

This announcement contains inside information for the purposes of Regulation (EU) No 596/2014 on market abuse.

2 July 2018

Acquisition of Canada's prominent digital real estate service DuProprio/ComFree by Purplebricks Group plc

Summary

- Purplebricks Group plc (“Purplebricks”, the “Company”, and together with its subsidiaries “the Group”) (LSE: PURP) announces that it has agreed terms for the cash acquisition of the entire issued ordinary share capital of DuProprio/ComFree (“DPCF”)
- The cash consideration payable at closing, which is expected to occur on or before 6 July 2018, values DPCF on a cash free/debt free basis at CAN\$51 million (approximately £29.3 million) (subject to customary adjustments)
- DPCF owns and operates one of Canada's leading commission-free real estate service networks as an online offering with similar aspects to Purplebricks
- The management team of DPCF has built up a profitable 20.2% market share of the real estate market in the province of Québec, and has more recently launched into new territories, securing a 2.0% market share in Ontario and 2.3% in Western Canada (Manitoba, Saskatchewan and Alberta)
- The territories of Québec, Ontario and Western Canada accounted in aggregate for 77.5% of total Canada-wide instructions in 2017
- DPCF reported approximately 39,000 listings in 2017, reporting total revenues of CAN\$45.6 million, approximately £26.2 million and an EBITDA of CAN\$4.2 million, approximately £2.4 million
- The Board of Purplebricks believes that DPCF presents attractive opportunities to quickly grow market share in Canada, enhance customers' experience through its market leading model and technology, start capitalising on an extensive buy-side revenue opportunity in Canada. The valuation is attractive based on DPCF's strong market position in the Canadian real estate sector, impressive revenue growth since launch and its underlying profitability
- Purplebricks is targeting additional investment of up to £15m in DPCF's expansion across Canada over the next two years funded, as before, from the retained profits generated by the province of Québec and supplemented from the cash reserves of Purplebricks
- DPCF will continue to be led by the existing management team headed by CEO, Marco Dodier, CFO Jean Bruno Lessard, COO Lukas Lhotsky and CLO, Marie-Christine Blain

Commenting on the Acquisition, Michael Bruce, Global CEO of Purplebricks, said:

“DPCF developed a strong presence in delivering a flat fee, cost-effective, professional real estate service to the people of Canada, challenging the conventional agency market. Their model of bringing a range of service packages and support, with access to expertise from coaches to legal professionals, is proving highly attractive to the Canadian public, and has aspects in common with the Purplebricks' model and ethos in the UK, Australia and the US.”

“We are excited about working with DPCF’s exceptionally strong management team to leverage the significant opportunities for growth in the Canadian market. Expanding the geographical footprint across Canada and building the company’s buy-side offering provides the potential to transform the size of the DPCF business and consolidate its market leadership. This acquisition follows the £125m strategic investment by Axel Springer in Purplebricks for the aim of accelerating global growth. Through applying the appropriate funding and support we believe we can deliver real value enhancement for our shareholders.”

Commenting on the Acquisition, Marco Dodier President & CEO of DPCF, said:

“We admire Purplebricks for what they have achieved across three continents in just four years. We share their ambition and desire to offer consumers a new and better way to buy and sell property. To have their support, expertise and financial backing will help propel DPCF to even greater heights and allow us to replicate our success in Québec across the rest of Canada. As a management team we are delighted that Purplebricks is making this acquisition because we feel that they are best positioned to capitalise on the opportunity while providing innovative ways of giving customers an enhanced experience and significant savings.”

Introduction

The Board of Purplebricks is pleased to announce it has entered into a conditional agreement to acquire (“the Acquisition”) DPCF from Yellow Pages Digital & Media Solutions Limited, a subsidiary of Yellow Pages Limited (“Yellow Pages”), in a transaction that offers a growth established platform for expansion into the Canadian real estate market.

The enterprise value (on a cash free/debt free basis) of CAN\$51 million, approximately £29.3 million, is payable in cash at closing, which is expected to occur on or before 6 July 2018, subject to customary adjustments (as described below). The valuation is attractive based on DPCF’s strong market position in the Canadian real estate sector, impressive revenue growth since launch and its underlying profitability.

DPCF owns and operates one of Canada’s leading commission-free real estate services brands. The acquisition by Purplebricks is expected to result in attractive growth opportunities including to grow market share in Canada, enhance customers experience through its market leading model and technology, start capitalising on an extensive buy-side revenue opportunity and introduce aspects of the Purplebricks business model to operate alongside the highly successful digital service offered by DPCF.

DPCF will continue to operate under the existing brands of DuProprio in Québec and ComFree outside of Québec, although there will be a strategic opportunity to introduce the Purplebricks brand outside of Québec in the future. DPCF will continue to be led by the existing highly experienced management team headed by CEO, Marco Dodier, Senior Vice President & CFO, Jean-Bruno Lessard, COO & Vice President Brokerage Operations, Lukas Lhotsky and Marie-Christine Blain, Vice President Legal Affairs and Compliance, who together have been with DPCF for a combined total of 33 years.

Information on DPCF

The current management team of DPCF has since 2008 built up a profitable 20.2% market share of the real estate market in the province of Québec, and has through the reinvestment of these profits funded expansion into new territories, securing a 2.0% market share in Ontario and 2.3% in Western Canada (Manitoba, Saskatchewan and Alberta). DPCF reported approximately 39,000 listings in the year ended 31 December 2017, reporting total revenues of CAN\$45.6 million, approximately £26.2 million and an EBITDA of CAN\$4.2 million, approximately £2.4 million. DPCF's net assets as at 31 December 2017 were CAN\$6.2 million, approximately £3.6 million.

DPCF owns and operates one of Canada's leading commission-free real estate services networks under two operational brands, DuProprio in French speaking Québec and ComFree in English speaking territories outside of Québec. Under the DuProprio brand, DPCF offers homeowners a proven, professional and cost-effective service to market and sell their properties. DuProprio provides a flat fee listing service for property sales in Québec which has grown to a 20.2% market share in that province. Under the ComFree brand, DPCF operates an online brokerage model which also offers a flat fee. Customers only select and pay for the services that they want and the DPCF platforms provide customers with the tools and information needed to manage the sale of their homes successfully.

Home sellers with the DuProprio and ComFree brands typically achieve substantial savings compared to commission paid to traditional real estate brokers. DPCF's Net Promoter Score in Québec is 61, compared with a real estate industry average of 38. DuProprio received a 99% customer satisfaction score in Québec from an independent third-party audit.

DPCF employs approximately 400 people across Canada in offices in Québec, Montreal, Hamilton, Winnipeg and Edmonton. Founded in 1997 in Québec, it has largely operated in its current form and with its current management team over the last decade, and has experienced rapid growth.

DPCF was acquired by Yellow Pages Digital & Media Solutions Limited, a subsidiary of Yellow Pages Limited (TSX:Y) in July 2015. The business is led by an experienced management team with deep understanding of the Canadian real estate market and a proven track record of growing digital media and technology companies.

Canadian real estate market and DPCF market presence

The Canadian real estate market comprised circa 876,000 listings in 2017, based on a total population of circa 35.1 million (2016 census). DuProprio has a market share of 20.2% of the Québec province, while the ComFree brand has 2.0% of the Ontario market and 2.3% of the Western Canada market. Ontario, Québec and Western Canada represent the largest regional markets with approximately 365,000, 146,000 and 168,000 annual listings respectively, accounting for 77.5% total Canada-wide instructions in 2017. Purplebricks believes that there is also expansion potential for the business in British Columbia (approximately 150,000 annual listings) and the Atlantic region (approximately 47,000 annual listings).

Growth opportunities and strategic rationale

The Board of Purplebricks believe that the Acquisition presents attractive growth opportunities through the potential for geographical expansion across Canada, by introducing the Purplebricks technology, hybrid model, customer experience as well as capitalising on the substantial additional revenue opportunity that exists with the acceleration of the newly-launched buy-side brokerage services in Canada. In Québec, where the DuProprio brand has 20.2% market share, they offer a sell-side service powered by the number one real-estate website, support from centralized real-estate professionals and outstanding customer service. Building on its existing high brand awareness, DPCF already has plans to leverage the c.7 million monthly visits to its sales platform to generate significant additional revenue streams. In Canada buy side commission typically averages c. 2.5%.

The Board believes that the Acquisition will, amongst other things:

- be a strong strategic fit with the Group's operations in the UK, Australia and the US;
- provide an attractive opportunity to deliver on, and accelerate, the Group's stated strategy of continuing to expand its operations into new territories with an established operator and a strong management team;
- further increase revenues of the Group; and
- allow Purplebricks to benefit from potential opportunities through the application of its established operating model to the new operations, as described above.

Purplebricks is committed to investing in the business to accelerate and deepen penetration across Canada, in particular to rapidly build market share outside its core Québec market and to support the roll out of new revenues streams across Canada. The investment will be funded in part through the reinvestment of DPCF profits as has historically been the case, and supplemented with funds provided by Purplebricks. Investment plans will be finalised post acquisition but it is expected that the additional investment spend over the next two years will be up to £15m, which includes the reinvestment of DPCF's operating profits from closing.

Further details of the Acquisition

Under the terms of the agreement entered into today with Yellow Pages (the "Agreement"), the Group has agreed to acquire DPCF on a cash and debt free basis for an enterprise value of CAN \$51 million in cash, approximately £29.3 million, subject to customary working capital adjustments.

The Acquisition is being funded out of cash resources. The Acquisition is of sufficient size relative to the Group to constitute a significant transaction under the AIM Rules.

Completion of the Acquisition is conditional only upon customary closing conditions. Subject to the closing conditions being satisfied, closing of the Acquisition is expected to occur on or before 6 July 2018.

The Agreement includes customary terms and conditions for a transaction of this nature, including customary representations and warranties given to Purplebricks by Yellow Pages.

Enquiries:

Purplebricks Michael Bruce, James Davies	+44 (0) 20 7457 2020
Zeus Capital (NOMAD) Nicholas How, Benjamin Robertson	+44 (0) 20 3829 5000
Peel Hunt (Broker) Dan Webster, George Sellar	+44 (0) 20 7418 8900
Investec Bank (Broker) Keith Anderson, Carlton Nelson	+44 (0) 20 7597 5970
Instinctif Partners David Simonson, Mark Reed, George Yeomans	+44 (0) 20 7457 2020

The person arranging release of this announcement on behalf of the Company is James Davies, Chief Financial Officer.

For the purposes of this announcement, the terms Duproprio/ComFree and DPCF shall mean Canadian corporation ByTheOwner Inc./DuProprio Inc., its holding company and the direct and indirect subsidiaries of such holding company.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This announcement has been prepared for the purposes of complying with the UK AIM Rules and MAR and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with laws and regulations of any jurisdiction outside of England.

This announcement contains certain forward-looking statements. No forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of these influences and factors are beyond the Company's control. As a result, actual results may differ materially from the plans, goals, and expectations contained in this announcement.

Any forward-looking statements made in this announcement speak only as of the date they are made. Except as required by the FCA, London Stock Exchange plc or applicable law or regulation, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any

forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The amounts described in this announcement in Can\$ have been converted into GBP at an exchange rate of 1.74.

References to £ or GBP are to pounds sterling and to Can\$ or CAD are to Canadian dollars.