29 June 2017

Purplebricks Group plc
Final results for the year ended 30 April 2017
UK expectations upgraded, Australia on track, US beckons

Purplebricks Group plc (AIM: PURP) ("Purplebricks"), the hybrid estate agent providing a new way to buy, sell or let property, announces its final results for the year ended 30 April 2017.

Financial highlights

Year ended 30 April, £m	**UK** **2017**	**Australia** **2017**	**US** **2017**	**Total** **2017**	**UK and Total** 2016
Revenue	43.2	3.5	-	46.7	18.6
Gross profit	24.2	1.6	-	25.8	10.6
Marketing	(14.4)	(3.8)	-	(18.2)	(12.9)
Operating profit/(loss)	0.2	(6.1)	(0.1)	(6.0)	(11.9)
Adjusted EBITDA (1)	1.7	(6.1)	(0.1)	(4.5)	(9.7)

Business Highlights

- Group revenue up 151% to £46.7m (FY16: £18.6m)
- UK revenue up 132% to £43.2m (FY16: £18.6m)
- Ahead of recruitment plan; number of UK Local Property Experts rose 118% to 448 as of April 2017
- UK business reports first full year operating profit and adjusted EBITDA of £1.7m (FY16: loss £9.7m)
- Average income per instruction for the UK up 14.8% to £1,035 (£1,088 for the Group)
- Sold and completed on over £5.8bn of UK property (further £3.69bn in pipeline SSTC)
- Online market share increased to 72% (from 62%) whilst online growing as a share of total market
- Sale agreed in the UK every 9 minutes 24/7
- Website visits increased to over 2.5m per month
- Most positively reviewed agent on Trustpilot in the UK with over 20,000 reviews
- Successful launch in Australia; ahead of UK at same stage of development in terms of listings, sales, revenue, LPEs and Trustpilot
- Raised £50m in March 2017 to launch in the US, a $70bn market, starting with California
- Strong Balance Sheet, with net cash of £71.3m

Commenting on the results, Michael Bruce, Group Chief Executive, said:

"This has been a very successful year in the early development of the Purplebricks model and brand. We have materially grown our national footprint and have built a growing brand awareness and reputation for delivering customers a more convenient, transparent and cost effective service. In tandem with our growth we have invested in the business and strengthened the management team. This has allowed us to significantly grow our number of positive reviews on the independent review site Trustpilot (currently with over 20,000). We have retained our rating of excellent. Purplebricks is now in a strong position to become the no.1 estate agent in the UK for both listings and sales.

With the UK business now in profit it is encouraging to see Australia following a similar growth trajectory. Just eight months in and Purplebricks already operates in five key states, which represent 85% of all Australian property transactions. The launch of our Commisery campaign in Australia from May 2017 will further accelerate progress. All of this bodes well for the US, where plans to launch, first in California, in the second half of the calendar year are progressing at pace.

We are confident that we have a compelling proposition and the strategy, team and Balance Sheet strength to deliver on it for all stakeholders."

Outlook

The first two months of the financial year have started well, with continued trading momentum in both the UK and Australia, while plans for the US launch continue at pace. This progress is to a great degree driven by the continued recruitment of high quality LPEs and the success of the Purplebricks marketing, which has resonated with consumers. To fully capitalise on this momentum and the long term market opportunity, Purplebricks is stepping up its recruitment of LPEs to meet demand and following the recent success of the additional marketing spend in the spring market, is increasing its budget for the current financial year. UK marketing spend in the first half of this financial year is now anticipated to increase by some £3.5m year-on-year, with spend in the second half also likely to rise, should the expected returns come through. As a result UK revenue expectations for the current year are raised to some £80m; a near doubling from the £43m reported for FY17. For Australia, our expectations remain unchanged following good progress to date, with revenues expected to reach £12m in the current year.

While the broader macro climate is uncertain and it is early in the financial year, Purplebricks remains confident in its prospects and of meeting the board's increased expectations.

Notes

(1) Adjusted EBITDA is calculated as operating profit plus depreciation, amortisation, share based payments and fundraising costs in respect of IPO.

A presentation to analysts and institutional investor will be held at the offices of Instinctif Partners on 29 June 2017. For further details please contact Gemma Mountford on: +44 (0) 20 7457 2020 or email gemma.mountford@instinctif.com.

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About Purplebricks

Purplebricks is a leading next generation estate agency in the UK, combining highly experienced and professional Local Property Experts (LPEs) and an innovative use of technology to help make the process of selling, buying or letting so much more convenient, transparent and cost effective. Purplebricks is transforming the way people perceive estate agents and estate agency. Building on its UK success, Purplebricks launched into Australia in August 2016 and in February 2017 announced plans to enter the US market.

Forward looking statements:

This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

Chairman's statement

It is our first full year as an AIM listed company and we are pleased to announce that Purplebricks is leading significant change in the estate agency market.

During the year, we continued to focus heavily on building our brand awareness, growing our number of Local Property Experts ("LPEs"), evolving our technology, growing internationally in Australia and shortly launching into the US, and most importantly advancing on our strong reputation for customer service. We have made excellent progress on all fronts.

We continue to attract and retain top quality LPEs across all areas of the country. Our strategy of creating an "ultra-local" presence has materially advanced with the recruitment of a further 320 LPEs, an increase of 156% over the corresponding financial year. This additional expertise is providing essential capacity to meet the continued burgeoning demand from our customers. More and more highly skilled estate agents are choosing to join Purplebricks because of our strong reputation and growing market share.

We have continued to invest in high impact marketing with our "commisery" campaign resonating and hitting home with prospective customers. Brand awareness is high and continues to grow alongside our "best in class customer service". As the most positively reviewed estate agent in the UK we are proud to have grown our reviews on independent review site, Trustpilot, from 5,700 at the end of the last financial year to over 20,000, an increase of 251%. Our average rating has increased from 9.4 to 9.5 out of 10. Our customer advocacy continues to blossom despite our rapid growth.

Financials

Trading momentum has been strong throughout the year, with total revenues of £47m representing an increase of 151% on the prior year. The UK has continued to advance with £43.2m of revenue, whilst Australia contributed £3.5m ($6m AUD) in the period following its launch in September 2016. I am pleased to report that the UK made an adjusted EBITDA profit of £1.7m for the full year whilst Australia made an adjusted EBITDA loss of £6.1m and our new US entity a £0.1m loss. Group losses from operating activities reduced to £6.0m from £11.9m the year before demonstrating clear progress whilst continuing to expand internationally. The operating leverage of our low fixed cost business model is now fully apparent with the UK demonstrating EBIT profit at both the operating level and at the adjusted EBITDA level.

Net cash at the year end was £71.3m as a result of the fundraising activities undertaken, the acquisition of a lettings business and also the marked step up in revenue generated during this year. Net assets at 30 April 2017 were £75.4m (2016: £28.1m) with net current assets standing at £66.5m (2016: £27.5m).

Australia

In our last Annual Report, we announced an intention to launch in Australia. In September 2016, we officially launched in Queensland and Victoria. In January 2017, we launched in New South Wales and in March and April, we launched in Perth and Adelaide respectively.

We have had some significant early success and momentum is growing. We committed to an investment of £10m over a two year period with the majority of the investment being in this financial year. We made an adjusted EBITDA loss of £6.1m in the period, or £5.4m at constant currency.

We have recently launched our "commisery" marketing campaign in Australia and, like the UK, we will review our marketing spend, momentum and market share. If we consider it necessary to invest further to grow market share and continue momentum we may choose to do so.

We have added to the strength of the team with the recent appointment of an Operations Director, Deborah Lee, who was formerly at Capita Plc.

US launch

We have recently announced our intention to launch the Purplebricks proposition into the US, a $70bn market. We successfully raised £48.8m, net of fees of £1.2m via a placing on 22 February 2017.

Our market research indicates that our compelling model comprising of high quality customer service allied to a fair, more competitive fee structure and technology that enables sales to progress 24 hours a day will appeal in a market where sellers are currently charged a commission of around 6% to sell their home.

We are excited about our launch and will provide more details in due course on launch dates, regions and service offering. We have a superb management team who are working on our plan with a view to execution in the second half of 2017. Similarly to the UK and Australia, we will launch regionally, with California being the first state, and adapt our timing and offering to the momentum of each market.

As announced at that time, the Directors consider expansion of the Company's business and the Purplebricks brand into the US real estate market to be the next logical step in the Company's expansion. The US is one of the world's largest real estate markets and we estimate that total real estate commission income in the US is in the range of c.US$70 billion annually (compared with US$4.3 billion in the United Kingdom).

The Group believes that the Purplebricks platform and business model is scalable and can adapt to the US market. Given the many comparable trends, sentiment and similarities between the property markets in the US, the UK and Australia, the Group's expansion strategy will be shaped significantly by the Group's experience with its successful UK and more recent Australian operations. Although the Group initially intends to strategically roll out across a defined number of US states, the US as a whole represents a material opportunity for future growth in the long term.

We believe that there is a significant opportunity for our business model to make a meaningful and lasting impact on the US real estate market. It is intended that, initially, the Group will strategically roll out in a defined number of US states, launching in the second half of 2017, before rolling out more widely across other states. The initial expansion into the US is to be funded from the net proceeds of the Placing and will be led by US Chief Executive Office, Eric Eckardt, supported by Founder and Group CEO Michael Bruce and his brother and co-founder Kenny Bruce. Eric has more than 20 years of experience in real estate and finance technology.

The Group will look to attract some of the most experienced real estate agents in the US property industry who want to run their own business, as many of Purplebricks' existing LPEs do. The Directors believe that real estate agents in the US will want to become LREEs (Local Real Estate Experts), given the compelling customer proposition and the benefits of the Purplebricks model. The Purplebricks model should allow agents to spend more time focusing on looking after customers and selling homes, rather than a significant proportion of their time being taken up prospecting for the next listing. This is possible because a sustained marketing and advertising campaign is intended to drive listing appointments to the LREEs. The Purplebricks platform and business model is designed to result in improved LPE productivity which provides LREEs the opportunity to earn more revenue than they would as a traditional real estate agent.

The Group's technology should help to ensure that Purplebricks deliver a high quality service to customers. The Purplebricks platform will, once rolled out, provide US customers, LPEs, Listing Agents and Buying Agents with a reliable means of engaging in the process of buying and selling real estate at all times of the day and night. The platform is accessible 24 hours a day, seven days a week with the click of a button. Buyers, sellers, LREEs, Listing Agents and Buying Agents will be able to safely and securely communicate with one another through the Purplebricks platform or, if they wish, communicate with Purplebricks. The Purplebricks model is intended to empower LREEs, Listing Agents and Buying Agents to be more productive and for the customer's journey to be more convenient, transparent and cost effective.

The recruitment and training of local LREEs and the adaptation of the Purplebricks platform and business model for the US will be coupled with an advertising and marketing strategy built upon the Group's successful brand led strategies in the UK and Australia. The Directors consider advertising and marketing to have played a significant part in the growth of the Group's existing business, with Purplebricks having become the most recognised real estate agency brand in the UK property market in less than three years.

Board and people

Our strong results would not have been possible without the enthusiasm and commitment shown by our colleagues this year. On behalf of the Board, I would like to thank them sincerely for their hard work in growing our business whilst maintaining our strong culture of customer service.

We recently announced the departure of Neil Cartwright, our CFO, through ill health. Neil has been a great force within the team and will be sadly missed. We also announced the appointment of James Davies as Neil's replacement. James has a strong track record and comes highly recommended and after strong competition for his services. Our Board continues to be supported by a very strong management team.

Dividend

As a young and fast growing Group with a substantial market opportunity, we intend to focus our financial resources on realising our potential in full. As we progress our strategy and our financial performance, we will look to move to a progressive dividend policy in future years.

The year ahead

After a successful first financial year as a public company we are pleased with the investments we have made, the growth of our technology and LPE numbers, the engagement our marketing has generated, the increased awareness of our brand and our success so far in Australia and intended launch into the US. We look forward with considerable optimism and are pleased to report that the year has started well, with more and more customers choosing our full service hybrid agency model.

Paul Pindar

Chairman

28 June 2017

Strategic report

Principal activity and strategy

The principal activity of the business is estate agency.

At the core of our strategy is a commitment to our customers and our people.

We will continue to offer an exceptional experience by:

- selecting and training Local Property Experts that enhance our culture and core values and have the desire and motivation to build their own business;
- building upon our market leading technology that helps Local Property Experts be more productive and which delivers a much more convenient, transparent and cost effective service for our customers;
- creating marketing and advertising that interests, engages and inspires consumers to want to book a free valuation from Purplebricks and ensures that our messaging is clear and transparent to enable consumers to swiftly instruct us to sell their home;
- building upon our customer service and product offering by growing our Data Sales Unit and introducing new products and services that are relevant to our customers' needs throughout their journey;
- maintaining a progressive and fun working environment where our people care about our customers, our brand and our business and can grow personally and professionally, and
- building a strong, sustainable and profitable business, which is respected by all stakeholders for its professional conduct and making good on its promises.

Our strategy for growth is based upon the above core commitments.

Increase our footprint of Local Property Experts

We are extremely privileged to have secured some of the best people in our industry who have a strong desire to be part of a business that is changing the way people think about estate agents and estate agency. They are passionate about customer experience, giving customers that "light bulb moment" where they have met an estate agent, who has promised a service, delivered on that service, sold their house and saved them lots of money.

Our Local Property Experts are entrepreneurial, ambitious to grow their territory and to meet the demand which continues to grow for our hybrid offering. As a result we are accelerating our recruitment programme and increasing our footprint of experts across the UK in order to grow our share of instructions in local markets. We are finding that more and more talented, professional estate agents want to be part of what Purplebricks is seeking to achieve. The pool of applicants continues to grow and as a result the number of people suitable to represent the Purplebricks brand is increasing. Our main focus though is on maintaining that first class, driven quality of individual. We are pleased to report that the industry has a large number of high quality people to choose from.

Build upon our market leading technology

Bringing together first class Local Property Experts and industry leading technology is the foundation upon which the Purplebricks business has been created. We are very proud of our technology and indeed the work we are doing to introduce new and innovative features that set us apart from anyone else in the industry. The recent release of the Purplebricks buyers App has proven remarkably successful. Our App has now been downloaded by 110,000 selling and buying customers. We have added further resource to the App team and will be introducing new and innovative features during the course of this year. We continue to ensure that everything we do makes the process even more integrated, convenient, effective and transparent. We have already revolutionised the way sellers and buyers communicate throughout the process and continue to build on the work we have started.

We continue to add advanced changes and new features that are engaging, informative, supportive for our customers and which make our LPEs more productive. We are also focused on engaging ways of increasing revenue with targeted and timely technology driven cross sales opportunities. There are smarter, more effective ways of selling some products and services with the use of our technology platform.

We have increased our technology team and are starting to become a hub of technical interest for developers across the UK.

Create engaging marketing and advertising

Advertising has always been a central element of the Purplebricks Group plc strategy. We continue to work hard to grow our brand and the progress in just three years has been outstanding. Purplebricks Group plc continues to lead the front of mind awareness (amongst all estate agents) for people thinking of selling their home according to The Nursery, one of the UK's leading independent research and planning agencies*.

We continue to grow brand recognition across all TV and radio advertising compared with a year ago. We are confident that the team has built upon their early success with the introduction of their new campaign, which launched in May 2017. Our new campaign titled "commisery" will continue and will focus on the misery a person feels when they have paid a commission and got nothing more for it.

Our above the line marketing is complemented by brand and generic pay-per-click activity which is predominantly provided by Google and Bing. We are also looking at better ways of using social media in a targeted way to drive more activity amongst sellers. We continue to test and refine marketing campaigns with Rightmove, which we hope will raise further awareness and recognition and create opportunities for customers to experience our service.

In addition to paid activities we continue to drive efficiencies in our valuation conversion funnel and to analyse trends amongst our database of hundreds of thousands of sellers and buyers in order to ensure that our key messages are resonating with consumers. Our User Experience (UX) specialists have proved invaluable at helping us achieve greater conversions across our website and through the "book a valuation" funnel. We have added to the team to continue to build on the great work that has been started and the results we are seeing.   We also make use of PR as part of our strategy of driving home our messaging and how we wish our brand to be best represented.

We will continue to create marketing and advertising that interests, engages and inspires consumers to want to book a free valuation from Purplebricks and ensure that our messaging is clear and transparent to enable consumers to swiftly instruct us to sell their home.

* Based on 1,131 respondents in a survey

Central Property Team and Data Sales

Our Central Property Team and Data Sales Team continue to grow as activity grows as part of our strategy to increase valuations and drive down the cost per acquisition of every customer. They play an important part in generating valuation opportunities and growing other revenue streams. Every day we generate thousands of data points from people registering with Purplebricks, arranging a viewing direct, online or via the property portals and from buyers making offers and agreeing sales. We are steadily increasing revenue generating opportunities from data and as our people develop and we place them into dedicated product and service streams, we will start to see the unit make a significant financial contribution.

Introduce new products and services

We believe that a major part of selling is being in the right place at the right time. Our model of combining people and technology places us in the best possible position to be in the right place at the right time. As a result we want to be able to offer customers relevant additional products and services that complement their journey of selling, buying or letting. We continue to look at new and smarter ways of supporting our customers with much more convenient, easy, accessible, stress free and cost effective products and services. We will add new products and services once we are satisfied that they add value for our customers and will be delivered with the Purplebricks culture and ethos. We want to create lifetime value for our customers and everything we do as part of our strategy is working towards this.

Our culture is our business

Our people create our culture and our technology and our people deliver it. As a starting point the founders wanted to create a Purplebricks that cared about its people, that had a progressive and fun working environment and as a consequence our people cared about our customers, our brand and our business and they could grow personally and professionally. We have achieved these founding principles to date and continue to ensure that the same principles are applied as we scale.

Following our listing, the businesses of our founding Local Property Experts as well as a number of employees have been awarded share options in Purplebricks Group plc that will vest in part each year and in full over the coming years. We intend to extend awarding of share options to more LPEs' businesses and employees with the objective of everyone having some form of reward for their efforts in growing our business into the future in accordance with our admission document.

We have created a strong brand advocacy within our growing business and our customers. We work in a progressive and fun environment where, despite a strong desire to grow their business, our people have a tremendous degree of camaraderie, togetherness and a collective brand advocacy that is extremely hard to replicate. The foundations begin for everyone with the recruitment programme and training methodology and continue through the heart of the business.

Chief Executive's statement

Review of the year

This has been a very successful year in the early development of the Purplebricks model and brand. We continue to go from strength to strength and have materially grown our national footprint and have built a growing brand awareness and reputation for delivering customers a more convenient, transparent and cost effective service. Customers continue to respond to our hybrid model, having sold properties in the UK this financial year worth £5.80bn and agreed a further £3.69 billion of sales that are currently in our pipeline, sold subject to contract. Our company is now in a strong position to become the Number one estate agent in the UK for listings and sales.

UK

In the UK, the average number of monthly instructions continues to grow despite traditional operators reporting a slowdown in activity. If we compare April 2016 with this year we achieved 2,670 more instructions in the month which represents an increase of over 94% taking the total to 5,497 instructions for April 2017. We are winning share from the traditional estate agents and have increased our share of the "non-traditional" market from 62% to 72% by April 2017.

We are also enjoying continued success at selling the properties we take to the market in the UK. The monthly run rate in May 2016 was 2,386. I am pleased to report that this monthly run rate has increased to 4,979 in May 2017. This represents an increase of 108% compared with a year ago. Our conversion from instruction to sale is currently 83%. We have increased our revenue per instruction to £1,035.

We believe we are the most visited estate agency website in the UK. Our customers benefit from this extensive traffic with increased competition amongst purchasers. Our website visits increased to 2.5m per month and page views rose to 14.4m per month. Unique visitors also increased to 1.3m per month and the "book a free valuation" funnel conversion rose by 86.0%. In a recent Which! Report they concluded that "online agents" sell properties 38 days faster than traditional estate agents and reduced the price on the properties they sold less than traditional estate agents. Purplebricks was considered the best at selling for more than the asking price amongst all "online agents" and equally as successful as traditional estate agents. Purplebricks also reduced their asking prices by 5% or more significantly fewer instances than traditional and online estate agents.

Our on-going strength in trading is heavily dependent on our success in continuing to attract and retain first class, professional, experienced and highly motivated Local Property Experts ("LPEs"). Winning more instructions and selling more properties in a business with a strong customer focused culture is highly attractive to professional entrepreneurial LPEs who are running their own businesses and are working hard to quickly build a local, scalable, profitable, business. We are really pleased to be considerably ahead of plan, finishing the year with 448 LPEs, a year on year increase of over 118%. We have built a much stronger, scalable recruitment and training infrastructure which enables us to recruit and train many more LPEs going forward.

Marketing has also been a key element to the success and future growth of the business. During the year Ed Hughes (formerly of comparethemarket) replaced Joby Russell who took up the role of Chief Marketing Officer ("CMO") in Australia. Ed has advanced the development of our marketing strategy and team. We introduced the "commisery" campaigns which have been very successful and extremely well received by customers. We have introduced localised versions to Australia in May 2017 and have shot a number of new commercials ("Commisery stage 2") that aired in the UK from May 2017.

Our investment in marketing has helped drive the growth of our brand recognition, valuations, instructions, sales and revenue. We firmly believe that we have hit upon a campaign, have developed a plan and built a team that can materially change the market share and future financial performance of the business. We also firmly believe that we must grasp the opportunity to make Purplebricks the most successful estate agent ever in the UK and build upon that success in Australia and thereafter in the US. The business, team and infrastructure are in the best place they have ever been to capitalise.

We committed to spending a further £1.5m in marketing during the course of H2 FY2017 and as a result the business has grown further, faster. We will continually review marketing spend to make the most of the opportunities that present themselves.

Culturally we have a strong focus on customer support which is testament to the number of houses we are selling, the speed at which they are transacting through the legal process and the level of concentrated help customers receive where issues arise with any aspect of their sale. We are proud of the dedicated, focused support we provide whenever it is required. It is to the distinct advantage of the customer and the process that we are focused on a completion not on a commission.

We recruited Lee Wainwright in March 2017 as Head of Operations, who was formerly an extremely successful Divisional Managing Director for Countrywide Plc for over 16 years. Lee will be responsible for the Central Property Experts, Post Sales Support, Data Sales, Concierge team and the Conveyancing Sales Team. They are all central based departments that play a key role in delivery of our service and selling additional products and services. Lee will help drive enhanced service levels and growth in revenue from these teams.

Our advancement with technology continues at pace with new, innovative and progressive work being completed on our UK, Australian and US technology. Our 80 strong development team work tirelessly to create tools to better help customers through the process and to help LPEs deliver a more seamless service. We will be further enhancing the functionality of our App, our search facility and the journey for buyers amongst the many other features we are developing for sellers and LPEs. We are building and progressing our technology in the UK and Australia and will have a team in the US.

Customer reviews

We continue to be the most customer reviewed estate agent in the UK on independent review site Trustpilot. We are very proud of the feedback we receive which is testament to the culture, commitment and widespread appeal of our full service hybrid model, demonstrating that we offer not just a competitive flat fee but also superior customer service. We are rated Excellent, averaging 9.5 out of 10 from over 20,000 customer reviews. We recognise that from time to time we will receive a small proportion of negative reviews and as a result we ensure that every customer is contacted and we do everything we can to provide them with a swift resolution and an excellent customer experience thereafter.

We request a review from a customer once a sale is agreed but they are free to choose to leave reviews at any stage of the selling process. This is carried out via a link with Trustpilot. We do not offer any form of incentive, we merely provide a link and request the customer completes a review. We receive significantly more reviews than any other estate agent (traditional, online or hybrid) because we give our customers the opportunity to share their experience publicly and immediately. I am extremely grateful to everyone in the business for this fantastic achievement and for the brand advocacy they are creating.

Australia

We are excited by the progress we are making and the opportunity that exists in Australia. Ryan Dinsdale and the management team have worked tirelessly to progress our model, recruit and train our people, steer a path through the state by state regulatory framework and grow the business with the same customer centric principles as the UK business.

We are saving our customers on average $12,000AUD and have been rated “excellent” by independent review site Trustpilot with an average customer score of 9.6 from over 500 reviews. We are confident that the introduction of our “commisery” advertising campaign in Australia will resonate and materially advance our growing performance.

America

The plans for launch into the American market are moving at pace and we remain on target to enter the market in the second half of 2017. We have further strengthened the management team with the appointment of Jonathan Adler as Chief Marketing Officer to work alongside James Kydd and Phil Felice who has been appointed as Senior Vice President Sales to work alongside Kenny Bruce.

Jonathan was formerly Managing Director of VCCP International and Global CEO for Hogarth & Ogilvy and Phil has been Head of US Sales for Altisource – Hubzu and Vice President of Business Development for Realogy. Jonathan has a deep understanding of US marketing and Phil a long history of industry sales experience at every level. They will no doubt prove superb additions to the management team

Further details on our plans will be announced when it is the right time commercially to do so.

Thank you

I would like to thank all of our people for their hard work, dedication, commitment and absolute belief in our customers and our brand. They have created thousands of brand advocates in an industry that is often talked about, criticised and disliked. I would also like to thank our customers who have embraced what we are trying to achieve and have actively helped and supported us in our journey to date. Without belief in what we promise to deliver (and do deliver) we could not grow our business in quite the same way. Their advocacy of our products, services and brand is truly remarkable.

Finally I would like to thank the support and encouragement we receive from our shareholders. They have invested in creating a strong and thriving business that is changing the estate agency industry forever and for the better. We are working tirelessly to deliver enduring returns for our shareholders.

The future

There has been a significant amount of debate around the property market and what the future holds with uncertainty over BREXIT, a slowdown in the number of sellers and buyers, tax changes and even a general election. As we have reported in the past, whilst we will continue to monitor trends in the market we have not seen a slowdown in activity and our strategy is predicated on winning market share rather than market growth. Our business model was built with low fixed overheads and a focus on variable costs to provide greater flexibility and agility to protect against any changes in the market.

It has been a great year for our customers, our people and the industry with the shift in consumer attitude away from expensive commission to a transparent fixed fee full estate agency service. Our people have risen to the public and professional challenges that have come their way and have done a remarkable job of advancing this extraordinary journey for a young, fast growing business. We are on track to be the most successful estate agent in UK history. We approach the future with confidence.

Key performance indicators (KPIs)

The following KPIs are the tools used by management to monitor the performance of the Group, in addition to the more traditional income statement, statement of financial position and cash flow analysis reviewed at regular Board meetings.

	2017	2016
Financial KPIs		
Revenue growth	**151%**	448%
Operating loss* as a percentage of revenue	**(10.0%)**	(52.6%)
Non-financial KPIs		
Number of LPEs	**525**	205
Monthly website visits	**2.50m**	1.23m

* pre amortisation of intangibles and share based payment charges and IPO

Revenue growth is closely monitored to ensure we grow so as to cover our fixed costs as quickly and as efficiently as possible and consume as little capital as possible, whilst pursuing a high growth strategy.

The regular monitoring of the operating margin percentage helps us ensure that the focus on growth is not at the expense of profitability in the short and medium term.

Principal risks and uncertainties

Risk management is an important part of the management process for the Group. Regular reviews are undertaken to assess the nature of risks faced, the magnitude of the risk presented to business performance and the manner in which the risk may be mitigated. Where controls are in place, their adequacy is regularly monitored.

The risks considered to be particularly important at the current time are set out below:

Economic

Potential impact: As an estate agency the Group's fortunes are closely intertwined with those of the housing market and the broader economy as a whole.

Mitigation: The Group keeps a close eye on market conditions and the broader economy. Our cost base is flexible and able to react quickly and effectively to changes in market conditions.

People

Potential impact: An experienced and knowledgeable workforce is required to service clients' needs. The market for skilled staff remains competitive and a failure to recruit and retain experienced staff could impact on the Group's ability to develop and deliver solutions.

Mitigation: Providing existing staff with relevant training, great rewards, effective marketing and an effective software platform is a key priority for the business. Recruiting and developing new employees, when required, is undertaken by experienced staff to ensure the correct calibre of individual is identified.

Reputational and quality

Potential impact: The quality of references obtained from existing users of Purplebricks' platform is an important part of the decision making process for a potential client seeking to instruct the Group.

Mitigation: The Group strives to maintain its reputation as the best estate agency combined with great value for money and monitors its Trustpilot reviews on a real time daily basis.

Availability of funding

Potential impact: In order to grow the business and become profitable the Group needs access to funding. Without sufficient capital the Group will be unable to meet its ambitious targets.

Mitigation: The Group has continued fundraising activities as a result of the flotation and prior investment rounds and has sufficient headroom in respect of its working capital requirements and its forecasts, even when applying lower case sensitivities to the forecast.

Financial

Potential impact: Inaccurate financial information may result in sub-optimal decisions being taken by management and staff. Inadequate internal controls may fail to prevent the Group suffering a financial loss.

Mitigation: The systems of internal controls deployed within the Group are designed to prevent financial loss. Controls are strongest in areas where management considers the potential exposure to the Group of material loss or misstatement to be at its greatest, such as revenue recognition and cash collection. The adequacy and effectiveness of internal controls are reviewed regularly.

New entrants to market

Potential impact: The Group operates in a sector where there are a number of competitors.

Mitigation: To counter the threat of competitors seeking to win business from us the Group aims to invest in the development of technology and branding to ensure that the Group becomes the market leader in the estate agency sector.

Overseas risk

Potential impact: The Group is entering overseas markets.

Mitigation: The Group continues to seek out the best advice possible and hire the best people possible whilst remaining well funded to face these challenges with confidence.

Integration risk

Potential impact: The Group may acquire additional companies and will need to integrate them.

Mitigation: The Group continues to seek out the best advice possible and hire the best people possible whilst remaining well funded to face these challenges with confidence.

Future developments

We expect future developments in estate agency to see a migration away from the high street as a highly fragmented market consolidates by virtue of the ease and simplicity that Purplebricks and its technology brings. We expect Purplebricks Group plc to remain at the forefront of this change in the industry landscape, creating and building on a market leadership position.

Approved and signed on behalf of the Board

Michael Bruce	**James Davies**
Director	**Director**
28 June 2017	28 June 2017

Consolidated statement of comprehensive income
for the year ended 30 April 2017

	Note	2017	2016
		£	£
Revenue		**46,706,078**	18,603,679
Cost of sales		**(20,857,938)**	(8,011,976)
Gross profit		**25,848,140**	10,591,703
Administrative and establishment expenses		**(13,639,927)**	(9,604,541)
Marketing costs		**(18,218,845)**	(12,924,002)
Loss from operating activities		**(6,010,632)**	(11,936,840)
Loss from operating activities before adjustments:		**(4,694,190)**	(9,777,815)
Share based payment charge	4	**(917,089)**	(596,647)
Amortisation of intangibles		**(399,353)**	(101,309)
Fundraising costs including Initial Public Offering		**-**	(1,461,069)
Loss from operating activities		**(6,010,632)**	(11,936,840)
Finance income		**55,430**	35,009
Fair value movement in respect of derivatives		**(104,317)**	-
Loss on ordinary activities before taxation		**(6,059,519)**	(11,901,831)
Taxation on loss on ordinary activities		**3,054,190**	-
Loss for the year		**(3,005,329)**	(11,901,831)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**116,370**	-
Total other comprehensive income		**116,370**	-
Total comprehensive loss		**(2,888,959)**	(11,901,831)
Losses per share			
Basic and diluted loss per share	5	**(1p)**	(12p)

All losses and other comprehensive income relate to continuing operations and are attributable to equity shareholders of the parent.

Consolidated statement of financial position
at 30 April 2017

	Note	**2017**	2016
		£	£
Non-current assets			
Property, plant and equipment		**718,492**	217,386
Intangible assets		**2,757,053**	370,847
Goodwill	6	**2,605,979**	-
Deferred tax asset		**3,086,950**	-
		9,168,474	588,233
Current assets			
Trade and other receivables		**4,865,196**	2,970,258
Cash and cash equivalents		**71,330,300**	30,476,386
		76,195,496	33,446,644
Current liabilities			
Trade and other payables		**(7,302,467)**	(5,211,353)
Deferred income		**(2,306,512)**	(760,358)
Derivative financial instruments		**(104,317)**	-
		(9,713,296)	(5,971,711)
Net current assets		**66,482,200**	27,474,933
Total assets less current liabilities		**75,650,674**	28,063,166
Non-current liabilities			
Deferred tax liabilities		**(243,534)**	-
Net assets		**75,407,140**	28,063,166
Equity			
Share capital		**2,705,009**	2,402,591
Share premium account		**74,900,826**	25,887,400
Share based payment reserve		**693,537**	330,968
Foreign exchange reserve		**116,370**	-
Retained earnings		**(3,008,602)**	(557,793)
Total equity		**75,407,140**	28,063,166

Consolidated statement of changes in equity
for the year ended 30 April 2017

	Share capital	Share premium account	Share based payment reserve	Foreign exchange reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 May 2016	2,402,591	25,887,400	330,968	-	(557,793)	28,063,166
Issue of shares	227,273	49,772,726	-	-	-	49,999,999
Cost of share issue	-	(1,209,639)	-	-	-	(1,209,639)
Exercise of options	75,145	450,339	(554,520)	-	554,520	525,484
Share based payment charge	-	-	917,089	-	-	917,089
Transactions with owners	302,418	49,013,426	362,569	-	554,520	50,232,933
Loss for the year	-	-	-	-	(3,005,329)	(3,005,329)
Exchange differences on translation of foreign operations	-	-	-	116,370	-	116,370
Total comprehensive loss	-	-	-	116,370	(3,005,329)	(2,888,959)
At 30 April 2017	**2,705,009**	**74,900,826**	**693,537**	**116,370**	**(3,008,602)**	**75,407,140**

Consolidated statement of changes in equity for the year ended 30 April 2016

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 May 2015	17,658	12,298,268	105,016	(8,026,657)	4,394,285
Issue of shares	252,051	34,748,659	-	-	35,000,710
Exercise of options	138	25,056	-	-	25,194
Exercise of warrants	123	91,947	-	-	92,070
Redemption of shares	(89)	-	-	-	(89)
Share premium cancellation	-	(19,000,000)	-	19,000,000	-
Costs of IPO charged to share premium account	-	(143,820)	-	-	(143,820)
Share based payment charge	-	-	596,647	-	596,647
Transfer on exercise of options	-	-	(370,695)	370,695	-
Bonus share issue	2,132,710	(2,132,710)	-	-	-
Transactions with owners	2,384,933	13,589,132	225,952	19,370,695	35,570,712
Loss for the year	-	-	-	(11,901,831)	(11,901,831)
Total comprehensive loss	-	-	-	(11,901,831)	(11,901,831)
At 30 April 2016	**2,402,591**	**25,887,400**	**330,968**	**(557,793)**	**28,063,166**

Consolidated statement of cash flows
for the year ended 30 April 2017

	2017	2016
	£	£
Cash flows from operating activities		
Loss for the year after taxation	**(3,005,329)**	(11,901,831)
Adjustments for:		
Amortisation of intangible assets	**399,353**	101,309
Depreciation	**166,320**	61,159
Loss on disposal of fixed assets	**1,868**	-
Share based payment charge	**917,089**	596,647
Fundraising costs	**-**	1,461,069
Non-designated foreign exchange forward contracts	**104,317**	-
Deferred taxation	**(3,054,190)**	
Operating cash outflow before changes in working capital	**(4,470,572)**	(9,681,647)
Movement in trade and other receivables	**(1,706,903)**	(2,224,175)
Movement in trade and other payables	**1,574,291**	4,158,614
Movement in deferred income	**1,546,154**	650,428
Net cash outflow from operating activities	**(3,057,030)**	(7,096,780)
Cash flow from investing activities		
Purchase of property, plant and equipment	**(585,583)**	(215,338)
Proceeds from sale of property, plant and equipment	**991**	-
Development expenditure capitalised	**(1,421,927)**	(334,263)
Purchase of intangible assets	**(194,595)**	-
Acquisition of subsidiary net of cash acquired	**(3,295,189)**	-
Net cash outflow from investing activities	**(5,496,303)**	(549,601)
Cash flow from financing activities		
Issue of shares	**50,525,483**	35,117,885
Costs of issue of shares	**(1,209,639)**	(1,604,889)
Net cash flow from financing activities	**49,315,844**	33,512,996
Net increase in cash and cash equivalents	**40,762,511**	25,866,615
Effect of foreign exchange rate changes	**91,403**	-
Cash and cash equivalents at beginning of year	**30,476,386**	4,609,771
Cash and cash equivalents at the end of the year	**71,330,300**	30,476,386

Notes to the Preliminary results

1. General information

Purplebricks Group plc is a public company limited by shares registered in England and Wales. The address of the Company's registered office is Purplebricks Group plc, Suite 7, First Floor, Cranmore Place, Cranmore Drive, Shirley, Solihull, West Midlands, B90 4RZ. The Company is primarily involved in the estate agency business.

On 29 March 2016 Purplebricks Group plc incorporated a wholly owned subsidiary, Purplebricks Australia PTY Ltd, a Company registered in Australia. On 10 March 2017, Purplebricks Group plc incorporated a wholly owned subsidiary Purplebricks Inc, a company registered in the United States.

On 24 March 2017 the Group acquired 100 per cent of the issued share capital of BFL Property Management Limited. BFL Property Management Limited ("BFL") is a property management company and was acquired to complement the existing mainly organically created property management business in the Group and professionalising it with a skilled team and their processes.

The recently acquired entity BFL has a year-end reporting date of 31 December however is consolidated for the year ended 30 April 2017 using detailed management accounts. BFL's reporting date will be amended to ensure it is coterminous with the Group for future periods.

The financial information set out in this financial results announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of change in equity, consolidated statement of cashflows and the associated notes have been extracted from the group's financial statements for the year ended 30 April 2017, upon which the auditor's opinion is unqualified and does not include any statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 30 April 2017 will be delivered to the Registrar of Companies following the Annual General Meeting.

2. Summary of significant accounting policies

The principal accounting policies are set out below.

2.1 Basis of preparation

The Group's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and those parts of the Companies Act 2006 that apply to companies reporting in accordance with IFRSs.

The consolidated financial statements have been prepared under the historical cost convention subject to recognising certain financial instruments at fair value.

Full accounting policies are set out in the Financial Statements and are unchanged.

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance that may arise as a result of current economic conditions and other risks faced by the Group show that the UK Company is likely to become more profitable and cash generative during the year ended April 2018. The Group achieving profitability and cash generation is likely to be delayed by virtue of international expansion in Australia which will reduce cash due to loans. At the financial year-end the Company reported cash balances of £71.3 million.

The directors have performed sufficient sensitivity analysis to be satisfied that the going concern basis of preparation is appropriate. The operational gearing of the Company is such that it only reinforces the confidence of the directors.

The directors have prepared a monthly forecast to 30 June 2018 on the basis that the growth aspirations are achieved which show that the Group can operate with its existing resources.

Accordingly, the directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April 2017. The Company controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company. Total comprehensive income of the subsidiaries is attributable to the owners of the Company.

Accounting policies of subsidiaries which differ from Group accounting policies are adjusted on consolidation. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Segmental reporting

The Group trade is managed as a single division, providing services relating to the sale of properties however management report to the Board using geographical segments. The financial information reviewed by the board is materially the same as that reported under IFRS and falls under the three geographic locations it owns a Company in: UK, Australia and the US. During the year, no customer contributed 10% or more of the Group's revenues (2016: none).

The following is an analysis of the Group's revenue and results by reporting segment:

	Year ended 30 April 2017			
	UK	**Australia**	**US**	**Total**
	£	**£**	**£**	**£**
Revenue	**43,187,653**	**3,518,425**	**-**	**46,706,078**
Cost of sales	**(18,946,018)**	**(1,911,920)**	**-**	**(20,857,938)**
Gross profit	**24,241,635**	**1,606,505**	**-**	**25,848,140**
Gross profit margin	**56%**	**46%**	**-**	**55%**
Administrative expenses	**(9,659,191)**	**(3,914,890)**	**(65,846)**	**(13,639,927)**
Marketing costs	**(14,386,154)**	**(3,805,491)**	**(27,200)**	**(18,218,845)**
Operating profit/(loss)	**196,290**	**(6,113,876)**	**(93,046)**	**(6,010,632)**
Depreciation and amortisation	**549,726**	**15,949**	**-**	**565,675**
EBITDA	**746,016**	**(6,097,927)**	**(93,046)**	**(5,444,957)**
Share based payments	**917,089**	**-**	**-**	**917,089**
Adjusted EBITDA	**1,663,105**	**(6,097,927)**	**(93,046)**	**(4,527,868)**

	Year ended 30 April 2016			
	UK	Australia	US	Total
	£	£	£	£
Revenue	18,603,679	-	-	18,603,679
Cost of sales	(8,011,976)	-	-	(8,011,976)
Gross profit	10,591,703	-	-	10,591,703
Gross profit margin	57%	-	-	57%
Administrative expenses	(9,604,541)	-	-	(9,604,541)
Marketing costs	(12,924,002)	-	-	(12,924,002)
Operating loss	(11,936,840)	-	-	(11,936,840)
Depreciation and amortisation	162,468	-	-	162,468
EBITDA	(11,774,372)	-	-	(11,774,372)
Share based payments	596,647	-	-	596,647
Fund raising costs	1,461,069	-	-	1,461,069
Adjusted EBITDA	(9,716,656)	-	-	(9,716,656)

Segment assets and liabilities by location

Total assets

	2017	2016
	£	£
UK	**90,095,560**	34,034,877
Australia	**2,911,678**	-
US	**-**	-
Total	**93,007,238**	34,034,877

Total liabilities

	2017	2016
	£	£
UK	**8,709,709**	5,971,711
Australia	**8,907,832**	-
USA	**93,046**	-
Total	**17,710,587**	5,971,711

4. Share based payments

The Company operates an HMRC approved executive management incentive plan (EMI), an employee share ownership plan (ESOP) and a licensee share option plan (LSOP).

The vesting conditions for schemes 1, 2 and 4 are based on length of service with 25% of the options vesting on or after the 12 month anniversary of the employee's start date and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee's start date.

The vesting conditions for schemes 5, 6, 7, 8 and 9 are based on future service from the date of grant with 25% of the options vesting on or after the 12 month anniversary of the grant and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee's or the licensee's (where applicable) grant date.

Details of the total number of shares under option at the year end and conditions on qualification and exercise are set out below:

Grant Date	Scheme No.	Employees entitled	Number of options	Vesting conditions	Type	Exercise price (p)	Earliest exercise date	Expiry date
09/01/2015	1	14	403,328	Length of service	EMI	£0.01	09/01/2015	09/01/2025
10/07/2015	2	11	1,257,505	Length of service	EMI	£0.13	10/07/2015	10/07/2025
07/08/2015	3	2	-	Length of service	EMI	£0.13	07/08/2015	07/08/2025
10/08/2015	4	11	388,441	Length of service	EMI	£0.13	23/09/2015	10/08/2025
29/06/2016	6	68	5,329,500	Length of service	ESOP/ LSOP	£1.29	29/06/2017	29/06/2026
05/12/2016	7	287	3,405,000	Length of service	ESOP/ LSOP	£1.25	05/12/2017	05/12/2026
04/01/2017	8	3	1,600,000	Length of service	ESOP/ LSOP	£1.40	04/01/2018	04/01/2027
05/03/2017	9	212	2,246,000	Length of service	ESOP/ LSOP	£3.10	05/03/2018	05/03/2027

The Company operates an unapproved executive incentive plan. The vesting conditions are based on length of service with 25% of the options vesting on or after the 12 month anniversary of the employee's start date and a further 6.25% vesting every three months thereafter so that options vest in full on the 48 month anniversary of the employee's start date. Details of the total number of shares under option at the year end and conditions on qualification and exercise under unapproved rules are set out below:

Grant Date	Employees entitled	Number of options	Vesting conditions	Exercise price (p)	Earliest exercise date	Expiry date
06/11/2015	8	5,085,739	Length of service	£0.01	06/11/2016	06/11/2025

7,121,414 share options were exercised during the year (2016: 9,000,660). The number and weighted average exercise price of share options are as follows:

	2017 Weighted average exercise price	**2017 Number of options (number)**	2016 Weighted average exercise price	2016 Number of options (number)
Outstanding at beginning of year	**£0.04**	**14,256,430**	£0.01	42,637
Bonus issue	**-**	**-**	£0.01	4,573,874
Granted during the year	**£1.62**	**12,580,500**	£0.09	18,802,984
Exercised during the year	**£0.07**	**(7,121,414)**	£0.11	(9,000,660)
Lapsed during the year	**-**	**-**	£0.13	(162,405)
Outstanding at end of the year	**£1.04**	**19,715,516**	£0.04	14,256,430
Exercisable at end of the year	**£0.05**	**2,364,068**	£0.06	3,141,298

The weighted average remaining contractual life of the options is 9.1 years (2016: 9.2 years).

Options outstanding at 30 April 2017 for schemes 1 and 5 have an exercise price of £0.01 (2016: £0.01). The weighted average remaining contractual life of the options is 8.4 years (2016: 9.4 years).

Options outstanding at 30 April 2017 for schemes 2 and 4 have an exercise price of £0.13 (2016: £0.13) following the redenomination of the shares and admission to AIM. The weighted average remaining contractual life of the options is 8.3 years (2016: 8.9 years).

Options outstanding at 30 April 2017 for scheme 6 have an exercise price of £1.29 (2016: nil). The weighted average remaining contractual life of the options is 9.2 years. (2016: nil)

Options outstanding at 30 April 2017 for scheme 7 have an exercise price of £1.25 (2016: nil). The weighted average remaining contractual life of the options is 9.7 years. (2016: nil)

Options outstanding at 30 April 2017 for scheme 8 have an exercise price of £1.40 (2016: nil). The weighted average remaining contractual life of the options is 9.7 years. (2016: nil)

Options outstanding at 30 April 2017 for scheme 9 have an exercise price of £3.10 (2016: nil). The weighted average remaining contractual life of the options is 9.9 years. (2016: nil)

Fair value assumptions of share based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of fair value is measured using the Black-Scholes model. Details of the fair value of share options granted in the period and the prior period, together with the assumptions used in determining the fair value are summarised below.

	30 April 2017	30 April 2016
Weighted average share price at date of grant	**£1.62**	£0.15
Weighted average exercise price	**£1.62**	£0.09
Weighted average contractual life (years)	**10**	10
Weighted average expected volatility	**27%**	27%
Weighted average risk free interest rate	**1.5%**	1.5%
Total weighted average fair value of options granted	**£20,333,905**	£1,664,100

The volatility assumption, measured at the standard deviation of expected share price movements, is based on a review of volatility used by listed companies in the same sector.

Charge to the income statement

The charge to profit or loss, included with administrative expenses, comprises:

	2017	2016
	£	£
Share based payment charge	**917,089**	596,647

5. Losses per share

	Basic and diluted	Basic and diluted
	2017	2016
Loss £	**(3,005,329)**	(11,901,831)
Weighted average number of shares	**249,811,478**	101,194,640
Losses per share (£)	**(0.01)**	(0.12)

During the prior year the Company issued bonus shares prior to its admission to the Alternative Investment Market (AIM) on a 108.2747 for 1 basis.

Diluted loss per share is equal to the basic loss per share as a result of the Group recording a loss for the year, which cannot be diluted.

The table below reconciles the weighted average number of shares:

Weighted average number of shares 2016	101,194,640
Weighted average issue of new shares and exercise of options	148,616,838
Weighted average number of shares 2017	**249,811,478**

6. Acquisition of subsidiary

On 24 March 2017 the Group acquired 100 per cent of the issued share capital of BFL Property Management Limited, obtaining control of BFL Property Management Limited. BFL Property Management Limited is a property management company and was acquired to complement the existing mainly organically created property management business in the Group and professionalising it with a skilled team and their processes.

The amounts recognised in respect of the identifiable assets acquired and liabilities are as set out in the table below.

	£
Cash paid	3,548,691
Deferred consideration	25,000
Total consideration	**3,573,691**
Property, plant and equipment	82,805
Trade and other receivables	188,034
Cash and cash equivalents	253,502
Intangibles – customer relationships	1,070,968
Royalty value of short term use of tradename and inherent IPR	100,000
Deferred tax liability	(210,774)
Trade and other payables	(516,823)
Total identifiable net assets	**967,712**
Goodwill	**2,605,979**

On completion of acquisition and at the year end the goodwill was reviewed for impairment and the Group will test annually for impairment going forward. The recoverable amounts of the goodwill are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The discount rate used was 15% and the growth rate used was 2% or less based on the Office for Budget Responsibility growth forecasts contained within the March 2017 economic and fiscal outlook.

The Group has conducted a sensitivity analysis on the impairment test of goodwill and the group of units carrying value. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years and extrapolates cash flows for the following three years based on an estimated growth rate that does not exceed the average growth rate for the industry.

At the year end the fair value of goodwill was substantially in excess of its book value.