b>
Deferred tax liabilities	–	(925)	(1,048)	(946)
Deferred tax assets	–	4,319	514	459
	–	3,394	(534)	(487)

At the balance sheet date, the group had the following unused tax losses and unrecognised deferred tax assets:

	31 December 2011 £000	30 September 2012 £000	30 September 2013 £000	31 March 2014 £000
Tax losses against which a deferred tax asset has been recognised	–	16,284	–	–
Tax losses against which no deferred tax asset has been recognised	18,382	–	–	–
Unrecognised deferred tax asset	4,320	–	–	–

At 31 December 2011 no deferred tax asset was recognised in respect of unused tax losses as it was not considered probable that there would be future taxable profits available. All unused losses may be carried forward indefinitely.

## 22. Share capital

	31 December 2011 £000	30 September 2012 £000	30 September 2013 £000	31 March 2014 £000
<b>Shares classified as capital</b>				
<b>Authorised:</b>				
42,286,500 (2013: 41,886,900; 2012: 40,738,800; 2011: 22,037,206) shares of £0.0001 each	2	4	4	4
<b>Allotted, called up and fully paid:</b>				
38,290,494 (2013: 38,267,250; 2012: 38,297,971; 2011: 4,336,213) Ordinary shares of £0.0001 each	1	4	4	4
2,550,000 (2013: 2,550,000; 2012: 1,200,000; 2011: nil) A Ordinary shares of £0.0001 each	–	–	–	–
nil (2013: nil; 2012: nil; 2011: 3,937,206) B Ordinary shares of £0.0001 each	–	–	–	–
nil (2013: nil; 2012: nil; 2011: 500,000) C Ordinary shares of £0.0001 each	–	–	–	–
nil (2013: 65,876; 2012: nil; 2011: nil) B Deferred shares of £0.0001 each	–	–	–	–

### Rights and restrictions attaching to shares

#### Ordinary shares

The ordinary shares carry one vote per share and rights to dividends.

#### A Ordinary shares

The A ordinary shares are shares issued to management. They carry one vote per share and rights to dividends.

These shares are subject to a reverse vesting schedule whereby they are convertible into A Deferred shares in the event that the individual ceases to be an employee of the group. 100% of the shares are converted into A Deferred shares if the individual leaves within 24 months, 50% if the individual leaves between two years

and 27 months and then declining by 6.25% per quarter thereafter until none are convertible into A Deferred shares after 4 years.

The balance of the amount due on the A Ordinary shares is payable upon the earlier of: (i) a sale of substantially all of the assets of the company (an “Asset Sale”); (ii) a sale of the company’s shares in which the purchaser acquires a controlling interest (a “Share Sale”); (iii) an Initial Public Offering; (iv) a distribution of assets upon a winding up or return of capital; and (v) 31 May 2022. Additionally, upon an Initial Public Offering and subject to the performance conditions noted below, all remaining A Ordinary shares are converted into Ordinary shares.

The balance due on the A Ordinary shares is shown in note 16 as the unpaid premium on share capital. In view of the fact that this historical financial information has been prepared for the purposes of admission to the main market of the London Stock Exchange, it is assumed that the unpaid premium will become due upon admission. Accordingly it is now included within current assets.

In addition to the reverse vesting schedule described above, 1,200,000 of the A Ordinary shares are also subject to performance conditions whereby they will convert into A Deferred shares unless there is an exit event as defined in the agreement and the share price achieved upon that exit event exceeds a specified threshold. Below £10 all of the A Ordinary shares will convert into A Deferred shares and above £20 none of the A Ordinary shares will convert into A Deferred shares.

Under IFRS 2 these arrangements are considered to be equity settled share based payment arrangements where the shares have been issued at fair value, see note 23.

#### ***B Ordinary shares***

The B Ordinary shares carry one vote per share and rights to dividends. These shares are no longer in issue or referred to in the company’s current articles.

#### ***C Ordinary shares***

The C Ordinary shares carry one vote per share and rights to dividends. These shares are no longer in issue or referred to in the company’s current articles.

#### ***A Deferred shares***

The A Deferred shares are non-voting and carry no rights to dividends.

#### ***B Deferred shares***

The B Deferred shares are non-voting and carry no rights to dividends.

Upon a winding up, an Asset Sale or a Share Sale the proceeds are allocated firstly to the Ordinary shares, the A Ordinary shares and A Deferred shares pro rata up to their issue price. Then £1 to the B Deferred shares and finally the balance pro rata to the Ordinary shares and the A Ordinary shares.

#### **Share transactions:**

During the period ended 31 March 2014 the company issued 23,244 (year ended 30 September 2013: 35,155; 9 months ended 30 September 2012: 500,292; year ended 31 December 2011: 233,079) Ordinary shares of £0.0001 each for a cash consideration of £15,000 (year ended 30 September 2013: £21,000; 9 months ended 30 September 2012: £300,000; year ended 31 December 2011: £140,000) in relation to the exercise of employee share options.

On 31 August 2013 the company converted 65,876 Ordinary shares to B Deferred shares, for no consideration. In October 2013 these were bought back for consideration of £1 and subsequently cancelled.

On 15 April 2013 the company issued 150,000 A Ordinary shares of £0.0001 each for consideration of £562,500. The nominal value of £15 was paid at issuance and the balance is due upon the earlier of a Share

Sale, an Asset Sale, an Initial Public Offering, a distribution of assets upon a winding up or return of capital or 31 May 2022.

On 8 March 2013 the company issued 1,200,000 A Ordinary shares of £0.0001 each for consideration of £4.5 million. The nominal value of £120 was paid at issuance and the balance is due on the same basis as the issuance on 15 April 2013.

On 31 May 2012 the company issued 1,200,000 A Ordinary shares of £0.0001 each for consideration of £4.5 million. The nominal value of £120 was paid at issuance and the balance is due on the same basis as the issuance on 15 April 2013.

The balance due on the A Ordinary share transactions noted above is shown in note 16 as the unpaid premium on share capital.

On 31 May 2012 the company converted its preference A shares, B Ordinary shares and C Ordinary shares, each with a nominal value of £0.0001 to Ordinary shares of £0.0001 each. On the same date the company issued 21,285,989 Ordinary shares of £0.0001 as consideration for the acquisition of The Digital Property Group Limited (see note 14). The fair value of these shares was estimated at £74.5 million. The company also issued a further 5,675,711 Ordinary shares in relation to the accelerated exercise of warrants (see note 24).

On 31 December 2011 the company issued 71,159 Ordinary shares of £0.0001 each as deferred consideration in relation to the prior year acquisition of Labworks Ltd.

### 23. Share-based payments - options

The group operates a share-based incentive scheme for all employees under an approved plan until 31 May 2012 and an unapproved plan thereafter.

Options are exercisable at a price determined by the board on the date of each grant. The options vest in instalments over 4 years. Options remain valid for 10 years from the date of grant, after which the options expire. Options lapse if the employee leaves the group before the options vest.

Details of the options outstanding during the period are as follows:

	Year ended 31 December 2011		9 months ended 30 September 2012		Year ended 30 September 2013		6 months ended 31 March 2013 (unaudited)		6 months ended 31 March 2014	
	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)
Outstanding options at the beginning of the period	752	0.60	646	0.60	321	0.60	321	0.60	520	1.93
Granted during the period	136	0.60	185	0.60	239	3.50	113	3.50	255	3.50
Exercised during the period	(155)	0.60	(462)	0.60	(35)	0.60	–	–	(23)	0.73
Forfeited during the period	(87)	0.60	(48)	0.60	(5)	0.60	–	–	(21)	3.07
Outstanding options at the end of the period	646	0.60	321	0.60	520	1.93	434	1.35	731	2.49

The weighted average exercise price for share options exercised during the period was £0.73 (6 months ended 31 March 2013 (unaudited): £nil; year ended 30 September 2013: £0.60; 9 months ended 30 September 2012: £0.60; year ended 31 December 2011: £0.60)

The options outstanding at 31 March 2014 had a weighted average exercise price of £2.49 (30 September 2013: £1.93; 30 September 2012: £0.60; and 31 December 2011: £0.60), and a weighted average remaining contractual life of 7.0 years (30 September 2013: 6.9 years; 30 September 2012: 7.2 years and 31 December 2011: 7.7 years). The range of exercise prices for outstanding options is £0.60 to £3.50 (30 September 2013: £0.60 to £3.50; 30 September 2012: £0.60 for all outstanding options; 31 December 2011: £0.60 for all outstanding options).

The number of options exercisable as at 31 March 2014 was 145,000 (30 September 2013: 117,000; 30 September 2012: 76,000; 31 December 2011: 291,000).

The following information is relevant in the determination of the fair value of options granted and shares issued under the equity-settled share-based payment arrangements operated by the group:

	<b>Year ended 31 December 2011</b>	<b>9 months ended 30 September 2012</b>	<b>Year ended 30 September 2013</b>	<b>6 months ended 31 March 2013 (unaudited)</b>	<b>6 months ended 31 March 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Weighted average share price at grant date	£0.60	£0.60	£3.50	£3.50	£17.50
Exercise price	£0.60	£0.60	£3.50	£3.50	£3.50
Expected volatility	45.84%	45.84%	30.3%	30.3%	31.3%
Expected life	4 years	4 years	4 years	4 years	4 years
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	3.1%
Risk-free interest rate	1.4%	1.4%	0.5%	0.5%	1.9%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last four years for a group of comparable companies.

The total charge recognised during the period ended 31 March 2014 in respect of equity settled share based payment transactions was £206,000 (6 months ended 31 March 2013 (unaudited) £25,000; year ended 30 September 2013: £74,000; 9 months ended 30 September 2012: £28,000; year ended 31 December 2011: £42,000).

#### **24. Share-based payments - warrants**

In January 2014 the group entered into agreements with a number of estate agent members. Pursuant to these agreements, which had an initial term of 5 years, the estate agents agreed to pay monthly fees for advertising on the group's website and committed to making their property listings available on the group's websites. In exchange the group agreed to issue a fixed number of warrants over ordinary shares. The warrants are issued annually over the 5 year term of the agreements upon payment of the final instalment of each year's annual fees. The warrants are exercisable at a price equal to the nominal value of each share (£0.0001) and vest in instalments over 5 years. Warrants expire 5 years after the date of issue. Some or all of the warrants are forfeited if service agreements are terminated before the end of the term and the vesting for certain agreements is accelerated in the event of an exit event. Similar agreements were entered into during July 2010 and March 2011. The July 2010 and March 2011 warrants vest after 5 years and expire 90 days after the exercise date.

The total charge recognised during the period ended 31 March 2014 in respect of warrants was £44,000 (6 months ended 31 March 2013 (unaudited): £12,000; year ended 30 September 2013: £24,000; 9 months ended 30 September 2012: £6.7 million; year ended 31 December 2011: £1.9 million).

The charge for the 9 months ended 30 September 2012 includes an accelerated charge of £5.9 million in respect of the warrants granted in July 2010. The vesting of these warrants was accelerated by the acquisition of The Digital Property Group Limited on 31 May 2012 and they were subsequently exercised.

The following information is relevant in the determination of the fair value of the warrants granted:

	<b>Warrants granted July 2010</b>	<b>Warrants granted March 2011</b>	<b>Warrants granted January 2014</b>
Share price at grant date	£1.6791	£3.50	£17.50
Exercise price	£0.0001	£0.0001	£0.0001
Expected volatility	46.9%	46.9%	34.8%
Expected life	5 years	5 years	5 years
Expected dividend yield	0.0%	0.0%	3.1%
Risk-free interest rate	1.4%	1.4%	1.9%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last five years for a group of comparable companies.

Details of the warrants outstanding during the period are as follows:

	Year ended 31 December 2011		9 months ended 30 September 2012		Year ended 30 September 2013		6 months ended 31 March 2013 (unaudited)		6 months ended 31 March 2014	
	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)	Number '000	Weighted average exercise price (£)
Outstanding warrants at the beginning of the period	5,676	0.0001	5,710	0.0001	34	0.0001	34	0.0001	34	0.0001
Granted during the period	34	0.0001	–	0.0001	–	0.0001	–	0.0001	329	0.0001
Exercised during the period	–	0.0001	(5,676)	0.0001	–	0.0001	–	0.0001	–	0.0001
Outstanding warrants at the end of the period	<u>5,710</u>	<u>0.0001</u>	<u>34</u>	<u>0.0001</u>	<u>34</u>	<u>0.0001</u>	<u>34</u>	<u>0.0001</u>	<u>363</u>	<u>0.0001</u>

The warrants outstanding at 31 March 2014 had a weighted average exercise price of £0.0001 (30 September 2013, 30 September 2012 and 31 December 2011: £0.0001) and a weighted average remaining contractual life of 8.0 years (30 September 2013: 2.4 years; 30 September 2012: 3.4 years; 31 December 2011: 3.8 years). The exercise price for all outstanding warrants is £0.0001 (30 September 2013, 30 September 2012 and 31 December 2011: £0.0001).

None of the warrants are exercisable as at 31 March 2014 (30 September 2013: nil; 30 September 2012: nil; 31 December 2011: nil).

## 25. Related party transactions

The directors are considered to be the key management personnel of the group. Details of directors' remuneration are given in note 7.

Other related party transactions are as follows:

Daily Mail and General Trust plc ("DMGT") owned 52.57% of the share capital of Zoopla Property Group Limited at 31 March 2014 (30 September 2013: 51.45%; 30 September 2012: 52.25%; 31 December 2011: 0.0%). A&N Media Finance Services Limited ("ANMFS"), a subsidiary of DMGT, supplied various shared services to Zoopla Property Group Limited for which the fee was £65,000 for the 6 months ended 31 March 2014 (6 months ended 31 March 2013 (unaudited): £31,000; year ended 30 September 2013: £115,000; 9 months ended 30 September 2012: £nil; year ended 31 December 2011: £nil). The balance outstanding at 31 March 2014 was £10,000 (30 September 2013: £25,000; 30 September 2012: £nil; 31 December 2011: £nil).

Northcliffe Media Limited, a subsidiary of DMGT, provided advertising services and estate agency listing fees to Zoopla Property Group Limited. The fee earned for these services was £nil for the 6 months ended 31 March 2014 (6 months ended 31 March 2013 (unaudited): £142,000; year ended 30 September 2013: £142,000; 9 months ended 30 September 2012: £nil; year ended 31 December 2011: £nil). The balance outstanding at 31 March 2014 was £nil (30 September 2013: £nil; 30 September 2012: £nil; 31 December 2011: £nil).

Local World Limited, an associate of DMGT, provided advertising and estate agency listing services to Zoopla Property Group Limited. Fees paid for these services amounted to £73,000 for the 6 months ended 31 March 2014 (6 months ended 31 March 2013 (unaudited): £241,000; year ended 30 September 2013: £530,000; 9 months ended 30 September 2012: £nil; year ended 31 December 2011: £nil). The balance outstanding at 31 March 2014 was £10,000 (30 September 2013: £nil; 30 September 2012: £nil; 31 December 2011: £nil).

## 26. Financial instruments

The group is exposed to the following risks from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

### *Credit risk*

Credit risk, is the risk of financial loss to the group if a customer or bank (“counterparty”) fails to meet its contractual obligations resulting in financial loss to the group. The exposure to credit risk is influenced by the individual characteristics of each counterparty.

The group’s most significant customer accounts for £352,000 (30 September 2013: £279,000; 30 September 2012: £558,000; 31 December 2011: £95,000) of the trade receivables carrying amount. The group’s customer base is large, so there is no significant concentration of credit risk. The directors therefore consider the credit risk from trade receivables to be low.

Standard credit terms range from 15-30 days from the date of invoice. The group reserves the right to charge interest on overdue receivables, although it does not hold collateral over any trade receivable balances. The group’s trade receivables are stated net of an impairment allowance. This provision is reviewed regularly in conjunction with a detailed analysis of historic payment profiles and past default experience.

The ageing of trade receivables at the period end is as follows:

	31 December 2011		30 September 2012		30 September 2013		31 March 2014	
	Gross	Impairment	Gross	Impairment	Gross	Impairment	Gross	Impairment
0-30 days	299	–	3,001	–	1,274	–	1,323	–
31-60 days	279	(20)	1,071	–	749	(114)	1,034	(59)
61-90 days	93	(78)	249	(119)	208	(102)	212	(177)
91+ days	191	(160)	428	(356)	403	(291)	318	(265)
Total	862	(258)	4,749	(475)	2,634	(507)	2,887	(501)

Movement in the allowance for impairment of trade receivables:

	<b>Allowance £000</b>
At 1 January 2011	(278)
Impairment losses recognised	(85)
Amounts written off as uncollectible	105
	<hr/>
At 31 December 2011	(258)
Impairment losses recognised	(346)
Amounts written off as uncollectible	129
	<hr/>
At 30 September 2012	(475)
Impairment losses recognised	(444)
Amounts written off as uncollectible	412
	<hr/>
At 30 September 2013	(507)
Impairment losses recognised	(210)
Amounts written off as uncollectible	216
	<hr/>
At 31 March 2014	<u>(501)</u>

In determining the recoverability of a trade receivable, the group's management consider any change in the credit quality of the trade receivable from the date credit was granted up to the period end date.

The credit risk associated with bank and deposit balances is mitigated by the use of banks with good credit ratings.

The group's maximum exposure to credit risk at the period end was equal to the carrying amount of financial assets recorded in the financial statements.

#### *Liquidity risk*

Liquidity risk refers to the ability of the group to meet the obligations associated with its financial liabilities that are settled in cash as they fall due. The group's management regularly review performance against budgets and forecasts to ensure sufficient cash funds are available to meet its contractual obligations.

The group's revenue streams are largely subscription based, which results in a regular level of cash conversion allowing it to effectively service working capital requirements. Furthermore, the group is debt free and cash generative and therefore it has adequate funds in place for any unforeseen events.

The following tables detail the group's remaining contractual maturities for undiscounted financial liabilities, including interest:

At 31 December 2011

	<b>Carrying amount £000</b>	<b>Contractual cashflows £000</b>	<b>Less than 3 months £000</b>	<b>3 months to 1 year £000</b>	<b>Between 1 and 2 years £000</b>
Bank loan	(666)	(736)	(75)	(217)	(444)
Trade payables	(834)	(834)	(834)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(1,500)</u>	<u>(1,570)</u>	<u>(909)</u>	<u>(217)</u>	<u>(444)</u>

At 30 September 2012

	<b>Carrying amount £000</b>	<b>Contractual cashflows £000</b>	<b>Less than 3 months £000</b>
Trade payables	(860)	(860)	(860)
	<u>(860)</u>	<u>(860)</u>	<u>(860)</u>

At 30 September 2013

	<b>Carrying amount £000</b>	<b>Contractual cashflows £000</b>	<b>Less than 3 months £000</b>
Trade payables	(3,043)	(3,043)	(3,043)
	<u>(3,043)</u>	<u>(3,043)</u>	<u>(3,043)</u>

At 31 March 2014

	<b>Carrying amount £000</b>	<b>Contractual cashflows £000</b>	<b>Less than 3 months £000</b>
Trade payables	(1,804)	(1,804)	(1,804)
	<u>(1,804)</u>	<u>(1,804)</u>	<u>(1,804)</u>

### **Market risk**

Market risk, is the risk that changes in foreign exchange and interest rates will affect the income and financial management of the group. The objective of management is to ascertain and optimise the return on risk. The group is not exposed to any significant currency risk. There are no interest bearing financial liabilities and there is a minimal interest rate risk on cash and bank balances.

At 31 March 2014 the group held total cash and bank balances of £29.2 million (30 September 2013: £28.1 million, 30 September 2012: £11.0 million, 31 December 2011: £2.0 million).

### *Sensitivity analysis*

Due to the group's limited exposure to interest rate and exchange rate risks, the directors are comfortable that any sensitivity to fluctuations in interest or exchange rates would not have a material impact on the results of the group.

## **27. Operating lease commitments**

	<b>31 December 2011 £000</b>	<b>30 September 2012 £000</b>	<b>30 September 2013 £000</b>	<b>31 March 2014 £000</b>
At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:				
Within one year	426	426	339	209
In the second to fifth year inclusive	786	468	129	2,314
After five years	–	–	–	3,212
	<u>1,212</u>	<u>894</u>	<u>468</u>	<u>5,735</u>

## **28. Post Balance sheet events**

In April 2014 the group paid an interim dividend of £0.35 per ordinary share at a cost of £14.3 million. On 4 June 2014 the group declared a further interim dividend of £0.22 per ordinary share at a cost of £9.0 million.

In connection with Admission, a reorganisation of the corporate structure will be undertaken which will result in ZPG Limited becoming a direct subsidiary of Zoopla Property Group Plc, a newly incorporated company, which will be the ultimate holding company of the Group on Admission. The ordinary shares and the A ordinary shares (including any accrued but unpaid dividend) in ZPG Limited held by the existing shareholders will be re-designated into a single class of ordinary shares in ZPG Limited with the same economic and voting rights on a one for one basis. ZPG Limited and the existing shareholders will effect a share-for-share exchange whereby each of the existing shareholders will transfer all of the New ZPG Limited Ordinary Shares to Zoopla Property Group Plc, in exchange for the allotment and issue by Zoopla Property Group Plc of 10 ordinary shares for every 1 ZPG Limited Ordinary Share transferred, to represent the value of the shares in ZPG Limited held by it immediately prior to the Reorganisation.

## **29. Ultimate controlling party**

The directors are of the opinion that there was no ultimate controlling party in any of the periods presented in this historical financial information.

## SECTION B: CONSOLIDATED FINANCIAL INFORMATION OF DPG

### Accountants' Report

# Deloitte.

Deloitte LLP  
2 New Street Square  
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EC4A 3BZ

The Board of Directors  
on behalf of Zoopla Property Group Plc  
Harlequin Building  
65 Southwark Street  
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SE1 0HR

Credit Suisse Securities (Europe) Limited  
One Cabot Square  
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E14 4QJ

Jefferies International Limited  
Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ

5 June 2014

Dear Sirs

### **Digital Property Group Limited**

We report on the financial information of The Digital Property Group Limited for the two years ended 30 September 2012 set out in Part 10 Section B of the prospectus dated 5 June 2014 of Zoopla Property Group Plc (the "Company" and, together with its subsidiaries, the "Group") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 1 the financial information. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of The Digital Property Group Limited as at 30 September 2011 and 30 September 2012 and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP  
Chartered Accountants

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## Consolidated Financial Information of DPG

### The Digital Property Group Limited

#### Statement of comprehensive income

For the year ended 30 September 2012

	Notes	2011 £'000	2012 £'000
Revenue		32,066	33,625
Administrative expenses		(27,836)	(25,020)
<b>Adjusted EBITDA</b>	2	4,828	11,937
Depreciation and amortisation		(598)	(500)
Exceptional items	2(i)	–	(2,832)
<b>Operating profit and profit before tax</b>	3	4,230	8,605
Income tax expense	6	(1,268)	(2,159)
<b>Profit for the year being total comprehensive income</b>		2,962	6,446

**Statement of financial position**  
**For the year ended 30 September 2012**

	Notes	1 October 2010 £'000	30 September 2011 £'000	30 September 2012 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8	937	1,165	–
Intangible assets	9	38,076	38,062	–
Deferred tax asset	10	411	301	–
		<u>39,424</u>	<u>39,528</u>	<u>–</u>
<b>Current assets</b>				
Trade and other receivables	11	20,945	20,155	–
Cash and cash equivalents		149	145	–
		<u>21,094</u>	<u>20,300</u>	<u>–</u>
<b>Total assets</b>		<u>60,518</u>	<u>59,828</u>	<u>–</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	12	55,388	51,621	–
Current tax liabilities		1,046	1,161	–
<b>Total liabilities</b>		<u>56,434</u>	<u>52,782</u>	<u>–</u>
<b>Net assets</b>		<u>4,084</u>	<u>7,046</u>	<u>–</u>
<b>Equity</b>				
Share capital	13	–	–	–
Retained earnings		4,084	7,046	–
<b>Total equity</b>		<u>4,084</u>	<u>7,046</u>	<u>–</u>

**The Digital Property Group Limited**  
**Statement of cash flows**  
**For the year ended 30 September 2012**

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,230	8,605
Adjustments for:		
Depreciation of property, plant and equipment	495	349
Amortisation of intangible assets	103	151
Impairment of intangible assets	–	205
Loss on disposal of property, plant and equipment	53	620
Operating cash flow before changes in working capital	4,881	9,930
Decrease in receivables	786	2,881
Decrease in payables	(3,767)	(3,713)
Cash generated from operating activities	1,900	9,098
Income tax paid	(1,043)	(1,158)
<b>Net cash inflows from operating activities</b>	<b>857</b>	<b>7,940</b>
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(776)	(16)
Acquisition of intangible assets	(89)	–
Proceeds from disposal of property, plant and equipment	4	14
<b>Net cash used in investing activities</b>	<b>(861)</b>	<b>(2)</b>
<b>Cash flows used in financing activities</b>		
Dividends paid	–	(8,083)
<b>Net cash used in financing activities</b>	<b>–</b>	<b>(8,083)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4)</b>	<b>(145)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>149</b>	<b>145</b>
<b>Cash and cash equivalents at end of period</b>	<b>145</b>	<b>–</b>

**The Digital Property Group Limited**  
**Statement of changes in equity**  
**For the year ended 30 September 2012**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
At 1 October 2010	–	4,084	4,084
Total comprehensive income for the year	–	2,962	2,962
At 30 September 2011	–	7,046	7,046
Total comprehensive income for the year	–	6,446	6,446
Transactions with owners recorded directly in equity			
Capital contribution in respect of group relief at non-standard rate	(i) –	1,372	1,372
Capital contribution in respect of waiver of intercompany debt	(ii) –	28,409	28,409
Dividends paid	(iii) –	(43,273)	(43,273)
At 30 September 2012	–	–	–

(i) The capital contribution arose from the provision of group relief at non-standard rate from the company's parent, A&N Media Limited.

(ii) The capital contribution arose from the waiver of a loan from the company's parent, A&N Media Limited, prior to the acquisition by Zoopla Property Group Limited.

(iii) On 30 September 2012 the goodwill of £37.7 million and other net assets of £5.6 million were distributed via a dividend in specie to Zoopla Property Group Limited.

## **The Digital Property Group Limited**

### **Notes to the historical financial information For the year ended 30 September 2012**

#### **1. Accounting policies**

The Digital Property Group Limited is a company domiciled and incorporated in the United Kingdom. The address of the registered office is 2nd Floor Union House, 182-194 Union Street, London, SE1 0LH.

#### ***Basis of preparation***

The principal accounting policies adopted in the preparation of the financial statements are set out below for the years ended 30 September 2011 and 30 September 2012. The policies have been consistently applied to all the periods presented, unless otherwise stated.

On 30 September 2012, the company transferred its trade to its parent company, Zoopla Property Group Limited and accordingly, financial statements for any period subsequent to 30 September 2012 have not been prepared.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations (collectively “IFRSs”) issued by the International Accounting Standards Board (“IASB”) as adopted by the European Union (“adopted IFRSs”). They are prepared on the historical cost basis.

The Digital Property Group Limited prepared its financial statements under United Kingdom generally accepted accounting principles (“UK GAAP”). These non-statutory financial statements have been specifically prepared under IFRS for the purposes of inclusion in the financial track record of the prospectus. The transition date for these financial statements is 1 October 2010. Accordingly, the company’s statements of financial position as at 1 October 2010, 30 September 2011 and 30 September 2012, and its statements of comprehensive income for the periods ended 30 September 2011 and 30 September 2012 that were previously reported in accordance with UK GAAP have been restated in accordance with IFRS on the basis of the accounting policies described below.

An explanation of the transition to IFRS and an analysis of the significant differences between UK GAAP and IFRS that were relevant to the company and of their effect on the company’s reported financial position as at 1 October 2010, and its result for the period ended 30 September 2012 is presented in note 19.

#### ***Going concern***

On 30 September 2012, the company transferred its trade to its parent company, Zoopla Property Group Limited. For the purposes of the historical financial information the company’s activities continue to operate under the control of Zoopla Property Group Limited and therefore these financial statements, which are presented to reflect the historical results of the business, have been prepared on a going concern basis.

#### ***Revenue***

Revenue represents amounts derived from the provision of goods and services which fall within the company’s ordinary activities after deduction of trade discounts and Value Added Tax. The revenue and pre-tax profit, all of which arise in the United Kingdom, are attributable to one activity, being the operation of internet property portals.

Revenue from the provision of internet property advertisements is recognised as the properties are advertised on the internet site.

#### ***Operating leases***

Leases are classified as operating leases as substantially all of the risks and rewards incidental to ownership are not transferred to the company. The total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term.

### ***Property, plant and equipment***

Items of property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment. Impairment reviews are undertaken annually. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset, using the straight-line method as follows:

Plant and machinery	–	over 3 years
Fixtures and fittings	–	over 5 years
Motor vehicles	–	over 3 years

### ***Goodwill***

Goodwill represents the difference between consideration paid and fair value of assets and liabilities acquired in a business combination.

On transition to IFRS, the exemption in Appendix C to IFRS 1 has been applied, whereby goodwill has been measured at its UK GAAP carrying value as at the date of transition. Thereafter it has been tested for impairment in accordance with IAS 36.

### ***Intangible assets***

Intangible assets with finite lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets as follows:

Domain names	–	over 5 years
Website development	–	over 3 years

### ***Research and development***

All costs incurred in website development and ongoing development and refinement are written off in the period in which they are incurred. Website costs are only capitalised to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the asset capitalised.

### ***Impairment of tangible and intangible assets excluding goodwill***

At each balance sheet date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset, which represents the higher of value in use and fair value less costs to sell, is estimated to determine the extent of any impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### ***Financial instruments***

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are not interest bearing and are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for impairment in relation to irrecoverable amounts. This is deemed to be a reasonable approximation of their fair value.

The company's trade receivables are stated net of an impairment allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in recoverability of the cash flows. When a trade receivable is deemed uncollectible, it is written off against the allowance account.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount which is deemed to be a reasonable approximation of their fair value.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The company's ordinary shares are classified as equity instruments and are recognised at the proceeds received, net of any direct issue costs.

### ***Current tax***

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

### ***Deferred tax***

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### ***Retirement benefits***

The company participates in defined contribution and defined benefit schemes.

The defined benefit scheme is a group plan operated by the sponsoring employer Daily Mail and General Trust plc ("DMGT"), in which the company is a participating employer. There is no contractual agreement or policy for charging the net IAS 19 defined benefit cost to individual group entities. The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employees, and therefore the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the scheme as a whole). Therefore the company is unable to identify its share of the underlying assets and liabilities in this scheme and the scheme is accounted for as a defined contribution scheme.

The amount charged to the profit and loss account in respect of pension costs is the contributions payable for the year.

### *Critical accounting estimates and judgements*

The company's management make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future periods are discussed below.

#### *Impairment of goodwill and intangibles*

Determining whether goodwill and intangible assets are impaired or whether a reversal of impairment of intangible assets should be recorded requires an estimation of the recoverable value, which represents the higher of fair value and value in use, of the relevant cash-generating unit. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred. A key area of judgement is deciding the long-term growth rate and the discount rate applied to those cash flows.

#### *Deferred tax assets*

The company makes estimates regarding the recoverability of deferred tax assets relating to losses based on forecasts of future taxable profits which are, by their nature, uncertain.

## **2. Adjusted EBITDA**

For the purposes of the historical financial information, Adjusted EBITDA has been presented as it is used by management of the company's parent, Zoopla Property Group Limited, as a key measure to monitor the group's business and the Directors believe it should be disclosed on the face of the income statement to assist in the understanding of underlying financial performance.

EBITDA is defined as profit or loss for the period before income tax expense or income, finance income, finance costs, and depreciation and amortisation. Adjusted EBITDA is arrived at by making adjustments for costs and profits which management believe to be exceptional in nature by virtue of their size or incidence. Such items would include costs associated with business combinations, one-off gains and losses on disposal, and similar items of a non-recurring nature together with reorganisation costs and similar charges.

The table below presents a reconciliation of profit for the period to Adjusted EBITDA for the periods shown:

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the period	2,962	6,446
Income tax expense	1,268	2,159
Depreciation and amortisation	598	500
Exceptional items <sup>(i)</sup>	—	2,832
Adjusted EBITDA	<u>4,828</u>	<u>11,937</u>

(i) Exceptional items during 2012 represent reorganisation and redundancy costs arising as a result of the acquisition of the company by Zoopla Property Group Limited.

### 3. Operating profit

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	495	349
Amortisation of intangible assets	103	151
Impairment of intangible assets	–	205
Operating lease rentals:		
Operating lease rentals – plant and machinery	6	10
Operating lease rentals – other	593	345
Loss on disposal of tangible fixed assets	53	620
Foreign currency losses	4	3
	<u>4</u>	<u>3</u>

### 4. Employee costs

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs (including directors) comprise:		
Wages and salaries	10,053	6,837
Social security costs	1,195	829
Pension costs	221	168
	<u>11,469</u>	<u>7,834</u>

### 5. Director and employee numbers

The average number of persons employed by the company including directors during the year, analysed by category was as follows:

	<b>2011</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
Sales, marketing and distribution	<u>145</u>	<u>201</u>

On 30 September 2012 the trade and assets of the company were transferred to Zoopla Property group Limited after which date the company had no employees.

### 6. Income tax expense

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
Current period	1,161	2,374
Adjustment in respect of prior periods	(3)	(3)
Total current tax	<u>1,158</u>	<u>2,371</u>
Deferred tax:		
Origination and reversal of temporary differences	42	(212)
Adjustment in respect of prior periods	44	–
Effect of change in UK corporation tax rate	24	–
Total deferred tax	<u>110</u>	<u>(212)</u>
Total income tax expense	<u>1,268</u>	<u>2,159</u>

Corporation tax is calculated at 25% (2011: 27%) of the taxable profit for the year.

The charge for the year can be reconciled to the profit before tax as follows:

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	4,230	8,605
Corporation tax at the current rate of 25% (2011: 27%)	1,142	2,151
Non-deductible expenses	61	11
Adjustments in respect of prior periods	41	(3)
Effect of change in UK corporation tax rate	24	–
De-recognition of deferred tax assets	–	–
	<u>1,268</u>	<u>2,159</u>

## 7. Dividends

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Interim dividend	–	43,273

On 30 September 2012 the goodwill of £37.7 million and other net assets of £5.6 million were distributed via a dividend in specie to Zoopla Property Group Limited.

## 8. Property, plant and equipment

	<b>Plant and machinery £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 October 2010	1,152	58	–	1,210
Additions	776	–	4	780
Disposals	(557)	(58)	–	(615)
At 30 September 2011	<u>1,371</u>	<u>–</u>	<u>4</u>	<u>1,375</u>
Additions	16	–	–	16
Disposals	(1,387)	–	(4)	(1,391)
At 30 September 2012	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Accumulated depreciation</b>				
At 1 October 2010	(243)	(30)	–	(273)
Charge for the year	(472)	(23)	–	(495)
Disposals	505	53	–	558
At 30 September 2011	<u>(210)</u>	<u>–</u>	<u>–</u>	<u>(210)</u>
Charge for the year	(349)	–	–	(349)
Disposals	559	–	–	559
At 30 September 2012	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Net book value</b>				
At 30 September 2012	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 September 2011	<u>1,161</u>	<u>–</u>	<u>4</u>	<u>1,165</u>
At 1 October 2010	<u>909</u>	<u>28</u>	<u>–</u>	<u>937</u>

## 9. Intangible assets

	<b>Goodwill £'000</b>	<b>Domain names £'000</b>	<b>Website development £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 October 2010	37,704	9	454	38,167
Additions	–	–	89	89
At 30 September 2011	37,704	9	543	38,256
Disposals	(37,704)	(9)	(543)	(38,256)
At 30 September 2012	–	–	–	–
<b>Accumulated amortisation and impairment</b>				
At 1 October 2010	–	(5)	(86)	(91)
Charge for the year	–	(1)	(102)	(103)
At 30 September 2011	–	(6)	(188)	(194)
Charge for the year	–	(1)	(150)	(151)
Impairment <sup>(i)</sup>	–	(2)	(203)	(205)
Disposals	–	9	541	550
At 30 September 2012	–	–	–	–
<b>Net book value</b>				
At 30 September 2012	–	–	–	–
At 30 September 2011	37,704	3	355	38,062
At 1 October 2010	37,704	4	368	38,076

<sup>(i)</sup> The impairments relate to assets which were part of a different technology platform not compatible with that operated by Zoopla Property Group Limited.

## 10. Deferred tax

	<b>Property plant and equipment £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 October 2010	295	116	411
Credit/(charge) to profit or loss	6	(116)	(110)
At 30 September 2011	301	–	301
Credit to profit or loss	212	–	212
Disposed	(513)	–	(513)
At 30 September 2012	–	–	–

Deferred tax assets and liabilities are offset where there is a legally enforceable right to do so.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>1 October 2010 £'000</b>	<b>30 September 2011 £'000</b>	<b>30 September 2012 £'000</b>
Deferred tax assets	411	301	–

At the balance sheet date, unused tax losses amount to £nil (2011: £nil, 2010: £nil) and unrecognised deferred tax assets amount to £nil (2011: £nil, 2010: £nil).

## 11. Trade and other receivables

	1 October 2010 £'000	30 September 2011 £'000	30 September 2012 £'000
Trade receivables	1,082	1,366	–
Loans to other group entities	17,940	17,002	–
Prepayments	409	353	–
Accrued income	1,514	1,434	–
	<u>20,945</u>	<u>20,155</u>	<u>–</u>

Loans to other group entities are non-interest bearing.

The carrying value of trade and other receivables is approximate to their fair value. The carrying value also represents the maximum credit exposure.

Details of the exposure to credit risk are given in note 18.

## 12. Trade and other payables

	1 October 2010 £'000	30 September 2011 £'000	30 September 2012 £'000
Trade payables	273	–	–
Loans from other group entities	51,064	47,315	–
Accruals	2,973	3,247	–
Deferred income	23	27	–
Other taxation and social security payments	927	868	–
Other payables	128	164	–
	<u>55,388</u>	<u>51,621</u>	<u>–</u>

At 30 September 2011 there were no trade payables as the purchase ledger was operated by A&N Media Finance Services Limited, a subsidiary of Daily Mail and General Trust plc.

Loans from other group entities are non-interest bearing.

The carrying value of trade and other payables is approximate to their fair value.

Details of the exposure to liquidity risk are given in note 18.

## 13. Share capital

	1 October 2010 £'000	30 September 2011 £'000	30 September 2012 £'000
<b>Allotted, called up and fully paid shares</b>			
100 ordinary shares of £1 each (2011: 100, 2010: 100)	<u>100</u>	<u>100</u>	<u>100</u>

## 14. Retirement benefits

The company operated AN PensionSaver, a group personal pension arrangement under which contributions are paid by the employer and employees. It also participated in the Harmsworth Pension Scheme, a defined benefit pension scheme operated by Daily Mail and General Trust plc (“DMGT”).

### ***AN PensionSaver***

AN PensionSaver was the principal pension arrangement offered to employees of the company. Assets of the plan are invested in funds selected by members and held independently from the company's finances. The investment and administration of the plan is undertaken by Fidelity Pension Management.

### ***Harmsworth Pension Scheme***

The scheme is now closed to new entrants. Existing members still in employment can continue to accrue benefits in the scheme on a cash basis, with members using this cash account to purchase an annuity at retirement. The assets of the scheme are held independently from the company's finances and are administered by a trustee company.

Full actuarial valuations of the scheme are carried out triennially by the scheme actuary. The latest valuation of the scheme was completed as at 31 March 2010. As a result of this valuation, DMGT agreed to make annual contributions of 10% or 15% of members' basic pay (depending on membership section). In addition, DMGT has agreed a recovery plan involving a series of annual funding payments amounting to £231.4 million over a period to end on 5 October 2023. In accordance with these agreements, a payment of £24.8 million was made on 5 October 2011 and a payment of £21 million was made on 28 September 2012. A further payment of £3.0 million was made post year end on 5 October 2012. DMGT considers that these contribution rates are sufficient to eliminate the deficit over the agreed period. Both the ongoing contributions and recovery plan will be reviewed at the next triennial funding valuation of the scheme due to be completed with an effective date of 31 March 2013.

The company, which during the period to 31 May 2012, was a subsidiary of DMGT, participated in this group defined benefit scheme, which is a multi-employer scheme. The sponsoring employer is DMGT and there is no contractual agreement or policy for charging the net IAS 19 defined benefit cost to individual group entities. The company is therefore unable to identify its share of the underlying assets and liabilities in this scheme. The scheme is operated on an aggregate basis with no segregation of the assets to individual participating employees, and therefore the same contribution rate is charged to all participating employers (i.e. the contribution rate charged to each employer is affected by the experience of the scheme as a whole). The scheme is therefore accounted for as a defined contribution scheme by the company. This means that the pension charge reported in these financial statements is the same as the cash contributions in the period. The size of the surplus or deficit in the scheme, as measured for funding purposes, impacts on the calculations undertaken by the actuary to determine the cash funding (contributions) required from the companies that participate in the scheme.

The pension charge for the year was as follows:

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
AN PensionSaver	187	118
Harmsworth Pension Scheme	34	49
	<u>221</u>	<u>167</u>

The operations of the pension schemes described above have ended because the company ceased trading on 30 September 2012. The outstanding liability at the balance sheet date was £nil (2011: £nil, 2010: £nil).

IAS 19 requires that where a company's employees are part of a group pension scheme, full disclosure of the assets, liabilities and charges with respect to that scheme are provided within their financial statements. During the periods covered in these financial statements the company had a maximum of 3 employees in the Harmsworth Pension Scheme, which has approximately 21,000 members. Furthermore, following the acquisition by Zoopla Property Group Limited on 31 May 2012 the employees that participated in the scheme became deferred members of the scheme and the company made no further contributions with respect to those employees and had no obligation with respect to the services previously rendered by those employees. Accordingly, the company has concluded that disclosures with respect to the Harmsworth Pension Scheme are not material.

## 15. Operating lease commitments

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	1 October 2010 £'000	30 September 2011 £'000	30 September 2012 £'000
Within one year	388	214	–
In the second to fifth year inclusive	332	580	–
After five years	39	–	–
	<u>759</u>	<u>794</u>	<u>–</u>

On 30 September 2012 the trade and assets of the company were transferred to Zoopla Property Group Limited and after that date the company no longer has any operating lease commitments.

## 16. Related party transactions

The directors are considered to be the key management personnel of the company.

The directors' remuneration for the year were as follows:

	2011 £'000	2012 £'000
Aggregate emoluments (including benefits in kind)	<u>559</u>	<u>277</u>

In respect of the highest paid director:

	2011 £'000	2012 £'000
Remuneration	321	154
Company contributions to money purchase pension schemes	21	21
Defined benefit accrued pension entitlement at the end of the period	<u>34</u>	<u>67</u>

Daily Mail and General Trust plc (“DMGT”) was the company’s ultimate parent prior to 31 May 2012 and at 30 September 2012 owned 52% of the share capital of Zoopla Property Group Limited, the current parent company of The Digital Property Group Ltd. The company had a number of commercial relationships with subsidiaries of DMGT, details of which are given below:

A&N Media Finance Services (“ANMFS”) supplied various services to the company including payroll for transitional staff and certain services shared with other subsidiaries of DMGT. ANMFS settled supplier and VAT liabilities on behalf of the company, and recharged the company for these payments. The total value of payments to ANMFS for these services for the year was £15.4 million (2011: £13.9 million). At 30 September 2012 the company had a liability of £0.2 million to ANMFS for these services (2011: £nil; 1 October 2010: £nil). The balance was transferred to Zoopla Property Group Limited.

The company provided estate agency listing services to Northcliffe Media. The value billed for these services for the year was £2.9 million (2011: £2.4 million). At 30 September 2012 the company was owed £0.6 million for these services from Northcliffe Media (2011: £nil; 1 October 2010: £nil). The balance was transferred to Zoopla Property Group Limited.

The company sold display sales inventory on behalf of Globrix Limited. The company charged Globrix selling fees of £108,000 during the year (2011: £168,000). At 30 September 2012 the company was owed £16,000 for these services from Globrix Limited (2011: £nil; 1 October 2010: £41,000). The balance was transferred to Zoopla Property Group Limited.

The company sub-letted office space to Argyll Limited. The value billed for these services for the year was £14,000 (2011: £nil). At 30 September 2012 there was no outstanding receivable due from Argyll Limited (2011: £nil; 1 October 2010: £nil).

Associated Newspapers Limited (“ANL”) provided creative and marketing services to the company. The company was charged £114,000 for these services during the year (2011: £50,000). The company was also charged £146,000 by ANL for the use of office space during the year (2011: £nil). At 30 September 2012 there was no outstanding liability to ANL for any of these services (2011: £nil; 1 October 2010: £nil).

## 17. Ultimate parent company and controlling party

The company is controlled by Zoopla Property Group Limited. Zoopla Property Group Limited acquired the shares of the company on 31 May 2012. Daily Mail and General Trust plc owns 52% of the share capital of Zoopla Property Group Limited.

The ultimate parent company is Zoopla Property Group Limited, which is incorporated in England and Wales. Zoopla Property Group Limited is the parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements are available from its registered office at The Harlequin Building, 65 Southwark Street, London SE1 0HR.

## 18. Financial instruments

The company is exposed to the following risks from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

### *Credit risk*

Credit risk, is the risk of financial loss to the company if a customer or bank (“counterparty”) fails to meet its contractual obligations resulting in financial loss to the company. The exposure to credit risk is influenced by the individual characteristics of each counterparty.

The company has no significant concentration of credit risk from trade receivables, with exposure spread over a large number of customers.

The company’s standard credit terms range from 15-30 days from the date of invoice. The company reserves the right to charge interest on overdue receivables, although it does not hold collateral over any trade receivable balances. The company’s trade receivables are stated net of an impairment allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in recoverability of the cash flows.

The ageing of trade receivables is as follows:

	1 October 2010		30 September 2011		30 September 2012	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	£’000	£’000	£’000	£’000	£’000	£’000
Not past due	971	(75)	928	–	–	–
0-30 days past due	239	(53)	366	(49)	–	–
31-60 days past due	23	(23)	170	(49)	–	–
61+ days past due	46	(46)	170	(170)	–	–
	<u>1,279</u>	<u>(197)</u>	<u>1,634</u>	<u>(268)</u>	<u>–</u>	<u>–</u>

Movement in the allowance for impairment of trade receivables:

	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the period	(197)	(268)
Impairment losses recognised	(279)	(211)
Amounts written off as uncollectible	208	228
Disposed	–	251
	<u>(268)</u>	<u>–</u>

The company's exposure to significant concentration of credit risk on receivables from related parties is shown below:

	<b>1 October</b>	<b>30 September</b>	<b>30 September</b>
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loan to Associated Newspapers Limited	–	–	–
Loan to Globrix Limited	13,532	–	–
Loan to Northcliffe Media Holdings Limited	41	–	–
Loan to A&N Media Finance Services Limited	4,367	17,002	–
	<u>17,940</u>	<u>17,002</u>	<u>–</u>

The above loans are all short term and non-interest bearing. There are no past due or impaired balances. The amounts due were protected by the counterparty being a division of Daily Mail and General Trust plc.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company's maximum exposure to credit risk at each period end was equal to the carrying amount of financial assets recorded in the financial statements.

### **Liquidity risk**

Liquidity risk refers to the ability of the company to meet the obligations associated with its financial liabilities that are settled in cash as they fall due. The company maintains its own cash resources to ensure sufficient funds are available for ongoing operations and future development. The company's management regularly review performance against budgets and forecasts to ensure sufficient cash funds are available to meet their contractual obligations. Furthermore, the company had access to funds through its parent companies.

The following tables detail the company's remaining contractual maturities for undiscounted financial liabilities, including interest:

	<b>Carrying amount</b>	<b>Contractual cashflows</b>	<b>Less than 3 months</b>	<b>3 months to 1 year</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 30 September 2011</b>				
Loans from other group entities	(47,315)	(47,315)	–	(47,315)
	<u>(47,315)</u>	<u>(47,315)</u>	<u>–</u>	<u>(47,315)</u>
<b>At 1 October 2010</b>				
Trade payables	(273)	(273)	(273)	–
Loans from other group entities	(51,064)	(51,064)	–	(51,064)
	<u>(51,337)</u>	<u>(51,337)</u>	<u>(273)</u>	<u>(51,064)</u>

### ***Market risk***

Market risk, is the risk that changes in foreign exchange and interest rates will affect the income and financial management of the company. The company is not exposed to any significant currency risk. There are no interest bearing financial liabilities and there is a minimal interest rate risk on cash and bank balances.

At 30 September 2012 the company held no cash balances (2011: £145,000; 2012: £149,000).

### ***Sensitivity analysis***

Due to the company's limited exposure to interest rate and exchange rate risks, any sensitivity to fluctuations in interest or exchange rates would not have a material impact on the results of the company. Consequently no sensitivity analysis has been performed.

## **19. IFRS conversion**

The Digital Property Group Limited prepared its financial statements under UK GAAP. These non-statutory financial statements have been specifically prepared under International Financial Reporting Standards ("IFRS") for the purposes of inclusion in the financial track record of the prospectus. Prior year comparatives have therefore been restated accordingly. The date of transition to IFRS is 1 October 2010. The most recent UK GAAP financial statements were for the year ended 31 September 2012.

The only exemption taken from full retrospective application of IFRS is the exemption in Appendix C to IFRS 1, whereby goodwill has been measured at its UK GAAP carrying value as at the date of transition.

## Statement of financial position as at 30 September 2010

### Reconciliation from UK GAAP to IFRS GAAP

	UK GAAP £'000	Adj 1	Adj 2	IFRS GAAP £'000	
<b>Fixed assets</b>					<b>Assets</b>
Tangible fixed assets	1,309	(372)		937	<b>Non-currents</b>
Intangible fixed assets	37,704	372		38,076	Property, plant and equipment
			411	411	Intangible assets
	<u>39,013</u>			<u>39,424</u>	Deferred tax asset
<b>Current assets</b>					<b>Current asset</b>
Debtors	21,356		(411)	20,945	Trade and other receivables
Cash at bank and in hand	149			149	Cash and cash equivalents
	<u>21,505</u>			<u>21,094</u>	
				<u>60,518</u>	<b>Total assets</b>
Creditors: amounts falling due within one year	56,434		(1,046)	55,388	<b>Liabilities</b>
			1,046	1,046	<b>Current liabilities</b>
				<u>56,434</u>	Trade and other payables
Net current liabilities	<u>(34,929)</u>				Current tax liabilities
					<b>Total liabilities</b>
<b>Net assets</b>	<u>4,084</u>			<u>4,084</u>	<b>Net assets</b>
<b>Share capital and reserves</b>					<b>Equity</b>
Called up share capital	–			–	Share capital
Profit and loss account	4,084			4,084	Retained earnings
<b>Shareholders' funds</b>	<u>4,084</u>			<u>4,084</u>	<b>Total equity</b>

1. Reclassification between tangible fixed assets and intangible fixed assets in relation to domain names and website development.
2. Reanalysis of deferred tax from debtors and current tax liability from creditors.

## Statement of comprehensive income for the year ended 30 September 2012

### Reconciliation from UK GAAP to IFRS GAAP

	UK GAAP					IFRS GAAP	
	£'000	Adj 3	Adj 4	Adj 5	Adj 6	£'000	
<b>Turnover</b>	33,625					33,625	Revenue
Cost of sales	(1,475)	1,475					
<b>Gross profit</b>	32,150						
Administrative expenses	(22,857)	(4,307)	2,144			(25,020)	Administrative expenses
<b>Operating profit</b>	9,293					8,605	<b>Operating profit and profit before tax</b>
Exceptional costs:							
Costs of a fundamental restructuring of discontinued operations	(2,374)	2,374					
Losses on the disposal of fixed assets	(458)	458					
<b>Profit on ordinary activities before taxation</b>	6,461						
Tax charge on profit on ordinary activities	(1,300)			(1,372)	513	(2,159)	Income tax expense
<b>Profit for the financial year</b>	5,161					6,446	<b>Profit for the period from discontinued operations</b>

- Renalysis of cost of sales to administrative expenses; and reclassification of exceptional costs to administrative expenses.
- Under the exemption in Appendix C to IFRS 1 relating to the accounting for business combinations, goodwill has been measured at its UK GAAP carrying value at the date of transition. This adjustment relates to the reversal of amortisation charged under UK GAAP during the year ended 30 September 2012.
- This adjustment to reclassify non-standard rate group relief surrendered by the company's parent, from the income tax charge to a capital contribution in equity represents the correction of an error.
- Reclassification of deferred tax asset hived up to Zoopla Property Group Limited from tax charge to dividends paid.

## PART 11

### DETAILS OF THE OFFER

#### 1. BACKGROUND AND OVERVIEW OF THE OFFER

The Selling Shareholders are collectively offering for sale pursuant to the Offer between 92,882,726 Shares and 194,911,751 Shares at a Price Range of between 200 pence and 250 pence per Share.

The Offer is being made by way of:

- an Institutional Offer by the Selling Shareholders: (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S and in accordance with locally applicable laws and regulations, and (ii) in the United States, only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and
- a Member Offer in the United Kingdom by the Principal Selling Shareholders to Eligible Members.

Assuming that the Offer Price is set at the mid-point of the Price Range and that the Member Offer is taken up in full, the total number of Shares comprised in the Member Offer is 20,067,993 Shares. The Share Offer Size Range is between 92,882,726 Shares and 194,911,751 Shares. Any Shares not applied for pursuant to the Member Offer, together with the number of Shares made available to satisfy the corresponding Member Options (which entitle Eligible Members to purchase additional Shares after the first anniversary of Admission at the Discounted Offer Price in an amount equal to the number of Shares such Eligible Member purchased in the Member Offer as described below), are expected to be made available in the Institutional Offer. The Underwriters are not underwriting the Member Offer. The actual number of existing Shares to be sold by each of the Selling Shareholders in the Offer will only be determined by each of them at the time the Offer Price is determined.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being sold under the Offer in jurisdictions outside the United Kingdom are described in paragraph 14 (“Selling Restrictions”) below.

When admitted to trading, the Shares will be registered with ISIN number GB00BMHTHT14 and SEDOL (Stock Exchange Daily Official List) number BMHTHT1 and trade under the symbol “ZPLA”.

Immediately following Admission, it is expected that between 25 per cent and 54.5 per cent of the Shares will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules) (assuming that the Over-allotment Option is not exercised) and between 25 per cent and 58.4 per cent will be held in public hands (assuming that the Over-allotment Option is exercised in full).

Completion of the Offer will be subject, inter alia, to the determination of the Offer Price and the Share Offer Size and each of the Company’s, certain of the Selling Shareholders’ and the Joint Global Co-ordinators’ decisions to proceed with the Offer. It will also be subject to the satisfaction of conditions contained in the Underwriting Agreement including Admission occurring and to the Underwriting Agreement not having been terminated. The Offer cannot be terminated once unconditional dealings in the Shares have commenced. Further details of the Underwriting Agreement are set out in paragraph 10.1 of Part 12 “Additional Information”.

The rights attaching to the Shares sold pursuant to the Offer, including any Shares sold pursuant to the Over-allotment Option will be uniform in all respects, including the right to vote and the right to receive all dividends and other distributions declared, made or paid in respect of the Company’s share capital after Admission. The Shares will, immediately on and from Admission, be freely transferable under the Articles of Association.

#### 2. REASONS FOR THE OFFER AND USE OF PROCEEDS

The Selling Shareholders are seeking to realise part of their investment in the Company by way of the Offer.

In addition, the Board believes that Admission will benefit the Company as it will, amongst other things:

- assist in positioning the Group for its next stage of development;
- give the Group access to a wider range of capital-raising options which may be of use in the future; and
- assist in recruiting, retaining and incentivising key management and employees.

Through the sale of Shares pursuant to the Offer, the Offer is expected to raise gross proceeds receivable by the Selling Shareholders of approximately £323.8 million (assuming that the Offer Price is set at the mid-point of the Price Range, that the Share Offer Size is set at the mid-point of the Share Offer Size Range and no exercise of the Over-allotment Option) before taking into account expenses. On that basis, the aggregate underwriting commissions and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Global Offer are estimated to be up to approximately £9.7 million.

The Company will not receive any of the proceeds from the sale of the Shares pursuant to the Offer, all of which will be paid to the Selling Shareholders.

### **3. SHARE OFFER SIZE, OFFER PRICE, BOOKBUILDING AND ALLOCATIONS**

This section should be read in conjunction with the section entitled Part 4 “Expected Timetable of Principal Events and Offer Statistics”.

The Selling Shareholders are collectively offering for sale a Share Offer Size Range of between 92,882,726 Shares and 194,911,751 Shares at a Price Range of between 200 pence and 250 pence per Share. The actual number of existing Shares to be sold by each of the Selling Shareholders in the Offer will only be determined by each of them at the time the Offer Price is determined.

In connection with Admission, the Principal Selling Shareholders have indicated that they will make available, in aggregate, between 123,539,535 and 196,372,125 Shares, representing between 31.5 and 50 per cent. of their existing holdings on a weighted average basis (including in each case Shares subject to the Over-allotment Option). Assuming the Offer Price is set at the mid-point of the Price Range, the maximum number of Shares to be made available in connection with Admission comprise a maximum of 20,067,993 Shares to be made available in the Member Offer and a maximum of 20,067,993 Shares to be made available to satisfy Member Options (which entitle Eligible Members to purchase additional Shares after the first anniversary of Admission at the Discounted Offer Price in an amount equal to the number of Shares such Eligible Member purchased in the Member Offer), with the balance to be sold in the Institutional Offer and pursuant to the Over-allotment Option. Any Shares not applied for pursuant to the Member Offer, together with the number of Shares made available to satisfy the corresponding Member Options, are expected to be made available for sale in the Institutional Offer.

Accordingly if 50 per cent of the maximum number of Shares being made available in the Member Offer are taken up and the non-Principal Selling Shareholders sell 50 per cent of their respective Shares in the Offer (assuming the Offer Price is set at the bottom of the Price Range and no exercise of the Over-allotment Option), the minimum number of Shares being made available in the Offer would be 111,214,510, equivalent to 26.6 per cent of the issued ordinary share capital immediately following Admission.

It is currently expected that the Share Offer Size will be set within the Share Offer Size Range and that the Offer Price will be set within the Price Range. However, the number of Shares to be sold may fall outside the Offer Size Range (in each case subject to the minimum free float requirements agreed by the Company with the UK Listing Authority) or the Offer Price may fall outside the Price Range. See paragraph 12 of this Part 11 “Details of the Offer” for the steps the Company will take should the Share Offer Size be set above or below the Share Offer Size Range and/or the Offer Price be set above the Price Range or the Price Range is revised higher.

In addition, further Shares representing up to 10 per cent of the Offer (up to 19,491,044 Shares assuming that the Offer Price is set at the mid-point of the Price Range) will be made available by the Over-allotment Shareholders pursuant to the Over-allotment Option described below.

All Shares sold pursuant to the Offer will be sold (and be payable in full) at the Offer Price, save that Eligible Members will be entitled to apply to purchase Shares up to the Member Offer Entitlement at the Discounted Offer Price (see paragraph 5.1 “Details of the Member Offer” below).

A number of factors will be considered in deciding the Offer Price and the Share Offer Size, including prevailing market conditions, the level and the nature of the demand for Shares in the Offer and the objective of encouraging the development of an orderly and liquid after-market in the Shares. The Offer Price and the Share Offer Size will be established at a level determined in accordance with these arrangements, taking into account indications of interest received (whether before or after the times and/or dates stated). Accordingly, the Offer Price will not necessarily be the highest price at which all of the Shares subject to the Offer could be sold.

The Underwriters will solicit from prospective investors indications of interest in acquiring Shares under the Institutional Offer. Prospective institutional investors will be required to specify the number of Shares which they would be prepared to acquire either at specified prices or at the Offer Price (as finally determined). There is no minimum or maximum number of Shares which can be applied for under the Institutional Offer. In addition, applications for Shares will be sought from Eligible Members in the Member Offer. The Principal Selling Shareholders intend that all Eligible Members who submit a valid Application Form will, subject to the Member Offer Terms and Conditions, receive all of the Shares for which they apply. Applications in the Institutional Offer and the Member Offer will then be aggregated and this demand will be taken into account by the Selling Shareholders in establishing the Offer Price and the Share Offer Size as described above in respect of the Offer.

In the event that demand for the Shares being offered exceeds the number of Shares made available in the Offer, allocations in respect of the Institutional Offer may be scaled down in any manner at the Joint Global Co-ordinators’ discretion, in consultation with the Company and certain of the Selling Shareholders, and applicants under the Institutional Offer may be allocated Shares having an aggregate value which is less than the sum applied for.

Shares will be allocated to institutional investors in the United Kingdom and elsewhere under the Institutional Offer on the basis jointly agreed by the Joint Global Co-ordinators (on behalf of the Underwriters), in consultation with the Company and the Selling Shareholders. A number of factors will be considered in determining the basis of allocation in the Institutional Offer, including the level and nature of demand for the Shares in the Institutional Offer and the objective of encouraging the development of an orderly and liquid after-market in the Shares.

The Offer Price and the Share Offer Size will be jointly agreed by the Company, certain of the Selling Shareholder and the Joint Global Co-ordinators and are expected to be announced on or about 19 June 2014. The Pricing Statement, which will contain the Offer Price and the Share Offer Size, will be published by the Company and will be available free of charge at the registered office of the Company at Harlequin Building, 65 Southwark Street, London SE1 0HR. In addition, the Pricing Statement will be published in electronic form and available on the Company’s website at [www.zpg.co.uk/ipo](http://www.zpg.co.uk/ipo).

If (i) the Offer Price is set above the Price Range or the Price Range is revised higher; and/or (ii) the number of Shares to be sold by the Selling Shareholders is set above or below the Share Offer Size Range (subject to the minimum free float requirements agreed by the Company with the UK Listing Authority), then the Company would make an announcement via a Regulatory Information Service and prospective investors would have a statutory right to withdraw their application for Shares pursuant to section 87Q of FSMA. In such circumstances, the Pricing Statement would not be published until the period for exercising such withdrawal rights has ended. Therefore, the expected day of publication of the Pricing Statement would be extended. The arrangements for withdrawing offers to purchase Shares would be made clear in the announcement. Full details of statutory right to withdraw an offer to purchase Shares pursuant to section 87Q of FSMA are set out in paragraph 12 of this Part 11 “Details of the Offer”.

The Selling Shareholders have agreed to pay any stamp duty chargeable on a transfer on sale of Shares and/or SDRT chargeable on an agreement to transfer Shares arising in the United Kingdom (currently at a rate of 0.5 per cent) on the initial sale of Shares under the Offer and the sale of Shares pursuant to the

Over-allotment Arrangements. Each investor which acquires Shares in the Offer will be deemed to undertake (i) that such investor shall not submit any reclaim to HMRC in respect of any stamp duty or SDRT so paid or accounted for by the Selling Shareholders in respect of the Offer and (ii) that such investor agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by such investor or any other person on the acquisition by such investor of any Shares or Member Options (if applicable) or the agreement by such Investor to acquire any Shares or Member Options (if applicable).

#### **4. THE INSTITUTIONAL OFFER**

Under the Institutional Offer, the Shares will be offered to (i) certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S, and (ii) in the United States, only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Certain restrictions that apply to the distribution of this Prospectus and the offer and sale of the Shares in jurisdictions outside the United Kingdom are described in paragraph 14 of this Part 11 “Details of the Offer”.

Each investor participating in the Institutional Offer will be required to undertake to pay the Offer Price for the Shares sold to such investor in such manner as shall be directed by the Joint Global Co-ordinators, which is the same price at which all Shares are to be sold in the Offer (save for purchases of Shares by Eligible Members who can apply to purchase Shares in the Member Offer up to the Member Offer Entitlement at the Discounted Offer Price). Investors who participate in the Institutional Offer will be deemed to have invested solely on the basis of the Prospectus together with any supplement thereto, and the Pricing Statement.

Investors participating in the Institutional Offer will be notified verbally or by email of the number of Shares that they have been allocated as soon as practicable following pricing and allocation, and in any event by 19 June 2014. Each prospective investor in the Institutional Offer will be contractually committed to acquire the number of Shares allocated to it at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory withdrawal rights, otherwise withdraw from, such commitment.

#### **5. THE MEMBER OFFER**

The Member Offer is being made in the United Kingdom by the Principal Selling Shareholders to Eligible Members. Eligible Members who participate in the Member Offer will be deemed to have invested solely on the basis of the Prospectus, together with any supplements thereto, and the Pricing Statement.

##### **5.1 Details of the Member Offer**

Only Eligible Members are entitled to apply for Shares in the Member Offer. Eligible Members are (a) subscribing members of the Group’s services (being estate agents, letting agents and new home developers) who are subscribers to the Group’s services on 1 May 2014, and (b) certain additional entities selected by the Company to be eligible to participate in the Member Offer (who are referred to as Additional Member Offer Offerees).

Pursuant to the Member Offer, each Eligible Member is entitled to apply to purchase a Member Offer Entitlement per branch or new homes development of up to £2,000 of Shares at (and such value being calculated on the basis of) the Discounted Offer Price, which is a 20 per cent discount to the Offer Price (such discount being calculated on an Offer Price per Share basis). The Member Offer Entitlement equals £2,500 worth of shares at the Offer Price.

In addition, each Eligible Member who purchases Shares within its Member Offer Entitlement per branch or new homes development of up to £2,000 of Shares at the Discounted Offer Price shall also receive (at no cost) Member Options to purchase up to an equal number of additional Shares after the first anniversary of Admission at the Discounted Offer Price. See paragraph 5.5 “Member Option to acquire further Shares after the First Anniversary of Admission” for further information.

For the purposes of determining the Member Offer Entitlement of each Eligible Member (other than Additional Member Offer Offerees), the number of branches or new homes developments that an Eligible Member has registered with the Group has been taken from the information on the Group's systems as at 1 May 2014 and the Company's determination in this regard shall be conclusive in all respects and final.

For the purposes of calculating the Member Offer Entitlement for each Additional Member Offer Offeree, each Additional Member Offer Offeree shall have a Member Offer Entitlement of £10,000 of Shares at (and such value being calculated on the basis of) the Discounted Offer Price. The Member Offer Entitlement of each Additional Member Offer Offeree equals £12,500 worth of Shares at the Offer Price.

***Worked example:***

*If an estate agency has three registered branches:*

- *its Member Offer Entitlement would be £2,500 multiplied by three equalling £7,500, at a cost of £6,000 at the Discounted Offer Price; and*
- *its Member Options would be in respect of Shares up to the value of Shares purchased under its Member Offer Entitlement.*

## **5.2 Personalised Application Forms**

At or around the date of this Prospectus, each Eligible Member will be notified that the Member Offer is open and each Eligible Member will be sent a personalised Application Form. Each personalised Application Form will contain a unique Application Form number which will be used to identify the Member Offer Entitlement of each Eligible Member.

The personalised Application Form will contain that Eligible Member's Member Offer Entitlement, which is calculated on a per branch or per new homes development basis, as the case may be. That entitlement is fixed as at 1 May 2014 and therefore reflects the number of registered branches or new homes developments as at that date. The Member Offer is personal to each Eligible Member and the personalised Application Form is not transferrable.

## **5.3 Applying for Shares in the Member Offer**

All applications for Shares in the Member Offer must be made on the Eligible Member's personalised Application Form that was sent to the Eligible Member. If the Eligible Member loses their personalised Application Form and requires a duplicate copy, such Eligible Member should send their request by email to [memberoffer@zpg.co.uk](mailto:memberoffer@zpg.co.uk) as soon as possible.

Eligible Members must apply to purchase a minimum investment of £500 (equalling £625 worth of Shares at the Offer Price). Thereafter, as indicated on the Application Form, the amount of Shares at the Discounted Offer Price which Eligible Members can apply to purchase must be in multiples of £250. When completing the Application Form, each Eligible Member must specify the amount that it wishes to invest in the Member Offer, which must be less than or equal to the Member Offer Entitlement.

The Company and the Principal Selling Shareholders intend that all Eligible Members who submit a valid Application Form will, subject to the Member Offer Terms and Conditions, receive all of the Shares in their Member Offer Entitlement for which they apply.

Because the Offer Price will not be known until after the closing date for applications, applications for Shares in the Member Offer are required to be based on the amount in pounds Sterling that Eligible Members wish to invest and not the number of Shares they wish to purchase.

Eligible Members must complete the Application Form and then sign and return it by post, together with a cheque or a bankers' draft crossed "account payee" and made payable to "**Equiniti Ltd Re: Zoopla Property Group Share Offer**", for the total amount which they wish to invest, so as to be received by the date shown below.

**The latest time for receipt of Application Forms in the Member Offer by the Receiving Agent is 5 p.m. (UK time) on 13 June 2014. Investors should ensure that they allow sufficient time for the Application Form to be sent by post in order that the application is received by the Receiving Agent by that time and date.**

If an Eligible Member (other than an Additional Member Offer Offeree) ceases to subscribe for the Group's services prior to Admission or submits a request to cancel their subscription prior to Admission, such Eligible Member's application for Shares in the Member Offer may be rejected and all monies paid on application will be returned without interest.

All applications under the Member Offer will be made on the terms and conditions of the Member Offer set out in paragraph 15 of this Part 11. If an application is not accepted, all monies paid on application will be returned, without interest. No fractional entitlements to Shares will be allocated and therefore allocations will be satisfied by rounding down to the nearest whole Share. Any monies less than the Offer Price of one Share will not be refunded but will be donated for charitable purposes.

Applicants in the Member Offer who have any questions about how to complete their Application Form should send their query to [memberoffer@zpg.co.uk](mailto:memberoffer@zpg.co.uk). However, neither the Company nor the Receiving Agent can provide advice on the merits of an investment in the Shares nor give any financial, legal or tax advice.

#### **5.4 Permitted Member Offer Nominees and certain additional information in relation to the Member Offer**

The Member Offer is only being made to, and is only capable of acceptance by, Eligible Members. However, an Eligible Member is entitled to nominate between one and four natural person(s) and/or legal entity/entities as being entitled to apply for that Eligible Member's Member Offer Entitlement (such nominee natural person(s) and/or legal entity/entities being referred to in this Prospectus as a Permitted Member Offer Nominee). Such nomination can only be a single nomination in respect of that Eligible Member's full Member Offer Entitlement and not a nomination of only part of such Eligible Member's Member Offer Entitlement. If the Eligible Member wishes to nominate more than one natural person or legal entity (up to the maximum of four), such natural person(s) and/or legal entities must apply to hold the Shares jointly. In this Prospectus, an Eligible Member who nominates a Permitted Member Offer Nominee is referred to as a Related Eligible Member.

Except as referred to above, Eligible Members are not able to assign the benefit of the Member Offer to any other person, corporation entity or trust or designate any other person, corporation entity or trust as an alternative purchaser under the Member Offer.

The Underwriters are not in any way involved in the procurement of applications under the Member Offer and are not underwriting the Member Offer.

All Shares acquired in the Member Offer must be held in certificated form. Following Admission, the Registrar will send share certificates to each Eligible Member that purchased Shares in the Member Offer.

#### **5.5 Member Option to acquire further Shares after the First Anniversary of Admission**

Each Eligible Member who purchases Shares within its Member Offer Entitlement per branch or new homes development of up to £2,000 of Shares at the Discounted Offer Price shall also receive (at no cost) Member Options to purchase additional Shares after the first anniversary of Admission at the Discounted Offer Price. The exercise period for the Member Options will start on the first business day immediately following the first anniversary of Admission and will end ten business days

thereafter. The settlement date for the delivery of Shares pursuant to valid exercises of Member Options is eight business days immediately following the end of the exercise period for the Member Options. The Member Option granted to each Eligible Member shall entitle that Eligible Member to purchase the same number of Shares that such Eligible Member purchased in the Member Offer (i.e. up to £2,000 of Shares per branch or new homes development at the Discounted Offer Price). For example, if an Eligible Member purchased £2,000 of Shares at the Discounted Offer Price, that Eligible Member would receive Member Options in respect of £2,000 of Shares at the Discounted Offer Price. The Shares which can be purchased by Eligible Members under the Member Option must be purchased at the Discounted Offer Price, which is a 20 per cent discount to the Offer Price (such discount being calculated on an Offer Price per Share basis).

Exercise of the Member Option is conditional upon the conditions described below:

- (A) In respect of Eligible Members other than Additional Member Offer Offerees, exercise of the Member Option is conditional on that Eligible Member having continued to subscribe for the Group's services during the entire period between the date of this Prospectus and the first anniversary of Admission. Accordingly, if an Eligible Member (other than an Additional Member Offer Offeree) ceases to subscribe for the Group's services prior to the first anniversary of Admission, any Member Options held by an Eligible Member (other than an Additional Member Offer Offeree) would cease to be exercisable.
- (B) In respect of Additional Member Offer Offerees, exercise of the Member Option is conditional on the Additional Member Offer Offeree remaining a valued business partner of the Group on the first anniversary of Admission, which will be determined by the Company in its sole and absolute discretion.
- (C) In respect of Member Options which are held by a Permitted Member Offer Nominee, the exercise condition shall be tested by reference to whether the Related Eligible Member of such Permitted Member Offer Nominee would satisfy the exercise condition as described in paragraph (A) above (in the case of a Related Eligible Member which is not an Additional Member Offer Offeree) or in paragraph (B) above (in the case of a Related Eligible Member which is an Additional Member Offer Offeree). Accordingly, the Member Options held by a Permitted Member Offer Nominee shall not be exercisable if its Related Eligible Member would not satisfy the exercise condition described in paragraph (A) or (B) above, as applicable.

Approximately three weeks prior to the first anniversary of Admission, the Company or the Registrar will email each Eligible Member with details of how to exercise the Member Option held by that Eligible Member.

Each Member Option is personal to the relevant Eligible Member and Member Options cannot be transferred or assigned to any person. The Member Options are not transferrable securities, are not listed on any stock exchange and are not cleared in any clearing system. No certificates of title will be issued in relation to the Member Options.

The Member Options are granted by the Principal Selling Shareholders pursuant to an Option Deed dated the date of Admission in favour of each of the Eligible Members. Pursuant to the Option Deed, the Principal Selling Shareholders will sell, or procure the sale of, Shares pursuant to each valid exercise of a Member Option.

## **6. OVER-ALLOTMENT AND STABILISATION**

In connection with the Offer, Credit Suisse Securities (Europe) Limited, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilising transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over the counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilising transactions conducted in relation to the Offer.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, the Over-allotment Shareholders will grant to the Stabilisation Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 10 per cent of the total number of Shares comprised in the Offer (excluding for these purposes such additional Shares) at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Offer and will form a single class for all purposes with the other Shares.

## **7. STOCK LENDING AGREEMENT**

In connection with the arrangements detailed in paragraph 5 of this Part 11 “Details of the Offer” the Stabilising Manager has entered into a Stock Lending Agreement with the Over-allotment Shareholders, pursuant to which the Stabilising Manager will be able to borrow, from the Over-allotment Shareholders free of charge, Shares on Admission up to an amount equal to 10 per cent of the size of the Offer for the purposes, amongst other things, of allowing the Stabilising Manager to settle, at Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the Stock Lending Agreement it will be required to return equivalent securities to the Over-allotment Shareholders by no later than three Business Days following the end of the Stabilising Period.

## **8. LISTING, DEALING AND SETTLEMENT ARRANGEMENTS**

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, including Admission occurring and becoming effective by 8.00 a.m. (London time) on or about 24 June 2014 or such later date as may be determined in accordance with such agreement, and to the Underwriting Agreement not have having been terminated. Further details of the Underwriting Agreement are set out in paragraph 10 of this Part 11 “Details of the Offer” and paragraph 10.1 of Part 12 “Additional Information”.

Application will be made to the Financial Conduct Authority for all the Shares to be listed on the premium listing segment of the Official List and application will be made to the London Stock Exchange for all the Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.

It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. (London time) on or about 19 June 2014. The expected date for settlement of such dealings will be 24 June 2014. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a “when issued basis”. If the Offer does not become unconditional in all respects, any such dealings will be of no effect and any such dealings will be at the risk of the parties concerned. Investors should note that only investors who apply for, and are allocated, Shares in the Institutional Offer will be able to deal in Shares on a conditional basis. Investors who purchase Shares in the Member Offer will not be able to deal in Shares on a conditional basis. Therefore the earliest time at which such investors will be able to deal in Shares is at the start of unconditional dealings on Admission.

It is expected that Admission will become effective and that dealings in the Shares will commence on an unconditional basis on the London Stock Exchange at 8.00 a.m. (London time) on or about 24 June 2014. It is intended that the sale of Shares allocated to investors in the Institutional Offer who wish to hold Shares in uncertificated form will take place through CREST on Admission. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account will be at the risk of the person concerned.

All Shares acquired in the Member Offer must be held in certificated form. Following Admission, the Registrar will send share certificates to each Eligible Member that purchased Shares in the Member Offer.

In connection with the Offer, each of the Underwriters and any affiliate acting as an investor for its own account may take up the Shares and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Shares being offered or placed should be read as including any offering or placement of securities to any of the Underwriters and any affiliate acting in such capacity. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

## **9. CREST**

CREST is a paperless settlement system allowing securities to be transferred from one person’s CREST account to another’s without the need to use share certificates or written instruments of transfer. With effect from Admission, the Articles will permit the holding of Shares in the CREST system.

Application will be made for the Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

## **10. UNDERWRITING ARRANGEMENTS**

### **Underwriting arrangements**

The Underwriters have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, subject to certain conditions, to procure purchasers for the Shares to be sold by the Selling Shareholders and underwritten in the Institutional Offer, or, failing which, themselves to purchase such Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any moneys received in respect of the Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commission in respect of the Shares sold in the Institutional Offer and any Over allotment Shares sold following exercise of the Over-allotment Option. Any commissions received by the Underwriters may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Further details of the terms of the Underwriting Agreement are set out in paragraph 10.1 of Part 12 “Additional Information – Underwriting Arrangements — Underwriting Agreement”. Certain selling and transfer restrictions are set out below.

The Company, the Selling Shareholders and the Joint Global Co-ordinators expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer will lapse and any monies received in respect of the Offer will be returned to investors without interest.

#### **11. LOCK-UP ARRANGEMENTS**

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement and related arrangements, the Principal Selling Shareholders and the Directors have agreed that, subject to certain exceptions, during the period of 180 days in respect of the Principal Selling Shareholders (other than Alex Chesterman and Simon Kain), and 365 days in respect of the Directors, in each case from the date of Admission, they will not, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Further details of these arrangements are set out in paragraph 10.1 of Part 12 “Additional Information — Underwriting Arrangements — Underwriting Agreement”.

#### **12. WITHDRAWAL RIGHTS**

In the event that the Company is required to publish a supplementary prospectus, applicants who have applied to purchase Shares in the Offer will have at least two clear Business Days following the publication of the supplementary prospectus within which to withdraw their offer to acquire Shares in the Offer.

In addition, in the event that (i) the Offer Price is set above the Price Range or the Price Range is revised higher and/or (ii) the number of Shares to be sold by the Selling Shareholders is set above or below the Share Offer Size Range (subject to the minimum free float requirements agreed by the Company with the UK Listing Authority) then applicants who have applied to purchase Shares in the Offer would have a statutory right to withdraw their offer to purchase Shares in the Offer in its entirety pursuant to section 87Q of FSMA before the end of a period of two Business Days commencing on the first Business Day after the date on which an announcement of this is published via a Regulatory Information Service announcement for each later date as may be specified in that announcement). In those circumstances, the Pricing Statement would not be issued until this deadline for exercising such statutory withdrawal rights has ended.

If the application is not withdrawn within the stipulated period, any offer to apply for Shares in the Offer will remain valid and binding. Institutional investors and Members wishing to exercise a statutory right to withdraw their offer to purchase Shares in the Offer must do so by lodging a written notice of withdrawal by hand (during normal business hours only) at the offices of the Receiving Agent, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by facsimile (during normal business hours only) so as to be received no later than two Business Days after the date on which the supplementary prospectus is published or the date on which an announcement is made, or in either case, such later date as may be specified in the supplementary prospectus or announcement (as described above). Notice of withdrawal given by any other means or which is deposited with or received after the expiry of such period will not constitute a valid withdrawal.

### **13. EMPLOYEE OFFER**

In order to encourage the involvement of the employees of the Group in the future of the Company, arrangements have been made for eligible employees (being all employees who are in service at Admission, including the Executive Directors) to acquire Shares under the “Employee Offer”, as set out below.

At the time of Admission, Shares to the value of £2,500 per eligible employee (determined by reference to the Offer Price) will be made available for allocation as “free shares” under the Company’s Share Incentive Plan (further details of the SIP are set out in paragraph 8.4 of Part 12 “Additional Information”). These Shares will be held on behalf of participants by Yorkshire Building Society (the “SIP Trustee”), and will be subject to forfeiture in the event that the employee leaves the Group (other than as a “good leaver”) within three years of allocation. If all eligible employees were to elect to receive free shares under this arrangement, a maximum of 239,080 Shares (calculated on the basis that the Offer Price is set at the mid-point of the Price Range) would be made available as free shares under this arrangement.

Eligible employees will also be invited to purchase Shares to the value of £1,800 as “partnership shares” under the Company’s SIP in early April 2015. The acquisition will be funded by deductions from participants’ salaries over an accumulation period commencing on Admission. The purchase price will be determined by reference to the lower of the market value of the Shares on Admission and on the date of acquisition. In the event that the market value at acquisition is less than 50 per cent of the Offer Price, the amount of savings used to purchase Shares will be scaled back such that the number of Shares required under this arrangement will not exceed double the number of Shares that could be purchased at the Offer Price with the relevant amount of savings. Eligible employees who purchase these partnership shares will simultaneously be awarded one “matching share” under the Company’s SIP for every partnership share purchased. These Shares will be held on behalf of employees by the SIP Trustee, and the matching shares will not be subject to forfeiture in the event that the employee leaves the Group. If all eligible employees were to elect to purchase their full allocation of partnership shares under this arrangement, a maximum of 172,000 Shares as partnership shares and 172,000 Shares as matching shares would be made available under this arrangement (assuming that Shares are purchased at the Offer Price and that the Offer Price is set at the mid-point of the Price Range).

The Shares required to give effect to these arrangements will be derived from a subscription, at nominal value, of Shares by the SIP Trust. Assuming all eligible employees elect to receive free shares and to purchase their full allocation of partnership shares (thus receiving their full allocation of matching shares) under the Employee Offer, that Shares are purchased at the Offer Price and that the Offer Price is set at the mid-point of the Price Range, it is anticipated that 583,080 Shares will be subscribed by the SIP Trustee at nominal value.

Shares made available to eligible employees under the Employee Offer do not form part of the Offer.

### **14. SELLING RESTRICTIONS**

Where used in this paragraph 14, each reference to Shares shall also be taken to be a reference to the Member Options which can be acquired pursuant to a purchase of Shares under an Eligible Member’s Member Offer Entitlement.

The distribution of this Prospectus and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and

observe any restrictions on the distribution of this Prospectus and the offer of Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

### ***European Economic Area***

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) no Shares have been offered or will be offered in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### ***United States***

The Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer of the Shares an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Each acquirer of Shares within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (a) it is (a) a QIB within the meaning of Rule 144A, (b) acquiring the Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (c) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares, and (d) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.
- (b) it understands that the Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (a) understands that the Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Shares established or maintained by a depositary bank, (b) acknowledges that the Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares and (c) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.
- (c) it understands that the Shares (if and to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

**THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR REALES OF THE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER,**

**BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;** and

- (d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain “restricted securities” within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

***Canada – Ontario and Quebec Only***

In respect of offering Shares in Canada, this Prospectus constitutes an offering of the securities described herein only in the Canadian Provinces of Ontario and Québec, collectively, the “Private Placement Provinces”) and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This Prospectus is not, and under no circumstances is to be construed as an advertisement or a public offering of the securities referred to herein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the securities described herein and any representation to the contrary is an offence.

The offering of Shares in Canada is being made solely by this Prospectus and any decision to purchase Shares should be based solely on information contained herein. No person has been authorised to give any information or to make any representations concerning this offering other than as contained herein. This Prospectus is for the confidential use of only those persons to whom it is delivered by the Underwriters in connection with the offering of the Shares in the Private Placement Provinces.

*Responsibility*

Except as otherwise expressly required by applicable law or as agreed to in contract, no representation, warranty, or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by the Underwriters or any dealer as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Company or the Selling Shareholders in connection with the offering of the Shares in Canada.

*Resale restrictions*

The distribution of the Shares in Canada is being made on a private placement basis only in the Private Placement Provinces and is exempt from the requirement that the Company and the Selling Shareholders prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Shares must be made in accordance with applicable Canadian securities laws that may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. These resale restrictions may in some circumstances apply to resales of the Shares outside of Canada. Canadian purchasers are advised to seek legal advice prior to any resale of the Shares.

The Company is also not a “reporting issuer”, as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Canadian investors are further advised that the Company and the Selling Shareholders are also not required, for this reason, to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Shares to the public in any province or territory of Canada. The Company and the Selling Shareholders currently do not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Shares.

*Representations of Purchasers*

Each Canadian investor who purchases Shares will be deemed to have represented to the Company, the Selling Shareholders, the Underwriters and any dealer who sells Shares to such purchaser that:

- (a) the offer and sale of the Shares was made exclusively through the final version of this Prospectus and was not made through an advertisement of the Shares in any printed media of general and regular paid

circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;

- (b) such purchaser has reviewed and acknowledges the terms referred to above under the section entitled “Resale Restrictions”;
- (c) where required by law, such purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which such purchaser is resident, for its own account and not as agent for the benefit of another person; and
- (d) such purchaser, or any ultimate purchaser for which such purchaser is acting as agent, is entitled under applicable Canadian securities laws to purchase the Shares without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing:
  - (i) is resident in the Province of Ontario or Québec, and is not acquiring the securities for the account or benefit of any individual or entity that is resident in any province or territory of Canada other than the Province of Ontario or Québec;
  - (ii) is an “accredited investor” as defined in National Instrument 45-106 - Prospectus and Registration Exemptions (“NI 45-106”) and is not a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106; and
  - (iv) is a “permitted client” as defined in National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations, or as otherwise interpreted and applied by the Canadian Securities Administrators.

In addition, each resident of the Private Placement Provinces who purchases the Shares will be deemed to have represented to the Company, the Selling Shareholders, the Underwriters and each dealer from whom a purchase confirmation was received, that such purchaser:

- (a) has been notified by the Company and the Selling Shareholders:
  - (i) that the Company and the Selling Shareholders may be required to provide certain personal information (“personal information”) pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any Shares purchased), which Form 45-106F1 may be required to be filed by the Company and the Selling Shareholders under NI 45-106;
  - (ii) that such personal information may be delivered to the applicable securities regulator in each Private Placement Province in accordance with NI 45-106, e.g., the Ontario Securities Commission (the “OSC”) in Ontario;
  - (iii) that such personal information is collected indirectly by the applicable securities regulators, e.g., the OSC under the authority granted to it under the securities legislation of Ontario;
  - (iv) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of the Private Placement Provinces; and
  - (v) that the public official in Ontario who can answer questions about the OSC’s indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684; and
- (b) has authorised the indirect collection of the personal information by the applicable securities regulator, e.g., the OSC.

Furthermore, the purchaser acknowledges that its name, address, telephone number and other specified information, including the number of Shares it has purchased and the aggregate purchase price paid by the purchaser, may be disclosed to other Canadian securities regulatory authorities and may become available to

the public in accordance with the requirements of applicable Canadian laws. By purchasing Shares, the purchaser consents to the disclosure of such information.

#### *Taxation*

Any discussion of taxation and related matters contained within this Prospectus does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Shares in Canada and, in particular, does not address Canadian tax considerations. Canadian investors should consult with their own legal and tax advisers with respect to the tax consequences of an investment in the Shares in their particular circumstances and with respect to the eligibility of the Shares for investment by such investor under relevant Canadian legislation and regulations.

#### *Rights of action for damages or rescission*

Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to an offering memorandum (such as this Prospectus) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made (a “Misrepresentation”). These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

#### *Ontario*

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to this Prospectus shall have a statutory right of action for damages or rescission against the Company and the Selling Shareholder in the event that this Prospectus contains a Misrepresentation. A purchaser who purchases securities offered by this Prospectus during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the Company and the Selling Shareholder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages against the Company and the Selling Shareholders;
- (b) the Company and the Selling Shareholders will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the Company and the Selling Shareholders will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Prospectus is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to in section 130.1

of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Prospectus) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The foregoing summary is subject to the express provisions of the *Securities Act* (Ontario) and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Company and the Selling Shareholders may rely. The enforceability of these rights may be limited as described herein under section entitled “Enforcement of Legal Rights”.

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

#### *Enforcement of legal rights*

The Company is organised under the laws of England and Wales. All or substantially all of the Company’s directors and officers, as well as the Selling Shareholders, the Underwriters and certain of the experts named herein, may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or such persons. All or a substantial portion of the assets of the Company and such other persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgement against the Company or such persons in Canada or to enforce a judgement obtained in Canadian courts against the Company or persons outside of Canada.

#### *Language of documents*

Upon receipt of this Prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

#### ***Notice to Clients of Jefferies LLC***

Any offers and sales of the Shares in Canada by Jefferies International Limited will be made only through its affiliate, Jefferies LLC (“Jefferies”), with Jefferies relying on the international dealer exemption found in section 8.18(2) of NI 31-103. To that end, with respect to Jefferies please note the following for the purposes of the international dealer exemption that is available to broker-dealers registered in a foreign jurisdiction:

1. Jefferies is not registered as a securities dealer in any province or territory of Canada.
2. Jefferies’ head office and principal place of business is located in the State of New York, USA.
3. All or substantially all of the assets of Jefferies may be situated outside of Canada.
4. There may be difficulty enforcing legal rights against Jefferies because of the above.

5. Jefferies' agents for service of legal proceedings in the Provinces of Ontario and Québec are:

*Ontario*

Cartan Limited  
Suite 5300  
Toronto Dominion Bank Tower  
Toronto, ON M5K1E6  
Attn: Andrew Parker

*Québec*

McCarthy Tétrault LLP  
Bureau 2500  
1000, rue De La Gauchetière Ouest  
Montréal, QC H3B 0A2  
Attn: Sonia J. Struthers

***Notice to Clients of Canaccord Genuity Limited***

with respect to Canaccord Genuity Limited ("CGL") please note the following for the purposes of the international dealer exemption that is available to broker-dealers registered in a foreign jurisdiction:

1. CGL is not registered as a dealer or to trade in securities in any province or territory of Canada.
2. CGL's principal place of business is located in London, United Kingdom.
3. All or substantially all of the assets of CGL may be situated outside of Canada.
4. There may be difficulty enforcing legal rights against CGL because of the above.
5. CGL's agents for service of legal proceedings in the Provinces of Ontario and Québec are:

*Ontario*

Canaccord Genuity Corporation  
161 Bay Street  
Toronto, Ontario M5J 2S1

*Québec*

Canaccord Genuity Corporation  
1250 Rene-Levesque Boulevard West  
Suite 2930  
Montréal, Quebec H3B 4W8

***Australia***

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("Corporations Act"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("ASIC"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("Exempt Investors") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The Shares may not be directly or indirectly purchased or sold, and no invitations to buy the Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable

Australian laws and regulations. By submitting an application for the Shares, each purchaser of Shares represents and warrants to the Company, the Selling Shareholders, the Underwriters and their affiliates that such purchaser is an Exempt Investor.

As any offer of Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Shares each purchaser of Shares undertakes to the Company, the Selling Shareholders, the Underwriters that such purchaser will not, for a period of 12 months from the date of issue or purchase of the Shares, offer, transfer, assign or otherwise alienate those Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

### *Japan*

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the “FIEL”) and disclosure under the FIEL has not been, and will not be, made with respect to the Shares. Neither the Shares nor any interest therein may be offered, sold, resold, or otherwise transferred, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organized under the laws of Japan.

### *Guernsey*

To the extent to which any promotion of the Shares which are comprised in the Offer is deemed to take place in Guernsey, the Shares are only being promoted in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law 1987 (as amended) or (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 (as amended). Promotion is not being made in any other way.

### *Isle of Man*

The Company is not subject to any form of authorisation or approval in the Isle of Man. Investors in the Company are not protected by any statutory compensation arrangements in the event of the Company’s failure and the Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

### *Jersey*

This Prospectus constitutes a “financial service advertisement” under the Financial Services (Advertising) (Jersey) Order 2008. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this Prospectus. Accordingly, the offer that is the subject of this Prospectus, may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. The Directors may, but are not obliged to, apply for such consent in the future.

## **15. TERMS AND CONDITIONS OF THE MEMBER OFFER**

These terms and conditions apply to Eligible Members agreeing to purchase Shares under the Member Offer, and, if applicable, agreeing to receive Member Options. Each investor in the Member Offer agrees with each

of the Company, the Selling Shareholders and the Underwriters to be bound by these Member Offer Terms and Conditions as being the terms and conditions upon which Shares will be sold under the Member Offer.

### 15.1 Introduction

For the purposes of these Member Offer Terms and Conditions only, references to “you” are to the person applying to buy Shares in the Member Offer using the Application Form.

If you apply for Shares in the Member Offer you will be agreeing with the Company, the Selling Shareholders and the Underwriters to the Member Offer Terms and Conditions set out below.

### 15.2 Offer to purchase Shares

Applications must be made on an Application Form. By completing and submitting an Application Form, you as the applicant shall:

- (A) offer to acquire at the Discounted Offer Price the maximum number of Shares (rounded down to the nearest whole Share) that may be acquired with the amount that you have specified in your Application Form as the amount which you wish to invest, subject to the provisions of the Prospectus, the Member Offer Terms and Conditions, the terms of the Application Form, the Pricing Statement, any supplementary prospectus and the Articles of Association;
- (B) agree that your application to acquire Shares in the Member Offer must comply with the minimum application amount of £500 (based on the Discounted Offer Price) and be for an amount which is a multiple of £250;
- (C) acknowledge and agree that the amount of your Member Offer Entitlement was determined by the Company and the Company’s determination in this regard shall be conclusive in all respects and final;
- (D) acknowledge and agree that if the Offer Price is set above the Price Range or the Price Range is revised higher and/or the number of Shares to be sold by the Selling Shareholders is set above or below the Share Offer Size Range, prospective investors would have a statutory right to withdraw their offer to purchase Shares pursuant to section 87Q of FSMA, but if the application for Shares is not withdrawn within the period stipulated in any supplementary prospectus or announcement (as described above), any offer to apply for Shares in the Member Offer will remain valid and binding;
- (E) authorise the Receiving Agent to send on behalf of the Company and the Principal Selling Shareholders (i) a share certificate and/or (ii) a Pounds Sterling cheque crossed “account payee” for any monies returnable (without interest) or your cheque or bankers’ draft, used by you to pay the application monies payable by you in each case by post to your address, and (iii) to do all things and, where applicable, to take all actions necessary to procure that your name is placed on the register of members of the Company in respect of the Shares for which your application is accepted;
- (F) in consideration of each of the Company and the Selling Shareholders agreeing that it will not, prior to the date of Admission (or such later date as the Company may determine), sell to any person or assist in the sale to any person of any of the Shares comprised in the Offer other than by means of the procedures referred to in the Prospectus and as a collateral contract between you, the Company, the Selling Shareholders, and the Underwriters which will become binding on you on despatch by post or delivery to the Receiving Agent of your Application Form:
  - (i) agree that, subject to any statutory rights of withdrawal, your application may not be revoked or withdrawn by you until after 24 August 2014 in the event that Admission has not taken place by that date;
  - (ii) undertake to pay the Discounted Offer Price for the Shares (payable in full on application) in respect of which your application to purchase (as the case may be) Shares

from the Principal Selling Shareholders is accepted (in the manner indicated in paragraph 15.3 below);

- (iii) warrant that your cheque or bankers' draft accompanying your Application Form will be honoured on first presentation for payment and agree that, if such remittance is not so honoured, you will not be entitled to receive a share certificate (notwithstanding that you may have been entered on the register of members of the Company) in respect of the Shares applied for or to enjoy or receive any rights, dividend, distribution or other payment in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company, the Selling Shareholders, the Receiving Agent and the Underwriters against all costs, damages, losses, expenses and liabilities arising out of or in connection with, the failure of your remittance to be honoured on first presentation for payment) and you agree that no claim will be made against the Company, the Selling Shareholders, the Receiving Agent or the Underwriters or any of their respective officers, agents, or employees in respect of the non-receipt of Shares by you, or loss arising from such non-receipt of Shares;
- (iv) agree that, at any time prior to unconditional acceptance by the Receiving Agent of such late payment pursuant to paragraph 15.2(F)(iii) above, the Receiving Agent may (on behalf of the Company and the Selling Shareholders and without prejudice to any other rights) terminate the agreement (if any) to allocate such Shares to you without liability to you and may reallocate the Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Shares (other than the refund to you of any proceeds or remittance accompanying your Application Form at your own risk, without interest) and, in the event of termination, any Shares which have been issued to you will be sold as soon as is reasonably practicable (and for which purpose you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect such sale) and consent to the proceeds of such sale being paid to and retained by the Company or any Selling Shareholder and you will pay the Receiving Agent (on behalf of itself and the Company), on demand, such amount as may be necessary to compensate the Company and the Selling Shareholders, the Company, the Receiving Agent and the Underwriters for any losses, costs and expenses incurred or expected to be incurred as a result of the remittance not being honoured on first presentation for payment or as a result of termination of the agreement. Any decision by the Receiving Agent to accept payment shall be without prejudice to the decision of the Company and/or the Selling Shareholders to accept the whole or any part of your application as described in paragraph 15.3 of this Part;
- (v) agree, on request by the Company, the Selling Shareholders, the Receiving Agent or the Underwriters, to disclose promptly in writing to the Company, the Selling Shareholders, the Receiving Agent or the Underwriters such information as they may request in connection with your application and authorise the Company, the Selling Shareholders, the Receiving Agent and the Underwriters to disclose any information relating to your application which it may consider appropriate;
- (vi) agree that any share certificate to which you may become entitled and monies returnable to you may be retained pending clearance of your remittance, investigation of any suspected breach of the Member Offer Terms and Conditions and any verification of identity which is, or which the Company, the Selling Shareholders or the Receiving Agent in its absolute discretion considers may be required for the purposes of the UK Money Laundering Regulations 2007 and that any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

- (vii) agree that, if evidence of identity satisfactory to the Company, the Selling Shareholders and/or the Receiving Agent is not provided prior to the date of Admission (or such later date as the Company and the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters) may agree), the Company and the Principal Selling Shareholders may terminate your contract of allocation and may reallocate or sell such shares and, in such case, your application monies, less any amount retained by the Company and/or the Principal Selling Shareholders (or their respective agents) as compensation for breach of contract, or an amount equal to the proceeds of reallocation or sale net of all expenses, will be returned without interest to the bank or other account on which the cheque or other remittance accompanying the application was drawn, and you agree that, in such event, you will have no claim against the Company, the Selling Shareholders, the Receiving Agent or the Underwriters or any of their respective officers, agents or employees in respect of the balance of your application monies, if any, retained by the Company and/or the Selling Shareholders (or their respective agents), or for any loss arising from the price, the timing or the manner of reallocation or sale, or otherwise in connection therewith;
- (viii) agree that any future communications sent by the Company to you in your capacity as a shareholder of the Company will be in the English language;
- (ix) agree that by submitting an Application Form, your personal information may be held and used by the Company, the Selling Shareholders, the Underwriters and the Receiving Agent for purposes relating to the Member Offer, which may include providing your details to third parties for the purpose of performing credit reference checks, money laundering checks and making tax returns, and keeping a record of applicants under the Member Offer for a reasonable period of time. You also agree that if you are allocated shares under the Member Offer, your personal information will be shared with the Company and the Receiving Agent and held and used by the Company and the Receiving Agent for purposes relating to the Member Offer and for their ongoing purposes that require the keeping records of, and dealing with, the Company's shareholders in the ordinary course of business (which may involve providing your personal information to third parties, such as Euroclear UK);
- (x) agree that the Company and the Selling Shareholders reserve the right to alter any arrangements in connection with the Member Offer (including the timetable and terms and conditions of application);
- (xi) agree that the contract arising from acceptance of all or part of your application under the Member Offer will be, or will be deemed to be, entered into by you, the Company and the Selling Shareholders on the Member Offer Terms and Conditions (subject to paragraph 15.2(F)(x) of this Part) and that any changes, additions or alterations made to the Application Form (save for correction of the relevant pre-printed details, as expressly permitted on the Application Form) will have no effect; and
- (xii) agree that if you purchase Shares within your Member Offer Entitlement, you will receive Member Options in respect of the same number of Shares as you purchase under your Member Offer Entitlement, and you acknowledge and agree that such Member Options are non-transferrable and issued to you on the terms described in paragraph 5.5 of this Part 11 "Details of the Offer".

If:

- (a) your Application Form is not completed correctly, or the pre-printed name and/or address (if applicable) is amended;
- (b) your Application Form is completed with any information other than as specifically required on the relevant Application Form;

- (c) your Application Form is received at the return address specified on your Application Form after 5 p.m. on 13 June 2014;
- (d) the cheque or bankers' draft accompanying your Application Form is for an amount different to that specified on your Application Form;
- (e) the cheque or bankers' draft accompanying your Application Form is not honoured on first presentation for payment;
- (f) you submit, or are suspected to have submitted, more than one application in the Member Offer;
- (g) you are an Eligible Member (other than an Additional Member Offer Offeree) and you cease to subscribe for the Group's services prior to Admission or you submit a request to cancel your subscription prior to Admission;
- (h) you are a Permitted Member Offer Nominee (other than a Permitted Member Offer Nominee nominated by an Additional Member Offer Offeree) and the Related Eligible Member ceases to subscribe for the Group's services prior to Admission or submits a request to cancel your subscription prior to Admission;
- (i) you are an Eligible Member or a Permitted Member Offer Nominee and you have, or are suspected to have nominated or have the benefit of a nomination from a Related Eligible Member (as the case may be) of a multiple nomination of the same Member Offer Entitlement (i.e. where an Eligible Member purports to nominate its Member Offer Entitlement to more than one Permitted Member Offer Nominee),

your application may be rejected by the Receiving Agent on behalf of the Company and the Principal Selling Shareholders. In these circumstances, the Company's and/or any Principal Selling Shareholder's decision as to whether to reject or treat your application as valid (which could occur before or after Admission) shall be final and binding on you. None of the Company, the Selling Shareholders, the Receiving Agent, the Underwriters nor any of their respective officers, agents or employees will accept any liability for any such decision and no claim may be made against any such persons in respect of the non-delivery of Shares or Member Options, or for any loss resulting from such non-delivery.

Notwithstanding the above, any application may be rejected in whole or in part by the Company or any Principal Selling Shareholder in its absolute discretion without being required to give any reasons for such rejection.

The Company and those acting on its behalf (including the Receiving Agent) reserve the right to treat as valid any application which does not comply fully with the Member Offer Terms and Conditions or is not completed in all respects or is not sent in accordance with the instructions on the Application Form. This decision could occur before or after Admission. The Company and the Principal Selling Shareholders and those acting on its or their behalf (including the Receiving Agent) reserve the right to waive in whole or in part any of the provisions of the Member Offer Terms and Conditions, either generally or in respect of one or more applications. In these circumstances, the decision of the Company and/or a Principal Selling Shareholder as to whether to treat the application as valid and how to construe, amend or complete it shall be final. You will not, however, be treated as having offered to invest a higher amount than is indicated in the Application Form.

### 15.3 Acceptance of your offer

Your application may be accepted if your application is received, validated (or treated as valid), processed and not rejected either:

- (A) by the Company notifying, publishing or announcing the Offer Price and Share Offer Size; or
- (B) by Company or any Principal Selling Shareholder notifying acceptance to the Receiving Agent.

No fractional entitlements to Shares will be allocated and therefore allocations will be satisfied by rounding down to the nearest whole number of Shares.

#### 15.4 **Conditions**

The contract arising from acceptance of an application in the Member Offer will be entered into by you, the Company and the Selling Shareholders. Under this contract, you will be required to acquire the Shares at the Discounted Offer Price and, if applicable, you will be required to receive a corresponding number of Member Options at no cost to you. This contract will be conditional upon (i) the Underwriting Agreement becoming unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission and (ii) Admission occurring on or prior to 24 June 2014 or such later date as the Company and the Joint Global Co-ordinators (on behalf of the Underwriters) and the Joint Sponsors may agree (not being later than 31 July 2014).

Subject to applicable law, you will not be entitled to exercise any remedy of rescission or for innocent misrepresentation (including pre-contractual representations) at any time after acceptance of your application. This does not affect any other rights you may have, including, for the avoidance of doubt, any statutory withdrawal rights.

The Company and the Selling Shareholders expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Member Offer or any part of it. If the Member Offer or any part of it is terminated prior to Admission, applications received up to the date of termination will automatically lapse, applications received after that date will be of no effect and any application monies relating thereto will be returned to applicants in accordance with paragraph 15.5 of this Part 11 "Details of the Offer".

#### 15.5 **Return of applicable monies**

If any application is invalid or not accepted or if any contract created by acceptance does not become unconditional or if any application is accepted for an amount lower than that offered, subject as hereinafter provided, the application monies or the balance of the amount paid on application (as the case may be) will be returned, without interest by cheque crossed "account payee". Any such cheque will be posted to you, or any such bank refund instruction will be made, by no later than 30 June 2014. Prior to that time, application monies will be retained by the Receiving Agent in an account designated for these purposes and any interest accrued on the application monies will be retained by, and for the benefit of, the Company and/or the Selling Shareholders. The cheque and/or bankers' draft accompanying your application may be presented on receipt and before acceptance of your application, but this will not constitute acceptance of your application, either in whole or in part. The proceeds of this presentation will be held pending acceptance and, if your application is accepted and the conditions in paragraph 15.4 of this Part 11 "Details of the Offer" are satisfied, will be applied in discharging the total amount due for the Shares you have been allocated. Share certificates may be retained pending clearance of your cheque and/or bankers' draft. The right is also reserved to reject any application in respect of which your cheque or bankers' draft, as the case may be, has not been cleared on first presentation for payment and, in any event, by 8.00 a.m. on Admission. The Company and/or the Selling Shareholders may require you to pay interest or other resulting costs (or both) if the cheque or bankers' draft accompanying your application is not honoured on first presentation for payment.

Amounts of less than the Discounted Offer Price of one Share will not be refunded but will be given by the Company to charity. Sums refunded will, in all cases, be paid in Pounds Sterling without interest.

#### 15.6 **Allocation**

The Company and the Principal Selling Shareholders have absolute discretion to decide in any individual application for Shares in the Member Offer whether the conditions of eligibility for the Member Offer have been satisfied. To participate in the Member Offer, Eligible Members must validly

and fully complete the Application Form and make the relevant payment in accordance with the Member Offer Terms and Conditions.

#### 15.7 Representations and warranties

By completing and submitting an Application Form, you:

- (A) confirm that, in making an application, you are not relying on any information or representation in relation to the Company, the Selling Shareholders, any member of the Group, or any of them, other than as is contained in the Prospectus, the Pricing Statement and any supplementary prospectus and agree that none of the Company, the Directors, the Selling Shareholders, the Receiving Agent or any person acting on behalf of them (including the Underwriters) or any person responsible solely or jointly for the Prospectus, the Pricing Statement and/or any supplementary prospectus, or any part of any of them, shall have any liability for any such information or representation (excluding for fraudulent misrepresentation);
- (B) agree that, having had the opportunity to obtain and read the Prospectus, the Pricing Statement and any supplementary prospectus you shall be deemed to have read all such documents in their entirety and to have noted all information concerning the Company, the Selling Shareholders or any member of the Group and the Offer contained in the Prospectus, the Pricing Statement and/or any supplementary prospectus;
- (C) agree that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in the Prospectus, the Pricing Statement and any supplementary prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders, the Joint Sponsors, any of the Underwriters or any other person;
- (D) confirm that you have reviewed the restrictions contained in paragraph 14 of this Part 11 “Details of the Offer” and represent and warrant, to the extent relevant, that you comply or have complied with the provisions of paragraph 14 of this Part 11 “Details of the Offer”;
- (E) agree that you are liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by you or any other person on the acquisition by you of any Shares or Member Options or the agreement by you to acquire any Shares or Member Options;
- (F) agree that all documents in connection with the Offer and any returned monies may be sent by post to you at your address set out in your Application Form and any such documents and return monies will be sent at your own risk;
- (G) represent and warrant that (i) you are eligible to participate in the Member Offer as an Eligible Member to whom the offer of Shares and Member Options in the Member Offer was made in the United Kingdom and (ii) subject as hereinafter provided, the relevant Application Form is completed and delivered solely for and on behalf of the applicant and not directly or indirectly, in whole or in part, for or on behalf of any other person;
- (H) represent and warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (concerning depositary receipts and clearance services);
- (I) confirm that, if the laws of any jurisdiction outside the United Kingdom are applicable to your agreement to purchase Shares and your agreement to acquire Member Options, you have complied with all such laws and none of the Company, the Selling Shareholders or the Underwriters will infringe any laws of any jurisdiction outside the United Kingdom as a result of your rights and obligations under your agreement to purchase Shares, under your agreement to acquire Member Options and under the Articles of Association (and, in making this

representation and warranty, you confirm that you are aware of the selling and transfer restrictions set out in paragraph 14 of this Part);

- (J) represent and warrant that the offer of Shares and Member Options in the Member Offer was made to you in the United Kingdom and you are not a person located or resident in the United States, Australia, Canada, Japan or any jurisdiction other than the United Kingdom and, in all cases, (iii) you are not applying for Shares and Member Options, nor are you applying for Shares and Member Options on behalf of a party, with a view to the reoffer, resale or delivery of the Shares or Member Options, directly or indirectly in or into the United States, Australia, Canada, Japan or any other jurisdiction or to a person located or resident in the United States, Australia, Canada, Japan or any other jurisdiction or to any person who you believe is purchasing the Shares or acquiring the Member Options for the purpose of such resale, reoffer or delivery;
- (K) represent and warrant that you are the person or legal entity named in the Application Form pursuant to which you are applying to purchase Shares and applying to acquire Member Options;
- (L) represent and warrant that only one application is being made for your benefit in the Member Offer (whether directly or through other means);
- (M) represent and warrant that your application to purchase Shares and acquire Member Options is not and will not be funded using funds provided by another person under an arrangement whereby any Shares allocated to you or all or substantially all of the value of such Shares are to be transferred to that other person;
- (N) represent, warrant and undertake that you are not, and you are not applying on behalf of a person engaged in, or whom you know or have reason to believe is, engaged in money laundering;
- (O) agree that any material downloaded from the Group's websites in relation to the Member Offer (i) is done at your own risk and that you will be solely responsible for any damage or loss of data that results from the download of any material and (ii) will be used solely for personal use and will not be distributed in or into the United States, Australia, Canada or Japan or to any other person wherever located or resident; and
- (P) agree that none of the Company, the Selling Shareholders, or the Underwriters is liable for any loss of data in the course of receiving and/or processing the relevant Application Forms or responsible for the loss or accidental destruction of any Application Form or personal data relating to the investors or any financial or other loss or damage which may result, directly or indirectly, therefrom, including any loss in relation to the non-allocation or non-delivery of any Shares or Member Options as a result of such loss or destruction.

#### 15.8 Money laundering

You agree that in order to ensure compliance with any applicable money laundering regulations (including, without limitation, the UK Money Laundering Regulations 2007), the Receiving Agent may, at its absolute discretion, require verification of identity from any person lodging an Application Form. Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents.

You agree that in any of the circumstances set out in the paragraphs above this paragraph 15.8 of this Part 11 "Details of the Offer", the Receiving Agent may make a search using one or more credit reference agencies or electronic databases in order to verify your identity. Where deemed necessary by the Receiving Agent in its sole and absolute discretion, a copy of the search will be retained.

## 15.9 Overseas investors

No person receiving a copy of the Prospectus and/or an Application Form in any territory outside the United Kingdom may treat the relevant Application Form as constituting an invitation or offer to him nor should he in any event use such Application Form. No documents relating to the Offer have been submitted to the clearance procedures of any authorities other than in the case of the Prospectus, the UK Listing Authority. Any application made in the Member Offer by or on behalf of a person who received the Offer outside of the United Kingdom will be rejected.

## 15.10 Miscellaneous

Persons applying for Shares and Member Options under the Offer may only rely on the information contained in the Prospectus and, to the fullest extent permitted by law, any liability for representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent misrepresentations), are expressly excluded in relation to the Shares, the Member Options and the Offer.

Save where otherwise stated or where the context otherwise requires, terms used in the Member Offer Terms and Conditions are as defined in the Prospectus (as supplemented by any supplementary prospectus issued by the Company in relation to the Offer).

The rights and remedies of the Company, the Selling Shareholders, the Underwriters and the Receiving Agent under the Member Offer Terms and Conditions are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of any one will not prevent the exercise of others or full exercise.

The Company (with the agreement of the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters)) reserves the right to delay the closing time of the Member Offer from 8.00 a.m. on Admission by giving notice through a Regulatory Information Service. In this event, the revised closing time will be published in such manner as the Company in its absolute discretion determines subject, and having regard, to the requirements of the Financial Conduct Authority.

The Offer may be terminated without any obligation to you whatsoever at any time prior to Admission. If the Offer is terminated, the Member Offer will lapse and any monies received in respect of your application will be returned to you without interest.

In the event that the Company is required to publish any supplementary prospectus, applicants who have applied for Shares in the Member Offer shall have a statutory right to withdraw their offer to purchase Shares in the Member Offer in its entirety before the end of a period of two Business Days commencing on the first Business Day after the date on which the supplementary prospectus is published (or such later date as may be specified in the supplementary prospectus). If a supplementary prospectus is published, it will be made available in the same manner in which the Prospectus is being made available, including at the following places:

- on the website [www.zpg.co.uk/ipo](http://www.zpg.co.uk/ipo);
- at the registered office of the Company (Harlequin Building, 65 Southwark Street, London SE1 0HR); and
- at the offices of the Receiving Agent (Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA).

In addition, in the event that the Offer Price is set by the Company above the Price Range or the Price Range is revised higher and/or the number of Shares to be sold by the Selling Shareholders is set by the Company above or below the Share Offer Size Range (subject to the minimum free float requirements of the UK Listing Authority), then applicants who have applied for Shares in the Offer would have a statutory right to withdraw their offer to purchase Shares in the Offer in its entirety pursuant to section 87Q of FSMA before the end of a period of two Business Days commencing on the first Business Day after the date on which an announcement of this is published by the Company

via a Regulatory Information Service announcement (or such later date as may be specified in that announcement). The arrangements for withdrawing offers to purchase Shares would be made clear in the announcement.

If you do not notify the Company of your intention to withdraw in the required manner within the stipulated period set out in any supplementary prospectus or announcement (as described above), your application to buy Shares in the Member Offer will remain valid and binding upon you.

Investors in the Member Offer wishing to withdraw their offer to purchase Shares after the publication of any supplementary prospectus or announcement (as described above) must do so by lodging a written notice of withdrawal:

- by hand with the Receiving Agent (during normal business hours only) at The Zoopla Property Group Share Offer, Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
- by facsimile (during normal business hours only).

In each of the cases above, such notification must provide (i) the investor's name, (ii) the investor's address and postcode, (iii) the method by which the investor submitted its application (i.e. whether by posting an Application Form) and (iv) the amount in Pounds Sterling of Shares that such investor has applied for, and it must be received by the Receiving Agent no later than the end of the period stipulated in the supplementary prospectus or announcement (as described above) (which will be at least a period of two Business Days commencing on the first Business Day after the date on which the supplementary prospectus or announcement, as the case may be, is published).

Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal.

You agree that all applications, acceptances of applications and contracts resulting from them under the Member Offer shall be exclusively governed by and construed in accordance with English law and that you irrevocably submit to the exclusive jurisdiction of the English courts and agree that nothing shall limit the right of the Company, the Selling Shareholders, the Receiving Agent or the Underwriters to bring any action, suit or proceedings arising out of or in connection with any such application, acceptances or contracts in any other manner permitted by law or in any court of competent jurisdiction.

You authorise the Company and/or the Selling Shareholders and their respective agents, on your behalf, to make any appropriate returns to HMRC in relation to stamp duty chargeable on a transfer on sale of Shares or SDRT chargeable on an agreement to transfer Shares (if any) arising in the United Kingdom (currently at a rate of 0.5 per cent) on any contract arising on acceptance of your application or on any transfer of Shares as a result of such contract (as applicable).

You agree and acknowledge that none of the Underwriters acts for you nor will they treat you as their customer by virtue of an application being accepted under the Member Offer and you agree that each of the Underwriters is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this document. You agree and acknowledge that none of the Underwriters owes you any duties or responsibilities concerning the price of the Shares or the Member Options or the suitability of the Shares or the Member Options for you as an investment or otherwise in connection with the Member Offer.

You authorise the Company, the Selling Shareholders, the Receiving Agent and their respective agents to do all things necessary to effect registration into your name of any Shares acquired by you and authorise any representative of the Company, the Selling Shareholders or the Receiving Agent to execute and/or complete any document of title required therefore.

The dates and times referred to in the Member Offer Terms and Conditions are based on the expectation that Admission will occur on 24 June 2014 and may be altered by the Company in its absolute discretion (with the agreement of the Joint Global Co-ordinators and the Joint Sponsors (on behalf of themselves and the other Underwriters)) where the Company considers it necessary to do so.

All correspondence, documents and remittances sent or delivered to or by applicants under the Member Offer will be sent or delivered at the applicant's own risk.

All enquiries in relation to the Member Offer should be sent by email to [memberoffer@zpg.co.uk](mailto:memberoffer@zpg.co.uk). For legal reasons the Company and the Receiving Agent will only be able to provide information contained in the Prospectus and will be unable to provide advice on the merits of the Member Offer or to provide personal legal, financial, tax or investment advice.

## **16. TERMS AND CONDITIONS OF THE INSTITUTIONAL OFFER**

### **16.1 Introduction**

These terms and conditions apply to investors agreeing to purchase Shares under the Institutional Offer. Each investor in the Institutional Offer agrees with each of the Company, the Selling Shareholders and the Underwriters to be bound by these terms and conditions as being the terms and conditions upon which Shares will be sold under the Institutional Offer.

### **16.2 Agreement to acquire the Shares**

Conditional on: (i) Admission occurring and becoming effective by 8.00 am on or prior to 24 June 2014 (or such later time and/or date as the Company and the Joint Global Co-ordinators (for themselves and on behalf of the other Underwriters) and the Principal Selling Shareholders may agree and (ii) the investor being allocated Shares, an investor who has applied for Shares agrees to acquire those Shares allocated to it by the Underwriters (such number of Shares not to exceed the number applied for by such investor) at the Offer Price. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights an investor may have. Each such investor is deemed to acknowledge receipt and understanding of this Prospectus and in particular the risk and investment warnings contained in this Prospectus.

### **16.3 Payment for the Shares**

Each investor must pay the Offer Price for the Shares issued to the investor in the manner directed by the Joint Global Co-ordinators.

If any investor fails to pay as so directed by the Joint Global Co-ordinators, the relevant investor's application for Shares may be rejected.

If Admission does not occur, subscription monies will be returned without interest at the risk of the applicant.

### **16.4 Representations, warranties, undertakings, agreements and acknowledgements**

Each investor and, in the case of paragraph (1) below, a person who agrees on behalf of an investor, to acquire Shares under the Institutional Offer and/or who authorises any of the Underwriters to notify the investor's name to the Registrar, will be deemed to represent, warrant, undertake, agree and acknowledge to each of the Underwriters, the Registrar and the Company that:

- (a) in agreeing to acquire Shares, the investor is relying solely on this Prospectus, any supplementary prospectus and any regulatory announcement issued by or on behalf of the Company on or after the date hereof and prior to Admission, and not on any other information or representation concerning the Company, the Selling Shareholders or the Offer. The investor agrees that none of the Company, the Selling Shareholders, the Underwriters or the Registrar nor any of their respective officers or directors will have any liability for any other information

or representation. The investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

- (b) the content of this Prospectus is exclusively the responsibility of the Company and the Directors and none of the Underwriters, the Registrar nor any person acting on their behalf nor any of their respective affiliates is responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company, and none of the Underwriters, the Registrar nor any person acting on their behalf nor any of their respective affiliates will be liable for any decision by an investor to participate in the Institutional Offer based on any information, representation or statement contained in this Prospectus or otherwise;
- (c) having had the opportunity to obtain and read the Prospectus, the Pricing Statement and any supplementary prospectus the investor shall be deemed to have read all such documents in their entirety and to have noted all information concerning the Company, the Selling Shareholders and any member of the Group and the Offer contained in the Prospectus, the Pricing Statement and/or any supplementary prospectus;
- (d) no person is authorised in connection with the Institutional Offer to give any information or make any representation other than as contained in the Prospectus, the Pricing Statement and any supplementary prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders, any of the Underwriters or any other person;
- (e) the investor is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by the investor or any other person on the acquisition by the investor of any Shares or the agreement by investor to acquire any Shares;
- (f) the investor is not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (concerning depositary receipts and clearance services);
- (g) the investor has reviewed the restrictions contained in paragraph 14 of this Part 11 “Details of the Offer” and represent and warrants, to the extent relevant, that the investor complies or have complied with the provisions of paragraph 14 of this Part 11 “Details of the Offer”;
- (h) the investor has not relied on any information given or representations, warranties or statements made by the Company, the Directors, the Selling Shareholders, any of the Underwriters, the Registrar or any other person in connection with the Offer other than information contained in this Prospectus and/or any supplementary prospectus or regulatory announcement issued by or on behalf of the Company on or after the date hereof and prior to Admission. The investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (i) none of the Underwriters are making any recommendations to the investor or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Institutional Offer, and the investor acknowledges that participation in the Institutional Offer is on the basis that it is not and will not be a client of any of the Underwriters and that the Underwriters are acting for the Company and no one else in connection with the Institutional Offer, and will not be responsible to anyone other than their respective clients for the protections afforded to their respective clients, nor for providing advice in relation to the Institutional Offer, the contents of this Prospectus or any transaction, arrangements or other matters referred to herein, or in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of any of the Underwriters’ rights and obligations under the Underwriting Agreement, including any right to waive or vary any condition or exercise any termination right contained therein;

- (j) it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2003, and applicable legislation in any other jurisdiction (together, the “**Money Laundering Regulations**”) and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Money Laundering Regulations;
- (k) it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it; it has fully observed such laws and obtained all governmental and other consents which may be required under such laws and complied with all necessary formalities; it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction; and it has not taken any action or omitted to take any action which will or may result in any of the Underwriters, the Company, the Selling Shareholders, the Registrar or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal and regulatory requirements of any jurisdiction in connection with the Institutional Offer or, if applicable, its acceptance of or participation in the Institutional Offer;
- (l) in the case of a person who agrees on behalf of an investor, to acquire Shares under the Institutional Offer and/or who authorises any of the Underwriters to notify the investor’s name to the Registrar, that person represents and warrants that he has authority to do so on behalf of the investor; and
- (m) it will pay to the Underwriters (or as it may direct) any amounts due from it in accordance with this document on the due time and date set out herein.

The Company, the Selling Shareholders, the Registrar and each of the Underwriters will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings, agreements and acknowledgements. If any of the foregoing representations, warranties, undertakings, agreements or acknowledgements are no longer accurate or have not been complied with, the investor shall promptly notify the Company.

#### 16.5 **Miscellaneous**

The rights and remedies of each of the Underwriters, the Company, the Selling Shareholders and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if an investor is a discretionary fund manager, that investor may be asked to disclose in writing or orally to the Joint Global Co-ordinators the jurisdictions in which its funds are managed or owned.

All documents will be sent at the investor’s risk. They may be sent by post to such investor at an address notified to the Joint Global Co-ordinators.

The contract to acquire Shares, the appointments and authorities mentioned herein and the representations, warranties and undertakings set out herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Underwriters, the Company, the Selling Shareholders and the Registrar, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.

In the case of a joint agreement to acquire Shares, references to an “investor” in these terms and conditions are to each of the investors who are a party to that joint agreement and their liability is joint and several.

Each of the Joint Global Co-ordinators and the Company expressly reserves the right to modify the terms of the Institutional Offer (including, without limitation, its timetable and settlement) at any time before closing.

## PART 12

### ADDITIONAL INFORMATION

#### 1. INCORPORATION AND SHARE CAPITAL

- 1.1 The Company was incorporated and registered in England and Wales on 22 April 2014 as a private company limited by shares under the Act with the name Project Zigzag Limited and with the registered number 09005884.
- 1.2 On 16 May 2014 the Company was re-registered as a public limited company and changed its name to Zoopla Property Group Plc.
- 1.3 The Company's registered office and principal place of business is at Harlequin Building, 65 Southwark Street, London SE1 0HR and its telephone number is 0844 502 1000.
- 1.4 The principal laws and legislation under which the Company operates and the ordinary shares have been created are the Act and regulations made thereunder.
- 1.5 The share capital history of the Company is as follows:
  - 1.5.1 on incorporation the share capital of the Company was £0.001 divided into 1 ordinary share of £0.001 which was allotted to DMG Media Investments Limited; and
  - 1.5.2 on 14 May 2014, DMG Media Investments Limited subscribed for 50,000 Company Preference Shares of £1 each in the Company in consideration for an undertaking to pay cash at par pursuant to the authority to issue shares set out in the Company's articles of association.
- 1.6 At a general meeting of the Company on 4 June 2014 the following resolutions were passed by the Company's sole member, each of which is conditional upon Admission:
  - 1.6.1 the Company adopted the Articles, a summary of which is included at paragraph 5 below;
  - 1.6.2 the Directors were authorised for the purposes of section 551 of the Act, in substitution for any prior authority conferred upon the directors of the Company, without prejudice to the continuing authority of the directors of the Company to allot Shares or grant rights to subscribe for any security convertible into Shares pursuant to an offer or agreement by the Company before the expiry of the authority under which such offer or agreement was made:
    - (A) to allot Shares up to an aggregate nominal amount of £417,619.72 in connection with the Reorganisation;
    - (B) to allot Shares up to an aggregate nominal amount of £1,426.79 in connection with the warrants to be issued by the Company (a summary of which is included at paragraph 8.4 below);
    - (C) to allot Shares up to an aggregate nominal amount of £25.00 in connection with the issue of Shares to certain of the Independent Non-Executive Directors;
    - (D) following Admission, to allot Shares and to grant rights to subscribe for or to convert any security into Shares, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date which is fifteen months after the date of the general meeting at which the resolution was passed);
      - (I) up to an aggregate nominal amount equal to one third of the aggregate value of the issued share capital of the Company immediately following Admission;
      - (II) comprising equity securities (as defined in the Act) up to an aggregate nominal amount equal to two thirds of the aggregate nominal value of the issued share capital of the Company immediately following Admission, (including within

such limit any shares issued or rights granted under paragraph (I) above) in connection with an offer by way of a rights issue to holders of Shares in proportion (as nearly as may be practicable) to their existing holdings and to people who are holders of other equity securities if this is required by the rights of those securities or, if the directors of the Company consider it necessary, as permitted by the rights of those securities;

- (E) to make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;

1.6.3 the Directors were authorised, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date which is fifteen months after the date of the general meeting at which the resolution was passed), but without prejudice to any allotments made pursuant to the terms of such authorities, to allot equity securities for cash pursuant to the resolution described in paragraph 1.6.2 above, as if section 561(1) of the Act did not apply to such allotment, such power being limited to:

- (A) the allotment of Shares up to an aggregate nominal amount of £417,619.72 in connection with the Reorganisation;
- (B) the allotment of Shares up to an aggregate nominal amount of £1,426.79 in connection with the warrants to be issued by the Company (a summary of which is included at paragraph 8.4 below);
- (C) to allot Shares up to an aggregate nominal amount of £25.00 in connection with the issue of Shares to certain of the Independent Non-Executive Directors;
- (D) the allotment of equity securities in connection with an offer of equity securities to the Shareholders in proportion (or as nearly as may be) to their existing holding and to people who hold other equity securities, if this is required by the rights of those securities, or, if the directors consider it necessary, as permitted by the rights of those securities, but in each case subject to such exclusions or other arrangements as the directors of the Company deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
- (E) the allotment of equity securities for cash (other than as described in (A) above) with an aggregate nominal value of up to 5 per cent of the issued share capital of the Company immediately following Admission;

1.6.4 the Company was generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Shares, subject to the following conditions:

- (A) the maximum aggregate number of Shares authorised to be purchased is 10 per cent of the Company's issued share capital immediately following Admission;
- (B) the minimum price (excluding expenses) which may be paid for each Share is £0.001 (being the nominal value of a Share);
- (C) the maximum price (excluding expenses) which may be paid for each Share is the higher of;
  - (I) 105 per cent of the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and

(II) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System; and

(D) the authority shall expire at the close of the annual general meeting of the Company to be held in 2015 or, if earlier, 18 months from the date on which the resolution was passed so that the Company may, before the expiry of the authority enter into a contract to purchase Shares which will or may be executed wholly or partly after the expiry of such authority;

1.6.5 the Company was authorised in accordance with the Articles, until the Company's next annual general meeting, to call general meetings on 14 clear days' notice; and

1.6.6 the Company and all companies that are its subsidiaries at any time up to the end of the annual general meeting of the Company or, if earlier, at the close of business on the date that is fifteen months after the resolution is passed, in aggregate, were authorised to:

(A) make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;

(B) make political donations to political organisations other than political parties not exceeding £100,000 in total; and

(C) incur political expenditure not exceeding £100,000 in total.

For the purposes of this authority the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the Act.

The Company notes that it has no current intention of using the authority to make political donations.

1.7 Save as disclosed above and in paragraphs 3 and 4 below:

1.7.1 no share or loan capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

1.7.2 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

1.7.3 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

1.8 The Company will be subject to the continuing obligations of the FCA with regard to the issue of shares for cash. The provisions of section 561(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Act) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied as referred to in paragraph 1.6.3 above.

1.9 Immediately prior to the publication of this document, the issued share capital of the Company was £50,000, comprising 1 ordinary share of £0.001 and 50,000 Company Preference Shares of £1 each (all of which were fully paid). Immediately following completion of the Offer, assuming the Offer Price is set at the mid-point of the Price Range, the issued share capital of the Company is expected to be £417,641.96 comprising 417,641,960 Shares of £0.001 each, all of which will be fully paid.

## **2. RELEVANT PROVISIONS OF THE CITY CODE**

On Admission, the City Code administered by the Panel on Takeovers and Mergers (the “Panel”), will apply to the Company.

## **3. WARRANTS**

3.1 ZPG Limited has issued a number of warrants over ZPG Ordinary Shares (the “Warrants”), or has agreed to issue such warrants in the future, in favour of: (i) certain of its principal estate agent members who are shareholders in ZPG Limited (the “Strategic Investors”); and (ii) certain estate agent members (together with the Strategic Investors, the “Warranholders”). A summary of the Warrants is set out below.

### *Strategic Investors*

3.2 Under the terms of services agreements dated 6 March 2014, certain of the Group’s Strategic Investors have the right (subject to certain conditions being met) to be issued Warrants at the end of each year for a period of three years commencing on 1 January 2016 (resulting in those investors holding in aggregate Warrants in respect of up to 270,346 ZPG Ordinary Shares by 31 December 2018). These investors are entitled to accelerate the issue and exercise of these Warrants prior to the Offer. Two of the Strategic Investors have elected to accelerate the issue and exercise of their Warrants, and they will be issued with ZPG Ordinary Shares immediately prior to the Reorganisation which will be exchanged for Shares pursuant to the terms of the Reorganisation Deed (described in more detail in paragraph 4). The remaining Strategic Investor has elected not to accelerate the issue and exercise of its Warrants, and its Warrants will be exchanged for warrants of an equivalent value over Shares, on the basis of the same issuance schedule as set out in its services agreement.

### *Other Warranholders*

3.3 Under the terms of their respective services agreements certain of the Group’s other members have the right (subject to certain conditions being met) to be issued warrants in respect of ZPG Ordinary Shares at the end of each year for a period of five years commencing on 1 January 2014 (resulting in such members holding, in aggregate, up to 92,421 Warrants by 28 February 2019). These Warrants will be exchanged for warrants of an equivalent value over Shares, on the basis of the same issuance schedule as set out in the services agreements, except that one of these members is entitled and has elected to accelerate the issue and exercise of Warrants in respect of 20,550 ZPG Ordinary Shares prior to the Offer. It will be issued with ZPG Ordinary Shares immediately prior to the Reorganisation and will become a party to the Reorganisation Deed so that the ZPG Ordinary Shares issued to it may be exchanged for Shares as part of the Reorganisation.

### *Number of warrants which may be issued by the Company*

3.4 As at the date of this document, ZPG Limited has received elections for the acceleration and exercise of Warrants in respect of 220,158 ZPG Ordinary Shares.

3.5 On the assumption that the Offer Price is set at the mid-point of the Price Range, the number of warrants which the Company will be required to issue under the terms of the relevant services agreements will be warrants in respect 1,426,715 Shares, representing 0.3 per cent of the Company’s fully diluted share capital.

## **4. REORGANISATION**

4.1 In connection with Admission, the Group will undertake a reorganisation of its corporate structure which will result in the Company becoming the ultimate holding company of the Group and ZPG Limited becoming the direct subsidiary of the Company (the “Reorganisation”).

4.2 The share capital of the Group’s holding company prior to the Reorganisation, ZPG Limited, is held by DMG Media Investments Limited, Atlas Venture Fund VII, L.P., Alex Chesterman, certain strategic investors and other corporate and individual shareholders. On 30 October 2013, the Group’s

shareholders were given the opportunity (i) to sell up to 10 per cent of their holdings in ZPG Limited (subject to an aggregate limit); (ii) to purchase shares being sold by other shareholders on a pro rata basis or (iii) do nothing. In the course of these transactions, DMG Media Investments Limited and the Strategic Investors acquired the substantial majority of all the shares which were sold. The shares in these transactions were sold for an aggregate purchase price of approximately £12 million, representing approximately 1.66 per cent, of ZPG Limited's then-existing fully-diluted share capital. Alex Chesterman and Simon Kain each sold 10 per cent of their then-existing holdings, representing approximately 0.9 and 0.2 per cent, respectively, of ZPG Limited's then-existing fully-diluted share capital.

4.3 The Reorganisation Deed was executed on 8 May 2014. Under the terms of the Reorganisation Deed, immediately prior to Admission, the Company will become the holding company of the Group's existing holding company, ZPG Limited, in accordance with the steps outlined below.

4.4 Immediately prior to Admission:

4.4.1 the Articles of Association of ZPG Limited will be amended as necessary to give effect to the Reorganisation;

4.4.2 the ordinary shares and the A ordinary shares (including any accrued but unpaid dividend) in ZPG Limited held by the existing shareholders will be re-designated into a single class of ordinary shares in ZPG Limited with the same economic and voting rights (the "New ZPG Ordinary Shares") on a one for one basis;

4.4.3 In connection with the re-designation of A ordinary shares in ZPG Limited held by Alex Chesterman, Stephen Morana and Simon Kain, which had been issued partially paid, ZPG Limited will, pursuant to loan agreements to be entered into prior to Admission, loan an aggregate of £9,562,245 to those individuals to fully pay up their A ordinary shares. The loan will be repaid from the proceeds that each such individual receives from Shares sold in the Offer.

4.4.4 DMG Media Investments Limited will subscribe for:

(A) such number of New ZPG Ordinary Shares at their nominal value as is approximately equal to £50,000, the exact number of such shares to be determined by reference to the Offer Price. These New ZPG Ordinary Shares are to be issued as fully paid on the basis of an undertaking to pay to be given by DMG Media Investments Limited; and

(B) such number of Shares at their nominal value as is approximately equal to £50,000 the exact number of such shares to be determined by reference to the Offer Price. These Shares are to be issued as fully paid on the basis of an undertaking to pay to be given by DMG Media Investments Limited;

4.4.5 DMG Media Investments Limited will contribute (by way of unconditional and non-returnable gift) £50,000.01 in cash to the Company;

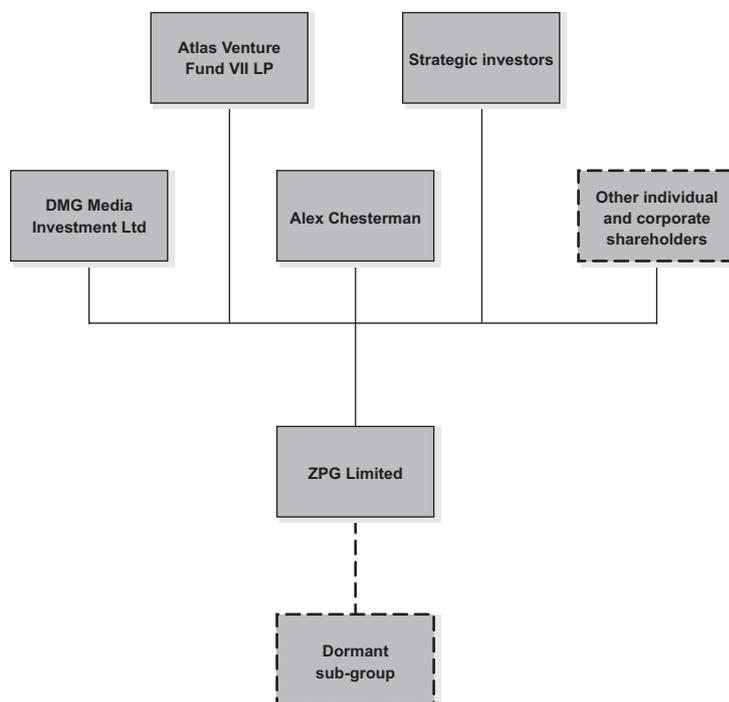
4.4.6 the Company will, using the cash gift described at 4.4.5 above, redeem all of the Company Preference Shares (setting off the Company's obligation to pay the redemption monies to DMG Media Investments Limited against DMG Media Investments Limited's obligations in respect of its obligation to pay for the Company Preference Shares); and

4.4.7 the Company and the existing shareholders of ZPG Limited will effect a share-for-share exchange whereby each of the existing shareholders will transfer all of the New ZPG Ordinary Shares held by it to the Company, in exchange for the allotment and issue by the Company of such number of Shares as represents the value of the shares in ZPG Limited held by it immediately prior to the Reorganisation.

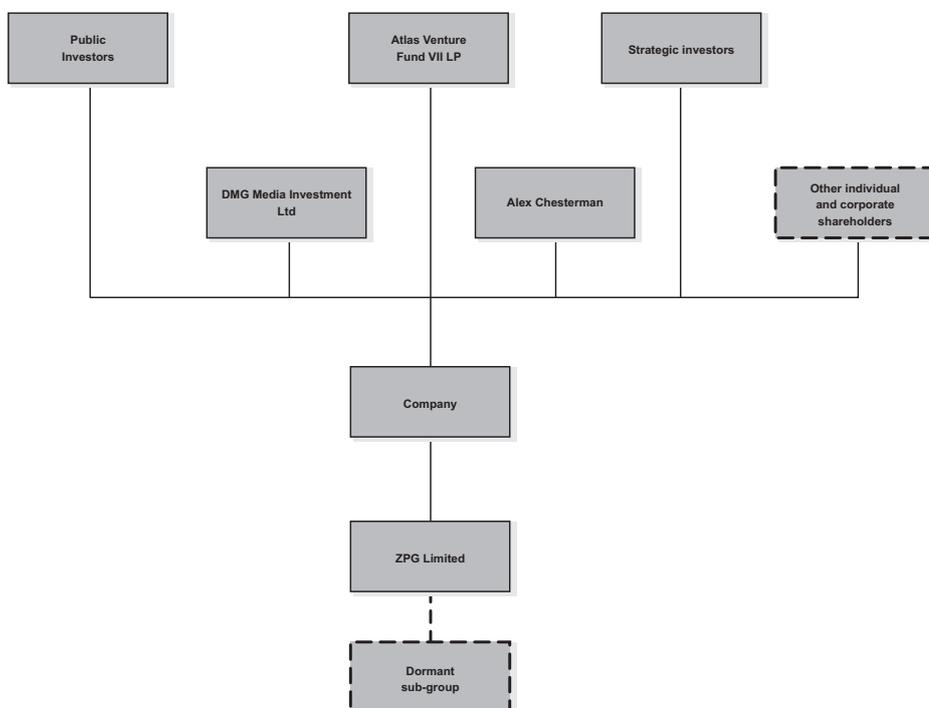
4.5 The effect of the steps above is to ensure that each of the existing shareholders holds Shares in the Company immediately after the Reorganisation which represent the same economic value as the New ZPG Ordinary Shares held by each such shareholder immediately prior to the Reorganisation.

### Structural changes to the Group under the Reorganisation

4.6 The structure chart below illustrates the structure of the Group as at the date of this Prospectus and before completion of the Reorganisation due to take place immediately prior to Admission.



4.7 The structure chart below illustrates the structure of the Group at Admission following completion of the Reorganisation.



## **5. ARTICLES OF ASSOCIATION**

The Articles of Association of the Company, to be adopted with effect from Admission, (the “Articles”) include provisions to the following effect:

### **5.1 *Share rights***

Subject to the provisions of the Act, and without prejudice to any rights attached to any existing shares or class of shares any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

### **5.2 *Voting rights***

Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting or at a separate meeting of the holders of any class, either in person or by proxy, in respect of a share unless all moneys presently payable by him in respect of that share have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

### **5.3 *Dividends and other distributions***

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for these purposes as paid on the share.

Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

If the share capital is divided into different classes, the Board may also pay interim dividends on shares which confer deferred, non-preferred or preferential rights with regard to dividends and may pay, at intervals determined by it, any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

#### 5.4 *Variation of rights*

Subject to the provisions of the Act, rights attached to any class of shares (unless otherwise provided by the terms of allotment of the shares of that class) may be varied or abrogated with the written consent of the holders of three quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

#### 5.5 *Lien and forfeiture*

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

#### 5.6 *Transfer of shares*

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

5.6.1 is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

5.6.2 is in respect of one class of share only; and

5.6.3 is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

#### 5.7 *Alteration of share capital*

Subject to the Act, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

#### 5.8 *Purchase of own shares*

Subject to the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class in any way and at any price (whether at par or above or below par).

#### 5.9 *General meetings*

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act. The Board may call general meetings whenever and at such times and places as it shall determine.

#### 5.10 *Directors*

##### 5.10.1 *Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than three in number but shall not be subject to any maximum. Directors may be appointed by ordinary resolution of Shareholders or by the Board.

##### 5.10.2 *No share qualification*

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

##### 5.10.3 *Annual retirement of Directors*

At every annual general meeting held after the first annual general meeting after the date of adoption of the Articles, all Directors at the date of notice of annual general meeting shall retire from office.

##### 5.10.4 *Remuneration of Directors*

The emoluments of any Director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £1 million per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee for that service (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board.

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by,

any of them, and for any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such benefit.

#### 5.10.5 *Permitted interests of Directors*

Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Act apply, in which case no such disclosure is required), a Director notwithstanding his office:

- 5.10.5.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 5.10.5.2 may act by himself or for his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- 5.10.5.3 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is (directly or indirectly) interested as a shareholder or otherwise or with which he has such relationship at the request or direction of the Company; and
- 5.10.5.4 shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate the acceptance, entry into or existence of which has been approved by the Board pursuant to Article 145 of the Articles or which he is permitted to hold or enter into by virtue of paragraph 5.10.5.1, 5.10.5.2 or 5.10.5.3.

#### 5.10.6 *Restrictions on voting*

A Director shall not vote on any resolution of the Board concerning a matter in which he has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns one or more of the following matters:

- 5.10.6.1 the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- 5.10.6.2 the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- 5.10.6.3 a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub underwriting of which he is to participate;
- 5.10.6.4 a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Act) representing one per cent or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or any other body corporate through which his interest is

derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be likely to give rise to a conflict with the interests of the Company in all circumstances):

5.10.6.5 a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

5.10.6.6 a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

#### 5.10.7 *Indemnity of officers*

Subject to the provisions of the Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Act.

## 6. DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS

6.1 It is expected that the direct and indirect beneficial interests of the Directors and Senior Management in the share capital of the Company immediately prior to Admission and the corresponding estimates of their direct and indirect beneficial interests immediately following Admission will be as set out in the table below:

Director/Senior Management	Interests immediately prior to Admission <sup>(1)</sup>		Interests immediately following Admission <sup>(2)</sup>	
	No.	% of total issued share capital <sup>(3)</sup>	No.	% of total issued share capital <sup>(3)</sup>
Alex Chesterman.....	33,877,480	8.1%	18,620,018	4.5%
Stephen Morana .....	1,500,000	0.4%	750,000	0.2%
Duncan Tatton-Brown <sup>(4)</sup> .....	–	–	–	–
Robin Klein .....	1,115,835	0.3%	–	–
Sherry Coutu .....	1,177,580	0.3%	588,790	0.1%
Simon Kain .....	8,122,630	1.9%	4,464,426	1.1%
Jon Notley .....	118,500	0.0%	59,275	0.0%

(1) The interests of Shares have been stated on the basis that the steps described in paragraph 4 of this Part 12 “Additional Information” have been completed in full.

(2) Assumes such Shareholder has sold the maximum number of Shares he or she has indicated he or she will sell in the Offer, no exercise of the Over-allotment Option, that the Offer Price has been set at the mid-point of the Price Range and that he has elected to receive “free shares” under the Employee Offer where eligible. If the Over-allotment Option is exercised in full and assuming the Offer Price is set at the mid-point of the Price Range, a further 19,491,044 Shares, representing 4.7 per cent of the Company’s issued share capital will be sold by the Over-allotment Shareholders pro rata to their sale of Shares in the Offer.

(3) Assuming that the Offer Price has been set at the mid-point of the Price Range.

(4) Duncan Tatton-Brown intends to subscribe for Shares with a value of £50,000 at the Offer Price. The Company intends to meet this subscription with Shares in full.

- 6.2 In addition to the interest in Shares described above, it is anticipated that a member of Senior Management will, immediately prior to and following Admission, be interested in options to acquire Shares as set out below:

<b>Senior Management</b>	<b>Grant date</b>	<b>Number of Shares under vested options<sup>(1)(2)(3)</sup></b>	<b>Number of Shares under unvested options<sup>(1)(2)(3)</sup></b>	<b>Exercise price per option (£)</b>
Jon Notley <sup>(4)</sup> .....	15 April 2012	187,500	312,500	0.06
	15 October 2012	18,750	31,250	0.35
	15 April 2013	12,500	37,500	0.35
	15 January 2014	–	50,000	0.35

- (1) The interests of Shares have been stated on the basis that the steps described in paragraph 4 of this Part 12 “Additional Information” have been completed in full.
- (2) Options set out in the table above were granted over ZPG Ordinary Shares under the Executive Share Option Schemes described at paragraph 8.6 below. Following Admission, the options will be exercisable over Shares.
- (3) References in the table to vested and unvested options relate to the status of such options as at Admission in accordance with the vesting schedule described in paragraph 8.6.2 below
- (4) Jon Notley is entitled to exercise all vested options but, for the purposes of this table, it is assumed that he will not do so.

- 6.3 In so far as is known to the Company, the following are the interests (within the meaning of Part VI of the Act) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, 3 per cent or more of the issued share capital of the Company immediately before and immediately after Admission, assuming no exercise of the Over-allotment Option:

<b>Shareholder</b>	<b>Interests immediately prior to Admission<sup>(1)</sup></b>		<b>Shares to be sold pursuant to the offer</b>		<b>Interests immediately following Admission (assuming no over-allotment)<sup>(2)</sup></b>	
	<b>No.</b>	<b>% of total issued share capital<sup>(3)</sup></b>	<b>Max No.</b>	<b>% of holding</b>	<b>No.</b>	<b>% of total issued share capital<sup>(3)</sup></b>
DMG Media Investments Limited .....	217,445,030 <sup>(3)</sup>	52.1%	97,931,112 <sup>(3)</sup>	45.0%	119,513,918 <sup>(3)</sup>	28.6%
Atlas Venture Fund VII, L.P.	48,461,140	11.6%	21,825,532	45.0%	26,635,608	6.4%
Alex Chesterman	33,877,480	8.1%	15,257,462	45.0%	18,620,018	4.5%
Countrywide Plc.	25,768,640	6.2%	11,605,470	45.0%	14,163,170	3.4%

- (1) The interests of Shares as at the date of this document have been stated on the basis that the steps described on paragraph 4 of this Part 12 “Additional Information” have been completed in full.
- (2) Assumes such Shareholder has sold the maximum number of Shares it has indicated that it will sell in the Offer, no exercise of the Over-allotment Option and that the Offer Price has been set at the mid-point of the Price Range. If the Over-allotment Option is exercised in full and assuming the Offer Price is set at the mid-point of the Price Range, a further 19,491,044 Shares, representing 4.7 per cent of the Company’s issued share capital will be sold by the Over-allotment Shareholders pro rata to their sale of Shares in the Offer.
- (3) Assuming that the Offer Price as been set at the mid-point of the Price Range.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3 per cent or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

- 6.4 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.
- 6.5 Save as described in paragraph 4.4.3, above, there are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.
- 6.6 The following table sets out the interests of each of the Selling Shareholders (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Selling Shareholder) prior to Admission, the maximum number of Shares such Selling Shareholder has agreed to make available in the Offer, and the corresponding interest of such Selling Shareholder following Admission. The business address of each such Selling Shareholder, save as otherwise noted, is Zoopla Property Group Plc, Harlequin Building, 65 Southwark Street, London SE1 0HR.

Shareholder	Interests immediately prior to Admission <sup>(1)</sup>		Shares to be sold pursuant to the offer <sup>(1)(2)</sup>		Interests immediately following Admission <sup>(1)(2)</sup>	
	No.	%	No.	%	No.	% <sup>(9)</sup>
Alex Chesterman <sup>(3)(4)</sup> .....	33,877,480	8.1%	15,257,462	45.0%	18,620,018	4.5%
Simon Kain <sup>(3)(4)</sup> .....	8,122,630	1.9%	3,658,204	45.0%	4,464,426	1.1%
DMG Media Investments Limited <sup>(3)(7)</sup> .....	217,445,030 <sup>(9)</sup>	52.1%	97,931,112 <sup>(9)</sup>	45.0%	119,513,918 <sup>(9)</sup>	28.6%
Atlas Venture Fund VII, L.P. <sup>(3)(7)</sup> .....	48,461,140	11.6%	21,825,532	45.0%	26,635,608	6.4%
Countrywide Plc <sup>(3)(7)</sup> .....	25,768,640	6.2%	11,605,470	45.0%	14,163,170	3.4%
Connells Limited <sup>(3)(7)</sup> .....	20,768,010	5.0%	9,353,327	45.0%	11,414,683	2.7%
LSL Property Services Plc <sup>(3)(7)(8)</sup> .....	20,768,321	5.0%	9,034,743	45.0%	11,733,578	2.8%
Octopus Zenith LP <sup>(3)(7)</sup> .....	13,769,500	3.3%	6,201,395	45.0%	7,568,105	1.8%
Octopus Investments Nominees Limited <sup>(3)(7)</sup> .....	4,468,420	1.1%	2,012,451	45.0%	2,455,969	0.6%
EBT Trustee <sup>(5)</sup> .....	19,210,480	4.6%	13,429,588	69.9%	5,780,892	1.4%
Other Selling Shareholders <sup>(6)(8)</sup> .....	5,918,330	1.4%	4,601,210	80.9%	1,317,120	0.3%

- (1) The interests of Shares as at the date of this document have been stated on the basis that the steps described on paragraph 4 of this Part 12 "Additional Information" have been completed in full.
- (2) Assuming such shareholder has sold the maximum number of Shares it has indicated that it has agreed to make available in the Offer and assuming no exercise of the Over-allotment Option. The Over-allotment Shareholders have agreed to make available Shares representing, in aggregate, up to 10 per cent. of the total number of Shares that are subject to the Offer pursuant to the Over-allotment Option, pro rata to the number of Shares sold by each such Over-allotment Shareholder in the Offer.
- (3) In connection with Admission, the Principal Selling Shareholders have indicated that they will make available, in aggregate, between 123,539,535 and 196,372,125 Shares, representing between 31.5 and 50 per cent. of their existing holdings on a weighted average basis (including in each case Shares subject to the Over-allotment Option). Assuming the Offer Price is set at the mid-point of the Price Range, the maximum number of Shares to be made available in connection with Admission comprise a maximum of 20,067,993 Shares to be made available in the Member Offer and a maximum of 20,067,993 Shares to be made available to satisfy Member Options (which entitle Eligible Members to purchase additional Shares after the first anniversary of Admission at the Discounted Offer Price in an amount equal to the number of Shares such Eligible Member purchased in the Member Offer), with the balance to be sold in the Institutional Offer and pursuant to the Over-allotment Option. Any Shares not applied for pursuant to the Member Offer, together with the number of Shares made available to satisfy the corresponding Member Options, are expected to be made available for sale in the Institutional Offer.
- (4) Interests held through the EBT Trustee other than "free shares" assumed to be acquired on Admission under the Employee Offer.

- (5) Comprising (a) Shares held beneficially by and being made available for sale by certain Group employees (excluding Shares beneficially held by Alex Chesterman and Simon Kain) and (b) Shares held for the purpose of satisfying options granted prior to Admission as described in paragraph 8.6 below.
- (6) Comprising Shares held by Group members and other individual Selling Shareholders.
- (7) DMG Media Investments Limited's business address is Northcliffe House, 2 Derry Street, London W8 5TT. Atlas Venture Fund VII, LP's business address is 25 First Street, Suite 303, Cambridge, MA 02141 USA. Countrywide plc's business address is 17 Duke Street, Chelmsford, Essex CM1 1HF. Connells Limited's business address is The Bailey, Skipton, North Yorkshire, BD23 1DN. LSL Property Services plc's business address is Newcastle House Albany Court, Newcastle Business Park, Newcastle Upon Tyne, Tyne & Wear NE4 7YB. Octopus Zenith LP's business address is 20 Old Bailey, London EC4M 7AN. Octopus Investments Nominees Limited's business address is 20 Old Bailey, London EC4M 7AN.
- (8) Including Shares issuable upon the exercise of warrants which will replace existing warrants in respect of ZPG Ordinary Shares following the Reorganisation.
- (9) Assuming that the Offer Price has been set at the mid-point of the Price Range.

The Selling Shareholders are collectively offering for sale between a Share Offer Size Range of 92,882,726 Shares and 194,911,751 Shares at a Price Range of between 200 pence and 250 pence per Share. The actual number of existing Shares to be sold by each of the Selling Shareholders in the Offer will only be determined by each of them at the time the Offer Price is determined. It is currently expected that the Share Offer Size will be set within the Share Offer Size Range and that the Offer Price will be set within the Offer Price Range. However, the number of Shares to be sold may fall outside the Offer Size Range (in each case subject to the minimum free float requirements agreed by the Company with the UK Listing Authority) or the Offer Price may fall outside the Price Range. See paragraph 12 of Part 11 "Details of the Offer" for the steps the Company will take should the Share Offer Size be set above or below the Share Offer Size Range and/or the Offer Price be set above the Price Range or the Price Range be revised higher.

In addition, further Shares representing 10 per cent. of the Offer (up to 19,491,172 Shares) will be made available by the Over-allotment Shareholders pursuant to the Over-allotment Option described below.

## **7. DIRECTORS' TERMS OF EMPLOYMENT**

7.1 The Directors and their positions are set out in Part 6 "Directors, Senior Management and Corporate Governance". On 1 May 2014, Mike Evans, Duncan Tatton-Brown, Sherry Coutu and Robin Klein were appointed as Non-Executive Directors of the Company. On 21 May 2014, Grenville Turner, David Dutton and Stephen Daintith were appointed as Non-Executive Directors of the Company. Each of the Executive Directors entered into a new service agreement with the Company on 21 May 2014. The service agreements become effective from Admission.

### **7.2 Executive Directors**

7.2.1 On and from the date of Admission, Alex Chesterman will receive a salary of £450,000 per annum and Stephen Morana will receive a salary of £300,000 per annum. From Admission, both Alex Chesterman and Stephen Morana will also be eligible to participate in the Company's deferred annual bonus plan and long term incentive plan (see paragraph 8). The Company has a designated pension provider. Each Executive Director is entitled to matching contributions by the Company of up to 15 per cent of his salary to the scheme, or an amount equal to 15 per cent of his salary in lieu of pension contributions.

7.2.2 Each Executive Director also receives medical insurance and life assurance benefits.

7.2.3 Each Executive Director's service agreement is terminable on 12 months written notice given by either party. The Company, as the employer under the service agreements, is entitled to terminate the Executive Director's employment by payment of a cash sum in lieu of notice, equal to (i) the base salary which the Executive Director would have been entitled to receive during the notice period; and (ii) the base salary he was entitled to receive in respect of any accrued holiday entitlement. The payment in lieu of notice can be paid, at the Company's discretion, as a lump sum or in monthly instalments over the notice period. There is a

mechanism in each Executive Director's service agreement to reduce the payment in lieu of notice where he commences alternative employment while the monthly instalments remain payable.

- 7.2.4 Each Executive Director will be eligible for an annual bonus (with a maximum bonus opportunity of 125 per cent of his annual base salary for Alex Chesterman, and 100 per cent of his annual base salary for Stephen Morana). Any such bonus will be paid as to one half in cash and one half in deferred shares which vest after three years subject to continuing employment. Any bonus is discretionary and subject to achievement of a combination of key financial and non-financial measures.
- 7.2.5 Pursuant to sections 79–82 of the Enterprise and Regulatory Reform Act 2013, the Executive Directors' remuneration will be subject to shareholder approval. In the event that such approval is not obtained when required, the service agreements provide that the Executive Directors will have no entitlement to compensation or damages in respect of any loss or damage suffered as a consequence.
- 7.2.6 Alexander Chesterman is entitled to 30 days' holiday per annum. Stephen Morana is entitled to 26 days' holiday, and to one additional day's holiday for every complete year of service up to a maximum of 30 days' holiday per annum.
- 7.2.7 Each of the Executive Directors is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation, and non-hiring restrictive covenants for a period of 12 months after the termination of their respective service agreements.
- 7.2.8 Each of the Executive Directors is entitled to be covered by a policy of directors' and officers' insurance.

### 7.3 **Non-Executive Directors**

- 7.3.1 Mike Evans is entitled to receive an annual fee of £150,000 as Chairman. His appointment as Chairman commenced on 1 May 2014 and is terminable by either party giving to the other three months' written notice or immediately by the Company making a payment in lieu of fees for the next three months at the rate payable at the date of termination, or, if less, the balance of fees for any unexpired term of notice. His letter of appointment states that his appointment will be for an initial period of three years. The appointments of Sherry Coutu, Robin Klein and Duncan Tatton-Brown are for an initial period of three years commencing on 1 May 2014. The appointments of Grenville Turner, Stephen Daintith and David Dutton are for an initial period of three years commencing on 21 May 2014. David Dutton and Stephen Daintith are appointed to the Board by the Principal Shareholder pursuant to the terms of the Relationship Agreement. The Non-Executive Directors and the Chairman are subject to re-election when appropriate by the Company in general meeting.
- 7.3.2 Sherry Coutu, Robin Klein, Duncan Tatton-Brown and Grenville Turner are each entitled to receive an annual fee of £40,000. Each of Sherry Coutu and Duncan Tatton-Brown is entitled to an additional fee of £10,000 in respect of acting as the chair of the remuneration and audit committees respectively. David Dutton and Stephen Daintith are not entitled to receive any fee from the Company.
- 7.3.3 The appointment of Duncan Tatton-Brown may be terminated at any time upon one month's written notice by either party. The appointments of Sherry Coutu, Robin Klein and Grenville Turner may be terminated on one month's written notice by either party or immediately by the Company making a payment in lieu of fees for the next month. The appointments of David Dutton and Stephen Daintith may be terminated by: (i) notice in writing by David Dutton or Stephen Daintith respectively, or by all of the other directors in accordance with the Articles; (ii) the Company in accordance with the Articles; or (iii) notice by the Principal Shareholder.

- 7.3.4 Each Non-Executive Director is also entitled to reimbursement of reasonable expenses.
- 7.3.5 The Non-Executive Directors are not entitled to participate in the Company's share, bonus or pension schemes.
- 7.3.6 The Non-Executive Directors are subject to confidentiality undertakings without limitation in time. They are also subject to non-compete and non-solicitation of employees restrictive covenants for the duration of their appointments and, with the exception of Mike Evans, for 6 months after the termination of their appointments. Mike Evans is subject to non-compete and non-solicitation of employees restrictive covenants during his appointment and for 12 months after termination of the appointment.
- 7.3.7 The Company has appropriate directors' and officers' indemnity insurance in place in respect of the Chairman and the Non-Executive Directors.
- 7.3.8 Robin Klein, Stephen Daintith, David Dutton, and Grenville Turner are also directors of ZPG Limited, but will be resigning on Admission.

7.4 Save as set out in paragraphs 7.2 and 7.3 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

#### 7.5 Directors' and Senior Management's Remuneration

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 30 September 2013, the aggregate remuneration and benefits to the directors of the Company and the Senior Management of the Group who served during the year ended 30 September 2013, consisting of eight individuals, was £856,387.

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 30 September 2013, the directors and Senior Management of the Company were remunerated by the Group as set out below:

Name	Position	Annual Salary (£)	Other Benefits (£)	Date of Joining the Group
Mike Evans .....	Non-Executive Chairman	—	—	1 May 2014
Alex Chesterman.....	Founder & Chief Executive Officer	£202,561	£151,127	30 January 2007
Stephen Morana.....	Chief Financial Officer	£83,308	£44,408	15 April 2013
Duncan Tatton-Brown.....	Senior Independent Non-Executive Director	—	—	1 May 2014
Sherry Coutu.....	Independent Non-Executive Director	—	—	21 May 2014
Robin Klein.....	Independent Non-Executive Director	—	—	31 May 2012
Stephen Daintith .....	Non-Executive Director	—	—	15 October 2013
David Dutton.....	Non-Executive Director	—	—	31 May 2012
Grenville Turner.....	Non-Executive Director	—	—	5 July 2010
Simon Kain .....	Chief Technology Officer	£126,250	£48,844	1 June 2007
Jon Notley.....	Commercial Director	£134,375	£65,514	22 August 2011

7.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

#### 7.7 Directors' and Senior Management's current and past directorships and partnerships

Set out below are the directorships and partnerships held by the Directors and members of Senior Management (other than, where applicable, directorships held in the Company and/or in any subsidiaries of the Company), in the five years prior to the date of this document:

Name	Current directorships/partnerships	Past directorships/partnerships
Mike Evans .....	CBRE Global Investors Group (UK) Ltd.; Chesnara PLC; esure Group PLC; Hargreaves Lansdown PLC	—
Alex Chesterman.....	Devalink Limited; Hoopla Limited	Huddlebuy Limited

<b>Name</b>	<b>Current directorships/partnerships</b>	<b>Past directorships/partnerships</b>
Stephen Morana .....	Boohoo PLC	Betfair Group PLC; Featurespace Limited
Duncan Tatton-Brown.....	MHE JVCO Limited; OCADO Group PLC; OCADO Holdings Limited; OCADO Limited; Rentokil Initial PLC	Firsdel Ltd; Fitness First Clubs Limited; Fitness First Finance Limited; Fitness First Holdings Limited; Fitness First Limited; Fitness First Overseas Holdings Limited; Fleets First Limited; Moray Limited; Rambo A Limited; Rambo B Limited; Rambo C Limited; Rambo D limited; Rambo E Limited
Sherry Coutu.....	Art Discovery Limited; Cambridge Temperature Concepts Ltd; London Stock Exchange Group; Oxford Cambridge and RSA Examinations; Raspberry Pi (Trading) Limited; SVC2UK Limited; Wayra Unlimited	New Energy Finance Limited
Robin Klein.....	Adhunter Limited; Benjam Limited; Lifealike Limited; Level Business Limited; Moo Print Limited; Mybuilder Limited; Stylescape Limited; Wonga Group Limited	Digivate Limited; JC Online Limited; JC Tech Limited; Jewish Chronicle Limited; Jewish Chronicle Newspaper Limited; Jewish Community Centre UK; The Moving Services Limited; Optimor Limited; Stylefantasia Limited
Stephen Daintith .....	Daily Mail and General Holdings Limited; Daily Mail and General Investments PLC; Daily Mail and General Trust PLC; DMG Information Limited; DMG Loanco Limited; DMG Media Investments Limited; DMG Oceans Limited; Euromoney ESOP Trustee Limited; Euromoney Institutional Investor PLC	Northcliffe Media Holdings Limited
David Dutton.....	Artirix Limited; Bannamoss Limited; The Bread Roll Holding Company Limited; Daily Mail and General Holdings Limited; DMG Information Limited; DMGI Land & Property Europe Limited; DSV Holdings Limited; Evenbase Recruitment Limited; EXTTH Limited; Hilcro PLC (formerly Medigen PLC); Medigen Payphones Limited; Resolex (Holdings Limited; Transport Innovation Limited; Telecommunications Limited; UCL Business PLC (formerly UCL Biomedica PLC); UCL Cruciform Limited;	Allegran Limited; Associated Newspapers Property; The Digital Property Group Limited; DMG Media Investments Limited; Dresscliff Developments Land LLP; Dresscliff Developments Limited; EDR Landmark Information Limited; Evexar Medical Limited; Risk Management Solutions, Inc.; Spicegrid Limited; Teletext Holdings Limited; UCL Bio(3) Limited; Wilderness Trails Limited
Grenville Turner.....	Balanus Limited; Castle Holdco 5 Limited; Countrywide Estate Agents; Countrywide Group PLC; Countrywide Holdings Ltd; Hamptons Estates Limited; Hamptons Group Limited; Hamptons International Mortgages Limited; Imagine No. 1 LLP; Imagine No. 2 LLP; Mortgage Intelligence Holdings Limited; Mortgage Intelligence Limited; Mortgage Next Limited; Mortgage Next Network Limited; Mortgage Next Packaging Limited	Castle Holdco 1, Ltd.; Castle Holdco 5, Ltd.; Castle Holdco 3, Ltd.; Hamptons Franchising Limited; The London Residential Agency Limited
Simon Kain .....	Sijax Ltd	—
Jon Notley .....	—	Parent Breaks Limited

7.7.1 Within the period of five years preceding the date of this document, none of the Directors or members of Senior Management:

- (i) has had any convictions in relation to fraudulent offences;
- (ii) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company, with the exception of

Duncan Tatton-Brown, who was director of each of Rambo A Limited, Rambo B Limited, Rambo C Limited and Rambo D Limited, which were liquidated and was a director of Fitness First Clubs Limited, which entered into a company voluntary arrangement; or

- (iii) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

## **8. EMPLOYEE SHARE PLANS**

Following Admission, the Company intends to operate two discretionary executive share plans: a long-term incentive plan (the “LTIP”) and a deferred bonus plan (the “DBP”). In addition, there will be an all-employee share incentive plan available for operation at the Company’s discretion (the “SIP”). Two existing share option schemes are described in paragraph 8.6 below.

The LTIP and DBP are, together, the “Discretionary Plans” and the Discretionary Plans and the SIP are, together, the “New Plans”.

A reference in this paragraph 8 to the “Board” includes any designated committee of the Board.

The principal features of the New Plans are summarised below.

### **8.1 LTIP**

The LTIP was adopted by the Board on 4 June 2014, and will be operated conditional on Admission.

#### **8.1.1 Status**

The LTIP is a discretionary executive share plan. Under the LTIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil cost options over Shares (“LTIP Options”) and/or (ii) conditional awards (i.e. a conditional right to acquire Shares) (“LTIP Conditional Awards”) and/or (iii) Shares which are subject to restrictions and the risk of forfeiture (“LTIP Restricted Shares” and, together with LTIP Options and LTIP Conditional Awards, “LTIP Awards”). No payment is required for the grant of an LTIP Award.

#### **8.1.2 Eligibility**

All employees (including Executive Directors) are eligible for selection to participate in the LTIP at the discretion of the Board.

#### **8.1.3 Grant of LTIP awards**

The Company may grant LTIP Awards to eligible employees with a maximum total market value in any financial year of up to 200 per cent of the relevant individual’s annual base salary. However, the Company anticipates that it will grant awards of 200 per cent of the relevant individual’s annual base salary only in exceptional circumstances, and the maximum total market value in any financial year will typically be up to 150 per cent of the relevant individual’s annual base salary in the case of the CEO; 125 per cent of the relevant individual’s annual base salary in the case of the CFO; and lower percentages for other participating employees.

LTIP Awards may be granted during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company’s results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the LTIP Award at that time; or (iv) the day after the lifting of any dealing restrictions.

However, no LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

#### 8.1.4 Holding period

At its discretion, the Board may grant LTIP Awards subject to a holding period following vesting.

#### 8.1.5 Performance and other conditions

The Board will impose performance conditions on the vesting of LTIP Awards. 50 per cent of an LTIP Award will be subject to the achievement by the Company of relative total shareholder return (“TSR”) targets measured against companies in the FTSE 250, with threshold vesting for medium performance and maximum vesting for upper quartile performance. 50 per cent of an LTIP Award will be subject to the achievement by the Company of earnings per share (“EPS”) targets set by the Board. 25 per cent of an LTIP Award will vest on the achievement of the threshold, followed by straight line vesting up to 100 per cent on the achievement of the maximum.

Any performance conditions applying to LTIP Awards may be varied, substituted or (in exceptional circumstances) waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

Where performance conditions are specified for LTIP Awards, the underlying measurement period for such conditions will ordinarily be three years.

The Board may also impose other conditions on the vesting of LTIP Awards.

#### 8.1.6 Malus and clawback

Awards may be subject to clawback by the Company if the Remuneration Committee determines that there has been a mis-statement of earnings, censure by a regulatory authority or any other circumstance where it deems that the reputation of the Company has been seriously damaged.

The Remuneration Committee may, at the time of vesting or at any time before, reduce the vesting level of an LTIP Award in special circumstances or on the discovery of deficient performance.

#### 8.1.7 Vesting and exercise

LTIP Awards will normally vest, and LTIP Options will normally become exercisable, on the third anniversary of the date of grant of the LTIP Award to the extent that any applicable performance conditions have been satisfied and to the extent permitted under any operation of malus or clawback. LTIP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from the date of grant.

#### 8.1.8 Cessation of employment

Except in certain circumstances, set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an “LTIP Good Leaver Reason”), his LTIP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance

period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an LTIP Good Leaver Reason, the Board can alternatively decide that his LTIP Award will vest early when he leaves. If a participant dies, a proportion of his LTIP Award will vest on the date of his death. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback.

To the extent that LTIP Options vest for an LTIP Good Leaver Reason, they may be exercised for a period of 6 months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that LTIP Options vest following death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

#### 8.1.9 Corporate events

In the event of a takeover, reconstruction, amalgamation or winding-up of the Company, the LTIP Awards will vest early. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, winding-up or reconstruction or amalgamation of the Company they will be deemed to be exercised on the vesting date following the relevant event.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. LTIP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

## 8.2 **DBP**

The DBP was adopted by the Board on 4 June 2014, and will be operated conditional on Admission. The DBP will operate in conjunction with the Company's annual bonus.

### 8.2.1 Status

The DBP is a discretionary executive share plan. Under the DBP, the Board may, within certain limits, grant to eligible employees (i) nil cost options over Shares ("DBP Options") and/or (ii) conditional awards (i.e. a conditional right to acquire Shares) ("DBP Conditional Awards") and/or (iii) Shares which are subject to restrictions and the risk of forfeiture ("DBP Restricted Shares" and, together with DBP Options and DBP Conditional Awards, "DBP Awards"). No payment is required for the grant of a DBP Award.

### 8.2.2 Eligibility

All employees (including Executive Directors) are eligible for selection to participate in the DBP at the discretion of the Board.

### 8.2.3 Grant of DBP Awards

The Board may determine that a proportion of a participant's annual bonus will be deferred into a DBP Award.

There is a maximum limit on the market value of Shares granted to any employee under a DBP Award of 50 per cent of the total annual bonus for that individual in the case of an Executive Director or member of the executive team, or one third of the total annual bonus for that individual in the case of the leadership team and management team members.

Initially employees' annual bonus opportunity is capped at 125 per cent of annual base salary in the case of the CEO; 100 per cent of annual base salary in the case of the CFO; and lower percentages for other participating employees.

DBP Awards may be granted during the 42 days beginning on: (i) the day after the announcement of the Company's results for any period; (ii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the DBP Award at that time; or (iii) the day after the lifting of any dealing restrictions.

However, no DBP Awards may be granted more than 10 years from the date when the DBP was adopted.

### 8.2.4 Performance conditions

The Board will set the performance targets for the annual bonus at the beginning of the relevant financial year. Annual bonus performance conditions will be a combination of key financial measures and non-financial measures. Vesting of DBP Awards is not subject to the satisfaction of performance targets.

### 8.2.5 Holding period

At its discretion, the Board may grant DBP Awards subject to a holding period following vesting.

### 8.2.6 Malus and clawback

Bonuses and DBP Awards may be subject to clawback by the Company if the Remuneration Committee determines that there has been a mis-statement of earnings, censure by a regulatory authority or any other circumstance where it deems that the reputation of the Company has been seriously damaged.

The Remuneration Committee may, at the time of payment of the annual bonus or at any time before, reduce the annual bonus payments in special circumstances or on the discovery of deficient performance either on the part of the Company or the individual.

### 8.2.7 Vesting and exercise

In the case of Executive Directors and the executive team, DBP Awards will normally vest on the third anniversary of the date of grant of the DBP Award to the extent permitted under any operation of malus or clawback.

In the case of the leadership team and management team members, DBP Awards will normally vest in equal proportions on the first and second anniversaries of the date of grant of the DBP Award to the extent permitted under any operation of malus or clawback

DBP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from the date of grant.

#### 8.2.8 Cessation of employment

Except in certain circumstances, set out below, a DBP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an “DBP Good Leaver Reason”), his DBP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the operation of malus or clawback.

If a participant ceases to be a Group employee or director for a DBP Good Leaver Reason, the Board can alternatively decide that his DBP Award will vest early when he leaves. If an employee dies, a proportion of his DBP Award will vest on the date of his death. The extent to which a DBP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the DBP Award has been held and the operation of malus or clawback.

To the extent that DBP Options vest for a DBP Good Leaver Reason, they may be exercised for a period of 6 months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that DBP Options vest following death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

#### 8.2.9 Corporate events

In the event of a takeover, reconstruction, amalgamation or winding-up of the Company, the DBP Awards will vest early. The proportion of the DBP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the DBP Award has been held by the participant.

To the extent that DBP Options vest in the event of a takeover, winding-up or reconstruction or amalgamation of the Company they will be deemed to be exercised on the vesting date following the relevant event.

In the event of a demerger, distribution or any other corporate event, the Board may determine that DBP Awards shall vest. The proportion of the DBP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the DBP Award has been held by the participant. DBP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that DBP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

### 8.3 Provisions applying to each of the Discretionary Plans

#### 8.3.1 Awards not transferable

Awards granted under the Discretionary Plans are not transferable other than to the participant’s personal representatives in the event of his death provided that awards and Shares may be held by the trustees of an employee trust as a nominee for the participants.

### 8.3.2 Limits

The Discretionary Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of each of the Discretionary Plans provide that, in any period of 10 calendar years following Admission, not more than 10 per cent of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme operated by the Company. In addition, the rules of each of the Discretionary Plans provide that, in any period of 10 calendar years following Admission, not more than 5 per cent of the Company's issued ordinary share capital may be issued under the relevant plan and under any other executive (discretionary) share scheme adopted by the Company. Shares issued out of treasury under the relevant Discretionary Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to awards granted before Admission or within 42 days beginning on Admission will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

### 8.3.3 Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under each of the Discretionary Plans as it considers to be fair and reasonable.

### 8.3.4 Dividend equivalents

In respect of any award granted under any of the Discretionary Plans, the Board may decide that participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

### 8.3.5 Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the Discretionary Plans with a cash payment equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

### 8.3.6 Rights attaching to Shares

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the Discretionary Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the participant acquires the Shares, save to the extent set out in the agreement with the participant relating to those Shares.

### 8.3.7 Amendments

The Board may, at any time, amend the provisions of any of the Discretionary Plans in any respect. The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the relevant Discretionary Plan, the price at which Shares can be acquired under an award under the relevant Discretionary Plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior

approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant Discretionary Plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

#### 8.3.8 Overseas plans

The Board may, at any time, establish further plans based on the LTIP and the DBP for overseas territories. Any such plan shall be similar to the LTIP or DBP, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

#### 8.3.9 Benefits not pensionable

The benefits received under the Discretionary Plans are not pensionable.

### 8.4 The SIP

The SIP was adopted by the Board on 4 June 2014, conditional on Admission.

#### 8.4.1 Status

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that Shares can be provided to UK employees under the SIP in a tax-efficient manner.

Under the SIP, eligible employees may be: (i) awarded up to £3,600 worth of free Shares (“Free Shares”) each tax year; (ii) offered the opportunity to buy Shares with a value of up to £1,800 (“Partnership Shares”) each tax year; (iii) given up to two free Shares (each, a “Matching Share”) for each Partnership Share bought; and/or (iv) allowed or required to purchase Shares using any dividends received on Shares held in the SIP (“Dividend Shares”). The Board may determine that different limits shall apply in the future should the relevant legislation change in this respect.

Eligible employees will be offered Free Shares to the value of £2,500 per eligible employee (determined by reference to the Offer Price), and invited to purchase Partnership Shares to the value of £1,800 with a further offer of one Matching Share for every Partnership Share purchased under the Employee Offer, as described in paragraph 13 of Part 11 “Details of the Offer”.

#### 8.4.2 SIP Trust

The SIP operates through a UK-resident trust (the “SIP Trust”). The trustee of the SIP Trust purchases or subscribes for shares that are awarded to or purchased on behalf of participants in the SIP. A participant will be the beneficial owner of any Shares held on his behalf by the trustee of the SIP Trust. Any Shares held in the SIP Trust will rank equally with Shares then in issue.

If a participant ceases to be employed by the Group, he will be required to withdraw his Free Shares, Partnership Shares, Matching Shares and Dividend Shares from the SIP Trust (or the Free Shares and Matching Shares may be forfeited, or the Partnership Shares subject to compulsory sale, as described below).

#### 8.4.3 Eligibility

Each time that the Board decides to operate the SIP, all UK resident tax-paying employees must be offered the opportunity to participate. Other employees may be permitted to participate.

Participants invited to participate must have completed a minimum qualifying period of employment before they can participate, as determined by the Board in relation to any award of Shares under the SIP which may be different for each type of award from time to time. In the case of Free Shares (and, in certain circumstances, Partnership and Matching Shares) that period must not exceed 18 months or, in certain other circumstances and only in the case of Partnership Shares or Matching Shares, 6 months.

#### 8.4.4 Limits

The SIP may operate over new issue Shares, treasury Shares or Shares purchased in the market. The rules of the SIP provide that, in any period of 10 calendar years, not more than 10 per cent of the Company's issued ordinary share capital may be issued under the SIP and under any other employees' share scheme operated by the Company. Shares issued out of treasury for the SIP will count towards this limit for so long as this is required under institutional shareholder guidelines. Shares issued or to be issued pursuant to invitations made before Admission (including under the Employee Offer) or within 42 days beginning on Admission will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits. No awards of any Free, Partnership, Matching or Dividend Shares may be granted more than 10 years after the date the SIP was adopted.

#### 8.4.5 Free Shares

Up to £3,600 worth of Free Shares may be awarded to each employee in a tax year. Free Shares must be awarded on the same terms to each employee, but the number of Free Shares awarded can be determined by reference to the employee's remuneration, length of service, number of hours worked and, if the Company so chooses, the satisfaction of performance targets based on business results or other objective criteria. There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the Free Shares from the SIP Trust (or otherwise dispose of the Free Shares) unless the participant leaves employment with the Group.

The Board, at its discretion, may provide that the Free Shares will be forfeited if the participant leaves employment with the Group other than in the circumstances of injury, disability, redundancy, retirement, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employment is employment by an associated company by reason of a change of control or other circumstances ending that company's status as an associated company (each a "SIP Good Leaver Reason") or on death. Forfeiture can only take place within three years of the Free Shares being awarded.

Prior to Admission the Board intends to invite eligible employees to acquire £2,500 of Free Shares on Admission under the Employee Offer, as detailed in paragraph 13 of Part 11 "Details of the Offer".

#### 8.4.6 Partnership Shares

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,800 or 10 per cent of pre-tax salary in any tax year. The minimum salary deduction permitted, as determined by the Board, must be no greater than £10 on any occasion. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months (the "Accumulation Period") or Partnership Shares can be purchased out of deductions from the participant's pre-tax salary when those deductions are made. A participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions. If there is an Accumulation Period, the number of Shares purchased shall be determined by dividing the participant's aggregate pay deducted during the Accumulation Period by the market value of the Partnership Shares either at the beginning of the Accumulation Period, on acquisition, or by the lower of those two prices (as determined by the Company in connection with the invitation to participate).

Partnership Shares must be acquired on behalf of the participant within 30 days after the deduction from salary is made if there is no Accumulation Period or not more than 30 days after the end of the Accumulation Period if one exists.

At the discretion of the Board, Partnership Shares may be subject to compulsory sale provisions on cessation of employment (except for a SIP Good Leaver Reason or on death), provided that they are offered for sale for a price at least equal to the lower of the market value of the Partnership Shares at the time of their sale or the price paid for those Partnership Shares.

Prior to Admission the Board intends to invite eligible employees to purchase £1,800 of Partnership Shares under the Employee Offer. The acquisition will be funded by deductions from participants' salaries over an accumulation period commencing on Admission, as detailed in paragraph 13 of Part 11 "Details of the Offer".

#### 8.4.7 Matching Shares

The Board may, at its discretion, offer Matching Shares to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all participants up to a maximum of two Matching Shares for every Partnership Share purchased (or such other maximum as may be provided by statute). There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the Matching Shares from the SIP Trust unless the participant leaves employment with the Group.

The Board, at its discretion, may provide that the Matching Shares will be forfeited if the participant leaves employment with the Group other than for a SIP Good Leaver Reason or on death. Forfeiture can only take place within three years of the Matching Shares being awarded.

Prior to Admission the Board intends to invite eligible employees who purchase Partnership Shares under the Employee Offer to be awarded one Matching Share for every Partnership Share purchased, as detailed in paragraph 13 of Part 11 "Details of the Offer".

#### 8.4.8 Re-investment of dividends

The Board may allow or require a participant to re-invest the whole or part of any dividends paid on Shares held in the SIP. Dividend Shares must be held in the SIP Trust for no less than three years.

Once acquired, on cessation of employment, Dividend Shares may be subject to compulsory sale provisions (except for a SIP Good Leaver Reasons, or on death), provided that they are offered for sale for a price at least equal to the lower of the market value of the Dividend Shares at the time of their sale or the amount of dividends originally reinvested into the Dividend Shares.

#### 8.4.9 Corporate events

In the event of a general offer being made to Shareholders (or a similar takeover event taking place) during a holding period, participants will be able to direct the trustee of the SIP Trust as to how to act in relation to their Shares held in the SIP. In the event of a corporate re-organisation, any Shares held by participants may be replaced by equivalent shares in a new holding company.

#### 8.4.10 Variation of capital

Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Shares acquired or awarded under the SIP, in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

#### 8.4.11 Rights attaching to Shares

Any Shares allotted under the SIP will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

#### 8.4.12 Amendments

The Company may at any time amend the rules of the SIP by resolution of the Board and may amend the SIP trust deed by way of a supplemental deed. The prior approval of Shareholders at a general meeting of the Company must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, persons to whom the award must or may be made, individual or overall limits, the basis for determining a participant's entitlement to and the terms of Shares provided under the SIP, the price payable for SIP Shares by eligible employees and/or the adjustments that may be made in the event of any variation to the share capital of the Company; save that there are exceptions for any minor amendment to benefit the administration of the SIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its subsidiaries or the trustees of the SIP Trust. No modification can be made which would alter, to the disadvantage of any participant, the rights he accrued under the SIP.

#### 8.4.13 Overseas plans

The Board may, at any time, establish further plans for overseas territories, any such plan to be similar to the SIP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the SIP.

#### 8.4.14 Benefits not pensionable

The benefits received under the SIP are not pensionable.

### 8.5 **The Company's employee trust**

The Company has established an employee benefit trust (the "EBT") which is constituted by a trust deed which was entered into between the Company and Appleby Trust (Jersey) Limited. The Company has the power to appoint and remove the trustee.

The EBT can be used to benefit employees and former employees of the Company and its subsidiaries and certain of their dependents. The trustee of the EBT has the power to acquire Shares. Any Shares acquired may be used for the purposes of the New Plans or other employee share plans established by the Group from time to time. The EBT will also be used as described in paragraph 8.6.5 below.

The Group may fund the EBT by loan or gift to acquire Shares either by market purchase or by subscription. Any awards to subscribe for Shares granted to the EBT or Shares issued to the EBT will be treated as counting against the dilution limits that apply to the Plan.

The EBT will not make an acquisition of Shares if that acquisition would mean that it held more than 5 per cent of the Company's ordinary share capital (other than as nominee for a beneficiary), without prior shareholder approval.

### 8.6 **ZPG Executive Share Option Schemes**

ZPG Limited operates two share option schemes: the Zoopla Property Group Limited Executive Share Option Scheme 2007 and the Zoopla Property Group Limited Executive Share Option Scheme 2012 (together, the "Executive Share Option Schemes"). The Executive Share Option Schemes each contain substantially the same terms, which are summarised below.

It is anticipated that immediately prior to Admission, options will be outstanding under the Executive Share Option Schemes over 6,948,000 Shares, of which vested options (which may be exercised on Admission) relate to 2,219,110 Shares and unvested options relate to 4,728,890 Shares.

No further options will be granted under either of the Executive Share Option Schemes.

#### 8.6.1 Exercise Price

Following the adjustment referred to at paragraph 8.6.5 below, options granted prior to 15 October 2012 will be subject to an exercise price of £0.06 per Share, and options granted on and following 15 October 2012 will be subject to an exercise price of £0.35 per Share.

#### 8.6.2 Exercise of options

Options under the Executive Share Option Schemes become exercisable on the first anniversary of the date of grant as to 25 per cent of the ZPG Ordinary Shares under the option, and as to 6.25 per cent of the shares under the option every three months after such anniversary. No option is capable of being exercised later than the tenth anniversary of its grant.

#### 8.6.3 Leaving employment

If a participant ceases to be an employee or consultant due to permanent incapacity, resignation (other than where the participant is in material breach of his employment or consultancy contract), termination by his employer (other than for gross misconduct), or at the discretion of the board of ZPG Limited, options will continue to become and will remain exercisable in accordance with the vesting schedule described above for a period of 90 days following the cessation. Options that are not exercised during that period will lapse.

In the event of a participant's death, vested options will remain exercisable for a period of 12 months, following which they will lapse. Unvested options will lapse on the participant's death unless the board of ZPG Limited determines otherwise.

If a participant ceases to be an employee or consultant for any other reason his options will lapse.

#### 8.6.4 Variation of capital

In the event of any variation in ZPG Limited's share capital, the board of ZPG Limited may make such adjustments to options as it considers appropriate, subject to the auditors of ZPG Limited confirming that such adjustment is in their opinion fair and reasonable.

#### 8.6.5 Following Admission

As part of the Reorganisation, options over ZPG Ordinary Shares will, in accordance with the rules of the Executive Share Option Schemes, be exchanged for options over Shares. The economic value of the options (taking into account the elements of the Reorganisation) will remain the same. Following Admission, the options will be exercisable over Shares.

Participants who hold vested options over ZPG Ordinary Shares may exercise their options over Shares on Admission. Unvested options will continue to vest according to their current vesting schedule.

In order to avoid dilution of the Company's share capital following Admission as a result of exercise of options under the Executive Share Option Schemes, arrangements have been made for the EBT to subscribe for sufficient ZPG Ordinary Shares (which will then be subject to the Reorganisation) to satisfy all outstanding options. On this basis it is anticipated that, prior to satisfying any exercises in connection with Admission, the EBT will hold 6,948,000 Shares. It is intended that all options under the Executive Share Option Schemes will, if validly exercised, be satisfied with Shares delivered from the EBT.

## 8.7 Overview of Remuneration Policy for Executive Directors

The Company's aim is to attract, retain and motivate the best talent to help ensure continued growth and success as it enters next stage of its development operating in a listed company environment.

The remuneration policy aims to align the interests of the Executive Directors, senior management and employees to the long-term interests of shareholders and aims to support a high performance culture with appropriate reward for superior performance without creating incentives that will encourage excessive risk taking or unsustainable Company performance.

Overall remuneration levels have been set at a level that are considered by the Remuneration Committee to be appropriate for the size and nature of the business, having taken specialist, independent advice where necessary, in order to ensure that the policies and remuneration structure is appropriate for the listed company environment.

To support this aim, the Board has adopted for Executive Directors and members of the senior management, conditional on Admission, an annual bonus plan and two share-based long-term incentive plans – the Deferred Bonus Plan (the “DBP”) and the Long-Term Incentive Plan (the “LTIP”). In addition, the Board has also adopted, conditional on Admission, an all-employee share incentive plan (the “SIP”), which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that Shares can be provided to UK employees under the SIP in a tax-efficient manner.

The DBP, the LTIP, and SIP are described in paragraph 8, and a summary of the incentive arrangements that will be in place on or around Admission pursuant to these plans is set out in paragraph 8.

The Remuneration Committee will review annually the remuneration arrangements for the Executive Directors and key senior management drawing on trends and adjustments made to all employees across the Group and taking into consideration:

- business strategy over the period;
- overall corporate performance;
- market conditions affecting the Company;
- the recruitment market;
- changing practice in the markets where the Company compete for talent; and
- changing views of institutional shareholders and their representative bodies.

The details of the Company's Executive Director remuneration arrangements, including the operation of the Company's incentive plans and payments made under them, will be set out each year in a remuneration report contained in the Company's annual report.

The following table summarises the key components of the Company's Executive Director remuneration which it is intended will form part of the remuneration policy subject to formal approval by shareholders at the first Annual General Meeting (“AGM”) of the Company following Admission in accordance with the regulations set out in the Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013.

It is the current intention of the Remuneration Committee of the Company that the remuneration policy would apply for 3 years from its date of approval. It is also the intention of the Remuneration Committee to operate this policy from Admission.

All references to a policy level (i.e. median) are in relation to the Company's comparator group for remuneration (as described in the table below).

Element of Remuneration	How it supports the Company's short and long term strategic objectives	Operation	Opportunity								
<b>Salary</b> <b>Policy: Market Median</b>	Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy.	<p>An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility.</p> <p>When determining an appropriate level of salary, the Remuneration Committee considers:</p> <ul style="list-style-type: none"> <li>remuneration practices within the Group;</li> <li>the general performance of the Group;</li> <li>salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking; and</li> <li>the economic environment.</li> </ul>	<p>The Remuneration Committee wishes to ensure that fixed costs are minimised and accordingly it has set the maximum salary up to the median level relative to the current comparator group of companies.</p> <p>The companies in the comparator group are the constituents of the FTSE 250 Index. The Remuneration Committee intends to review the list of companies each year and may add or remove companies from the group as it considers appropriate. Any changes to the comparator group will be disclosed in the part of the report setting out the operation of the policy for the future year.</p> <p>In general salary rises to Executive Directors will be in line with the rise to employees.</p> <p>The directors' salaries were reviewed in April 2014, and set at the following levels:</p> <table border="1"> <tr> <td>CEO</td> <td></td> </tr> <tr> <td>Alex Chesterman</td> <td>£450,000</td> </tr> <tr> <td>CFO</td> <td></td> </tr> <tr> <td>Stephen Morana</td> <td>£300,000</td> </tr> </table>	CEO		Alex Chesterman	£450,000	CFO		Stephen Morana	£300,000
CEO											
Alex Chesterman	£450,000										
CFO											
Stephen Morana	£300,000										
<b>Benefits</b> <b>Policy: Market Median</b>	Provides a benefits package in line with standard market practice relative to its comparator group to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy.	<p>The Executive Directors receive family private health cover and death in service life assurance. The Remuneration Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining personnel.</p> <p>The maximum will be set at the cost of providing the benefits described.</p>	<p>The cost of benefits for 2014 are:</p> <table border="1"> <tr> <td>Alex Chesterman</td> <td>£2,300</td> </tr> <tr> <td>Stephen Morana</td> <td>£2,000</td> </tr> </table>	Alex Chesterman	£2,300	Stephen Morana	£2,000				
Alex Chesterman	£2,300										
Stephen Morana	£2,000										
<b>Pensions</b> <b>Policy: Market Median</b>	Provides pension provision in line with the comparator group to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy.	<p>Employer retirement funding is determined as a percentage of gross basic salary, up to a maximum limit of 15 per cent. Where this exceeds the maximum annual pension contributions that can benefit from tax relief, any excess may be provided in the form of a salary supplement, which would not itself be pensionable or form part of salary for the purposes of determining the extent of participation in the Company's incentive arrangements.</p>	<p>The Company pension contribution as a percentage of salary for 2014 are:</p> <table border="1"> <tr> <td>Alex Chesterman</td> <td>£2,300</td> </tr> <tr> <td>Stephen Morana</td> <td>£2,000</td> </tr> </table>	Alex Chesterman	£2,300	Stephen Morana	£2,000				
Alex Chesterman	£2,300										
Stephen Morana	£2,000										

Element of Remuneration	How it supports the Company's short and long term strategic objectives	Operation	Opportunity	Performance Metrics						
<b>Annual Bonus Plan</b> <b>Policy: Market Median</b>	<p>The plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.</p> <p>In particular, the plan supports the Company's objectives allowing the setting of annual targets based on the businesses' strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable.</p>	<p>The Remuneration Committee will determine the maximum annual participation in the Plan for each year, which will not exceed 125 per cent of salary.</p>	<p>The current annual bonus opportunity is determined every year based on the financial performance of the Company, with particular consideration for the key financial metrics in determining the award.</p> <p>The maximum bonus opportunity for FY2015 will be as follows:</p> <table border="1"> <tr> <td>Bonus Maximum as a percentage of salary:</td> <td></td> </tr> <tr> <td>Alex Chesterman</td> <td>125%</td> </tr> <tr> <td>Stephen Morana</td> <td>100%</td> </tr> </table>	Bonus Maximum as a percentage of salary:		Alex Chesterman	125%	Stephen Morana	100%	<p>The plan is based on a mix of financial and strategic/operational conditions and is measured over a period of one financial year. The financial measures will account for no less than 50 per cent of the bonus opportunity.</p> <p>The Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome is not a fair and accurate reflection of business performance.</p>
Bonus Maximum as a percentage of salary:										
Alex Chesterman	125%									
Stephen Morana	100%									
<b>Deferred Annual Bonus Plan (DBP)</b> <b>Policy: In line with market practice</b>	<p>The Remuneration Committee has discretion to defer part of the annual bonus earned in shares under the Deferred Annual Bonus Plan. The advantage of deferral is:</p> <ul style="list-style-type: none"> <li>ongoing risk adjustment due to the link to the share price over the deferral period; and</li> <li>amounts deferred in shares are also forfeitable on an Executive Director's voluntary cessation of employment which provides an effective lock-in.</li> </ul>	<p>The Remuneration Committee can determine that part of the bonus earned under the Annual Bonus Plan is provided in the form of an award of shares under the Deferred Annual Bonus Plan.</p> <p>The maximum value of deferred shares is 50 per cent of the bonus earned.</p> <p>The main terms of these awards are:-</p> <ul style="list-style-type: none"> <li>minimum deferral period of 3 years;</li> <li>the participants' continued employment at the end of the deferral period.</li> </ul> <p>The Remuneration Committee may award dividend equivalents on those shares to plan participants to the extent that they vest.</p>	<p>The annual bonus will be paid in cash and deferred shares. For Executive Directors 50 per cent of annual bonus to be paid immediately in cash and 50 per cent deferred into shares.</p> <p>It is the intention of the Remuneration Committee that the first operation of the Deferred Annual Bonus plan will be in respect of the 2015 financial year of the Company.</p>	<p>The DBP contains clawback and malus provisions.</p>						
<b>FY2015 Bonus Target</b>	<p>The 2014 Bonus conditions and weighting are set out below:</p> <ol style="list-style-type: none"> <li>Adjusted EBITDA (50 per cent);</li> <li>Revenue (30 per cent);</li> <li>Strategic targets (20 per cent).</li> </ol> <p>EBITDA, revenue and strategic targets have been selected as these performance metrics are measures which demonstrate the successful execution of the Company's strategic objectives.</p>									

Element of Remuneration	How it supports the Company's short and long term strategic objectives	Operation	Opportunity	Performance Metrics				
<b>Long-Term Incentive Plan (LTIP)</b> <b>Policy: Market Median</b>	Awards are designed to incentivise the Executive Directors to maximise total shareholder returns by successfully delivering the Company's objectives and to share in the resulting increase in total shareholder value.	Awards will normally be granted annually to Executive Directors in the form of a conditional share award. These will vest at the end of a three year period subject normally to: <ul style="list-style-type: none"> <li>the Executive Director's continued employment at the date of vesting; and</li> <li>satisfaction of the performance conditions.</li> </ul> The Remuneration Committee may award dividend equivalents on awards to the extent that these vest.	Maximum value of 150 per cent of salary p.a. based on the market value at the date of grant set in accordance with the rules of the Plan.	The performance conditions for awards are currently earnings per share ("EPS") growth and comparative total shareholder return ("TSR"). The Remuneration Committee has the power to review the performance conditions set and may change the level of the performance conditions for subsequent periods according to the rules of the Plan. The LTIP contains clawback and malus provisions.				
<b>Performance Conditions &amp; Level of Grant on Admission</b>	The performance conditions for the grant of awards under the LTIP on Admission are as follows:- <ul style="list-style-type: none"> <li>50 per cent EPS growth; and</li> <li>50 per cent on the Company's comparative TSR performance.</li> </ul> The use of EPS ensures Executive Directors are focused on ensuring the annual profit performance targeted by the Annual Bonus Plan flows through to long-term sustainable EPS growth. The use of comparative TSR measures the success of the implementation of the Company's strategy in delivering an above market level of return.		Awards equivalent to the following percentages of salary will be granted to the Executive Directors on Admission: <table border="1"> <tr> <td>Alex Chesterman</td> <td>150%</td> </tr> <tr> <td>Stephen Morana</td> <td>125%</td> </tr> </table> Awards will also be made on Admission to other key employees with award values of between 50 per cent and 100 per cent of the relevant key employees' base salary.	Alex Chesterman	150%	Stephen Morana	125%	Full details of the performance conditions and targets will be disclosed at the date of grant
Alex Chesterman	150%							
Stephen Morana	125%							

### Minimum Shareholding Requirement

The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up over a five year period and then subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned. The following table sets out the minimum shareholding requirements set:

Role	Shareholding Requirement (%age of Salary)
Executive Directors	100%

## 9. PENSIONS

The Company operates a defined contribution group personal pension schemes for employees employed in the United Kingdom to which the relevant employer makes matching contributions based on the employee's level of contributions.

The Company does not operate a defined benefit pension scheme for the benefit of its Directors or members of senior management.

## **10. UNDERWRITING ARRANGEMENTS**

### **10.1 Underwriting Agreement**

On 5 June 2014 the Company, the Directors, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

- 10.1.1 the Selling Shareholders have agreed, subject to certain conditions, to sell the Shares in the Institutional Offer at the Offer Price and in the Member Offer at the Discounted Offer Price;
- 10.1.2 the Underwriters have severally agreed, subject to certain conditions, to procure purchasers for or, failing which, to purchase themselves the Shares to be sold by the Selling Shareholders pursuant to the Institutional Offer;
- 10.1.3 The Underwriters are not in any way involved in the procurement of applications under the Member Offer and are not underwriting the Member Offer;
- 10.1.4 the Selling Shareholders have agreed to pay to the Underwriters a commission of 2.5 per cent of the product of the Offer Price and the aggregate number of Shares sold in the Institutional Offer;
- 10.1.5 the Over-allotment Shareholders have agreed to pay to the Underwriters a commission of 2.5 per cent of the product of the Offer Price and the aggregate number of Over-allotment Shares (if any) sold and transferred by such Over-allotment Shareholders pursuant to any exercise of the Over-allotment Option by the Stabilising Manager;
- 10.1.6 in addition, the Company may, at its absolute discretion, pay to the Underwriters a fee of up to 0.5 per cent of the product of the Offer Price and the number of Shares sold in the Institutional Offer (including following any exercise of the Over-allotment Option);
- 10.1.7 the obligations of the Underwriters to procure purchasers for or, failing which, themselves to purchase Shares pursuant to the Institutional Offer on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include the absence of any breach of representation or warranty under the Underwriting Agreement and Admission occurring on or before 24 June 2014 (or such later time and/or date as the Joint Global Coordinators and the Company may agree in writing). In addition, the Joint Global Coordinators have the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission;
- 10.1.8 Credit Suisse Securities (Europe) Limited, as Stabilising Manager, has been granted the Over-allotment Option by the Over-allotment Shareholders pursuant to which it may purchase or procure purchasers for up to 19,491,172 Over-allotment Shares at the Offer Price for the purposes of covering short positions arising from over-allocations, if any, in connection with the Offer and/or from sales of Shares, if any, effected during the stabilising period. Except as required by law or regulation, neither the Stabilising Manager, nor any of its agents, intends to disclose the extent of any over-allotments and/or stabilising transactions conducted in relation to the Offer. The number of Over-allotment Shares to be transferred pursuant to the Over-allotment Option, if any, will be determined not later than 19 July 2014. Settlement of any purchase of Over-allotment Shares will take place shortly after such determination (or if acquired on Admission, at Admission). If any Over-allotment Shares are acquired pursuant to the Over-allotment Option, Credit Suisse Securities (Europe) Limited will be committed to pay to the Over-allotment Shareholders, or procure that payment is made to it of, an amount equal to the Offer Price multiplied by the number of Over-allotment Shares purchased from such Over-allotment Shareholder, less commissions and expenses;
- 10.1.9 the Selling Shareholders have agreed to pay any stamp duty and/or stamp duty reserve tax arising on the sale of Shares;

- 10.1.10 the Company has agreed to pay the costs, charges, fees and expenses of the Offer (together with any related value added tax);
- 10.1.11 each of the Company, the Directors and the Selling Shareholders have given certain customary representations, warranties and undertakings, to the Underwriters;
- 10.1.12 certain of the Selling Shareholders have provided an indemnity to the Underwriters on customary terms;
- 10.1.13 the Company has given an indemnity to the Underwriters on customary terms;
- 10.1.14 the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions; and
- 10.1.15 the liability of the Company pursuant to the Underwriting Agreement is unlimited by time and amount. The liability of the Directors and Selling Shareholders pursuant to the Underwriting Agreement is limited by both time and amount.

## 10.2 Stock lending agreement

In connection with settlement and stabilisation, Credit Suisse Securities (Europe) Limited, as Stabilising Manager, has entered into a stock lending agreement with the Over-allotment Shareholders. Pursuant to this agreement, the Stabilising Manager will be able to borrow up to a maximum of 15 per cent of the total number of Shares comprised in the Offer (excluding the Shares subject to the Over-allotment Option) on Admission for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the stock lending agreement, it will be required to return equivalent securities to the relevant Over-allotment Shareholders by no later than the third business day after the date that is the 30th day after the commencement of conditional dealings of the Shares on the London Stock Exchange.

## 11. SUBSIDIARIES, INVESTMENTS AND PRINCIPAL ESTABLISHMENTS

The Company will, at Admission be the principal operating and holding company of the Group. The principal subsidiaries and subsidiary undertakings of the Company will, at Admission be as follows:

### Subsidiaries and subsidiary undertakings

<b>Name</b>	<b>Country of incorporation and registered office</b>	<b>Class and percentage of ownership interest and voting power</b>	<b>Field of activity</b>
ZPG Limited .....	England and Wales	100 per cent	Intermediate holding company
Propertyfinder Group Limited .....	England and Wales	100 per cent	Dormant
Propertyfinder Publications Limited.....	England and Wales	100 per cent	Dormant
Sherlock Publications Limited .....	England and Wales	100 per cent	Dormant
Propertyfinder.co.uk Limited .....	England and Wales	100 per cent	Dormant
Propertyfinder Holdings Limited .....	England and Wales	100 per cent	Dormant
Internet Property Finder Limited .....	England and Wales	100 per cent	Dormant
Vizzihome Limited .....	England and Wales	100 per cent	Dormant
Trinity Mirror Digital Property Limited .....	England and Wales	100 per cent	Dormant

## Principal establishments

The following are the principal establishments of the Group. All properties are located in the United Kingdom.

<u>Name and location</u>	<u>Type of facility</u>	<u>Tenure</u>
London.....	Office	Leasehold

## 12. STATUTORY AUDITORS

The auditors of the Company for the period from incorporation on 30 January 2007 to 30 July 2012 were Sayers Butterworth LLP, chartered accountants, whose registered address is at 12 Gough Square, London EC4A 3DW. The auditors of the Company from 30 July 2012 to present are Deloitte LLP, chartered accountants, whose registered address is at 2 New Street Square, London EC4A 2BZ.

The financial information contained in this Prospectus which relates to the Company does not constitute full statutory accounts as referred to in section 434(3) of the Companies Act. Deloitte LLP audited the statutory accounts of the Company as at and for the periods ended 30 September 2013 and 31 December 2012 and Sayers Butterworth LLP audited the statutory accounts of the Company as at and for the period ended 31 December 2011 (prepared in accordance with UK GAAP), in accordance with International Standards on Auditing (UK and Ireland) issued by the United Kingdom Auditing Practices Board. These firms have issued respectively their reports for these periods under section 495 of the Act and these reports were unqualified and did not contain a statement under sections 498(2) or 498(3) of the Act.

## 13. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

### 13.1 Underwriting Agreement

The Underwriting Agreement described in paragraph 10.1 of this Part 12 “Additional Information – Underwriting arrangements”.

### 13.2 Relationship Agreement

The Relationship Agreement is described in Part 6 “Directors, Senior Management and Corporate Governance — Relationship Agreement”.

### 13.3 Reorganisation Deed

The Reorganisation Deed is described in paragraph 4 of this Part 12 “Additional Information”.

## 14. UK TAXATION

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of holding Shares. They are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this Prospectus, both of which may change, possibly with retroactive effect.

These statements apply only to Shareholders who are resident and, in the case of individuals, domiciled in (and only in) the United Kingdom for tax purposes (except insofar as express reference is made to the treatment of non-UK residents) and who hold their Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons

acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes or those who hold 10 per cent or more of the Shares) is not considered.

**The statements in paragraph 14.3.4 apply to any holders of Shares irrespective of their residence. The statements summarise the current position and are intended as a general guide only. Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.**

#### 14.1 Taxation of Dividends

The Company is not required to withhold tax when paying a dividend. The amount of any liability to tax on dividends paid by the Company will depend upon the individual circumstances of a Shareholder.

An individual Shareholder who is resident for tax purposes in the United Kingdom and who receives a dividend from the Company will generally be entitled to a tax credit equal to one-ninth of the amount of the dividend received, which is equivalent to 10 per cent of the aggregate of the dividend received and the tax credit (the “gross dividend”), and will be subject to income tax on the gross dividend. An individual UK resident Shareholder who is subject to income tax on the gross dividend at the basic rate only will be liable to tax on the gross dividend at the rate of 10 per cent, so that the tax credit will satisfy the income tax liability of such a Shareholder in full. A Shareholder who is subject to income tax on the gross dividend at the higher rate or the additional rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent or 37.5 per cent respectively to the extent that such sum, when treated as the top slice of that Shareholder’s income, falls above the threshold for higher rate or additional rate income tax. After taking into account the 10 per cent tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent of the gross dividend, equal to 25 per cent of the cash dividend and an additional rate taxpayer will therefore be liable to additional income tax of 27.5 per cent of the gross dividend, equal to approximately 30.6 per cent of the cash dividend. Where the tax credit exceeds the Shareholder’s tax liability the Shareholder cannot claim repayment of the tax credit from HMRC.

A UK tax resident corporate holder of Shares which receives a dividend paid by the Company will not generally be subject to tax in respect of that dividend, subject to anti-avoidance rules and certain exceptions. It should be noted that the exemptions are not comprehensive and Shareholders within the charge to corporation tax should consult their own professional advisers.

UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.

Shareholders who are resident outside the United Kingdom for tax purposes will not generally be able to claim repayment of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the United Kingdom and the country in which such Shareholder is resident. A Shareholder resident outside the United Kingdom may also be subject to taxation on dividend income under local law. A Shareholder who is resident outside the United Kingdom for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

#### 14.2 Taxation of Disposals

A disposal or deemed disposal of Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder’s circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a

corporate Shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired.

An individual UK Shareholder who ceases to be resident in the United Kingdom or is treated as resident outside the United Kingdom for the purposes of a double tax treaty (a “Treaty non-resident”) for a period of five years or less (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes Treaty non-resident for a period of less than five tax years) and who disposes of Shares held prior to departing during that period of temporary non residence may, under anti-avoidance legislation, be liable to capital gains tax on his or her return to the United Kingdom.

#### 14.2.1 *Taxation of the Member Options*

An Eligible Member should consult its professional advisers concerning its tax position in relation to the grant, holding, exercise and/or lapse of the Member Option.

### 14.3 **Stamp duty and Stamp Duty Reserve Tax (“SDRT”)**

#### 14.3.1 *The Offer*

The transfer of, or agreement to transfer, Shares sold by the Selling Shareholders under the Offer will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5 per cent of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). The Selling Shareholders have agreed to meet such liability in respect of stamp duty or SDRT arising in the United Kingdom only. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

Any stamp duties or other transfer taxes arising in any jurisdiction other than the United Kingdom will not be paid by the Selling Shareholders and will need to be settled by the relevant investor.

#### 14.3.2 *Subsequent Transfers*

Stamp duty at the rate of 0.5 per cent (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. As noted above, an exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000. Alternatively, a charge to SDRT will arise on an unconditional agreement to transfer Shares (at the rate of 0.5 per cent of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

#### 14.3.3 *Shares held through CREST*

Paperless transfers of Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent of the amount or value of the consideration given. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Shares into the system unless such a transfer is made for a consideration in

money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent) will arise.

#### 14.3.4 *Shares held through Clearance Systems or Depositary Receipt Arrangements*

Under current UK law, where Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will be payable at the higher rate of 1.5 per cent of the amount or value of the consideration payable or, in certain circumstances, the value of the Shares (rounded up to the next multiple of £5 in the case of stamp duty). This liability for stamp duty or SDRT will strictly be accountable by the depositary or clearance service operator or their nominee, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt system. Clearance services may opt, provided certain conditions are satisfied, for the normal rate of stamp duty or SDRT (0.5 per cent of the amount or value of consideration given) to apply to issues or transfers of Shares into, and to transactions within, such services instead of the higher rate of 1.5 per cent generally applying to an issue or transfer of Shares into the clearance service and instead of the exemption from SDRT on transfers of Shares whilst in the service.

However, following the European Court of Justice judgment in *HSBC Holdings plc and Vidacos Nominees Ltd v Commissioners for Her Majesty's Revenue & Customs*, which held that the 1.5 per cent SDRT charge on issuing UK shares into clearance services is contrary to EU law, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent SDRT charge on the issue of shares into a clearance service or depositary receipt system within the European Union to which a 1.5 per cent charge would have previously applied. Following the First-tier Tribunal (Tax Chamber) decision in *HSBC Holdings plc and the Bank of New York Mellon Corporation v Commissioners for Her Majesty's Revenue and Customs*, HMRC have also confirmed that they will no longer seek to apply the 1.5 per cent SDRT charge on issues of UK shares to clearance services and depositary receipt issuers outside the European Union.

The 1.5 per cent stamp duty or SDRT charge continues to apply to transfers (on sale or otherwise than on sale) of UK shares and securities to clearance services and depositary receipt issuers unless the transfer is integral to the raising of capital. **Accordingly specific professional advice should be sought before paying the 1.5 per cent charge in any circumstances.**

**The statements in this paragraph 14.3.4 apply to any holders of Shares irrespective of their residence, summarise the current position and are intended as a general guide only.**

#### 14.4 *Inheritance Tax*

The Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift or settlement of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

A charge to inheritance tax may arise in certain circumstances where Shares are held by close companies and by trustees of settlements. Shareholders who are either close companies or trustees of settlements should consult an appropriate tax adviser as to any inheritance tax implications.

#### 14.5 *Individual Savings Accounts*

The Company makes no representation as to the ability of the Shares to be held in an Individual Savings Account (an "ISA"), and there can be no assurance that the Shares and the Offer satisfy the

requirements for the Shares to be eligible to be held in an ISA.

## 15. US FEDERAL INCOME TAXATION

The following discussion is a general summary based on present law of certain US federal income tax consequences of the acquisition, ownership and disposition of the Shares. This discussion applies only to US Holders (as defined below) that acquire Shares in the Offer, hold Shares as capital assets and use the US dollar as their functional currency. The discussion is a general summary; it is not a substitute for tax advice. It does not address the tax treatment of investors subject to special rules, such as banks or other financial institutions, tax-exempt entities, insurance companies, dealers, traders in securities that elect to mark-to-market, investors liable for alternative minimum tax, US expatriates, investors that directly, indirectly or constructively own 10 per cent or more of the Company's voting stock, investors that will hold Shares in connection with a permanent establishment or fixed base outside the US or investors that hold Shares as part of a straddle, hedging, conversion or other integrated transaction. It also does not address US state and local tax considerations, US federal estate or gift taxes or non-US tax considerations. This discussion assumes that the Company will not be a passive foreign investment company (a "PFIC").

**THE STATEMENTS ABOUT US FEDERAL TAX CONSIDERATIONS ARE MADE TO SUPPORT THE MARKETING OF THE SHARES. NO TAXPAYER CAN RELY ON THEM TO AVOID TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE SHARES UNDER THE LAWS OF THE UNITED KINGDOM, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTIONS WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.**

As used here, a "US Holder" means a beneficial owner of the Shares that is for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court and (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The US federal income tax treatment of a partner in a partnership that holds Shares will depend on the status of the partner and the activities of the partnership. Partnerships should consult their tax advisors concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of the Shares.

The Company believes, and the following discussion assumes, that the Company was not in its last taxable year, is not and will not become a passive foreign investment company ("PFIC") for US federal income tax purposes. The tests to determine whether a company is a PFIC apply annually, and a company's status can change depending, among other things, on changes in the composition and relative value of its gross receipts and assets, changes in its operations and changes and the market value of its stock. The Company therefore cannot assure US Holders that it is not and will not become a PFIC. If the Company were a PFIC in any taxable year, US Holders could suffer adverse US tax consequences in that and subsequent years.

### 15.1 Dividends

Distributions on the Shares will generally be dividend income from foreign sources. The dividends will not be eligible for the dividends-received deduction available to US corporations. Dividends received by eligible non-corporate US Holders, however, should be taxed at the preferential rate applicable to qualified dividend income if the Company qualifies for the benefits of the income tax treaty between the United States and the United Kingdom (the "Treaty"). The Company expects to qualify for benefits of the Treaty.

Dividends paid in foreign currency will be included in income in a US dollar amount based on the exchange rate in effect on the day the dividends are actually or constructively received by the US Holder, whether or not the currency is converted into US dollars at that time. A US Holder's tax basis in the foreign currency will equal the US dollar value on the date of receipt. Generally, any gain or

loss on a subsequent conversion or other disposition of the foreign currency for a different US dollar amount will be exchange gain or loss and will be treated as US source ordinary income or loss for foreign tax credit limitation purposes. If dividends received in foreign currency are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

## 15.2 Dispositions

A US Holder generally will recognise capital gain or loss on the sale, exchange or other disposition of Shares equal to the difference between the US dollar value of the amount realised and the US Holder's tax basis in the Shares. A US Holder's adjusted tax basis in the Shares will generally be the US dollar cost of the Shares. The US dollar cost of a Share purchased with foreign currency generally will be the US dollar value of the purchase price paid in the Global Offer. Any gain or loss generally will be treated as arising from US sources. The gain or loss will be long-term capital gain or loss if the US Holder's holding period exceeds one year. Deductions for capital loss are subject to significant limitations.

A US Holder that receives foreign currency on the sale, exchange or other disposition of the Shares will realise an amount equal to the US dollar value of the foreign currency received at the spot rate on the date of sale, exchange or other disposition (or in the case of Shares traded on an "established securities market" that are sold by a cash basis or electing accrual basis taxpayer, at the spot rate on the settlement date). A US Holder will recognise currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realised. A US Holder will have a tax basis in the foreign currency received equal to its value at the spot rate on the settlement date. Any currency gain or loss realised on the settlement date or on a subsequent conversion of the foreign currency into US dollars will be US source ordinary income or loss for foreign tax credit limitation purposes. However, if such non-US currency is converted into US dollars on the date received by the US Holder, the US Holder generally should not be required to recognise any gain or loss on such conversion.

## 15.3 Medicare Surtax on Net Investment Income

Non-corporate US Holders whose income exceeds certain thresholds generally will be subject to a 3.8 percent surtax tax on their "net investment income" (which generally includes, among other things, dividends on, and capital gain from the sale or other taxable disposition of, the Shares). US Holders should consult their own tax advisors regarding the possible effect of such tax on their ownership and disposition of the Shares.

## 15.4 Reporting and Backup Withholding

Dividends on the Shares and proceeds from the sale or other disposition of Shares may be reported to the US Internal Revenue Service unless the holder establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting. Any amount withheld may be credited against the holder's US federal income tax liability subject to certain rules and limitations. Prospective holders are urged to consult with their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Certain US Holders may be required to report information with respect to investments in the Shares not held through an account with a domestic financial institution. US Holders that fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in the Shares.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.**

## **16. ENFORCEMENT AND CIVIL LIABILITIES UNDER US FEDERAL SECURITIES LAWS**

The Company is a public limited company incorporated under English law. Many of the Directors are citizens of the United Kingdom (or other non-US jurisdictions), and a portion of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Directors or to enforce against them in the US courts judgments obtained in US courts predicated upon the civil liability provisions of the US federal securities laws. There is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of the US courts, of civil liabilities predicated upon US federal securities laws.

## **17. LITIGATION**

There are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had, a significant effect on the Company's and/or the Group's financial position or profitability.

## **18. RELATED PARTY TRANSACTIONS**

Save as described in note 25 of the ZPG historical financial information for the year ended 31 December 2011, the nine months ended 30 September 2012, the year ended 30 September 2013 and the six months ended 31 March 2014 set out in Section A of Part 10 "Historical Financial Information" and note 16 of the DPG historical financial information for the years ended 30 September 2011 and 2012 set out in Section B of Part 10 "Historical Financial Information", there are no related party transactions between the Company or members of the Group that were entered into during the year ended 31 December 2011, the nine months ended 30 September 2012, the year ended 30 September 2013 and the six months ended 31 March 2014 and during the period between 1 April 2014 and 4 June 2014 (the latest practicable date prior to the publication of this document).

## **19. WORKING CAPITAL**

In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## **20. NO SIGNIFICANT CHANGE**

There has been no significant change in the financial or trading position of the Group since 31 March 2014, the date to which the last audited consolidated accounts of the Company were prepared.

## **21. CONSENTS**

Deloitte LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the reports in Part 10 "Historical Financial Information", in the form and context in which they appear and has authorised the contents of those parts of this document which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

A written consent under the Prospectus Rules is different from a consent filed with the US Securities and Exchange Commission under Section 7 of the US Securities Act. As the Shares have not been paid and will not be registered under the US Securities Act, Deloitte LLP has not filed a consent under Section 7 of the Securities Act.

## **22. GENERAL**

22.1 Assuming that the Offer Price is set at the mid-point of the Price Range and that the Share Offer Size is set at the mid-point of the Share Offer Size Range, the fees and expenses to be borne by the Company in connection with Admission including the FCA's fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £4.6 million (including VAT). In addition the Selling Shareholders have agreed to pay their expenses in connection with the sale of Shares including underwriting commissions of up to approximately

£9.7 million (assuming that no Over-allotment Shares are acquired pursuant to the Over-allotment option).

22.2 The financial information contained in this document does not amount to statutory accounts within the meaning of section 434(3) of the Act. Full audited accounts have been delivered to the Registrar of Companies for the Group for the year ended 31 December 2011, the nine months ended 30 September 2012, the year ended 30 September 2013 and the six months ended 31 March 2014.

**23. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS:

- (a) the Articles;
- (b) the historical financial information of the Company in respect of the year ended 31 December 2011, the nine months ended 30 September 2012, the year ended 30 September 2013 and the six months ended 31 March 2014, together with the related accountants reports from Deloitte LLP, which are set out in Section A of Part 10 “Historical Financial Information”;
- (c) the historical financial information of DPG in respect of the years ended 30 September 2011 and 2012, together with the related accountants report from Deloitte LLP, which is set out in Section B of Part 10 “Historical Financial Information”;
- (d) the consent letter referred to in “Consents” in paragraph 21 above; and
- (e) this document.

Dated: 5 June 2014

## PART 13

### DEFINITIONS

#### Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“Act”	the Companies Act 2006, as amended
“Additional Member Offer Offerees”	certain additional individuals and entities selected by the Company to be eligible to participate in the Member Offer
“Admission”	the admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities
“API”	application programming interface, a set of protocols and tools for building software applications
“Application Form”	each of the Member Offer Application Form and the Employee Offer Application Form
“ARPA”	Average Revenue Per Advertiser or the total monthly revenue from agents and developers for a given period divided by the average number of Group members for such period
“Articles”	the Articles of Association of the Company to be adopted upon Admission
“AVM”	automated valuation model
“Board”	the board of directors of the Company
“City Code”	the City Code on Take-overs and Mergers
“Company”	Zoopla Property Group Plc
“Company Preference Shares”	the redeemable preference shares with a nominal value of £1 each in the capital of the Company, having the rights set out in the Articles
“Connells”	Connells Limited
“Countrywide”	Countrywide plc
“CREST”	the computerised settlement system operated by Euroclear UK & Ireland Limited to facilitate the transfer of title to shares in uncertificated form
“DBP”	the deferred bonus plan
“Directors”	the Executive Directors and the Non-Executive Directors
“Discounted Offer Price”	in relation to the Member Offer, the Offer Price discounted (on an Offer Price per Share basis) by 20 per cent
“Discretionary Plans”	the LTIP and the DBP
“DMGT”	Daily Mail and General Trust plc
“DPG”	The Digital Property Group Limited and its subsidiaries

“EEA”	the European Economic Area
“EBT”	an employee trust constituted by a trust deed which was entered into between the Company and Appleby Trust (Jersey) Limited
“Eligible Member”	(a) subscribing members of the Group’s services (being estate agents, letting agents and new home developers) who are subscribers to the Group’s services on 1 May 2014 and (b) the Additional Member Offer Offerees, in each case together with (where the context so permits) any Permitted Member Offer Nominees
“Employee Offer”	the arrangement as described in paragraph 13 of Part 11 “Details of the Offer” for eligible employees to acquire Shares
“Employee Offer Application Form”	the form sent to Eligible Employees pursuant to which Eligible Employees can apply to purchase Shares in the Employee Offer
“EU”	the European Union
“Executive Directors”	the executive directors of the Company
“FCA”	the Financial Conduct Authority
“Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
“Group”	the Company and its consolidated subsidiaries and subsidiary undertakings
“FSMA”	the Financial Services and Markets Act 2000, as amended
“HMRC”	HM Revenue and Customs
“IFRS”	International Financial Reporting Standards, as adopted by the European Union
“Institutional Offer”	the offer of Shares to certain institutional and other investors as described in paragraph 4 of Part 11 “Details of the Offer”
“Joint Global Co ordinators” and “Joint Bookrunners”	Credit Suisse Securities (Europe) Limited and Jefferies International Limited
“Joint Sponsors”	Credit Suisse Securities (Europe) Limited and Jefferies International Limited
“leads”	the number of users who contact the Group’s members after viewing a property listing on one of the Group’s websites or mobile applications
“Listing Rules”	the listing rules of the FCA made under section 74(4) of the FSMA
“London Stock Exchange”	London Stock Exchange plc
“LSL”	LSL Property Services plc
“LTIP”	the long-term incentive plan
“members”	customers, including estate agents, rental agents and new home developers who subscribe to the Group’s services

“Member Offer”	the offer to Eligible Members to purchase Shares at the Discounted Offer Price, subject to the terms and conditions described in paragraph 5 of Part 11 “Details of the Offer”
“Member Offer Application Form”	the form sent to Eligible Members pursuant to which Eligible Members can apply to purchase Shares in the Member Offer
“Member Offer Entitlement”	the entitlement of (a) Eligible Members (other than Additional Member Offer Offerees) to apply to purchase up to £2,000 of Shares per branch/development and (b) Additional Member Offer Offerees to apply to purchase up to £10,000 of Shares, in each case at (and such value being calculated on the basis of) the Discounted Offer Price
“Member Option”	the option granted by the Principal Selling Shareholders pursuant to an Option Deed dated the date of Admission granted to each Eligible Member who purchases Shares as part of its Member Offer Entitlement and remains a member upon the first anniversary of Admission, as further described in Part 11 “Details of the Offer — Member Option to acquire further Shares after the First Anniversary of Admission”
“Nominee”	Equiniti Limited
“Non-Executive Directors”	the non executive Directors of the Company
“Offer”	the sale of Shares by the Selling Shareholders described in Part 11 “Details of the Offer”
“Offer Price”	the price at which the Shares are to be offered and sold under the Institutional Offer
“Official List”	the Official List of the FCA
“Over allotment Option”	the option granted to the Stabilising Manager by the Over-allotment Shareholders to purchase, or procure purchasers for additional Shares that represent up to 10 per cent. of the total number of Shares comprised in the Offer as more particularly described in Part 11 “Details of the Offer”
“Over-allotment Shareholders”	Alex Chesterman, Simon Kain, DMG Media Investments Limited, Atlas Venture Fund VII, LP, Countrywide plc, Connells Limited, LSL Property Services plc and Octopus Zenith LP and Octopus Investments Nominees Limited
“Over-allotment Shares”	the existing Shares the subject of the Over-allotment Option
“PCAOB”	the Public Company Accounting Oversight Board (United States)
“Permitted Member Offer Nominee”	the natural person(s) and/or legal entity/entities which is nominated, or are jointly nominated, as the case may be, by an Eligible Member as being entitled to apply for that Eligible Member’s Member Offer Entitlement (such nomination being a single nomination in respect of the full Member Offer Entitlement and not a nomination of only part of such Eligible Member’s Member Offer Entitlement) with the Eligible Member who nominates the Permitted Member Offer Nominee being referred to as a Related Eligible Member
“Price Range”	200 pence to 250 pence

“Pricing Statement”	the pricing statement to be published on or about 19 June by the Company detailing the Offer Price and the number of Shares which are the subject of the Offer
“Principal Selling Shareholders”	Alex Chesterman, Simon Kain, DMG Media Investments Limited, Atlas Venture Fund VII, LP, Countrywide plc, Connells Limited, LSL Property Services plc and Octopus Zenith LP
“Private Placement Provinces”	the Canadian provinces of Ontario, Quebec, British Columbia and Alberta
“property professionals”	estate agents, letting agents and new homes developers
“Prospectus”	this document
“Prospectus Directive”	Directive (2003/71/EC)
“Prospectus Directive Amending Directive”	Directive (2010/73/EU)
“qualified institutional buyers” or “QIBs”	has the meaning given by Rule 144A
“Qualified Investors”	persons who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive
“Receiving Agent”	Equiniti Limited
“Registrar”	Equiniti Limited
“Regulation S”	Regulation S under the US Securities Act
“Related Eligible Member”	in relation to a Permitted Member Offer Nominee, the Eligible Member which nominated such Permitted Member Offer Nominee as being entitled to apply for that Eligible Member’s Member Offer Entitlement
“Relationship Agreement”	the relationship agreement entered into between the Company and DMGT as described in Part 6 “Directors, Senior Management and Corporate Governance”
“Reorganisation”	the reorganisation of the Company in preparation for the Offer as described in paragraph 4 of Part 12 “Additional Information – Reorganisation”
“Reorganisation Deed”	the reorganisation deed dated 8 May 2014 entered into between the Company, ZPG Limited, the Shareholders and the EBT Trustee
“Rightmove”	Rightmove plc
“Rule 144A”	Rule 144A under the US Securities Act
“SDRT”	stamp duty reserve tax
“Selling Shareholders”	Shareholders who sell Shares as part of the Offer
“SEO”	search engine optimisation
“Senior Management”	Alex Chesterman, Stephen Morana, Simon Kain and Jon Notley
“Shareholders”	the holders of Shares in the capital of the Company

“Share Offer Size”	the number of Shares to be sold pursuant to the Offer, to be set out in the Pricing Statement
“Share Offer Size Range”	the range within which the Share Offer Size is currently expected to be set, being between 92,882,726 Shares and 194,911,751 Shares
“Shares”	the ordinary shares of the Company, having the rights set out in the Articles
“SIP”	the all-employee share incentive plan
“SIPP”	Self Invested Personal Pension
“SIP Trustee”	Yorkshire Building Society
“Stabilising Manager”	Credit Suisse Securities (Europe) Limited
“Strategic Investors”	Countrywide plc, Connells Limited and LSL Property Services plc
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Underwriters”	Credit Suisse Securities (Europe) Limited, Jefferies International Limited and Canaccord Genuity Limited
“Underwriting Agreement”	the underwriting agreement entered into between the Company, the Directors, the Selling Shareholders and the Underwriters described in paragraph 10.1 of Part 12 “Additional Information – Underwriting arrangements”
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
“users”	consumers who visit the Group’s websites
“US Exchange Act”	United States Securities Exchange Act of 1934, as amended
“US GAAP”	accounting principles generally accepted in the United States
“US GAAS”	auditing standards generally accepted in the United States
“US Securities Act”	United States Securities Act of 1933, as amended
“Warrantholders”	the Strategic Investors and certain estate agent members of the Group
“ZPG”	ZPG Limited and its consolidated subsidiaries
“ZPG Executive Share Option Schemes”	the two share option schemes operated by ZPG Limited as described under paragraph 8.6 of Part 12 “Additional Information”
“ZPG Ordinary Shares”	the ordinary shares of ZPG Limited immediately before the Reorganisation, having the rights set out in the articles of association of ZPG Limited

