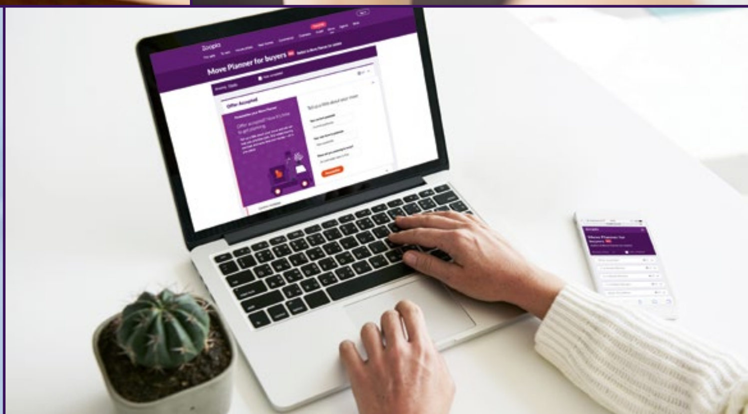
ZPG

ZPG Plc Annual Report 2017






Empowering smarter property and household decisions

ZPG Plc owns and operates some of the UK's most trusted digital brands that help empower smarter property and household decisions including Zoopla, uSwitch, Money, PrimeLocation and SmartNewHomes. We are also one of the leading residential property software and data providers with a range of products including Hometrack, TechnicWeb, Ravensworth, Alto, Jupix, ExpertAgent, PropertyFile and MoveIT. Our websites and apps attract over 50 million visits per month and over 25,000 business partners use our services.

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Focused on delivering transparency and efficiency:
Most useful resource for consumers

p26

Focused on delivering transparency and efficiency:
Best place for our teams

"We have made significant progress towards our mission of being the platform of choice for consumers and partners engaged in property and household decisions."

Alex Chesterman OBE,
Founder & CEO

Focused on delivering transparency and efficiency:
Most effective partner for the businesses we work with

Focused on delivering transparency and efficiency:
Delivering value to our shareholders

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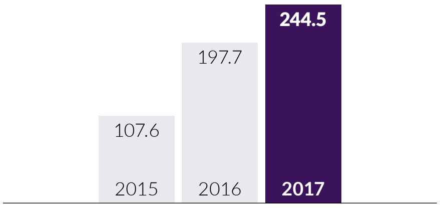
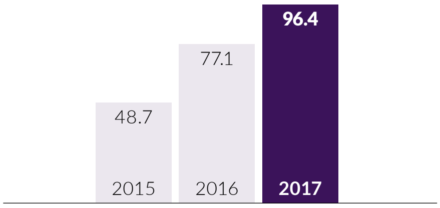
Key highlights for the year

Record performance and new milestones across the business.

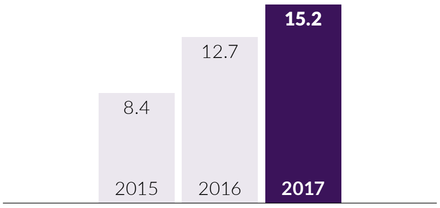
Revenue[1] £m
£244.5m
+24%



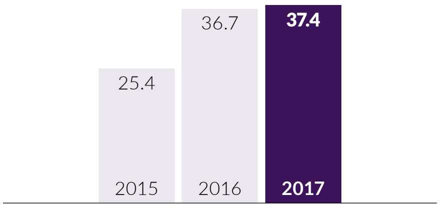
Adjusted EBITDA[1, 3] £m
£96.4m
+25%



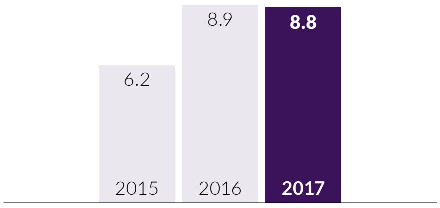
Adjusted basic EPS[2, 3] p
15.2p
+20%



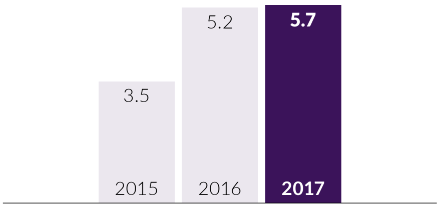
Profit for the year[4] £m
£37.4m
+2%



Basic EPS per share p
8.8p
-1%



Dividend per share p
5.7p
+10%



1 Adjusted EBITDA is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items. Adjusted EBITDA is reconciled to the consolidated statement of comprehensive income on page 105.

2 Adjusted basic EPS is calculated as profit for the Period excluding exceptional items and amortisation of intangible assets arising on acquisitions, adjusted for tax and divided by the weighted average number of shares in issue for the Period.

3 When reviewing performance the Directors use a combination of both statutory and adjusted performance measures, including adjusted EBITDA and adjusted basic EPS, as they provide additional information in line with how financial performance is measured by Management and reported to the Board.

4 Profit for the year includes £27.6 million (FY16: £15.7 million) of exceptional items and amortisation of intangibles arising on acquisitions (adjusted for tax) recognised during the Period.

Record performance and new milestones across the business

"We enjoyed another year of record performance across the business as we continued to provide transparency to our consumers to help them make smarter property and household decisions and continued to deliver efficiency to our partners to help them operate their businesses more effectively."

Alex Chesterman OBE,
Founder & CEO

Business highlights

- Revenue increase of 24% to £244.5 million and adjusted EBITDA increase of 25% to £96.4 million
- Record traffic of 648 million visits to platform generating record of over 56 million partner leads
- Materially enhanced revenue diversification and cross-sell opportunities resulting from acquisitions
- New Zoopla MovePlanner tool generating over 10,000 leads per month for Comparison partners
- Continued marketing investment in new national campaigns resulting in record brand awareness
- Net debt[5] increased to £191.5 million (FY16: £146.5 million) as result of further strategic acquisitions in year
- Continued to be highly cash generative with strong cash conversion ratio[6] over 88% (FY16: 81%)
- Statutory Profit for the year was up 2% after acquisition related costs and share-based payments

Property

- Revenue up 41% to £122.3 million driven by strong underlying performance and acquisitions
- Total number of unique partners[7] (including acquisitions) up 12% to 24,962 as at end of Period
- UK Agency partners and inventory up 6% and 5% respectively to 14,775 branches and 969k listings
- ARPP[8] (including acquisitions) up by 5% to £358 due to success of additional product cross-sell
- Average number of products per partner now stands at 1.4, up 27% from same time last Period
- £1 million+ in additional referral fees generated for our partners so far through the MoveIT platform

Comparison

- Strong switching levels across all verticals with revenue up 10% to £122.2 million over Period
- 34.3 million leads[9] generated helping consumers save over £400 million off their household bills
- Account sign-ups up 60% to 1.9 million with average leads per consumer account up 6% to 1.3
- Traffic to uSwitch up 14% YoY with unpaid traffic now accounting for the majority of site visits
- Zoopla delivering >25% of mortgage traffic to uSwitch demonstrating the cross-sell opportunity
- Significantly enhanced our proposition with the acquisition of Money, following end of the Period

5 Net debt is defined as loans and borrowings less cash and cash equivalents as per the consolidated statement of financial position.

6 Cash conversion ratio is calculated as: Net cash flows from operating activities less deal related transaction costs of £3.4 million/EBITDA.

7 The total number of unique Property partners has been restated to exclude 788 legacy software customers of Property Software Group who are not paying for an active support contract and to include Zoopla Advertising and Data partners.

8 Average revenue per partner (ARPP) represents total revenue from ZPG's Property partners in a given month divided by the number of Property partners during the month, measured as a monthly average over the Period.

9 A Comparison lead is measured at the point when a consumer shows intent to switch via an application form hosted on the Company's website, clicks through to a specific offer or at the point in time when the customer leaves the Company's website having clicked through to a third party website.

ZPG helps empower smarter property and household decisions

We operate a multi-brand, multi-channel approach across the property lifecycle with an unrivalled product proposition providing us with unique cross-sell opportunities. Our websites and mobile apps attract over 50 million visits per month with a highly engaged audience and over 25,000 business partners engage with our services to reach this audience.

Our mission is to be the platform of choice for consumers and partners engaged in property and household decisions.

Zoopla is the UK's most comprehensive property website, helping consumers to research the market and find their next home by combining hundreds of thousands of property listings with market data and local information.

uSwitch is the UK's leading comparison website for home services switching, helping consumers to find the best deal and save money on their gas, electricity, broadband, TV, phone and other products.

Read more about our new acquisitions on page 09

Money is one of the UK's leading financial services comparison websites, helping consumers compare products including mortgages, loans, credit cards, bank accounts and insurance from more than 600 providers.

PrimeLocation is one of the UK's leading property websites, helping house-hunters in the middle/upper tiers of the market find their dream home from the top estate agents, letting agents and property developers.

SmartNewHomes is the UK's leading website dedicated exclusively to new homes, helping buyers understand the market and search for new build homes from all the leading property developers across the country.

Hometrack is a leading supplier of automated property valuations and property market insights in the UK and Australia to partners including mortgage lenders, developers, investors, housing associations and others.

TechnicWeb is the UK's leading estate agency website design and hosting business specialising in designing and operating fully responsive websites for the property sector.

Ravensworth is the UK's leading provider of print solutions to estate agents and offers a comprehensive range of products and services for every stage of the property marketing journey from listing through to post-sale.

Alto, Jupix and **ExpertAgent** are some of the leading cloud-based estate agency and property management software systems used by thousands of property professionals across the UK for the day-to-day management of inventory, marketing and communications.

PropertyFile and **MoveIT** are innovative tools used by estate agents to improve communication and efficiency with their customers and to allow them to generate additional revenue streams via referrals.

Portfolio of brands and products

PROPERTY			COMPARISON		
Marketing	Software	Data	Energy	Communications	Finance
Zoopla PrimeLocation SMART new homes TechnicWeb RAVENSWORTH	alto JUPIX expertagent MoveIt PropertyFile	hometrack	uSwitch money	uSwitch money	money uSwitch

A unique investment opportunity

Our key differentiators

1 **World-class team** with proven track record of innovation and execution

2 **Market-leading brands** with strong awareness and engagement

3 **Underlying structural growth** creating significant upside opportunities

4 **Successful M&A strategy** supporting strong organic growth

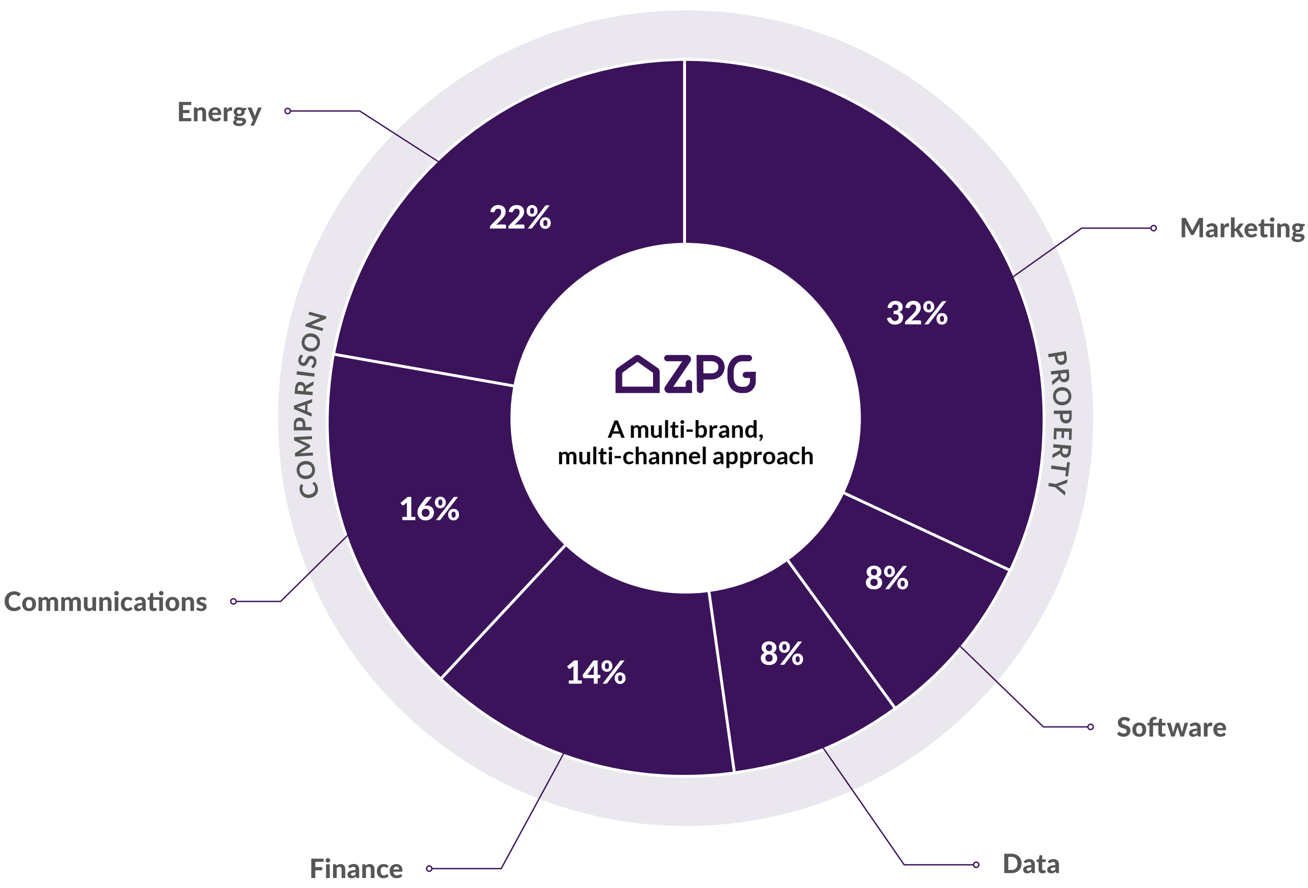
5 **Enhanced revenue diversity** with multi-channel strategy

6 **Exciting cross-sell opportunity** across consumers and partners

7 **Strong margin leverage** with excellent cash generation/conversion

8 **Outstanding returns** balanced with investment in growth

With a well-diversified revenue profile



Source: 2017 pro forma revenues. The figures include a full twelve month's trading from TechnicWeb, Hometrack, ExpertAgent, Ravensworth and Money in order to give a more meaningful comparative.

Money's award-winning offices in Cirencester, Gloucestershire

Chairman's statement

Another transformative year for ZPG

The past year has been another transformative one for ZPG and, on behalf of the Board, I am pleased to present the Company's results for the year ended 30 September 2017.

Mike Evans, Chairman

Dear Shareholders

We have expanded considerably over the past 12 months as a result of strong underlying growth and the announcement of five new acquisitions and two new strategic partnerships.

We saw strong performance in our Property division, driven by a continuation of returning portal partners, strong demand for our upsell products and further migration of our software partners to cloud-based products. Our Comparison division also traded well, reaching a new milestone of over 1 million energy switches in a 12 month period and saving consumers over £400 million off their household bills over that period.

Financial performance

Total revenue increased by 24% to £244.5 million driven by a strong underlying performance across both divisions together with the inclusion of acquisitions during the Period.

Statutory profit for the year was up 2% to £37.4 million after the impact of increased exceptional costs, amortisation of intangible assets arising from acquisitions and share-based payments. Statutory basic EPS marginally decreased at 8.8 pence as a result of a 5% equity placing of ZPG's ordinary issued share capital in January to help fund strategic acquisitions.

The Board uses a combination of both statutory and adjusted performance measures when reviewing the performance of the business. The adjusted performance measures, including adjusted EBITDA and adjusted basic EPS, provide additional information in line with how financial performance is measured by Management and reported to the Board. Both of these measures are also used in determining the remuneration of the Executive Directors and Management and are used by the Company's external debt providers to assess performance against covenants and determine the interest charge. Adjusted EBITDA increased by 25% to £96.4 million (2016: £77.1 million), and adjusted EPS increased by 20% to 15.2 pence (2016: 12.7 pence).

During the year we increased our overall credit facilities by £125 million including updated leverage covenants in order to help fund our acquisitions. ZPG remains highly cash generative and as at 30 September 2017 the Company's net debt position was £191.5 million (2016: £146.3 million).

Acquisitions

We continued our strong track record of successful M&A activity to help deliver our mission:

- In November 2016, we acquired TechnicWeb, one of the UK's leading estate agency website design and hosting businesses.
- In January 2017, we acquired Hometrack, the UK's leading provider of residential property market insights and analytics.
- In March 2017, we acquired ExpertAgent, one of the UK's leading cloud-based estate agent software solutions.
- In September 2017, we acquired Ravensworth, the UK's leading provider of on-demand print and creative marketing services to UK estate and letting agents.
- On 1 October 2017, following the end of the Period, we acquired Money, one of the UK's leading financial services comparison websites.

"It has been an exceptionally busy and exciting year for us. Looking ahead, we will continue to focus on the execution of our key strategies and to drive shareholder value."

These acquisitions are all part of the Company's continuing mission to be the platform of choice for consumers and partners engaged in property and household decisions. They also further increase the number of partners that we work with and enhance the Company's comprehensive product offering for both our consumers and partners.

Dividend

The Company's dividend policy is to pay between 35% and 45% of profit after tax in dividends to shareholders. In line with our dividend policy, the Board has proposed a final dividend of 3.8 pence per share to be paid in respect of the year ended 30 September 2017.

Subject to shareholder approval at the 2018 Annual General Meeting (AGM), this will be paid on 8 February 2018 to all shareholders on the share register as at 8 December 2017. An interim dividend of 1.9 pence per share (2016: 1.5 pence per share) was paid in June 2017. Therefore, the total dividend for the year ended 30 September 2017 will be 5.7 pence per share (2016: 5.2 pence per share), which represents a 40.4% pay-out ratio.

Governance

There is an appropriate balance of skills, experience, independence and knowledge of ZPG within the Board. This means that the Board is able to discharge its duties and responsibilities effectively and can direct and lead the strategic direction of the Company. The Board is committed to compliance with the UK Corporate Governance Code and full details of the work of the Board and its Committees during the year are set out in the Corporate Governance Report.

Board update

During the year, the Board reassessed Grenville Turner's independence and it was agreed that since Grenville stepped down as the Chairman of Countrywide Plc, a customer and previously a major shareholder in ZPG, in April 2016 and since Countrywide ceased to be a shareholder of the Company from September 2016 onwards, Grenville would be considered independent for the purposes of the UK Corporate Governance Code from the conclusion of the Board meeting in July 2017 onwards. Further details of the Board's determination of Grenville's independence are set out on page 52. Therefore, at least half of the Board now comprises Non-Executive Directors determined by the Board to be independent. Biographies of all members of the Board appear on pages 50 and 51.

In January 2017, Stephen Daintith stepped down as a Non-Executive Director nominated by DMGT pursuant to its relationship agreement with the Company, entered into at the time of the Company's initial public offering. James Welsh was nominated by DMGT to replace Stephen. James acts as an observer on the Audit Committee and the Remuneration Committee. On behalf of the Board, I would like to thank Stephen for his hard work and significant contributions to the Company and welcome James to the Board.

Capital structure

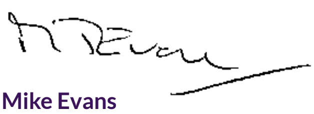
In February 2017, 20,897,684 new Ordinary shares in the Company were placed at a price of 365 pence per share to help fund M&A activity. The placing was heavily oversubscribed and has helped to increase the breadth of our institutional ownership. The Company currently holds 135,317 shares in treasury.

DMGZ Limited remains the largest single shareholder in the Company with a holding of 29.8%. Alex Chesterman, Founder & Chief Executive Officer, holds 0.97%. The number of shares held by institutional shareholders has increased from 64.3% to 68.8% over the past 12 months. The Company continues to build up a register of respected institutional shareholders.

Annual General Meeting

The Company's next AGM will be held on 30 January 2018. The resolutions at the AGM will be conducted on a poll, as we believe that this method is the most inclusive, enabling the views of the widest number of shareholders to be taken into consideration. The AGM is a great opportunity to meet the Board and I would like to encourage our shareholders to attend. I will be at the AGM, along with the other members of the Board, and look forward to seeing some of you there.

It has been an exceptionally busy and exciting year for us. Looking ahead, we will continue to focus on the execution of our key strategies and to drive shareholder value. On behalf of the Board, I would like to thank everyone in the Company for their contribution and commitment over this past year.



Mike Evans
Chairman

Zoopla's new advertising campaign which launched in April

Chief Executive Officer's statement and business review

We are stronger and more diversified than ever before

2017 has been another very exciting year for ZPG as we continued to help our consumers to make smarter property and household-related decisions and our partners to operate more effectively. The combination of our underlying organic growth and strategic acquisitions has made us stronger and more diversified than ever before, resulting in record revenues up 24% to £244.5 million and record Adjusted EBITDA up 25% to £96.4 million.

Alex Chesterman OBE, Founder & CEO

Delivering on our strategy and mission

We have made significant progress towards our mission of being the platform of choice for consumers and partners engaged in property and household decisions. During the Period, we announced five acquisitions, three further strategic investments and the launch of two new national marketing campaigns.

Our audience continued to grow and remains highly engaged with a new record of 648 million visits to our websites, of which 72% were via mobile devices. We launched new national advertising campaigns for both our Zoopla and uSwitch brands. Zoopla's new campaign highlighted how we can help simplify the process of moving home, through the eyes of hermit crabs, the world's most prolific home movers. uSwitch's new marketing campaign unveiled an updated logo identity and new brand slogan – "Switching made simple". Both campaigns resulted in record levels of national brand awareness. As a result we generated a record of over 56 million leads for our more than 25,000 partners during the Period.

Our cross-sell strategy to both consumers and partners is working. We are engaging our consumer audience effectively and are driving thousands of incremental leads across our platforms. In March we launched our innovative MovePlanner tool on Zoopla which helps consumers manage everything move-related in one place and allows us to generate leads for conveyancing, removals, insurance, energy, broadband and more. This tool is now generating over 10,000 incremental leads per month for our Comparison partners. Zoopla is also now driving over 25% of the overall mortgage traffic to uSwitch.

We continued to attract a focused, transaction-ready audience to our uSwitch website with account sign-ups increasing by 60% to 1.9 million at the end of the Period. Consumers can now manage multiple products within their account and set reminders for contract end dates so that they never miss an opportunity to switch to a better deal. In addition, uSwitch's app won numerous awards during the Period including 'Most innovative use of mobile' and 'Best app' at the MOMA Awards and 'Best use of mobile' at the DADI Awards.

The cross-sell opportunity to our Property partners has been significantly enhanced through the acquisitions of TechnicWeb, Hometrack, ExpertAgent and Ravensworth. We are now able to offer best-in-class portal, software, websites, data and print services to our partners. Our MoveIT platform generated over £1 million in referrals fees for our partners and has become a net revenue generator for a number of agents who are able to earn an additional £1,000+ per transaction by offering additional relevant services to consumers including conveyancing, mortgages and energy switching. As at the end of the Period the average number of products per partner was up 27% to 1.4.

To reflect the evolution of the business, following the recent acquisitions ZPG will update its divisional key performance indicators ('KPIs') from FY2018 onwards. In Property, the Company will report revenue by Marketing, Software and Data and its total number of unique Property partners and average revenue per partner (ARPP) across the division.

In Comparison, the Company will report revenue by Energy, Communications and Finance and its total number of Comparison leads and average revenue per lead (ARPL) across the division. Full details of the like for like performance under the new methodology (including acquisitions in both periods) can be found on page 40.

Read more about our strategic priorities on page 18

Acquisitions and partnerships

We completed four acquisitions during the Period and one following the end of the Period, enhancing our product propositions and cross-sell opportunities to both our consumers and partners.

November 2016: TechnicWeb is one of the UK's leading estate agency website design and hosting businesses. This acquisition has now been integrated into our wider business and gives our partners the ability to instantly refresh their online presence with a choice of different fully mobile-optimised website designs.

January 2017: Hometrack is the UK's leading provider of residential property market insights and analytics. This acquisition has helped us to further differentiate our products for both consumers and partners and has also introduced a new set of partners to ZPG including 18 of the top 25 mortgage lenders in the UK.

March 2017: ExpertAgent is a leading property software provider that provides essential systems for the day-to-day management of estate agent businesses. By integrating with existing ZPG products we are able to ensure all of our partners benefit from a choice of platforms suitable to their requirements.

September 2017: Ravensworth is the leading provider of integrated print solutions to over 4,500 UK estate agent branches. This deal further enhances ZPG's comprehensive product offering for its Property partners which now includes portal, software, websites, on-demand print and data services.

October 2017 (following the end of the Period): Money is one of the UK's leading finance comparison websites, helping consumers to compare thousands of deals in more than 60 product categories including mortgages, loans, credit cards, bank accounts and insurance.

We also made further strategic investments in **Neos**; the UK's first home insurance provider that provides the latest connected home technology and **Zero Deposit**; an exciting new insurance product that replaces the need for tenants to place a security deposit at the beginning of a tenancy. Additionally we took an equity stake in **PropertyFinder Group**, a Dubai-based business which owns the leading property portals across the Middle East and North Africa.

These new acquisitions and strategic partnerships help to further differentiate our products and services.

Read more about our approach to M&A and partnerships on page 12

Property

Revenues in our Property division increased by 41% to £122.3 million for the Period, driven by strong demand for our additional upsell products, further migration of our software partners to cloud-based products and a continuation of returning portal partners. This figure includes a full 12 months of trading from Property Software Group, which was acquired on 28 April 2016, as well as the post-acquisition trading of TechnicWeb, Hometrack, ExpertAgent and Ravensworth which were acquired during the Period. On a like for like basis (including acquisitions in both periods) Property revenue increased by 9%.

We saw the total number of unique Property partners increase by 12% to 24,962 at the end of the Period. This figure has been restated to align portal and software partner count under the same methodology as previously announced at the half year[1]. The number of UK Agents advertising across our Property platform increased by 6% to 14,775 and our inventory grew by 5% to over 969k listings at the end of the Period.

Property continued

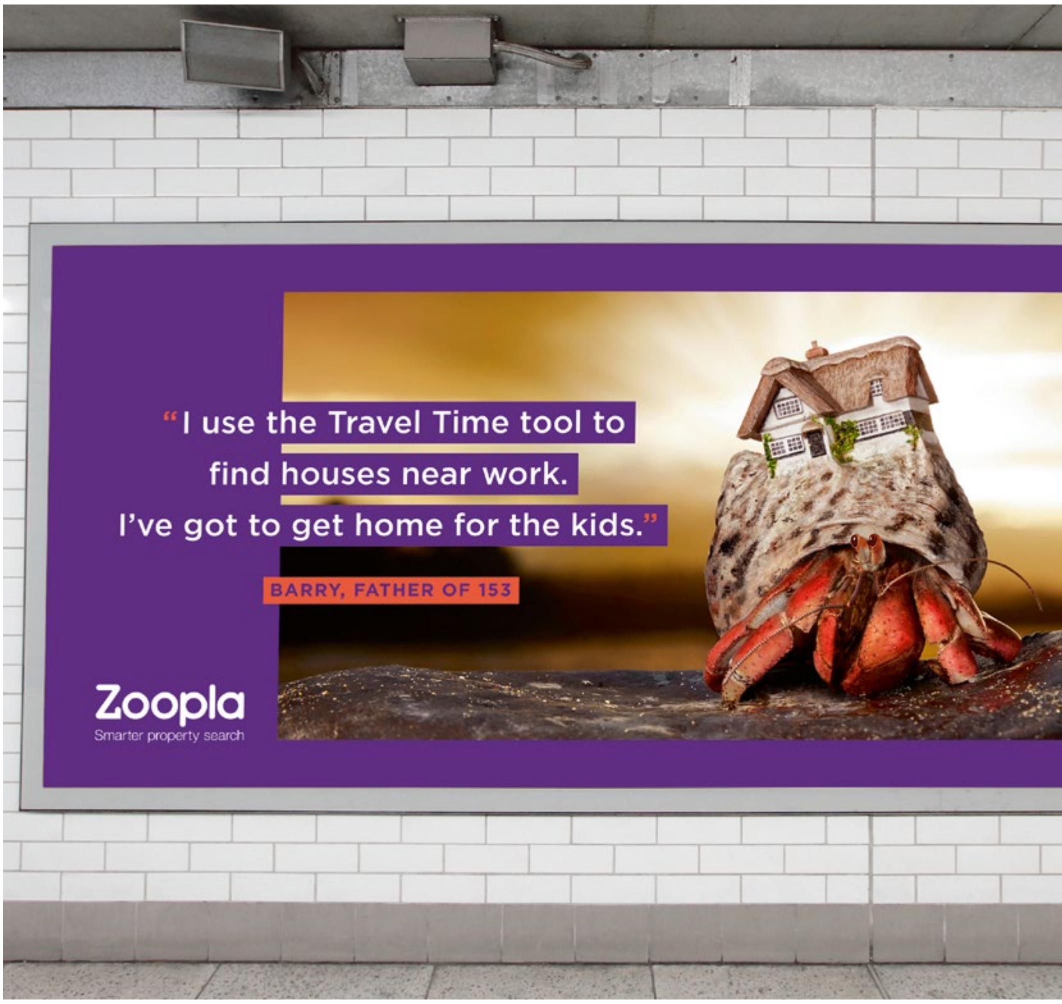
ARPP increased by 5% to £358 due to strong demand for premium portal products, the continued migration of software partners to cloud-based products and the inclusion of acquisitions.

The combination of strong organic growth and the integration of acquisitions enables ZPG to provide the UK's most comprehensive product offering to its Property partners including best-in-class portals, software, websites, data and print services to help our partners market, manage and maximise their business opportunities. Traffic to our Property platform has continued to grow to over 48 million visits per month, up 6% year-on-year (YoY), delivering over 22 million leads to our Property partners over the Period, with appraisal leads up 33% YoY.

We have substantially enhanced the breadth of our Property Marketing proposition to include the provision of cloud-based websites via TechnicWeb (acquired 1 December 2016) and on-demand print services solutions via Ravensworth (acquired 1 September 2017).

Our Property Software business is performing well with the continued migration of partners from desktop to cloud-based products, growing from 39% at the end of September 2016 to 46% at the end of September 2017. On 28 February 2017, we acquired ExpertAgent, one of the UK's leading cloud-based software providers, further enhancing our stable of software products and enabling us to offer even more partners the ability to generate additional revenues through the integration of our MoveIT and PropertyFile products into the ExpertAgent platform.

The acquisition of Hometrack, the UK's leading provider of residential property market insights, on 31 January 2017, formed the cornerstone of our Property Data business. Since the acquisition, Hometrack has signed new deals with TSB and Bank of Ireland and extended its relationship with HSBC, and now serves 18 of the top 25 mortgage lenders in the UK. We have also made good progress on the integration of Hometrack's valuation data into the overall business with the coverage of Zoopla's house price estimates increasing to over 80% of UK households.



Comparison

We experienced strong levels of switching across all Comparison verticals, helping our consumers to save over £400 million off their household bills during the Period. Revenues in our Comparison division increased 10% to £122.2 million and we generated 34.3 million leads for our Comparison partners during the Period, up 13% YoY. ARPL decreased by 3% to £3.57 reflecting a shift in product mix within the Communications vertical.

As a backdrop to this year, we saw exceptionally strong switching volumes in both the Energy and Communications verticals in 2016 from our market-leading collective switches, energy supplier price cuts and strong competition amongst communications suppliers.

"I would like to welcome the teams from TechnicWeb, Hometrack, ExpertAgent, Ravensworth and Money to the ZPG family and thank the entire team for their continued commitment to our mission."

1 The total number of unique Property partners has been restated to exclude 788 legacy software customers of Property Software Group who are not paying for an active support contract and to include Zoopla Advertising and Data partners.

The Energy vertical particularly benefited from returning switchers on fixed-term deals and supplier price rises, enabling us to reach a new milestone of over one million energy switches in a 12 month period.

Our Communications vertical performed in line with expectations. Mobile switching was boosted by increased competition amongst suppliers and ongoing optimisation of the consumer experience driving greater lead generation and broadband switching benefited from strong consumer demand whilst fully absorbing the changes to the advertising standards which came into effect at the beginning of the year. We continued to develop our Finance offering and significantly enhanced our proposition with the acquisition of Money after the end of the Period.

In September 2017, the CMA published its final report as part of its market study into Digital Comparison Tools (DCTs) which highlighted how comparison services are putting power into the hands of the consumer and driving increased competition, highlighting the ongoing regulatory support for the role of DCTs.

Our talent

We grew our team by 20% over the Period from 735 to 882 staff members as a result of both organic growth and strategic acquisitions. We remain passionate about being a market-leading employer and providing a world-class environment and continue to place significant emphasis on employee engagement and wellbeing by investing in market-leading benefits. Our London headquarters was recently named “One of the coolest offices in Britain” by Glassdoor.

+ Read more about how we put people at the heart of ZPG on page 42

Looking ahead

We are very excited by both the underlying growth and unique cross-sell opportunities we have created in each division as we continue our mission of being the platform of choice for consumers and partners engaged in property and household decisions. We will continue to invest in the business for the long term and look forward to launching more innovative products and services in the year ahead.

I would like to welcome all those who have joined the ZPG family this year and thank the entire team for their continued commitment.

Alex Chesterman OBE
Founder & CEO

Q&A

Q: How do you target and identify strategic opportunities?

A: We continue to be one of the fastest growing tech businesses in the UK organically. However, we have also supplemented that growth via targeted M&A and strategic partnerships. We look to identify businesses that fit clearly within our strategy and can help accelerate our growth and market position or improve our product proposition. We are very ambitious and there is a lot we want to do and M&A and strategic partnerships have played an important role in our growth story and strategy to date. See page 12 for more on our M&A.

Q: Are you pleased with how the rollout of the MoveIt tool is going?

A: Absolutely, but we’re really only just getting started. MoveIt has been designed to help provide new revenue streams to our partners and boost their bottom lines. It is a real win for consumers who now get access via their agent to recommended services and providers and for partners who can build their own supplier panels to offer far more to their customers, from conveyancing and removals to financial services products and utilities.

Q: With almost 1,000 staff in multiple locations, how do you keep everyone up to date?

A: Making sure we have regular and effective internal communications is a critical part of ensuring employees are engaged and have the tools they need to do their job. We have a dedicated Employee Engagement Manager whose role is to lead on our engagement and internal communications strategy. We also hold regular divisional and full Company meetings and events to provide the latest updates on business performance, industry news and strategy.

Diversification of our brands, products and revenues

We have a successful track record of M&A activity which supports strong organic growth and helps accelerate the delivery of our mission.

When reviewing our strategic opportunities for growth we apply the following filters:

- **Great strategic fit?**
- **Significant growth opportunity?**
- **Market leading/ innovative?**
- **Build, buy or partner?**
- **Strong return on investment?**

We announced five acquisitions during 2017, TechnicWeb, Hometrack, ExpertAgent, Ravensworth and Money (completed following the end of the Period), which enhance both our consumer and partner propositions and give us a unique product portfolio and cross-sell opportunity.

We also made a further three strategic investments in Neos, Zero Deposit and PropertyFinder Group, which together with our existing investments and partnerships provide us with differentiated products and services as well as valuable insights into some of the leading innovators in our markets.

Each acquisition or partnership allows us to offer the widest range of products and services across our platform to both our consumers and partners and further diversifies ZPG's brands, products and revenue opportunities.

PARTNERSHIPS

Neos is the UK's first home insurance provider that provides the latest connected home technology. In addition to comprehensive buildings and contents cover, Neos' connected home insurance provides eight wireless smart sensors and a camera – linked to the Neos app – that detect fires, leaks and break-ins 24/7.

Zero Deposit is an exciting new insurance-backed product that replaces the need for tenants to place a security deposit at the beginning of a tenancy and is underwritten by Munich RE, one of the world's largest reinsurers.

PropertyFinder Group is the Dubai-based business with leading property portals across the Middle East and North Africa (MENA). PFG operates in seven countries, UAE, Qatar, Lebanon, Bahrain, Egypt, Morocco and Saudi Arabia, and generates over 2 million monthly visits.

ACQUISITIONS

TechnicWeb specialises in designing custom-built, fully responsive websites for the property sector and has a team of 22 designers, programmers, project and account managers who have built over 1,500 websites for estate agent clients.

Rationale: TechnicWeb helps ZPG to continue to be the most effective partner for UK property professionals and makes ZPG the largest provider of estate agency websites in the UK.

"As a smaller independent business established for 30 years, the level of customer care was of the highest standard. The result – a much improved website that has been very effective on all levels. Anything that required attention throughout the process was dealt with efficiently and professionally. The constant and regular customer support continues."

Scott Matheson-Barr
Managing Director, Gobbitt & Kirby

Hometrack is a leading supplier of automated property valuations and property market insights in the UK and Australia to partners including mortgage lenders, developers, investors, housing associations and others, generating over 20 million automated property valuations p.a.

Rationale: Hometrack helps ZPG to provide the most useful resources to consumers when finding, moving or managing their home and be the most effective partner for related businesses and gives ZPG the most valuable residential property resource in the UK.

"The data and insight that Hometrack provides to our mortgage business informs our understanding of collateral value and risk, increases our efficiency and helps us deliver higher quality service to our customers. We are delighted to partner with Hometrack as we take our first steps to implementing AVMs within our mortgage offering. Their expertise in the field of AVMs and property risk analytics is unrivalled in the market and will be invaluable as TSB continues to make banking better for all UK consumers."

Iain Laing
Chief Risk Officer, TSB

ExpertAgent is a leading provider of software solutions and provides essential systems for the day-to-day management of inventory, marketing and communications for estate agents and lettings agents across the UK.

Rationale: ExpertAgent helps enhance ZPG's software product portfolio and allows us to continue to enhance the services we offer to UK property professionals, including software and CRM, digital marketing and data insight tools.

"ExpertAgent has been our group's agency software supplier for around four years now. They have always been receptive to and implemented suggestions to enhance the software and are a pleasure to deal with. We hope our close working relationship will continue for many years."

Steve Moir
Chairman, The Experts in Property

Ravensworth is the leading provider of integrated print ordering solutions to UK estate and letting agents. Ravensworth has a comprehensive product offering for every stage of the property marketing journey from listing through to post-sale including design services, brochures, canvassing materials, direct mail, email marketing and branch display products.

Rationale: Ravensworth helps ZPG to continue to be the most effective partner for UK property professionals and makes ZPG the largest provider of on-demand print and creative marketing services to UK estate and letting agents.

"Keeping everything in house was important to me. I needed to keep things simple, effective and easy for the staff to use whilst maximising what we deliver to our clients; that's where Ravensworth comes in. They delivered high quality marketing from site branding to professional looking property details. One company, one contact."

Stephen Grace
Managing Director, The JNP Partnership

Money is one of the UK's leading financial services comparison websites, allowing consumers to compare thousands of deals from over 600 providers across more than 60 product categories, including mortgages, loans, credit cards, bank accounts and insurance. The business has a strong brand position with over 2 million visits per month to its website. Money's strong financial services comparison offering is highly complementary to ZPG's market-leading position in home services comparison via its uSwitch brand.

Rationale: Money helps broaden ZPG's financial services offering which has long been a key part of our strategy. Adding Money to our brand portfolio further enhances our product capabilities and consumer engagement across both our comparison and property platforms.

"Over the last four years we've built our most successful partnership with Money. We've been lucky enough to work directly with decision makers since day one and that has given us confidence to drive our own business forward to match the growth seen by Money. The clients referred to us from Money are consistently of the highest quality, the working relationship is second to none and we've always been treated with respect no matter who we work with from the principal to the support teams."

Matt Tristram
Co-Founder and Director of Loans Warehouse

A powerful network effect model

Our mission is to be the platform of choice for consumers and partners engaged in property and household decisions.

Our market position

ZPG owns and operates some of the UK's most trusted property and household related digital brands including Zoopla, uSwitch, PrimeLocation, Money, Hometrack and Property Software Group. We have an unrivalled proposition helping consumers and partners across the property lifecycle with our websites and mobile apps attracting over 50 million visits per month and over 25,000 business partners engaging with our services.

How our model works

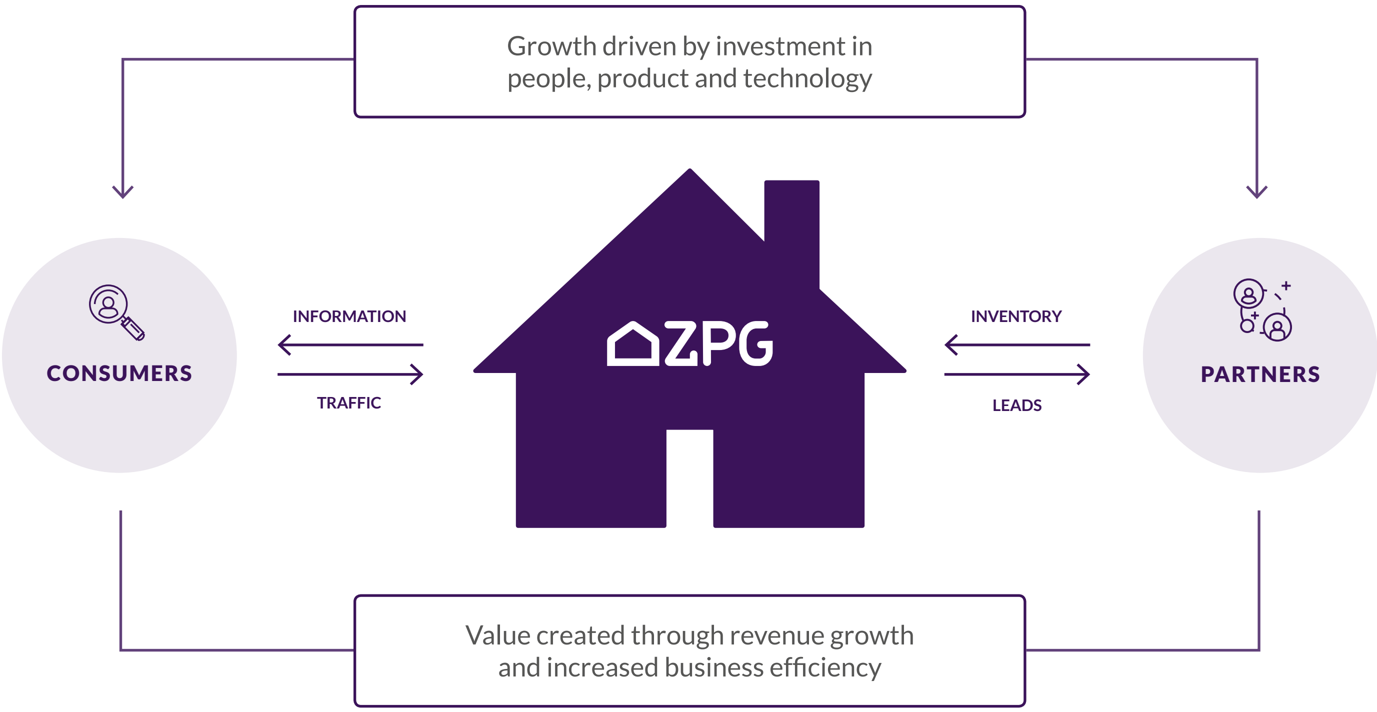
We drive growth by investing in people, product and marketing to create the most innovative and engaging home related platforms for our consumers and partners to interact with. Our two-sided proposition benefits from powerful network effects, which, in turn, generate increased engagement and an enhanced consumer and partner proposition.

How we create value

Our platforms and products deliver greater transparency for our consumers and provide increased efficiency for our partners throughout the property lifecycle.

- Consumers are able to access near whole of market data with real-time alerts to remain up to date and make the most informed decisions about everything related to finding, moving or managing their homes.
- Partners benefit from access to a highly engaged audience via our market-leading property and comparison portals, generate additional revenues and deliver better service by using our software and data insights.

As a result, we are able to continue to drive revenue growth, market share and further engagement.



INFORMATION

Consumers use our products and services, such as our MovePlanner, Running Costs tool and Broadband Speed Checker.

TRAFFIC

Consumers engage with our products at work, at home and on the move with 68% of visits via mobile devices.

INVENTORY

Partners market their products (from property listings to energy tariffs) across our websites and mobile apps to maximise their exposure and revenues.

LEADS

Consumers and partners connect via our platform, with leads being generated from interested consumers for our partners.

Leading innovation across the industry

We operate a multi-brand, multi-channel strategy to cross-sell products across the property lifecycle. In order to deliver on our mission we focus on four key strategic objectives.

1

Attracting world-class talent to the ZPG TEAM

We attract, retain and develop the best talent by leading innovation across the industry, offering market-leading benefits combined with ongoing learning and professional development.

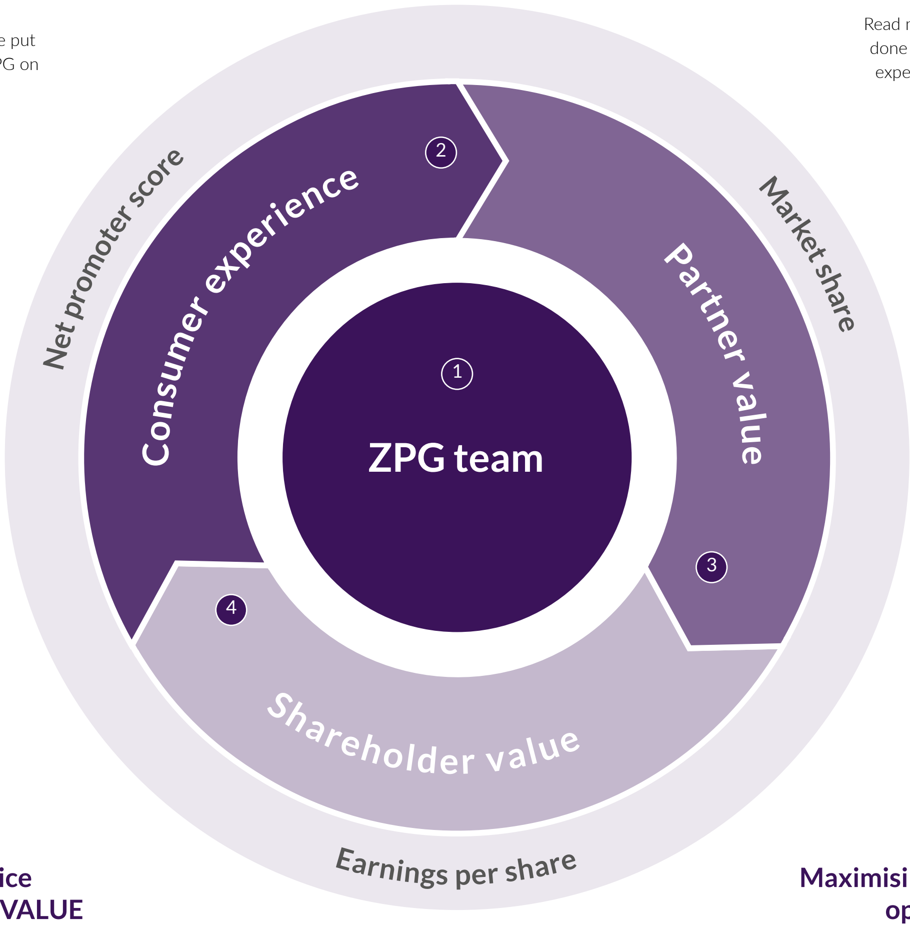
Read more about how we put people at the heart of ZPG on page 42

2

Continuous innovation of the CONSUMER EXPERIENCE

We constantly improve our user journeys to empower consumers to make smarter property and household decisions.

Read more about what we have done to improve the consumer experience in 2017 on page 21



3

Most effective service and best PARTNER VALUE

We offer a one-stop shop for partners. Our products and services help home related businesses market their inventory, manage their business and maximise their revenue opportunities.

Read more about what we have done to add more partner value in 2017 on page 22

4

Maximising product and data opportunities to drive SHAREHOLDER VALUE

Our multi-brand, multi-channel approach presents a unique opportunity to create integrated products and address consumer and partner needs throughout the entire property lifecycle.

Read more about what we have done to maximise shareholder value in 2017 on page 25

Strong stakeholder engagement

We engage in constant two-way communication with a diverse group of stakeholders who help us understand their needs, improve our services and deliver on our mission.

We engage in constant two-way communication with a diverse group of stakeholders who help us understand their needs, improve our services and deliver on our mission.

Consumers

WHO ARE THEY
ZPG's services are relevant to all 28 million UK households across the property lifecycle – whether finding, moving or managing their home.

WHAT DO THEY CARE ABOUT
A hassle-free experience where they can find what they want as quickly as possible with the right level of data and transparency to make an informed property or household-related decision.

HOW WE ENGAGE WITH THEM
Through our market-leading consumer facing platforms (Zoopla, uSwitch, PrimeLocation, Money), our consumer services teams, social media and focus groups.

Partners

WHO ARE THEY
ZPG helps over 25,000 business partners ranging from energy suppliers to estate agents and mortgage lenders.

WHAT DO THEY CARE ABOUT
The ability to win new business via high quality leads, reduce customer acquisition costs and increase overall business efficiency.

HOW WE ENGAGE WITH THEM
Through our best-in-class products and services tools across marketing, software and data, our partner services teams, social media and focus groups.

Talent

WHO ARE THEY
ZPG has over 850 employees who are working to help empower people to make smarter property and household decisions.

WHAT DO THEY CARE ABOUT
Their company culture and working environment and opportunities for personal and professional development.

HOW WE ENGAGE WITH THEM
Regular engagement via their line managers, our dedicated Employee Engagement Manager, weekly HR drop-in sessions, surveys, Company Update meetings, and sport and social committees.

Government & regulators

WHO ARE THEY
ZPG works closely with government and regulators across both the property and comparison markets.

WHAT DO THEY CARE ABOUT
Increasing consumer engagement and boosting competition to make markets work more effectively and to save consumers money off their household bills.

HOW WE ENGAGE WITH THEM
Regular engagement via dedicated Regulatory and Compliance team, submission responses and briefing meetings.

Supply chain

WHO ARE THEY
ZPG works with a large number of suppliers providing a range of services across the business from media planning and buying to catering for our daily snack time.

WHAT DO THEY CARE ABOUT
Desire to deliver the best service, innovate and secure a pipeline of work, with positive payment terms.

HOW WE ENGAGE WITH THEM
Engagement from various teams across the business to deliver on time and share the benefits of success including positive payment terms.

Local communities

WHO ARE THEY
ZPG is active in the local communities where its offices are based.

WHAT DO THEY CARE ABOUT
Having a mutually beneficial relationship with a strong sense of community.

HOW WE ENGAGE WITH THEM
Proactive engagement with community representatives and via an educational events programme with local residents.

Investors & media

WHO ARE THEY
ZPG has a broad range of investors from institutional shareholders to employees and corporates.

WHAT DO THEY CARE ABOUT
A clear and consistent business strategy with visibility on execution, progress on the integration of acquisitions, greater understanding of specific products, strong governance, and long-term value creation.

HOW WE ENGAGE WITH THEM
Proactive engagement via dedicated Communications and Investor Relations teams, investor meetings, corporate website, roadshows, product demos and independent third party feedback.

Delivering transparency and efficiency

Our strategic priorities are designed to help us maximise stakeholder value whilst navigating the complex and diverse marketplaces we operate in. We empower both consumers and partners throughout the entire property lifecycle to make smarter property and household decisions.

CONSUMERS

Our brands and services are relevant to each and every one of the 28 million households in the UK – whether finding, moving or managing their home.

Market trends

- Proliferation of smartphone devices
  The UK is becoming increasingly mobile-centric with smartphone adoption among adults having risen to 85% during 2017 and 77% of adults using a mobile device daily.
- Increasingly time poor and data hungry
  With one in two British adults stating that they have "little to no" free time there is increased demand for services which help simplify our daily activities, saving time and money.

What we do

- ZPG delivers transparency and empowers smarter household decisions by providing consumers with a free-to-use platform, tools and insights. Consumers are able to interact with ZPG's home related partners to find a home, plan their move and optimise their running costs in just a matter of minutes.

Brands

- Zoopla, PrimeLocation, uSwitch and Money.

PARTNERS

Our products and services help over 25,000 businesses make smarter property decisions.

Market trends

- 24/7 demand from consumers
  Mobile device proliferation is changing the way, and the times of day, that we are able to interact and transact. Consumers' ability to access information and interact anywhere in the world is putting pressure on traditional methods of engagement.
- Margin pressure and legacy systems
  Low barriers to entry for new start-ups are putting pressure on the fee structures of incumbent suppliers and demand for 24/7 engagement from consumers is putting new pressures on the way professionals manage their business.

What we do

- ZPG offers a one-stop shop for professionals to market, manage and maximise their business. By using our best-in-class marketing, software and data solutions professionals are able to continually improve the service they deliver to their customers whilst also driving greater effectiveness and efficiency in their business.

Services

- Property – Marketing, Software, Data – which is covered in more detail on page 19.
- Comparison – Energy, Communications, Finance – which is covered in more detail on page 19.

End markets

Our strategy creates a unique opportunity in markets with significant structural growth drivers.

The property lifecycle spans two main markets: Property and Comparison. Although each market has its own unique drivers, they are inextricably linked by the consumers and partners that depend on them throughout the cycle.

PROPERTY Our Property services can be divided into three main sub-verticals: Marketing, Software and Data.

MARKETING

Key drivers: Transaction volumes and print-to-digital shift

Total property commission earned by professionals (including both sales and lettings) is the main driver behind the total amount spent on property marketing. Property professionals advertise via a variety of channels including property portals, their own websites and print media in order to build their brand, sell and let existing inventory and win new business. The hyper-local and highly competitive nature of estate agency underpins long-term demand for marketing services. In addition, the proportion spent on digital marketing continues to grow as property professionals recognise the increased efficacy of marketing online.

SOFTWARE

Key driver: 24/7 consumer demand and margin pressure

The property software industry is highly fragmented with low churn rates as the products provide essential systems for the day-to-day management of inventory, marketing and communications as well as diary management, chain progression, business reporting tools and financial processes. However, increased demand from consumers for 24/7 engagement is driving an industry shift towards newer, more innovative cloud-based products which mean professionals are no longer tied to their desks to manage their business.

DATA

Key driver: Risk management and regulation

Property data is available for consumption in two main areas: free to consume data and paid-for insight. Free data is helpful at the beginning of the property journey to help educate property consumers and partners, whereas paid-for insight gives them the confidence they need to transact. Demand for quality bank-grade data is rising as consumers and businesses want to be on the front-foot when negotiating deals and managing the risk associated with their largest assets such as their own home or property portfolio.

COMPARISON Our Comparison services can be divided into three main sub-verticals: Energy, Communications and Finance.

ENERGY

Key drivers: Consumer awareness, fixed-term contracts and price volatility

The market for energy switching is growing as a result of high-profile press coverage of energy supplier price rises, the adoption of fixed-term contracts with a natural trigger point for switching and increased regulatory support for the role of digital comparison tools boosting consumer awareness. However, despite increased supply-side competition and the average household savings of hundreds of pounds from switching, consumer engagement remains much lower than other more established switching verticals such as car insurance, creating a significant structural growth opportunity.

COMMUNICATIONS

Key drivers: Technological innovation, infrastructure upgrades and competitive deals

Communications includes broadband, TV, home phone and mobile phone switching. The proliferation of smartphones, the rise of over-the-top content providers such as Netflix and the roll-out of super-fast broadband are changing the way we communicate and consume digital media. The increasing complexity of packages and interdependency of products create a critical need for digital comparison tools as consumers seek a better deal for their needs.

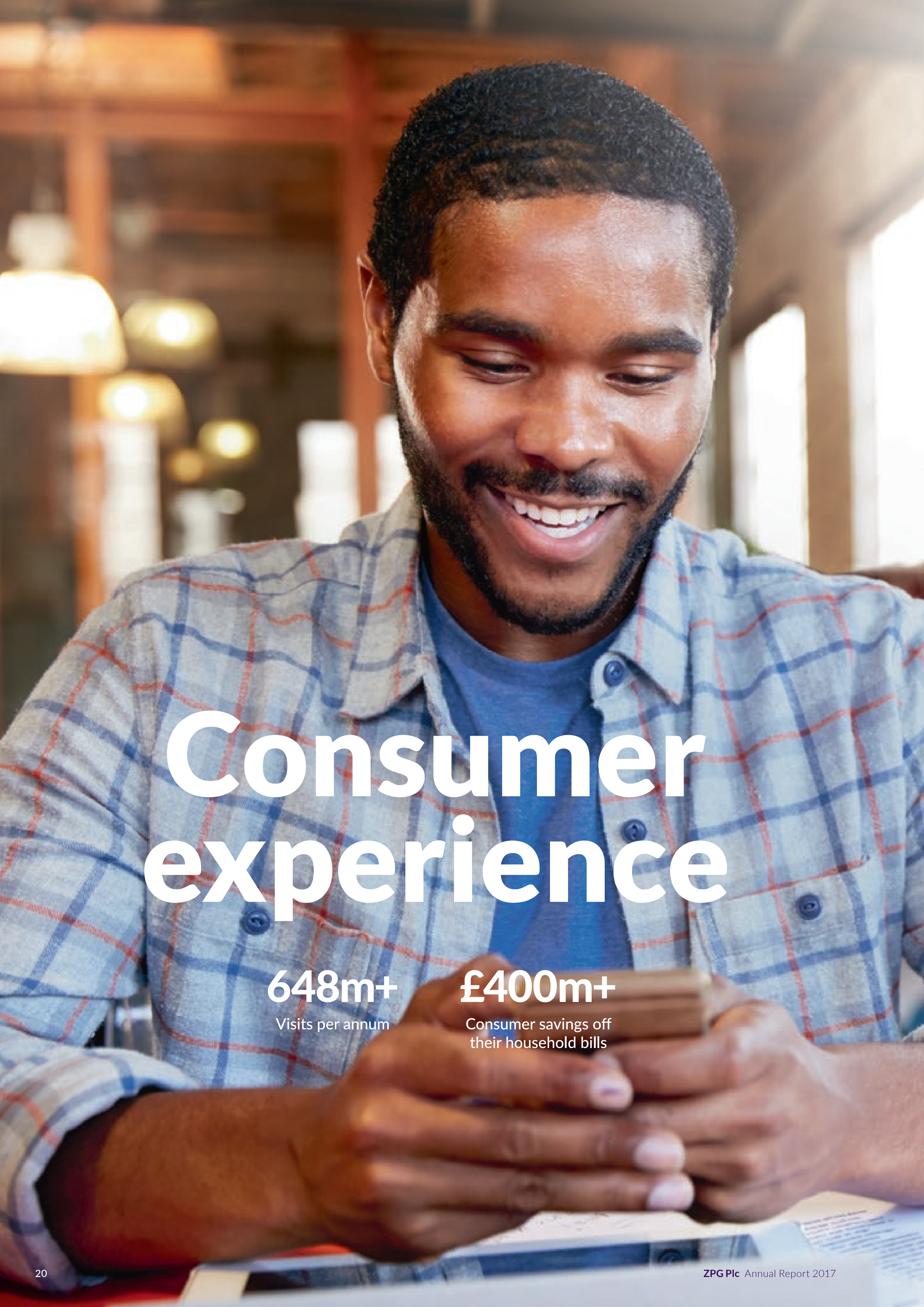
FINANCE

Key drivers: Economic environment and regulation

The financial services comparison market comprises some of the most established switching markets in the UK. It can be divided into two broad areas: banking (credit cards, loans, mortgages, current accounts and credit reports) and insurance (car, home, life and health insurance). Banking is set to be one of the key growth areas as economic uncertainty drives increased comparison activity.

Total market opportunity
£3 billion+

We estimate the total market opportunity from helping consumers to find, move and manage their homes to be worth over £3 billion+.



Consumer experience

648m+
Visits per annum

£400m+
Consumer savings off their household bills

Focused on delivering transparency and efficiency

Most useful resource for consumers

We constantly improve our user journeys to empower consumers to make smarter property and household decisions.

Our strategic priorities

- Grow our audience effectively across all channels
- Innovate our products and consumer experiences
- Increase engagement through cross-selling of services

Our performance in 2017

- Launched innovative MovePlanner tool on Zoopla
- Expanded switching services available via uSwitch accounts and launched reminders
- Invested in and partnered with innovative start-ups Neos and Zero Deposit

Our focus for 2018

- Create the most useful home related resources for consumers
- Develop and enhance our home mover and home management tools

Read more about our markets on page 18

Focused on delivering
transparency and efficiency

Most effective partner for the businesses we work with

We offer a one-stop shop for home related businesses. Our products and services help to market their inventory, manage their business and maximise their revenue opportunities.

Our strategic priorities

- Encourage take-up of multiple products and services
- Innovate tools and services for partners that enhance and support their business
- Build stronger relationships underpinned with insight

Our performance in 2017

- Acquisitions of TechnicWeb, Hometrack, ExpertAgent and Ravensworth significantly increasing our product offering for Property partners to include portal, software, websites, data and print
- Enhanced revenue opportunities for partners via MoveIT with the launch of energy switching powered by uSwitch
- Announced acquisition of Money, extending the reach of Comparison partners' brands

Our focus for 2018

- Cross-sell more ZPG services to our Property partners
- Increase the reach and marketing efficacy of our Comparison partners

Read more about
our M&A on page 12

Partner value

25,000+
Total number of Property and Comparison partners

56m+
Leads delivered

Shareholder value

£244.5m

Record Revenue up 24%

15.2p per share

Significant adjusted basic EPS growth up 20%

Focused on delivering
transparency and efficiency

Delivering value to our shareholders

Our multi-brand, multi-channel approach presents a unique opportunity to create integrated products in order to address consumer and partner needs throughout the entire property lifecycle.

Our strategic priorities

- Use growth and increased scale to deliver operational leverage
- Deliver cross-sell opportunities across ZPG through data and cross-division collaboration
- Expand the portfolio via effective M&A

Our performance in 2017

- Created dedicated cross-division working groups such as the mortgage team
- Adopted new business intelligence and tracking tools across ZPG
- Made good progress on integration of acquisitions

Our focus for 2018

- Leverage ZPG data, traffic and assets
- Expand uSwitch consumer accounts

Read more about
our financial review on page 36

Focused on delivering transparency and efficiency

Best place for our teams

We attract, retain and develop the best talent by leading innovation across the industry, offering opportunities for ongoing learning and professional development together with market-leading benefits.

Our strategic priorities

- Create and promote development tools, frameworks and processes
- Build the ZPG employer brand
- Inclusive culture that focuses on growth, new opportunities and collaboration

Our performance in 2017

- Hired a dedicated Employee Engagement Manager
- Became an approved Institute of Leadership and Management centre
- Launched various ZPG Committees including our new Eco Committee

Our focus for 2018

- Offering award-winning benefits, growth opportunities and culture
- Raising the profile of our employer brand

Read more about our people on page 42

Best team

1,300 hours

Learning and development through our in-house workshops

882

Total staff

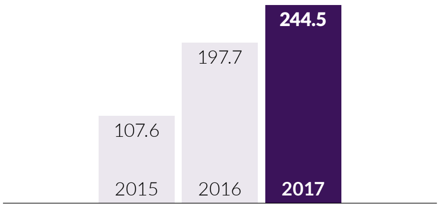
Measuring our performance

COMPANY KPIs

Revenue[1] £m

£244.5m

+24%



Performance

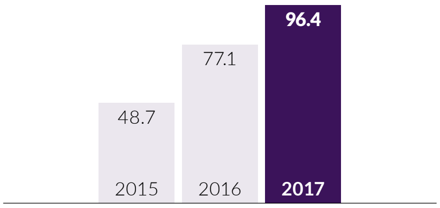
Revenue increased by 24% to £244.5 million driven by a strong underlying performance across both divisions together with the inclusion of in-year acquisitions.

Link to strategy:

Adjusted EBITDA[2] £m

£96.4m

+25%



Performance

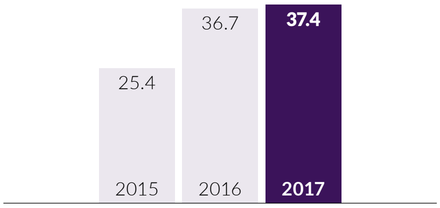
Adjusted EBITDA increased by 25% to £96.4 million. The Property margin increased to 45% as a result of the strong underlying Property Marketing performance and the inclusion of Hometrack. The Comparison margin reduced slightly to 33% as a result of ZPG's additional strategic investment in brand advertising.

Link to strategy:

Profit for the year £m

£37.4m

+2%



Performance

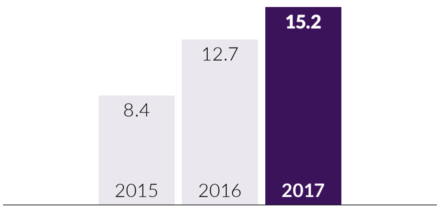
Statutory profit for the year increased by 2% to £37.4 million after the impact of increased exceptional costs, amortisation of intangible assets arising on acquisitions and share-based payments. Adjusted profit for the year increased by 24% to £65.0 million.

Link to strategy:

Adjusted basic EPS[3] p

15.2p

+20%



Performance

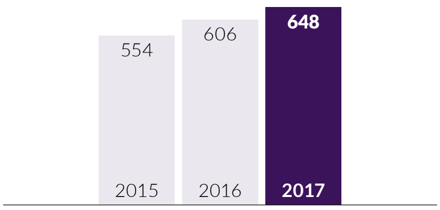
Adjusted basic EPS increased by 20% to 15.2 pence. Statutory basic EPS was marginally down at 8.8 pence as a result of the placing of 20.9 million shares to help fund strategic acquisitions

Link to strategy:

Visits[4] m

648m

+6%



Performance

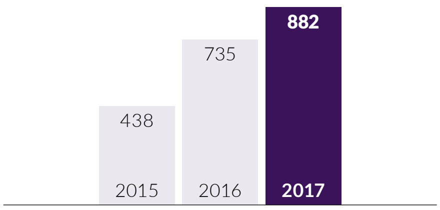
Our audience continued to grow and remain highly engaged with a new record of c.650 million visits to our websites, of which 72% were via mobile devices.

Link to strategy:

FTEs[5]

882

+20%



Performance

We grew our team by 20% over the Period from 735 to 882 staff members as a result of both organic growth and acquisitions.

Link to strategy:

Measure

1 Revenue comprises revenue generated from the Property division and the Comparison division.

2 Adjusted EBITDA is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items.

3 Adjusted basic EPS is calculated as profit for the year excluding exceptional items and the amortisation of intangible assets arising on acquisitions, adjusted for tax and divided by the weighted average number of shares in issue for the year.

4 Visits comprise individual sessions on the Company's websites or mobile applications by users for the year as measured by Google Analytics.

5 FTEs is defined as the average number of full-time equivalent employees across the Company.

6 Property revenue represents revenue generated from the Property division, which includes Agency revenue, New Homes revenue and Other revenue (advertising and data services).

Link to strategy key

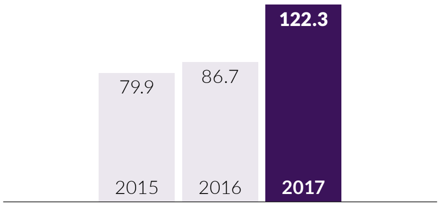
Consumer experience Partner value Shareholder value ZPG team

PROPERTY KPIs

Revenue[6] £m

£122.3m

+41%



Performance

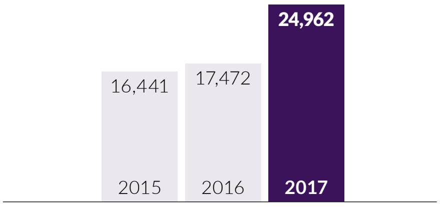
Revenues in our Property division increased by 41% to £122.3† million for the Period, driven by a continuation of returning portal partners, strong demand for our additional upsell products and further migration of our software partners to cloud-based products.

Link to strategy:

Number of partners[7]

24,962

+8%



Performance

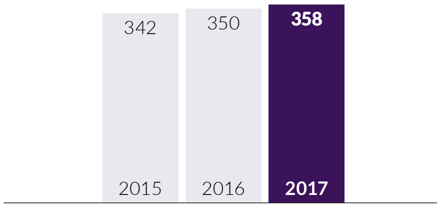
We saw the total number of unique Property partners increase by 12% to 24,962 at the end of the Period. This figure has been restated to align portal and software partner count under the same methodology as previously announced at the half year.

Link to strategy:

Average revenue per partner[8] £

£358

+5%



Performance

ARPP increased by 5% to £358 due to strong demand for premium portal products, the continued migration of software partners to cloud-based products and the inclusion of acquisitions.

Link to strategy:

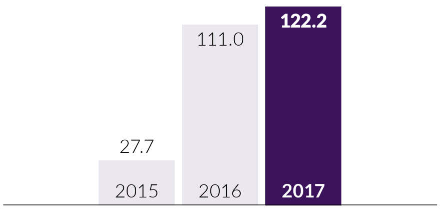
† This figure includes a full 12 months of trading from Property Software Group, which was acquired on 28 April 2016, as well as the post-acquisition trading of TechnicWeb, Hometrack, ExpertAgent and Ravensworth, which were acquired during the Period.

COMPARISON KPIs

Revenue[9] £m

£122.2m

+10%



Performance

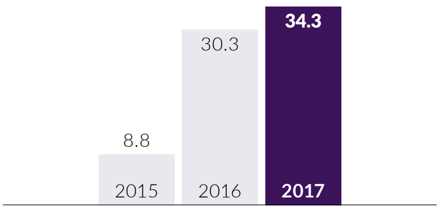
The Comparison division generated £122.2 million of revenue, up 10% against tough comparators last year as outlined in the Business Review on page 10.

Link to strategy:

Number of leads[10] m

34.3m

+13%



Performance

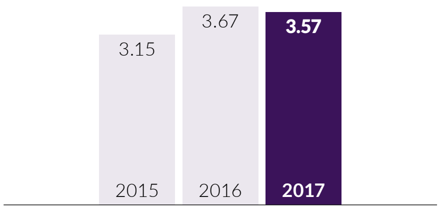
We generated 34.3 million leads for our Comparison partners during the Period, up 13% year-on-year, saving consumers over £400 million off their household bills.

Link to strategy:

Average revenue per lead[11] £

£3.57

-3%



Performance

ARPL decreased by 3% to £3.57 reflecting a shift in product mix within the Communications vertical.

Link to strategy:

7 Total unique number of Property partners is defined as the total number of UK estate and lettings agency branches, new home developers and overseas and commercial agency branches paying subscription fees to for either advertising or software services.

8 ARPP (average revenue per partner) is defined as revenue generated from the Company's Property partners in a given month divided by the total number of Property partners during the month, measured as a monthly average over the Period.

9 Comparison revenue represents revenue generated from the Company's Comparison division, which includes Energy revenue, Communications revenue and Other revenue (financial services switching, boiler cover, business energy and data insight).

10 A Comparison lead is measured at the point when a consumer shows intent to switch via an application form hosted on the Company's website, clicks through to a specific offer or at the point in time when the customer leaves the Company's website having clicked through to a third party website.

11 ARPL (average revenue per lead) is defined as total Comparison revenue divided by the total number of Comparison leads during the Period.

ZPG has a well-developed approach to risk management

Risk management is critical to the successful delivery of our strategic objectives and to the delivery of long-term growth for the business.

The Company's approach to risk management

Risk at ZPG is managed functionally and at a consolidated Company level. This structure enables the Company to ensure that risks are identified across its range of operations, including recent acquisitions. The risks are then escalated in a manner which is consistent and aligned with the strategic goals.

In addition to this section on risk management, further detail on the Company's internal control framework has been included on page 31.

ZPG risk management process

Governance of the risk management framework

The Board recognises that exposure to risk is an inherent part of running a business and that rigorous safeguards and a sound risk management process are required to mitigate these risks to allow the business to deliver successfully against its strategic goals.

The Board has overall responsibility for risk management and, as such, is accountable for:

- determining the Company's appetite for risk;
- continually reviewing the overall process for identifying and assessing business risks; and
- ensuring a robust assessment of all the risks, both financial and non-financial, facing the Company.

The Audit Committee, on behalf of the Board, keeps the adequacy and effectiveness of the Company's internal control and risk management systems and processes under constant review.

In compliance with the UK Corporate Governance Code, the Audit Committee considers and updates its risk management procedures at each Audit Committee meeting throughout the year. It receives and analyses regular assurance reports from Management on matters related to risk and control and reviews the timeliness and effectiveness of corrective action taken by Management.

Risk management strategy and risk appetite

During the course of the year, the risk management framework was reviewed to ensure that it remains relevant and appropriate in light of business development, including recent acquisitions. As a result of this exercise, a Risk Management Strategy has been established for FY18 which aligns with the Company's strategic goals. The Risk Management Strategy was approved by the Board at its meeting in September 2017.

In developing the Risk Management Strategy, the Board has considered its risk appetite and has established risk appetite statements for the following risk categories used by the Company:

- strategic;
- reputational;
- financial;
- governance;
- information technology;
- people; and
- operational.

Each risk category is rated using a "low", "moderate" or "high" scale. There are currently no risk categories where the Board has determined the Company to have a "high" level of risk appetite. We deliberately seek to manage, rather than eliminate, risk, so as to provide reasonable, not absolute, mitigation against material misstatement or loss within the business.

Risk management framework

The Company operates three Functional Risk Committees which are responsible for formally identifying and assessing operational risk. The Executive Management Team is responsible for identifying and assessing the Company's strategic and emerging risks.

Operational risk

Operational risks are identified, assessed and managed by the Company's three Functional Risk Committees:

- Commercial and Marketing;
- Finance, HR and Legal (Shared Services); and
- Product and Technology.

These Committees are formed of senior members of Management and relevant staff responsible for the oversight of key functions throughout the Company.

Risk workshops are conducted at least once a year for each of the Functional Risk Committees, with the key risks being recorded within the respective Committees' Functional Risk Register (FRR).

FRRs are reviewed by the Executive Management Team on a regular basis so that any emerging risks, originating at an operational level, can be escalated where necessary.

Strategic risk

The Executive Management Team meets formally at least once a year for a Company-wide strategic risk workshop. Each of the key strategic risks identified during the workshop is owned by a member of the Executive Management Team and is recorded within the Company's Strategic Risk Register (CSRR). The risk owner is responsible for developing and maintaining internal controls to mitigate against the Company's risk exposure. This process is supported by the Company's Finance, Compliance and Legal teams, the recommendations of the external auditor and the Company's own internal audit reviews. The CSRR is shared with the Audit Committee and the Board for review and challenge, before being approved.

The strategic risks are reviewed regularly throughout the year, with changes reflected within the CSRR. The Audit Committee is also provided with a risk management update at each Audit Committee meeting, along with the CSRR, for discussion, review and challenge.

Risk assessment

Each of the risks identified is recorded on the relevant Committee's Risk Register and is then assessed by the Committee to establish potential causes, likelihood of occurring and the potential impact on the Company.

All of the risks identified by the Functional Risk Committees are then considered by the Executive Management Team and other key team members at the Company's strategic risk workshop. The Company's most recent strategic risk workshop was held in September 2017.

The likelihood and impact of each risk are both scored and combined to provide an overall risk score. Each risk within the CSRR is scored twice: firstly, excluding the existence of mitigating controls (the inherent risk score) and then again once mitigating controls have been taken into account (the residual risk score). The difference between these scores allows Management, the Audit Committee and the Board to gain an understanding of the level of control the Company has over each risk.

The principal risks arising from the September 2017 workshop are provided on pages 32 to 35.

Risk management and internal control

The Company's internal control framework is aligned to the "three lines of defence" model. Operational Management are the first line and they are primarily responsible for the direct management of risk, ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed of the Company's internal governance functions such as compliance, commercial finance, legal and risk. The third line includes internal audit, external audit and other third party auditors and any other independent consultants reporting to the Audit Committee.

Further detail on the Company's internal control arrangements, the internal audit function and the associated activities which have been conducted over the year are included within the Audit Committee report on pages 59 and 60.

First line	Second line	Third line
Internal controls	Compliance and oversight functions	Internal audit External audit Independent assurance

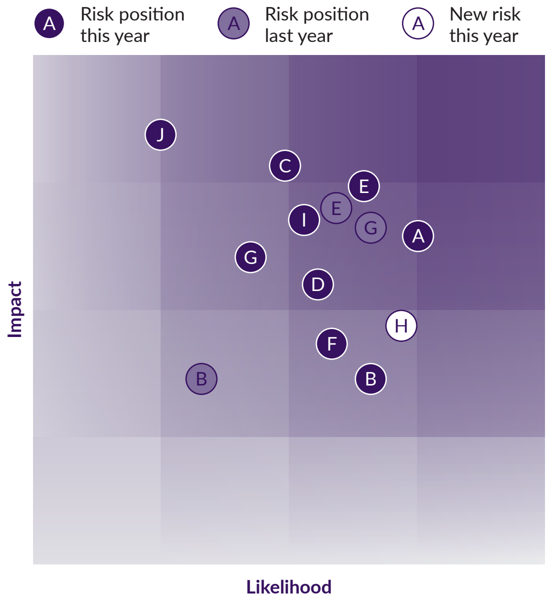
Principal risks

The principal risks to the Company, as identified during the Company's September 2017 strategic risk workshop, are outlined on the following pages along with details of the potential impact faced, the ways in which we manage and mitigate them and any movement in their severity since reported in 2016.

The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business operations, results and/or financial condition.

The Directors have considered the principal risks and uncertainties faced in assessing the long-term viability of the Company. The inclusion of a viability statement in the Annual Report is a requirement of the UK Corporate Governance Code, and is designed to encourage the Board to focus on the long term. The statement can be found on page 35.

A Changing market environment*
B Integration of acquisitions
C IT systems and cyber security
D Retention and recruitment
E Regulatory environment
F Macroeconomic conditions
G Competitive environment
H Data governance (new)
I Reputational and brand damage
J Debt covenants and funding



KEY RISK	DESCRIPTION AND IMPACT	MANAGEMENT AND MITIGATION
Changing market environment[1] The Company participates in fast-moving marketplaces which are subject to rapid technological developments and changes in consumer trends which may impact the Company's ability to offer the best products and services to its partners and consumers. **Risk unchanged**	The way in which consumers interact with businesses is evolving rapidly. The Company's partners are constantly developing their business models and the way in which they interact with consumers directly. Failure of the Company to adapt to meet the needs of its partners could lead to a fall in the number of partners and revenues. The Company is also subject to changes in policies set by search engine providers. Failure to keep pace with these changes may lead to the Company's websites receiving less exposure to consumers and result in a fall in visitor numbers.	→ Increasing user engagement levels by continuing a consumer-centric approach to product development. → Regular open dialogue with our partners to ensure that we continually develop our products to meet their needs. → Continual optimisation of all our websites and products across all platforms and devices. → Maintaining organisational flexibility, allowing fast responses to new business opportunities or threats. → Monitoring and regular review of search engine optimisation and digital marketing spend. → Regular monitoring of changes in market environment and emerging trends.
Integration of acquisitions The Company is highly acquisitive, which presents inherent operational, strategic and cultural challenges. **Risk increased** *The addition of four acquisitions during the year, and more recently Money, increases the likelihood of this risk materialising.*	The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance. The inability to successfully integrate our acquisitions may adversely affect consumer and/or partner experience with a resulting impact on strategic cross-sell opportunites and the Company's future revenues. In addition, there is the possibility that the financial and operational control environments of acquired entities are not as established as those of the Company or those required when operating in a listed environment.	→ Oversight of the enlarged Company, by an Executive Management Team experienced in dealing with acquistions, to ensure harmonisation of strategy and objectives across the Company. → Clear communication of the Company vision and strategy to align the team. → Centralised shared service functions across finance, HR and legal. → Hometrack now based out of The Cooperage to encourage greater integration. → Communicating the benefits of acquisitions to both partners and consumers. → Forming functional teams across the Company where possible.

1 Previously referred to as Changing online landscape and consumer trends.

KEY RISK	DESCRIPTION AND IMPACT	MANAGEMENT AND MITIGATION
IT systems and cyber security A number of the Company's IT systems are interdependent and a failure in one system or a security breach may disrupt the efficiency and functioning of the Company's operations. The Company is also exposed to the increasing risk associated with cyber-attacks. The Company holds consumer and partner data which could be susceptible to loss or theft. **Risk unchanged**	Any failure of the Company's IT infrastructure through error or attack could impair the operation of the Company's websites and services, the processing and storage of data and the day-to-day management of the Company's business. In addition, any theft or misuse of data held within the Company's databases could have both reputational and financial implications for the Company.	→ Regularly testing the security of the IT systems and platforms, including penetration testing and testing of Distributed Denial of Service (DDoS) attack procedures. → Maintaining separate platforms for our portals, websites, software and data services. → Restricting access to data, systems and code and ensuring all systems are secure and up to date. → Providing training for staff on information security, data protection and compliance and operating a Company-wide data policy.
Retention and recruitment Success depends on the continued retention and performance of the Company's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Company operates in markets with a high demand for high calibre personnel. **Risk unchanged**	Competition for qualified talent is intense and an inability to attract highly skilled employees could adversely impact the Company's operations, financial condition or prospects. Similarly, an inability to motivate, develop and retain key team members could adversely impact the Company's operations, financial condition and prospects. The Company has a track record of growth through acquisition – an inability to retain key team members from these businesses could increase business risk in the event of reliance on their business-critical knowledge.	→ Building a strong employee brand in the recruitment market and building strong talent pipelines. → Operating a structured approach to recruitment using specialist teams to ensure timely recruitment of high quality employees. → Investing in succession planning and improving learning and development, giving opportunities for employees to upgrade skills. → Investment in our offices and team environments. → Providing competitive reward and compensation packages to all staff, comprising a blend of short and long-term incentives for managers. → Instilling the culture of the Company to build and maintain staff loyalty.
Regulatory environment The Company operates in a number of regulated environments. Certain revenue streams within the Comparison division are regulated by the FCA. The Comparison division also voluntarily complies with the Ofgem Confidence Code is involved in regular communication with Ofcom. **Risk increased** *Increased levels of Government policy review and proposals within markets we operate in have impacted our exposure to this risk.*	There is a risk that changes to the regulatory environment could require the Company to revise its strategy, operations or business model. Changes in regulation may also impact the Company's profitability via increased compliance costs or a fall in revenues as a result of subsequent changes in consumer or partner behaviour. Non-compliance with regulations set by a regulatory body may also have both reputational and financial implications.	→ Maintaining regular open and constructive dialogue with all significant regulatory bodies. → Implementing processes to ensure compliance with all mandatory reporting obligations including a dedicated Regulation and Compliance team. → Regular monitoring of regulatory risks by the Board, the Audit Committee, the legal function and internal audit and throughout the business.

Link to strategy key

Consumer experience

Partner value

Shareholder value

ZPG team

KEY RISK	DESCRIPTION AND IMPACT	MANAGEMENT AND MITIGATION
Macroeconomic conditions The Company derives a material share of its revenues from the UK and also now internationally, with operations in Australia. The Company is therefore largely dependent on the macroeconomic conditions in the UK as well as being exposed to changes in macroeconomic conditions internationally. **Risk unchanged**	Brexit-specific considerations have been outlined on page 35. Changes in the UK, European and Australian economies have the potential to adversely impact the demand for our products and services in the markets we operate in. Such changes could affect the average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market. Subsequently, the marketing, data and software purchasing budgets of the Company's partners could decrease, which could reduce demand for the Company's services.	→ Regularly reviewing market conditions and indicators. → Building consumer and partner brand loyalty. → Maintaining a flexible cost base that can respond to changing conditions. → Diversifying risk by maintaining a balance between different revenue streams, including diversification through the acquisitions of Hometrack and Money (1 October 2017), in order to provide protection against volatility within our markets. → Developing revenue streams in other related/adjacent markets. → Promoting the benefit and potential savings for consumers of home (and now financial) services switching.
Competitive environment The Company operates in marketplaces which are highly competitive. The actions of the Company's competitors, and/or our own inaction, can have a significant and adverse impact on the Company. **Risk decreased** *Our increasingly diversified position, including the addition of Hometrack and Money, has reduced our exposure to volatility in individual competitive markets.*	If competitors can provide, or are perceived to provide, an enhanced partner or consumer service then there is a risk to the Company's forecasted revenue and other KPIs. The Company invests significantly in marketing to build brand awareness and drive traffic to its websites. Increased digital marketing expenditure by competitors, or general price increases, may cause the Company to incur additional marketing spend to ensure that it can continue to compete effectively. There is a risk that competitors entering or targeting the Company's primary revenue markets may reduce the Company's relative market share in one or more of the markets we operate in.	→ Ensuring partners understand the unique value proposition that can be provided through our websites, products and services. → Offering attractive and competitive pricing packages to partners. → Continuing to develop and extend the Company's innovative product offering and improve the value provided for partners. → Developing and maintaining a number of strong consumer brands through marketing. → Diversifying risk through multiple revenue streams.
Data governance (Previously considered within regulatory "environment"). The Company's operations rely on the effective governance and appropriate use of data we control and process for the benefit of consumers and our customers. *New for FY18 reporting.*	The acquisition of additional brands allows us to control and process increasing levels of data which can be used to target product offerings, deliver synergies and, ultimately, provide the best consumer experience and partner value. Should we be unable to therefore maximise on this opportunity we will be unable to maximise our revenues. In addition, insufficient understanding of what data we hold and how we can appropriately use it can have a significant effect on our reputation as well as the potential for financial penalties.	→ Established Data & Analytics function with newly appointed Data Director as of October 2017. → Legal function with specialist data governance expertise and Data Protection Manager. → Established ZPG Company-wide Data Working Group, which includes relevant individuals throughout all levels of the business. → Annual information security and data protection training compulsory for all staff. → Operational plan in place to ensure compliance with upcoming implementation of the General Data Protection Regulation (GDPR).
Reputational and brand damage The Company operates a number of identifiable and respected brands which could be damaged by factors such as unethical or unlawful activity, poor customer service or negative press. **Risk unchanged**	Damage to any of the Company's brands could lead to a fall in consumer confidence, reducing traffic and leads for the Company's partners and in turn impacting the Company's revenue. There is also a risk that the Company's partners may choose to terminate their existing relationship with the Company as a result of any reputational damage, which would directly impact the Company's revenues.	→ Embedding a culture of transparency, social awareness and ethical behaviour throughout the Company. → Regularly reviewing the Company's risks and reviewing and developing internal controls to mitigate the risk of error or fraud. → Executing the Company's strategy, which has both consumers and the Company's partners at its core. → Established dedicated public relations team. → Continually investing in the Company's brands.

KEY RISK	DESCRIPTION AND IMPACT	MANAGEMENT AND MITIGATION
Debt covenants and funding The Company holds external debt and therefore must ensure compliance with its covenant ratios. The Company also needs to ensure that it has the funding required to deliver on its strategy and future growth plans and that it manages its debt and cash balances effectively. **Risk unchanged** *We have increased our leverage as a result of recent acquisitions but consider there to be no material change in our ability to meet our debt covenants.*	Failure of the Company to comply with its existing debt covenants may lead to a default on the Company's borrowings and a requirement for the Company to repay any amounts outstanding or to renegotiate the terms of its facility. The level of debt within the business and the covenants in place may also restrict the amount of funds available for future growth, including future M&A activity.	→ Negotiating sufficient headroom within the Company's existing facility, including renegotiation on the acquisition of Money. → Consideration of current debt covenants embedded into budgeting and forecasting processes. → Regularly monitoring compliance with current debt covenants and available headroom. → Proactive cash management. → Consideration of additional or alternative funding should significant opportunities for growth be identified.

Link to strategy key

Consumer experience — Partner value — Shareholder value — ZPG team

The EU referendum

The result of the UK's EU referendum in 2016 increased the level of macroeconomic uncertainty, increasing the likelihood of the impacts outlined under "macroeconomic conditions" above. In light of the continued macroeconomic uncertainty, and the mitigating factors set out below, there has been no material change to the severity of this risk for the Company throughout the year.

During the year, the Company has continued to consider the impact of this result on the business and its potential implications. The Directors believe that the Company's multi-channel, multi-brand strategy creates a diverse revenue base which means it is well placed to minimise any negative impacts. In particular:

- the increasingly diversified market position resulting from the Company's most recent acquisitions;
- the Property division is largely subscription based and is therefore less susceptible to short-term shocks or variations in the property market or wider economy;
- a large proportion of our Property partners are engaged in both sales and lettings, which reduces the risk of any downturn in the property market on their businesses;
- an economic downturn increases the propensity for consumers to search our Comparison platforms for the best deals to save money on their household expenses; and
- a weaker Pound may lead to higher price inflation in areas such as energy bills, which may benefit our Comparison division.

Viability statement

As detailed above, the Directors have conducted a robust assessment of the principal risks facing the Company and believe that the Company is well placed to successfully manage these risks. Therefore, in accordance with the 2014 revisions to the UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due for the next three years. The Directors continue to believe that a three year viability period is appropriate to ensure that forecasting is reasonable and that the Company can conduct a reasonable identification and assessment of its foreseeable principal risks. The following factors, which were identified in the prior year, continue to be relevant:

- the Company operates in markets which are subject to rapid technological, consumer and regulatory changes;
- the Company operates a three year planning cycle; and
- the Company has engaged in a high number of significant acquisitions, which are constantly evolving the business and changing future cash flows.

In arriving at their conclusion, the Directors considered the Company's forecast financial performance and cash flows over the three year viability period. The forecast has then been subject to sensitivity analysis, both based on across-the-board changes to revenue and expenditure, as well as scenario analysis to reflect the estimated impact of the principal risks identified above. The following list provides examples of the sensitivities performed:

- periodic increases to LIBOR, impacting the Company's finance costs;
- weaker UK GDP growth over the next three years than forecast by the OECD;
- changes in market conditions requiring responsive increases in costs;
- loss of certain material revenue contracts across each of the Company's revenue streams;
- underachievement of the Company's cross-sell strategy;
- changes in regulation set by regulators, such as Ofgem and Ofcom, leading to a reduction in consumer switching;
- financial penalties, as well as a reduction in revenue resulting from reputational damage, due to non-compliance with GDPR; and
- increase in IT security costs in response to external attack/data hack, as well as a reduction in revenue resulting from reputational damage.

Mitigations to address the materialisation of any significant challenge to forecasted cash flows include actions such as a reduction in brand marketing, a freeze in staff headcount and/or a reduction in dividend pay-out.

The Directors note that the Company's current debt facility requires renewal in April 2020, which is within the final year of the viability period. For this reason, it is not appropriate to consider a longer viability period. The Directors are comfortable that the Company has sufficient assets and future cash flows to successfully renegotiate or extend its current facility and therefore the assumption made by Management that the facility continues to be in place until at least November 2020 is considered reasonable.

The analysis considered the Company's ability to meet its operational and financial obligations throughout the Period, including compliance with the Company's existing debt covenants. Based on the analysis performed, the Directors confirm that they have a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due for the next three years.

Financial review

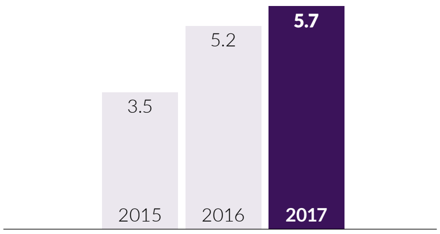
Strong underlying performance

Our results were driven by strong underlying performance across both divisions together with the inclusion of in-year acquisitions.

Andy Botha,
Chief Financial Officer

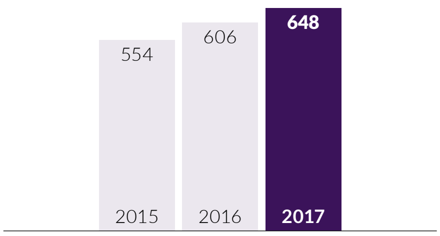
Total dividend p

5.7p
+10%



Visits m

648m
+6%



Revenue increased by 24% to £244.5 million and Adjusted EBITDA increased by 25% to £96.4 million compared to the same 12-month period last year. The increase was driven by a strong underlying performance across both divisions together with the inclusion of in-year acquisitions. These results include a full 12 months of trading from Property Software Group, which was acquired on 28 April 2016, as well as trading from the date of the acquisition of TechnicWeb, Hometrack, ExpertAgent and Ravensworth. Full details of the like for like performance (including acquisitions in both periods) can be found on page 40.

Statutory Profit for the year was up 2% to £37.4 million after the impact of increased deal related exceptional costs, amortisation of intangibles assets arising on acquisitions and share-based payments. Statutory basic EPS marginally decreased to 8.8 pence as a result of the placing of 20.9 million shares to help fund strategic acquisitions.

When reviewing performance, the Directors use a combination of both statutory and adjusted performance measures. The adjusted performance measures, including Adjusted EBITDA and Adjusted basic EPS, provide additional information in line with how financial performance is measured by Management and reported to the Board. These measures are reconciled in the Summary Income Statement below.

During the Period, ZPG secured a £125.0 million extension to its credit facilities and raised £74.3 million (net of fees) through a share placing to help fund acquisitions. As at 30 September 2017, ZPG had a leverage of 2.0x with net debt of £191.5 million and headroom against its covenants.

The Company maintains a target dividend pay-out ratio of 35-45% of profits excluding share-based payments and exceptional items, and the Directors have proposed a final dividend of 3.8 pence per share. This brings total dividends for the 2017 financial year to 5.7 pence per share, up 10% on the same period last year, which represents a 40.4% pay-out ratio.

Summary income statement

£m	2017	2016	YoY %
Revenue	**244.5**	197.7	24
Operating costs	**(148.1)**	(120.6)	23
Adjusted EBITDA	**96.4**	77.1	25
Share-based payments	**(7.6)**	(4.8)	58
Depreciation	**(1.2)**	(1.7)	(29)
Amortisation of other intangible assets	**(2.6)**	(2.0)	30
Amortisation of intangible assets arising on acquisitions	**(14.6)**	(7.5)	95
Exceptional items	**(16.7)**	(11.4)	46
Operating profit	**53.7**	49.7	8
Net finance costs	**(5.6)**	(3.5)	60
Profit before tax	**48.1**	46.2	4
Income tax expense	**(10.7)**	(9.5)	13
Profit for the year	**37.4**	36.7	2
Amortisation of intangible assets arising on acquisitions	**14.6**	7.5	95
Exceptional items	**16.7**	11.4	46
Adjustment for tax	**(3.7)**	(3.2)	16
Adjusted profit for the year	**65.0**	52.4	24
Adjusted earnings per share:			
Adjusted basic earnings per share (pence per share)	**15.2**	12.7	20
Basic earnings per share (pence per share)	**8.8**	8.9	(1)

Revenue

£m	2017	2016	YoY %
Property:			
Agency[1]	**87.1**	66.5	31
New Homes	**13.1**	11.7	12
Other[2]	**22.1**	8.5	160
Property revenue	**122.3**	86.7	41
Comparison:			
Energy	**60.1**	52.7	14
Communications	**44.0**	44.1	–
Other	**18.1**	14.2	27
Comparison revenue	**122.2**	111.0	10
Total Revenue	**244.5**	197.7	24

1 Agency includes 12 months of trading from Property Software Group, 10 months of trading from TechnicWeb, seven months of trading from ExpertAgent and one month of trading from Ravensworth.

2 Other includes eight months of trading from Hometrack.

The Property division generated £122.3 million of revenue, up 41% on the same period last year. Agency revenue, which includes acquisitions, was up 31% at £87.1 million. Excluding acquisitions, revenue generated from UK estate and lettings agents advertising across ZPG's Property platform (UK Agency) was up 8% driven by returning partners and demand for depth products such as Valuation Booster, Premium Listings and AdReach. New Homes revenue increased 12% to £13.1 million, driven by demand for additional products like Area Sponsorship and targeted email marketing campaigns. Other Property revenue of £22.1 million was up 160% on the same period last year as a result of the inclusion of eight months of trading from Hometrack. Excluding Hometrack, Other Property revenue, which is made up largely from third party advertising, increased by 7%.

The Comparison division generated £122.2 million of revenue, up 10% against tough comparators last year as outlined in the Business Review. Energy generated £60.1 million of revenue, up 14% on the same period last year, driven by returning switchers on fixed-term deals and supplier price rises driving increased awareness of the benefits of switching. Communications revenue was flat at £44.0 million after the vertical absorbed the impact of changes to the advertising standards for broadband as outlined in the Business Review. Other Comparison revenue, which is predominantly generated from financial products such as banking and credit cards, generated £18.1 million of revenue, up 27%.

Operating costs

Operating costs increased 23% to £148.1 million comprising Staff costs of £51.6 million, Marketing costs of £77.1 million and Other costs of £19.4 million. The increase in costs is largely attributable to the inclusion of acquisitions, above-the-line advertising costs associated with two national advertising campaigns for both Zoopla and uSwitch and costs associated with ZPG's new headquarters.

Adjusted EBITDA

Adjusted EBITDA increased by 25% to £96.4 million year-on-year. Property Adjusted EBITDA increased to £55.5 million driven by a strong underlying performance, the inclusion of 12 months of trading from Property Software Group and acquisitions during the Period. The Property margin increased from 44% to 45% during the Period as a result of the strong underlying performance across the Company's Property Marketing vertical and the inclusion of the eight months of trading from the higher margin Hometrack business.

Adjusted EBITDA continued

Comparison Adjusted EBITDA increased to £40.9 million as a result of the strong switching performance across the division. The margin reduced slightly to 33% from 35% as a result of ZPG's additional strategic investment in brand advertising for uSwitch and the strong performance in the same period last year as outlined in the Business Review.

Share-based payments

The share-based payments charge increased as expected from £4.8 million to £7.6 million in line with 2017 grants for the LTIP and deferred bonus schemes.

Depreciation and amortisation of other intangible assets

Depreciation decreased to £1.2 million due to the write-down of leasehold improvements at the Company's previous office headquarters recognised in the previous period. Amortisation of other intangible assets increased to £2.6 million reflecting the Company's ongoing capital expenditure on further development of its integrated products such as the MovePlanner.

Amortisation of acquired intangible assets

ZPG splits out amortisation of intangible assets arising on acquisitions and amortisation of other intangibles for the purposes of calculating Adjusted basic EPS. Amortisation of acquired intangible assets increased to £14.6 million as a result of the inclusion of amortisation arising on the acquisitions of TechnicWeb, Hometrack, ExpertAgent, Ravensworth and a full year of Property Software Group.

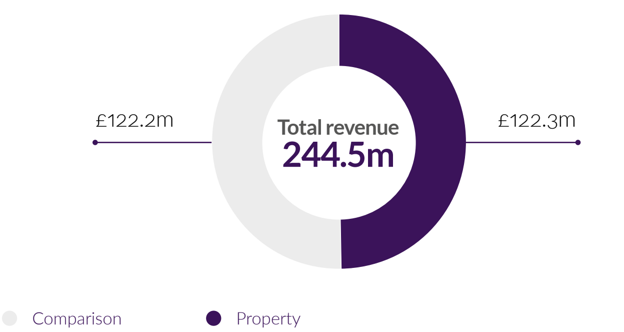
Exceptional items

Exceptional items include costs that Management believes to be exceptional in nature by virtue of their size or incidence. Total exceptional items were £16.7 million in 2017 which includes £14.7 million relating to continuing deferred consideration and Management shareholder bonuses resulting from acquisitions, £3.8 million of transaction costs relating to the Hometrack, ExpertAgent and Money acquisitions and an exceptional non-cash gain of £1.5 million on the disposal of the Propertyfinder.com domain name which was transferred during the period for 1% of the issued share capital of Property Finder International Limited.

Net finance costs

The Company incurred net finance costs of £5.6 million during the Period. The increased charge reflects the £125 million increase in the Company's credit facility since 30 September 2016 to £325 million to help fund strategic acquisitions.

Revenue breakdown £m



Income tax expense

The Company's income tax charge was £10.7 million representing an effective income tax rate of 22%. This is higher than the statutory tax rate of 19.5% for the Period due to non-deductible transaction costs and management deferred and contingent consideration expenses arising on acquisitions.

Profit for the year

Adjusted Profit for the year, calculated as profit for the year after adding back exceptional items and amortisation of intangible assets arising on acquisitions, adjusted for tax, increased by 24% to £65.0 million. Statutory Profit for the year increased by 2% to £37.4 million after the impact of increased exceptional costs, amortisation of intangible assets arising on acquisitions and share-based payments.

Earnings per share (EPS)

Adjusted basic EPS, which strips out the impact of exceptional items and amortisation of intangible assets arising on acquisitions, increased by 20% to 15.2 pence. Statutory basic EPS marginally decreased to 8.8 pence after the placing of 20.9 million shares on 31 January 2017 to help fund strategic acquisitions.

Other comprehensive income

During the year the Company recognised a non-cash gain of £1.1 million on a revaluation of ZPG's investment partnerships with some of the UK's leading technology start-ups.

Summary statement of financial position

£m	2017	2016
Intangible assets	**491.0**	322.6
Available for sale financial assets	**4.5**	0.7
Property, plant and equipment	**6.6**	6.4
Cash and cash equivalents	**75.4**	3.4
Working capital[1]	**(12.8)**	7.4
Loans and borrowings	**(266.9)**	(149.7)
Deferred and contingent consideration[2]	**(38.4)**	(30.7)
Provisions[2]	**(1.7)**	(2.7)
Tax assets and liabilities[2]	**(17.8)**	(15.2)
Net assets	**239.9**	142.2

1 Working capital is defined as both current and non-current, trade and other receivables less trade and other payables.

2 Includes both current and non-current balances.

The Company was in a strong financial position as at 30 September 2017. Net assets were £239.9 million with intangible assets increasing to £493.4 million to reflect goodwill and acquired intangible assets resulting from the TechnicWeb, Hometrack, ExpertAgent and Ravensworth acquisitions. Available for sale financial assets of £4.5 million represents the Company's investment partnerships and the Company's 1% shareholding of Property Finder International Limited as outlined in the Business Review.

Cash and cash equivalents increased to £75.4 million as a result of the timing difference between the arrangement of funds to complete the Money acquisition that was announced on 7 September 2017 and completion on 1 October 2017. ZPG's liability for deferred and contingent consideration payable as a result of the Company's acquisitions was £38.4 million at 30 September 2017.

Net debt position

£m	2017	2016
Total loans and borrowings	**(266.9)**	(149.7)
Cash and cash equivalents	**75.4**	3.4
Net debt	**(191.5)**	(146.3)

As at 30 September 2017 the Company had net debt of £191.5 million including loans and borrowings of £266.9 million. The overall increase in net debt can be attributed to the funding of acquisitions during the Period and the payment of the deferred consideration relating to both the uSwitch and Property Software Group acquisitions, net of increases arising from the share placing and operating cash flows.

On 1 October 2017, the acquisition of Money completed and ZPG paid an initial consideration of £60 million increasing the Company's net debt to £251.5 million. The Company's net debt to EBITDA ratio remained comfortably within the updated covenant limits with a leverage of 2.7x.

Summary statement of cash flows[3]

£m	2017	2016
Net cash flows from operating activities	**81.0**	60.9
Cash flows (used in)/from investing activities:		
Acquisitions and investments	**(164.3)**	(87.4)
Interest income received	**0.1**	0.1
Capital expenditure	**(7.1)**	(6.5)
Net cash used in investing activities	**(171.3)**	(93.8)
Proceeds from issue of share capital, net of fees	**74.3**	–
Proceeds on issue of debt, net of issue costs	**215.0**	89.4
Repayment of debt	**(97.5)**	(52.5)
Interest paid	**(6.0)**	(3.0)
Treasury shares purchased	**–**	(0.4)
Shares purchased by trusts	**(0.1)**	–
Shares released from trusts	**0.2**	0.2
Dividends paid	**(23.6)**	(16.6)
Net cash flows from financing activities	**162.3**	17.1
Net increase/(decrease) in cash and cash equivalents	**72.0**	(15.8)
Cash and cash equivalents at end of the Period	**75.4**	3.4

3 The consolidated statement of cash flows has been represented in the prior year to move transaction costs on acquisitions of £1.3 million to operating cash flows. The impact was to reduce net cash flows from operating activities by £1.3 million to £60.9 million and to reduce the net cash flows used in investing activities to £93.8 million.

The Company continues to be highly cash generative with net cash inflows from operating activities of £81.0 million during the Period, up 36% on the same period last year. Capital expenditure increased to £7.1 million as a result of the development of new integrated projects such as the MovePlanner as outlined in the Business Review. The Company had an outflow of £164.3 million relating to the cash costs of the acquisitions of Hometrack, ExpertAgent and Ravensworth, deferred consideration relating to previous acquisitions and investment partnerships.

The investing activities were funded by a net increase in cash from financing activities including £74.3 million raised in equity and a net increase of £117.5 million in borrowings.

Dividends

The Company maintains a target dividend pay-out ratio of 35-45% of profits excluding share-based payments and exceptional items based on the strong cash generation and long-term earnings potential of the Company. The Directors have proposed a final dividend of 3.8 pence, bringing total dividends for the Period to 5.7 pence per share, up 10% year-on-year, equating to a 40.4% pay-out ratio. Subject to shareholder approval at the 2018 Annual General Meeting this will be paid on 8 February 2018 to those shareholders on the share register as at 8 December 2017.

Subsequent events

On 1 October 2017, ZPG completed the acquisition of Money, one of the UK's leading financial services comparison websites for £80 million on a cash-free, debt-free basis, plus a performance-based earn-out of up to £60 million. The acquisition was financed through a combination of existing cash resources and a £50 million extension to ZPG's credit facilities with an opening net debt ratio of c.2.7x the enlarged Company's Adjusted EBITDA.

As at the date of this report the Company is well advanced in its acquisition of Calcasa B.V., a leading provider of automated property valuations and statistical market analysis in the Netherlands, for €30.0 million (£26.5 million[4]) on a cash-free, debt-free basis, with a performance-based earn-out of up to €50.0 million (£44.2 million[4]). The acquisition is expected to complete on 1 December 2017 and will be financed through a combination of cash resources and an extension to the Company's existing credit facilities with an opening net debt ratio of c.2.9x the enlarged Company's Adjusted EBITDA.

4 Exchange rate of GBP/EUR = 1.13.

A Botha
CFO

ZPG KPIs (unaudited)

The figures below are for the twelve month periods to 30 September 2017 and 30 September 2016. To reflect the evolution of the business, ZPG will update its divisional key performance indicators ("KPIs") from FY2018 onwards. In Property, the Company will report revenue by Marketing, Software and Data and its total number of unique Property partners and Average Revenue Per Partner (ARPP) across the division. In Comparison, the Company will report revenue by Energy, Communications and Finance and its total number of Comparison leads and Average Revenue Per Lead (ARPL) across the division. Each period includes a full 12 month's trading from Property Software Group, TechnicWeb, Hometrack, ExpertAgent, Ravensworth and Money in order to give a more meaningful comparative. These figures are unaudited.

£m	FY17	FY16	YoY %
Property revenue	**135.8**	124.3	9
Comparison revenue	**146.7**	135.5	8
Revenue	**282.5**	259.8	9
Staff costs	**59.6**	52.7	13
Marketing costs	**87.2**	83.7	4
Other costs[1]	**26.5**	24.4	8
Total operating costs	**173.3**	160.8	8
Adjusted EBITDA[2]	**109.2**	99.0	10
KPIs			
Visits[3] (million)	**679**	630	8
FTEs[4]	**940**	960	(2)
Divisional KPIs			
Property:			
Marketing[5] (£m)	**91.6**	85.6	7
Software[6] (£m)	**23.2**	20.8	12
Data[7] (£m)	**21.0**	17.9	17
Property revenue (£m)	**135.8**	124.3	9
Property operating costs (£m)	**74.9**	71.8	4
Property Adjusted EBITDA (£m)	**60.9**	52.5	16
Blended ARPP (average revenue per partner)[8] (£)	**454**	432	5
Total unique number of Property partners[9] (000s)	**25,465**	24,920	2
Comparison:			
Energy[10] (£m)	**62.6**	54.9	14
Communications[11] (£m)	**44.0**	44.1	–
Finance[12] (£m)	**40.1**	36.5	10
Comparison revenue (£m)	**146.7**	135.5	8
Comparison operating costs (£m)	**98.4**	89.0	11
Comparison Adjusted EBITDA (£m)	**48.3**	46.5	4
ARPL (average revenue per lead)[13] (£)	**2.88**	2.99	(4)
Number of Comparison leads[14] (million)	**50.9**	45.3	12

1 Other Costs represents technology, property and administrative costs.

2 Adjusted EBITDA is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items.

3 Visits comprise individual sessions on the Company's websites or mobile applications by users for the Period indicated as measured by Google Analytics.

4 FTEs is defined as the number of full-time equivalent employees across the Company.

5 Marketing represents revenue generated from the provision of marketing services including portal, websites and print revenues.

6 Software represents revenue generated from the provision of software services.

7 Data represents revenue generated from the provision of data services.

8 ARPP (average revenue per partner) is defined as total Property revenue generated divided by the total number of Property partners during the month, measured as a monthly average over the Period.

9 Total unique number of Property partners is defined as the total number of unique businesses paying for ZPG Property services during the period (subscription or transactional).

10 Energy represents revenue generated from energy switching services, business energy and boiler cover.

11 Communications represent revenue generated from mobile, broadband, pay TV and home phone switching services.

12 Finance represents revenue generated from financial product switching services.

13 ARPL (average revenue per lead) is defined as total Comparison revenue divided by the total number of Comparison leads during the Period.

14 A Comparison lead is measured at the point when a consumer shows intent to switch via an application form hosted on the Company's website, clicks through to a specific offer or at the point in time when the customer leaves the Company's website having clicked through to a third party website.

7/10 BRITS OVERPAYING FOR ENERGY

SWITCH TODAY
AND SAVE UP TO £618*

uSwitch

* Between **1 Jun 2016** and **30 Nov 2016**, at least 10% of people who switched energy supplier for both gas & electricity with uSwitch saved **£618** or more.

Our people and corporate social responsibility

Putting people at the heart of our business

We are passionate about attracting, engaging, developing and retaining the best talent in the industry.

Improvements in talent attraction and recruitment

We are passionate about attracting, engaging, developing and retaining the best talent in the industry. During the year we have significantly improved our talent attraction and recruitment through the appointment of a dedicated Head of Talent, the launch of an improved careers section on the ZPG website, including a "Why work at ZPG" video, and the roll-out of a new end-to-end recruitment process which has been streamlined to save hiring managers' time.

We believe in conversations

For us, communication means conversation. With collaboration as one of our core values, we are always open to feedback and seek to provide as many opportunities for discussion as possible. It is vital for us that everyone feels they have a voice. At the beginning of the year we recruited an Employee Engagement Manager to formalise and lead our engagement and internal communications strategy and we now have an improved Glassdoor rating of 4.4 out of 5.

We have also substantially improved communication in line with the growth of the business by introducing new monthly Company updates, hosted by our CEO, which provide regular business and industry performance updates. In addition we have invested in Peakon, a new employee survey tool, to help us regularly measure our employee net promoter score (eNPS) and key engagement drivers. The first survey, using the new tool, saw significantly increased participation rates compared to previous tools and highlighted that our eNPS currently stands above the industry benchmark.

Home-from-home offices

Following the relocation of all of our London-based colleagues to our new world-class office near Tower Bridge in September 2016, we have invested in several improvements to our regional offices during 2017 to provide the same "home-from-home" feel for all of our colleagues. Our London office was recently voted one of the "Top ten coolest offices in the UK" according to Glassdoor and encourages creativity, collaboration and socialising between teams, with plenty of whiteboards, breakout areas and communal spaces like our Games Room and Cafe, home to our legendary barista, Bruno. It is here that we provide daily breakfast and 3.00pm snack time to encourage regular breaks and refuelling, as well as Friday night drinks, all of which are now also enjoyed by our regional offices. We have also kitted out each regional office with similar spaces for rest and play, complete with sofas, pool or ping pong tables, dartboards and unlimited hot and cold drinks.

We reward and recognise excellence

Our extensive and varied range of benefits offers something for every lifestage and lifestyle here at ZPG. We pride ourselves on offering competitive salaries and market-leading benefits, which we continually monitor, review and evolve in response to industry changes, benchmarking exercises and colleague feedback. In addition to the traditional offerings, like matched pension contributions, birthday day off, subsidised health insurance, mental health support and season ticket loans, we offer some more creative benefits designed to relieve the stresses of everyday life, such as a day off when moving home and interest-free loans to help get a foot on the property ladder. Recognition is important to us too, so we celebrate our "ZPG Heroes" twice a year by asking all colleagues to vote for the person they think personifies our values.

Opportunities to learn and grow

Our colleagues share the same high level of ambition as our business and we take their development seriously by providing the tools and opportunities to help everyone reach their full potential at ZPG.

Our Head of Learning & Development continues to create and deliver a broad range of in-house learning programmes to support the diverse needs of our colleagues, as well as the longer-term needs of our business. This enables us to nurture and retain the talent already within our teams as well as set our business up for success in the future. We offer more than 30 bespoke ZPG workshops, totalling more than 100 hours of learning per quarter. These are open to all colleagues, regardless of tenure or location, offering the opportunity to learn new skills and create cross-sell opportunities across departments. In the last 12 months, more than 500 colleagues have received over 1,300 hours of learning through our in-house workshops across multiple offices.

During the year we successfully became an Institute of Leadership and Management (ILM) centre, approved to deliver and award the Level 3 Diploma for Managers, alongside our accredited in-house leadership programmes. We also recognise that some people prefer to self-learn, so we also offer the opportunity to access a wide range of online learning resources, including Lynda.com and LinkedIn Learning, and unlimited access to Udemy, giving our colleagues access to over 60,000 courses.

We are committed to giving back and doing the right thing

Charity support

This year colleagues voted for the charity they would like to partner with most and Cancer Research UK (CRUK) was chosen. A regional network of Charity Champions was set up and as a result we have been able to provide countless opportunities for colleagues to support CRUK, from Payroll Giving and sporting events, to charity raffles and volunteering. We operate a generous fund matching scheme, matching up to £500 per colleague per year for fundraising events in aid of CRUK, and up to £250 for any other charity. We also encourage regular donations through Payroll Giving by matching up to £20 per month for donations to CRUK and up to £10 per month to any other charity. As a result, we have been awarded the Platinum Quality Mark by the Association of Payroll Giving Organisations and have raised over £23,743 for CRUK so far through Payroll Giving alone. Combined with the wide range of other fundraising activities we have raised a total so far this calendar year of £58,453 and expect to raise a further £13,600 during the remaining months of 2017. This will give us a fundraising grand total of £72,000 in our first year's partnership with CRUK. Total charitable contributions made to all registered charities during the financial year was £63,887 (2016: £39,529).

Our values

Our shared values bind us together.

PASSIONATE
Taking pride in our work and vision
Our vision and passion drive the decisions we make, the products we create and the services we offer.

COLLABORATIVE
Supporting each other as one team
We support each other and work as a team to enable us all to achieve our goals and win.

AGILE
Moving fast and in a focused fashion
We make quick decisions to innovate and stay ahead of the competition. We are focused and data driven.

ENTREPRENEURIAL
Being creative and owning it
We use our initiative, make decisions and spend money like it is our own and we never stand still.

LAURA BULL – ONE TEAM, ONE DREAM

When it comes to our people, we are all about the bigger picture – from spotting and developing talent, to supporting individuals to land perfect-fit roles.

Take the case of Laura Bull, who joined ZPG brand TechnicWeb last year as a Project Coordinator, responsible for managing delivery of estate agent websites.

Laura's creativity and marketing prowess were soon spotted by her manager, who suggested she join ZPG's marketing team – on an initial one-day-a-week basis – to help promote the TechnicWeb brand.

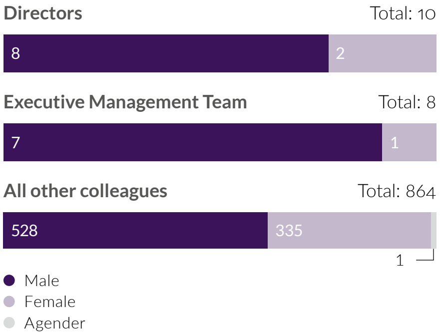
During her time there, Laura worked with the Head of Trade Marketing and drew up a personal development plan which would pave the way into a full-time marketing role.

Laura was soon promoted to B2B Marketing Executive – a role that incorporates B2B marketing and trade campaigns across several ZPG brands – and relocated to ZPG's London head offices.

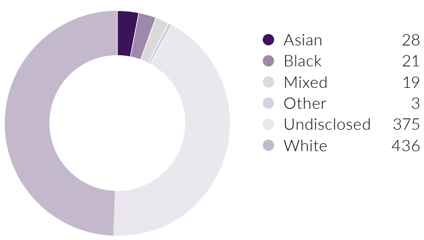
In August 2017, Laura also completed a Certificate in Professional Marketing, which she says will stand her in good stead for her next move within the ZPG family.

"I am in the job I'm in now precisely because of the exposure I was given to ZPG's different brands and their strategies," she said. "The business has been incredibly supportive in my development."

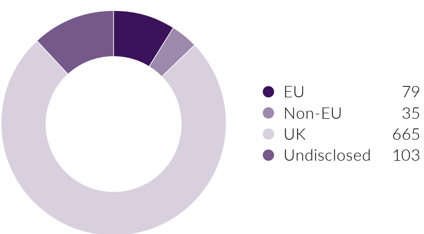
Gender diversity 30 September 2017 %



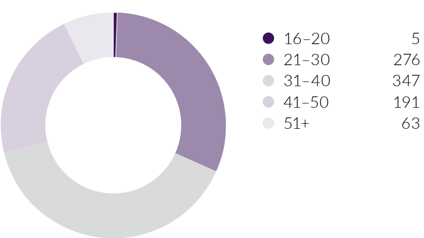
Ethnic origin



Nationality



Age



ZPG's 2017 Tough Mudder team

We are committed to giving back and doing the right thing continued

Diversity and inclusion

We believe that all current and future colleagues should have fair and equal access to all opportunities within ZPG, regardless of their age, sexual orientation, parental responsibilities, disability, race, nationality, ethnic origin, membership of a trade union, religion, belief or gender and this is reflected throughout all of our employment policies and practices, including recruitment, selection, training, promotion, salary reviews and flexible working. ZPG's equal opportunities policy is contained in our employee handbook which is available to all employees. This sets out that it is our policy to select the most qualified person for each position within the organisation and it is our intent and resolve to comply with the requirements and spirit of all laws in the implementation of all facets of equal opportunity. This policy applies to all employment practices and personnel actions including, but not limited to, recruitment, selection, training, promotion, pay rates, discipline and dismissal. ZPG is a member of a new working group of businesses, which includes peers from Google, Microsoft, PwC, Oxfam and the Girl Guides, who have united to promote Science, Technology, Engineering and Mathematics (STEM) and women in tech to create more diversity in the industry and build a future talent pipeline. The working group came together in both July and August this year for the first time to create a manifesto that will target schools in the Government's social mobility "cold spots", celebrate successful women in tech as role models and work with schools across the UK to educate pupils about working in tech by providing toolkits to teach the teachers. We are incredibly proud to be part of such a significant project.

We passionately believe in improving mental wellbeing throughout the business and, following a successful trial partnership with Mind, we plan to roll out a programme of mental health awareness training to all people managers, which will include a learning lunch with experts from Google this November as part of our twice-annual Wellness Week.

In relation to employee involvement, we undertake employee surveys twice a year. The results are carefully analysed, reviewed and, where appropriate, actions are taken following discussions with our colleagues. We hold monthly "Ask Alex" sessions where all employees can get answers to any specific work-related queries they might have. We also hold weekly "Ask HR" sessions where colleagues can drop by at our "surgeries" with members of the HR team to discuss any personal matters, to talk about benefits, to answer questions or just to have a chat.

Supporting our local communities

We recognise the importance of giving something back to our communities, whether that is through supporting local businesses with regular custom in exchange for employee discounts, or through donating our time to helping others. And we encourage all colleagues to donate their valuable time by giving them a day off every year to volunteer for any charity of their choice, or do a good deed for any non-profit organisation, like schools and hospitals. It also covers donating blood.

LAURA WILKINSON'S AGE UK INITIATIVE

During the year one of our colleagues, Laura Wilkinson, took the initiative and set up an in-house volunteering event in partnership with Age UK. With help from the charity, Laura arranged for a dozen elderly local residents to come to our award-winning office for the day where they were offered practical and useful guidance on internet safety, how to stay in touch online and how to compare service providers online and save money on their household bills.

Our guests were all greeted by a ZPG "buddy" and were given a guided tour of the office and the chance to make some new connections with one another over lunch and a game of bingo. They thoroughly enjoyed the day and Laura and the rest of the volunteers received a personal thank you from Age UK. We hope to replicate this event and host similar ones in all of our regional offices over the coming year.

In addition to volunteering activities, our dedicated uSwitch Community Engagement Manager provides free educational services to community members in partnership with community centres, charities, councils, housing associations and MPs to promote the benefits of switching energy providers and shopping around to save money on a whole range of other household bills.

The Community Engagement Manager attends several UK-wide events run by various organisations and provides free information and the options available for getting a better deal on household costs. At the events the Community Engagement Manager provides energy saving tips, answers questions about the energy market and runs presentations about our comparison services, even providing one-to-one services to community members, ultimately empowering them to make smarter decisions when it comes to managing their home.

ALFIE TRAISH – THE APPRENTICE

Just as ZPG has grown from the fledgling business it was 10 years ago, we are keen for our people to grow with us too. And in June this year, we employed our first ever apprentice – Alfie Traish.

Alfie arrived at ZPG in September 2016 on a temporary contract to support IT in the office move to The Cooperage.

By the second time his temporary contract was extended, it had become clear that Alfie was a perfect fit for ZPG – and he was invited to enrol in ZPG's brand new apprenticeship programme.

"I had left college with GCSEs and wasn't sure what I wanted to do," said Alfie. "But I'd loved my role at ZPG, as well as the people and the culture, so I was delighted to accept the offer."

Alfie is now part-way through a Level 3 Pathway IT Infrastructure Technician Apprenticeship. It is a 12 to 18 month programme which covers everything from networking and architecture, to cloud services and coding, via virtual classroom lectures.

But some of the most valuable learning is "on the job", said Alfie, now aged 20:

"Being immersed in an IT environment with an incredibly supportive team, meeting people every day and being tasked with constantly improving users' experience has given me a real sense of satisfaction."

When asked what his apprenticeship highlights have been so far, Alfie said: "passing my first module with ease". And, having given his apprenticeship a recommendation score of 10/10, it is likely others will soon be following in his footsteps.

Health and safety

We are committed to maintaining a safe workplace for our colleagues and ensuring they have the appropriate training and working conditions to perform their work safely. It is therefore our policy that all of our facilities, products and services comply with applicable laws and regulations governing safety and quality, in all material respects. We offer fire warden and first aid training to all colleagues who wish to support the business in this effort and perform weekly fire alarm tests and regular fire drills. We currently have two fully trained Display Screen Equipment Assessors within the business, promoting positive ergonomic workstations that comply with health and safety legislation, including the option for adjustable standing desks and ergonomic chairs.

ZPG is committed to promoting diversity and inclusion

Gender pay reporting is a new statutory requirement which provides a snapshot of the gender balance within an organisation by measuring the difference between the average earnings of all male and female employees at all levels. However, gender pay is not the same as equal pay.

ZPG carries out regular analysis of pay levels within the business and is confident that men and women are paid the same for carrying out work of equal value. However, the greater proportion of men than women in senior and technical roles has created a gender pay gap at ZPG.

Although there is no quick fix to the gender pay gap, we don't believe the gap is acceptable and we've already taken steps, as part of a wider plan, to start addressing the underlying issues causing the gender imbalance in technical and senior roles, as outlined below.

Gender pay gap analysis

Snapshot date 5 April 2017

	Male	Female	Difference
Gross hourly rate of pay			
Mean	£30.34	£21.88	28%
Median	£20.51	£16.92	17%

	Male	Female	Difference
Bonus pay			
Mean	£12,771.09	£7,669.94	40%
Median	£7,000.62	£3,717.24	47%
Proportion of relevant colleagues who received a bonus	84.10%	85.15%	

	Male	Female	Difference
Quartiles (gross hourly rate of pay)			
£0.00 to £14.49	49.25%	50.75%	(3%)
£14.50 to £21.56	56.72%	43.28%	24%
£21.57 to £32.05	63.50%	36.00%	43%
£32.06 to £261.54	78.50%	21.50%	73%

Our approach to gender pay

ZPG believes that diversity, including gender diversity, enhances business performance and is critical to the delivery of our mission. We've outlined below why we believe the gap exists, what we've done about it so far and what we are planning next to help tackle the issue.

Why does the gender pay gap exist?

While we're confident that men and women are paid equally for doing equivalent jobs across ZPG, the main reason for the gender pay gap is that women are under-represented in technical and senior roles which are typically higher paid.

Under-representation of women in technical and senior roles is driven by a number of factors and to help remedy this more women need to be inspired by, and attracted to, STEM (science, technology, engineering and maths) subjects. At ZPG we will continue to focus on developing a more diverse talent pipeline and promoting flexible working practices.

What we've done so far

We've further analysed our data on a role-by-role basis and concluded that there is no pay inequality. However, it is clear that there is a greater proportion of males in the higher paid roles which is due both to the smaller proportion of senior women in the business and also as a result of the large number of highly paid technical and digital roles which, historically, have been seen to be significantly male dominated careers.

Pay

We regularly monitor and carry out salary benchmarking across all roles to ensure we pay equitable salaries irrespective of gender.

Recruitment

We've reviewed our recruitment practices and made targeted changes which has resulted in the hiring of 30 females into digital and technical roles in FY17 – representing a third of these hires.

Education

We've set up internal training for our people managers, starting with lessons learned by market-leading peers, to ensure they fully understand the principles of diversity and inclusion and learn from their practices with the aim of making constant improvements.

Leadership

Our Head of Talent has become an active member of the Women in Technology group (renamed Tech She Can – together we can change the ratio), a group of 16 well-known organisations which have recently formed with the objectives of:

- generating a lasting increase in the number of girls and young women pursuing technology careers; and
- sharing and developing best practice.

What we're doing next

Flexible working

We are reviewing all our various working arrangements and piloting new programmes in areas that are not offering flexible and part-time opportunities.

Parental leave

We have revisited our programmes and enhanced them, related to length of service. Our intention is to promote parental leave and encourage and support returners after their parental absence.

Internal promotions

We are actively focused on internal hires to ensure we develop and retain our talent and encourage career development and training which is targeted at all our colleagues. We believe this will encourage women and minorities to develop their careers at ZPG in a supportive environment.

Mentoring programme

We will be establishing a formal internal mentoring programme for all our colleagues, with a significant focus on women, to ensure they have the support of role models to help them develop to their full potential.

Environmental awareness

We continue to support energy efficiency throughout our business activities and remain conscious of mitigating any negative impact we may have on the environment.

As a digital business, we naturally operate without intensive production processes, use of packaging or the need to print out substantial amounts of paper, a practice which we will continue to maintain. A number of sales colleagues are provided with company cars to allow them to meet clients within designated geographies, but the majority of colleagues are office based. Our company-wide Bike-to-Work scheme offers our colleagues the financial support and incentive to travel to and from work in an environmentally friendly way and we have doubled our secure cycle storage this year at The Cooperage as a result of increased demand.

We have recently established an Eco Committee, with members from all areas and working locations of the business. The Committee meets once a month to discuss environmental concerns and implement improvements throughout the coming year and hope to host quarterly inspirational talks with environmental experts.

We always consider the impact on the environment as part of the building design and as a result have installed motion sensor lighting throughout (including meeting rooms), water-saving flush systems and energy-efficient chiller units within our air conditioning system in our London office.

Environment and greenhouse gas emissions

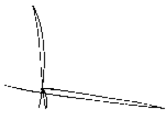
We continue to support energy efficiency throughout our business activities and remain conscious of mitigating any negative impact we may have on the environment. As an online property portal and home services switching platform, we naturally operate without intensive production processes, use of packaging or the need to print out substantial amounts of paper, a practice which we will continue to maintain.

A number of sales employees are provided with company cars to allow them to meet clients within designated geographies; however, the majority of employees are office based. The Company also operates a “Bike-to-Work” scheme, which offers our employees an incentive to travel to and from work in an environmentally friendly way and our head office includes secure storage for over 50 bikes.

Since 1 October 2013, the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 has required all UK quoted companies to report on their greenhouse gas emissions as part of their annual directors’ report.

A report on our output of greenhouse gas emissions shows that, when compared with other companies of a comparable size, the Company’s activities produce a very low impact on the environment. The Company’s scope 1 and 2 emissions for the year to 30 September 2017 are set out below. Scope 1 emissions relate to the Company’s fleet of vehicles, which are used by certain employees for business purposes. Scope 2 emissions relate to the Company’s electricity and gas usage. This information is set out in the chart opposite. We have measured our greenhouse gas emissions using emissions factors from the “UK Government Conversion Factors for Company Reporting”. The period covered is that of the financial year to 30 September 2017. Comparatives for 2016 have been calculated on a consistent basis. CO_2 emissions include the impact of acquisitions from the date of acquisition. In order to provide an intensity ratio for our emissions disclosure, we have calculated our greenhouse gas emissions per employee. The Directors believe that the number of employees is the best indicator for a company of this size for the purposes of this disclosure. The number of employees used is the average number of full-time employees over the measurement period.

This strategic report was approved by the Board of Directors and signed on its behalf by:



Alex Chesterman
Founder & CEO
28 November 2017

Average number of employees in the financial year

850

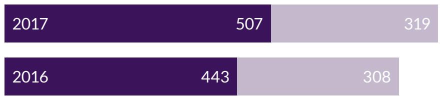
Disclosure

Scope 1: The Company’s fleet of vehicles.

Scope 2: The Company’s electricity and gas useage.

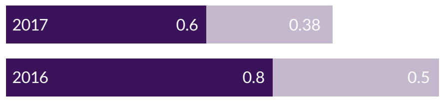
CO_2 emissions tonnes CO_2e

826



Emissions per employee tonnes CO_2e

0.97



● Scope 1
● Scope 2

Source: UK Government conversion factors for company reporting.

Chairman's introduction to governance

We have continued to apply the main principles and provisions of the Governance Code

Dear Shareholders

I am pleased to present ZPG's Corporate Governance Report for the year.

We have had another exciting year of expansion and growth across the business, and the Board remains fully committed to promoting and maintaining the highest standards of corporate governance. The Board believes that this enables the accomplishment of the Company's aims and strategies, whilst providing information and transparency to ZPG's various stakeholders.

We have continued to apply the main principles and provisions of the UK Corporate Governance Code (Governance Code) issued by the Financial Reporting Council and the following reports, including those from the Audit, Nomination and Remuneration Committees, should provide you with full details of the Board's activities during the year, including how it has discharged its governance duties and applied the principles of good corporate governance set out in the Governance Code. Here, you will also find details of our governance framework, including details of the appropriate risk management and internal control systems within the Company.

Board changes

We have had one change to the composition of the Board this year, which is set out below.

As a reminder, at the time of the Company's initial public offering, the Company entered into a relationship agreement (Relationship Agreement) with Daily Mail and General Trust Plc (DMGT), the ultimate parent of the Company's principal shareholder, DMGZ Limited (DMGZ).

Under the terms of the Relationship Agreement, DMGT can appoint two Directors to the Board providing it ultimately holds more than 25% of the votes exercisable at general meetings of the Company. I am pleased to welcome James Welsh, who DMGT appointed to the Board in January 2017 to replace Stephen Daintith. James offered himself up for election at the Company's Annual General Meeting (AGM) on 2 February 2017, which took place shortly after his appointment by DMGT.

Re-election of Directors

Following a performance evaluation of each of the Directors this year, I can confirm that all Directors have appropriate skill, experience, knowledge and expertise to be effective, and that they have all demonstrated commitment to the role. I further confirm that all Directors have allocated sufficient time to the Company to discharge their responsibilities and duties effectively.

Accordingly, and as recommended by the Nomination Committee, all Directors will be offering themselves up for re-election at the next AGM to be held on 30 January 2018. Biographies of all members of the Board appear on pages 50 and 51.

Board evaluation

In the Corporate Governance Statement last year, I mentioned that we would consider undertaking an externally facilitated review of the Board this year. I am pleased to confirm that an externally facilitated review of the Board was carried out and the results of the evaluation were very positive. This is discussed further in the Corporate Governance Statement on page 56.

Statement of compliance

In the Corporate Governance Report last year, it was explained that the Company had applied all of the main principles and complied with all of the relevant provisions of the Governance Code with the exception of Provision B.1.2, which recommends that at least half of 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 Directors' judgement. I am pleased to announce that, from July 2017, the Company has applied all of the main principles and complied fully with the relevant provisions set out in the Governance Code. This is discussed further in the Corporate Governance Statement.

I hope you find the Corporate Governance Report useful and informative.

Mike Evans
Non-Executive Chairman

Our governance framework

See below for the role of the Board and its Committees.

The Board

The Board comprises 10 Directors. We have two Executive Directors, a Non-Executive Chairman, five Independent Non-Executive Directors and two further Non-Executive Directors.

Key responsibilities

- Set strategy and deliver value to shareholders and stakeholders
- Monitor Management activity and performance against targets
- Provide constructive challenge to Management
- Set parameters for promoting and deepening the interest of shareholders

Matters reserved for the Board's decision

- Group strategy, business objectives and annual budgets
- Annual results
- Material acquisitions, disposals and contracts
- Major changes to internal controls, risk management or financial reporting policies and procedures
- Determining risk appetite
- Changes to the capital structure
- Succession planning for the Board and senior management
- Board composition and independence

Audit Committee

Key responsibilities

The Audit Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting.

Membership at 30 September 2017

- Duncan Tatton-Brown (Chair)
- Sherry Coutu
- Robin Klein
- Vin Murria

Meetings held in 2017

Three

Read more on page 58

Nomination Committee

Key responsibilities

The Nomination Committee assists the Board in reviewing the structure, size and composition of the Board and plays a key role in succession planning for the Senior Management Team.

Membership at 30 September 2017

- Mike Evans (Chair)
- Alex Chesterman
- Duncan Tatton-Brown
- Grenville Turner
- Sherry Coutu
- Robin Klein

Meetings held in 2017

Three

Read more on page 64

Remuneration Committee

Key responsibilities

The Remuneration Committee recommends ZPG's policy on executive remuneration and determines the levels of remuneration for Executive Directors, the Chairman and Management.

Membership at 30 September 2017

- Sherry Coutu (Chair)
- Mike Evans
- Duncan Tatton-Brown
- Grenville Turner
- Vin Murria

Meetings held in 2017

Four

Read more on page 66

Executive Management Team

The Board

Mike Evans
Non-Executive Chairman

Appointment date

May 2014

Committee membership

A N R

Mike became Chairman of ZPG in 2014. He is a qualified actuary with over 30 years' experience in the financial services industry. He was formerly a Non-Executive Director of esure Group Plc and Chief Operating Officer at Skandia UK Limited.

He has been Chairman of Hargreaves Lansdown Plc since 2009, which he joined as a Non-Executive Director in 2006. He is also the Senior Independent Director of Chesnara Plc.

He holds a BSc in Mathematics from the University of Bristol.

Alex Chesterman OBE
Founder & Chief Executive Officer

Appointment date

April 2014

Committee membership

A N R

Alex founded ZPG in 2007 and remains with the Company as its CEO. Previously, Alex co-founded LOVEFiLM, Europe's leading online DVD rental service, which was successfully sold to Amazon. Alex is recognised as one of the UK's leading digital entrepreneurs and has been a winner of the Ernst & Young Entrepreneur of the Year Award as well as having been awarded an OBE for Services to Digital Entrepreneurship.

Alex holds an honours degree in Economics from London University.

Andy Botha
Chief Financial Officer

Appointment date

April 2016

Committee membership

A N R

Andy joined ZPG as CFO in 2016 in 2016. Previously, Andy was Chief Commercial and Financial Officer at e-commerce business notonthehighstreet.com and, prior to that, Andy spent five years at Betfair Plc, one of the UK's most successful internet businesses, where he held senior commercial and financial roles. Prior to Betfair, Andy was UK Finance Director at lastminute.com.

Andy is a qualified Chartered Accountant.

Duncan Tatton-Brown
Senior Independent Non-Executive Director

Appointment date

May 2014

Committee membership

A N R

Duncan became a Director of ZPG in 2014. Previously, Duncan was CFO of Fitness First Plc and prior to that was Group Finance Director of Kingfisher Plc. 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.

He is currently CFO of Ocado Group Plc, which he joined in 2012.

Duncan 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 CBE
Independent Non-Executive Director

Appointment date

May 2014

Committee membership

A N R

Sherry became a Director of ZPG in 2014. Previously she chaired Interactive Investor International Plc and served as a Director of LSEG Plc, Jarvis Plc and RM Plc, where she was SID. Sherry was awarded a CBE in 2013 for Services to Entrepreneurship.

She currently chairs The ScaleUp Institute and Founders4Schools and serves on the board of the London Stock Exchange Plc, Raspberry Pi and the Finance Committee of the University of Cambridge.

She holds an MBA from Harvard, an MSc from the London School of Economics and a BA from the University of British Columbia in Canada.

Ⓐ Member of the Audit Committee
Ⓝ Member of the Nomination Committee
Ⓡ Member of the Remuneration Committee
● Committee Chairman

Robin Klein
Independent
Non-Executive Director

Appointment date

May 2014

Committee membership

A N

Robin became a Director of ZPG in 2014. He was previously a venture partner at Index Ventures. Robin is a serial entrepreneur and angel investor in a number of the UK's leading high growth internet businesses. Companies he has backed at an early stage include ZPG, lastminute.com, Agent Provocateur, LOVEFiLM, Wonga, Secret Escapes, Fizzback, Tweetdeck, Graze, FreeAgent, Skimlinks and Moo.

He is a founding partner of LocalGlobe, a leading seed venture capital firm.

Vin Murria
Independent
Non-Executive Director

July 2015

A R

Vin became a Director of ZPG in 2015. She has 25 years' experience of working with private equity-backed and publicly listed companies, focusing on the software sector. Until March 2015 Vin was the Chief Executive Officer of Advanced Software Group Plc, an AIM-listed healthcare and business management software solutions company she founded in 2008.

Named Quoted Company Entrepreneur of the Year 2014 and Woman of the Year in the 2012 Cisco Everywoman Technology Awards, Vin is a successful entrepreneur with a strong background in technology-based international business.

Grenville Turner
Independent
Non-Executive Director

May 2014

N R

Grenville became a Director of ZPG in 2014. He was formerly the Chief Executive and Chairman of Countrywide Plc and Chief Executive of Intelligent Finance. He previously served as a Director of St James's Place Plc, Sainsbury's Bank Plc and Rightmove Plc.

He is a Non-Executive Director of DCLG, Chairman of Watkin Jones Plc, Chairman of Bellpenny Ltd and Chairman of Titlestone Ltd. Grenville is also Vice Chairman of the English National Ballet.

Grenville qualified as a Chartered Banker and holds an MBA from Cranfield Business School.

James Welsh
Non-Executive Director

January 2017

James became a Director of ZPG in 2017. After working at PwC, he moved to Dixons Retail, where he spent 15 years working across the UK and Europe in a number of commercial finance, M&A and change roles.

James joined DMG Media in February 2010 as CFO with functional responsibility across the division, taking on responsibility for operations in 2013.

James gained the ACA qualification with PwC.

Kevin Beatty
Non-Executive Director

July 2016

Kevin became a Director of ZPG in 2016.

He serves as CEO of DMG Media, the consumer media operation of Daily Mail & General Trust Plc, which publishes the Daily Mail, the Mail on Sunday, Metro, Mail Online, Mail Plus, Metro digital editions and Elite Daily. He is a board member of the NMA and represents the UK publishing industry as Second Vice President on the Board of WAN-IFRA. Kevin is also a Non-Executive Director of the PA Group and the Chairman of the RFC, the body that funds the Independent Press Standards Organisation.

The Company has applied all of the main principles of, and complied fully with the relevant provisions set out in, the Governance Code

Statement of compliance

The Board remains fully committed to promoting and maintaining the highest standards of corporate governance.

This Corporate Governance Report, which incorporates reports from the Audit and Nomination Committees on pages 58 to 65 together with the Strategic report on pages 01 to 47, the Directors' Remuneration Report on pages 66 to 91 and the Directors' Report on pages 92 to 94, explains how the Company complies with the UK Corporate Governance Code (Governance Code) and the Financial Conduct Authority's Listing Rules and Disclosure and Transparency Rules throughout the year.

For the year ended 30 September 2017, the Company was subject to the edition of the Governance Code published by the Financial Reporting Council in April 2016, which can be found at www.frc.org.uk.

In the Corporate Governance Report last year, it was explained that the Company had applied all of the main principles and complied with all of the relevant provisions of the Governance Code with the exception of Provision B.1.2, which recommends that at least half of 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 Directors' judgement.

At the time, the Board comprised a Non-Executive Chairman and nine other Directors, of whom four were considered to be wholly independent. Therefore, the Company did not fully comply with the requirements of the Governance Code at the time and we set out our intention to explore avenues to resolve this one remaining non-compliant element in the current financial year.

During the year, the Board carefully reassessed Grenville Turner's independence and it was agreed that since Grenville stepped down as the Chairman of Countrywide Plc, a customer and previously a major shareholder in the Company, in April 2016 and since Countrywide ceased to be a shareholder of the Company from September 2016 onwards, Grenville would be considered independent for the purposes of the Governance Code from the conclusion of the Board meeting in July 2017 onwards. A key part of the Board's determination is that there is no longer any commercial relationship or interaction between Grenville and Countrywide. In addition to this, there are no ongoing relationships between Grenville and the directors or senior employees of Countrywide. Grenville does not currently hold any shares in Countrywide, however he is due to receive a minimal amount of deferred Countrywide shares in 2018 as a result of his historic involvement with the company. The Board does not deem this to be a determinative factor in considering his independence. The Board also considered Grenville's contributions to the Board since stepping down as the Chairman of Countrywide to be of the highest quality and is comfortable that Grenville exercises independent judgement and oversight, and, that his decision-making and views are in no way influenced by his historic relationship with Countrywide, notwithstanding that he stepped down from its board less than three years ago.

Therefore, full compliance with the Governance Code has now been achieved and I can confirm that, from July 2017, the Company has applied all of the main principles of, and complied fully with the relevant provisions set out in, the Governance Code issued by the Financial Reporting Council in April 2016.

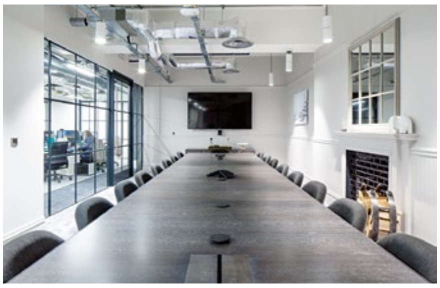
The Company's auditor, Deloitte LLP, is required to review whether the above statement reflects the Company's compliance with the Governance Code specified for its review by the Listing Rules and to report where the above does not reflect such compliance. Deloitte has made no such report.

The role of the Board

The Board is collectively responsible for the long-term success of the Company and provides leadership to the business. It sets the Company's strategic aims, values and standards, and is responsible for the conduct of ZPG's business and development whilst reviewing the performance of the Management Team. All Directors make decisions in accordance with their statutory duties, acting in a way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, and, in doing so, have regard (amongst other matters) to various other stakeholders and considerations. This is achieved through continuous discussions and evaluations of the impact of Board decisions, transactions and other matters within the Board's responsibility on these various stakeholder groups and considerations. The Board is also collectively responsible for ensuring that a thorough system of internal control and risk management (including financial, operational and compliance controls) is in place and for the approval of any changes to the capital, corporate and/or management structure of ZPG. The Board convened 10 times this year to discharge its duties, which included discussions of various matters relating to the business of the Company and in relation to the acquisitions of TechnicWeb, Hometrack, ExpertAgent, Ravensworth and Money.

There is a formal schedule of matters reserved for the Board's approval whilst it has delegated other specific responsibilities to its Committees. The following schedule sets out key aspects of the affairs of the Company which the Board does not delegate. These have not changed from previous years.

Where the Board does delegate its responsibilities, whether to its Committees or to Management, it maintains oversight at all times.



Strategy Day

In addition to this, the Board and the Executive Management Team participated in a Board Strategy Day which reviewed and challenged the plans of various businesses and divisions within ZPG.

Board composition

The Board consists of a Non-Executive Chairman, five Independent Non-Executive Directors, two Non-Executive Directors and two Executive Directors. Short biographies of each member of the Board appear on pages 50 and 51. The Board is satisfied that, between the Directors, it is of an appropriate size and has an effective and appropriate balance of independence, knowledge of the Company, diverse skills and experience, including (without limitation) in the areas of marketing, digital media, software, data, retailing, finance, international trading operations and e-commerce, in order to enable it to discharge its duties and responsibilities effectively.

Board Committees

The Board delegates a set of defined responsibilities and decision-making authority to the Nomination, Remuneration and Audit Committees so that it can devote its time efficiently and resourcefully to any relevant matters reserved for the Board.

The composition of each Committee is compliant with the Governance Code and each Committee operates with written terms of reference, all of which were updated this year and are available on the Company's website (www.zpg.co.uk) and isolated reports for each Committee are included in this Annual Report from pages 58 to 91.

All Committee chairpersons report back to the Board on the proceedings of their Committees, including requesting the approval of the Board, where required, on recommendations put forward by their Committees.

THE ROLE OF THE BOARD

- Responsibility for the overall management of ZPG.
- Approval of ZPG's business strategy and objectives, budgets and forecasts and any material changes to them.
- Monitoring the delivery of ZPG's business strategy and objectives and responsibility for any necessary corrective action.
- Oversight of operations, ensuring adequate systems of internal controls and risk management are in place, ensuring maintenance of accounting and other records and ensuring compliance with statutory and regulatory obligations.
- Approval of any extension of ZPG's activities or any decision to cease to operate any material part of ZPG's business.
- Approval of any changes relating to ZPG's capital structure and material changes to ZPG's Management and control structure.
- Approval of the financial statements, Annual Report and Accounts, material contracts and major projects.
- Approval of the dividend policy.
- Ensuring a sound system of internal control and risk management.
- Approval of any major capital projects.
- Approval of communications with shareholders and the market.
- Determining changes to the structure, size and composition of the Board.
- Determining remuneration policy for the Directors and the Leadership and Senior Management Teams and approval of the remuneration of the Non-Executive Directors.
- Approval of all major policies within ZPG, including the share dealing, anti-bribery and health and safety policies.

THE ROLE OF THE CHAIRMAN

- To run the Board effectively by ensuring meetings are held with appropriate frequency.
- To ensure the frequency and depth of evaluation of the performance of the Board and its Committees is in compliance with best practice.
- To chair the Nomination Committee, to lead the process for Board appointments and to identify and recommend candidates for the approval of the Board.
- To promote a culture of openness and debate, in particular by facilitating the effective contribution of Non-Executive Directors, and ensuring constructive relations between Executive and Non-Executive Directors.
- To ensure the Board receives accurate, clear and timely information to support sound decision making and enable individual Directors to fulfil their duties as Directors.
- To hold meetings with the Non-Executive Directors without Executive Directors or Senior Management present.
- To ensure effective communication by the Company with its shareholders, including discussing governance, remuneration and strategy with major shareholders.
- To ensure that shareholders' views are communicated to the Board as a whole so that all Directors develop an understanding of their views.

THE ROLE OF THE CHIEF EXECUTIVE OFFICER

- To manage ZPG on a day-to-day basis within the authority delegated by the Board.
- To ensure, with the Executive Team, that Board decisions are implemented effectively.
- To identify and execute strategic opportunities for ZPG.
- To develop and propose strategy for ZPG, annual plans and commercial objectives to the Board.
- To advise and make recommendations in respect of Board nominations and succession planning.
- To keep the Chairman informed of all important matters.
- To make recommendations on remuneration policies, Executive remuneration and terms of employment for senior employees.
- To ensure that Management puts procedures in place to ensure compliance with applicable legislation and regulation.
- To review regularly ZPG's operational performance and strategic direction.
- To maintain a dialogue with the Chairman and the Board on important and strategic issues facing ZPG.

The role of the Chairman and Chief Executive Officer

There is a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business.

The Board is chaired by Mike Evans, who was independent on his appointment in May 2014. Mike is responsible for the effective leadership of the Board, having regard to the interests of all stakeholders and promoting high standards of corporate governance. On the other hand, Alex Chesterman, the Chief Executive Officer, is responsible for implementing the Board's strategy, overseeing the day-to-day management of ZPG and leading the Executive Management Team.

The two roles are different and distinct from one another. The division of responsibilities between the Chairman and Chief Executive Officer is clearly established to ensure that no single position holds unfettered powers of decision making. These divisions have been established by the Board, are set out in writing and can be viewed on page 53.

The role of the Senior Independent Director

Provision A.4.1 of the Governance Code provides that the Board should appoint one of the Independent Non-Executive Directors to the role of a Senior Independent Director (SID) to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary.

Duncan Tatton-Brown has remained as the SID of the Board and is available to shareholders if they have concerns which the normal channels through the Chairman, CEO or other Executive Directors have failed to resolve or are inappropriate.

Non-Executive Directors

As part of their role as members of a unitary board, the Non-Executive Directors constructively challenge and help develop proposals on ZPG's strategy.

The Governance Code sets out the circumstances that should be relevant to the Board in determining whether each Non-Executive Director is independent.

The Board has concluded that Duncan Tatton-Brown, Sherry Coutu, Robin Klein and Vin Murria were independent Directors throughout the Period. Mike Evans was independent on appointment as Chairman and has remained independent throughout the Period. As already mentioned, Grenville Turner was determined to be independent by the Board in July 2017.

At the time of the Company's initial public offering (IPO), the Company entered into a relationship agreement (Relationship Agreement) with Daily Mail and General Trust Plc (DMGT), the ultimate parent of the Company's current principal shareholder, DMGZ Limited (DMGZ). The main 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 are at arm's length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained. Under the terms of the Relationship Agreement, DMGT can appoint two Directors to the Board providing it ultimately holds more than 25% of the votes exercisable at general meetings of the Company, and one Director, providing it holds more than 10% of those votes.

The Relationship Agreement will remain in force for so long as (a) the shares of the Company 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% or more of the votes which are generally exercisable at general meetings of the Company. The two Directors appointed by DMGT are Kevin Beatty and James Welsh (who was appointed on 1 January 2017 following Stephen Daintith's resignation from the Board). The Company confirms that the terms of the Relationship Agreement have been fully complied with during the year.

Length of appointments

There is a formal, rigorous and transparent procedure in place within ZPG for the appointment of new Directors to the Board. Further details are set out in the Nomination Committee Report on pages 64 to 65.

Non-Executive appointments to the Board are for a period of up to three years, extendable by no more than two additional three year periods. The Company extended the appointments of those Non-Executive Directors where their three year appointment terms were reached during the year. These were extended by an additional three year period.

Information, meetings and attendance

The Board met 10 times during the year to review the operational performance of the Company. At these meetings, the Board reviewed the Company's long and short-term strategic direction and financial plans and monitored the Company's performance against the agreed strategy and business plan. Due to the various acquisitions carried out in the year, the Board met more often than the anticipated number of times, and delegated some responsibilities to a Transaction Committee, which met twice during the year, to make certain decisions relating to the transactions.

The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information. Prior to each scheduled Board meeting, a pack of documents is circulated in respect of the corresponding financial period, which includes updates on corporate governance, investor relations, key performance targets, trading performance against the agreed budget and detailed financial data and analysis.

Board packs are distributed five working days prior to each meeting to provide sufficient time for the Directors to review their papers in advance. If Directors are unable to attend a Board meeting for any reason, they nonetheless receive the relevant papers and are consulted prior to the meeting and their views are made known to the other Directors.

All Directors have access to the advice and services of the Company Secretary, who advises the Board, through the Chairman, on all governance matters and who has responsibility for ensuring compliance with the Board's procedures. The Company Secretary's responsibilities also include ensuring good information flows within the Board and its various committees and between the Senior Management Team and the Non-Executive Directors, as well as facilitating the induction process for new Directors and assisting with the Directors' professional development.

Each of the Directors has the right to have his/her opposition to, or concerns over, any Board decision noted in the minutes.

Directors may take independent professional advice at the Company's expense in the performance of their duties.

Board and Board Committee meetings attendance

	Date of appointment	Board	Audit Committee	Remuneration Committee	Nomination Committee	Transaction Committee
Total meetings		**10**	**3**	**4**	**3**	**2**
Alex Chesterman	23 April 2014	10/10	–	–	3/3	2/2
Andy Botha	18 April 2016	10/10	–	–	–	2/2
Mike Evans (Chair)	1 May 2014	10/10	–	4/4	3/3	2/2
Duncan Tatton-Brown	1 May 2014	10/10	3/3	4/4	3/3	–
Sherry Coutu	1 May 2014	10/10	3/3	4/4	3/3	–
Robin Klein	1 May 2014	10/10	3/3	–	2/3	–
Grenville Turner	21 May 2014	8/10	–	–	–	–
James Welsh	1 January 2017	8/9	2/2[1]	3/3[1]	–	–
Kevin Beatty	1 July 2016	8/10	–	–	1/3[1]	–
Stephen Daintith	21 May 2014	1/1	1/1[1]	1/1[1]	–	–
Vin Murria	1 July 2015	10/10	2/3	4/4	–	–

1 Observer.

Conflicts of interests

The duties to avoid potential conflicts and to disclose such situations for authorisation by the Board are the personal responsibility of each Director. All Directors are required to ensure that they keep these duties under review and to inform the Company Secretary on an ongoing basis of any change in their respective positions.

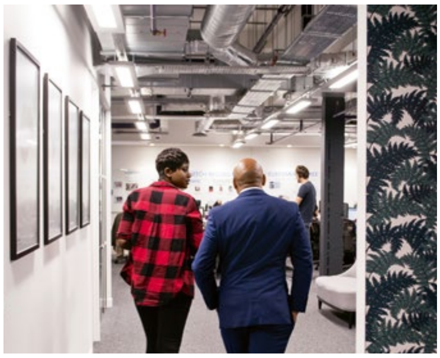
The Company's conflict of interest procedures are reflected in its Articles of Association (Articles). In line with the Companies Act 2006, the Articles allow the Directors to authorise conflicts and potential conflicts of interest, where appropriate. The decision to authorise a conflict can only be made by non-conflicted Directors. The Board considers conflicts or potential conflicts at each Board meeting.

The Articles require the Company to indemnify its officers, including officers of wholly owned subsidiaries, against liabilities arising from the conduct of ZPG's business, to the extent permitted by law. ZPG has therefore purchased Directors' and Officers' liability insurance during the year.

Development

The Non-Executive Directors have all met key members of Senior Management and advisers to the Company, many of whom have given presentations to the Board and Committee members during various Board and Committee meetings this past year, in order to enable the Directors to familiarise themselves with the business. There was a scheduled timetable of presentations throughout the year.

During the year, the Chairman reviewed and agreed with each Non-Executive Director his/her individual training and development needs.



Our new induction process

Under the guidance of the Chairman, the Company Secretary established a formal induction training process for new Directors who will receive an induction briefing from the Company Secretary on their duties and responsibilities as Directors of a listed Company.

Board evaluation

In accordance with the provisions of the Governance Code, the Board carried out a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors this year. The Board review involved three distinct processes.

Step 1: The Board commissioned an externally facilitated review carried out by the Center for Board Excellence (CBE) which involved the completion of a bespoke questionnaire, the results of which were analysed by CBE, which produced a formal written report to the Board, including a comparison of results with various peer groups.

The questionnaire covered various areas including:

- leadership of the Board;
- ethics and accountability;
- risk, financial monitoring and crisis control;
- Board composition and culture, including balance of skill;
- strategy;
- effectiveness;
- performance measures and remuneration; and
- the Board's relations with shareholders.

Step 2: At the end of a number of the Board meetings, the Chairman and Non-Executive Directors met without the Executive Directors present to discuss the Executive Directors' performance during the meeting and the quality of the papers and to raise any concerns about the running of the business to ensure the ongoing effectiveness of the Board and its processes.

Step 3: The Chairman met with each individual Non-Executive Director to evaluate his/her performance on a face-to-face basis to discuss his/her performance, identify any training needs and also to discuss the overall performance of the Board. Following these performance evaluations, it was concluded that all Directors possessed appropriate skill, experience, knowledge and expertise to be effective, and that they had all demonstrated commitment to the role. It was also concluded that all Directors had allocated sufficient time to the Company to discharge their responsibilities and duties effectively.

The consensus view from these three processes was that the Board and its Committees are operating effectively. Three specific development areas were identified: the need for continued focus and reporting, including detailed information relating to the cross-sell opportunities resulting from the acquisitions; ensuring that Management succession planning reflects the increased breadth of the Company; and ensuring that strategy sessions are more broadly focused.

The SID, Duncan Tatton-Brown, together with the Independent Non-Executive Directors, evaluated the performance of the Chairman based upon input from other Board members.

STEP 1
BESPOKE QUESTIONNAIRES COMPLETED AND FORMAL WRITTEN REPORT WITH COMPARISON OF RESULTS

STEP 2
MEETINGS TO ENSURE THE ONGOING EFFECTIVENESS OF THE BOARD AND ITS PROCESSES

STEP 3
ONE-TO-ONE INTERVIEWS WITH THE CHAIRMAN OF THE BOARD

Re-election of Directors

All directors of FTSE 350 companies should be subject to annual election by shareholders.

The Company's next AGM will be held on 30 January 2018. In accordance with the Governance Code, all Directors will be offering themselves up for election at the AGM to be held at the Company's head office, full details of which are set out in the notice of meeting accompanying this Annual Report.

As noted above, following the formal internal evaluation process of the effectiveness of the Board, the Board is satisfied that each Director remains committed to his/her role and is competent to discharge his/her responsibilities as a member of the Board.

External appointments

During the year, Mike Evans announced his intention to step down from his position as the Chairman of Hargreaves Lansdown Plc. This will become effective once his successor is appointed following regulatory approval.

The Executive Directors may accept outside appointments provided that such appointments do not in any way prejudice their ability to perform their duties as Executive Directors of the Company.

Alex Chesterman is currently a Director of Devalink Limited, Hoopla Limited and Barcote Park Management Limited. None of these companies are part of the FTSE 100. Andy Botha is currently a Director of Geek Vintique Limited and Orange Grove Limited. None of these companies are part of the FTSE 100. These appointments are not deemed to adversely impact the Directors' ability to carry out their roles.

The Non-Executive Directors' appointment letters anticipate a time commitment of 10 days per year, recognising that there is always the possibility of an additional time commitment and ad hoc matters arising from time to time, particularly when the Company is undergoing a period of increased activity. The average time commitment inevitably increases where a Non-Executive Director assumes additional responsibilities such as being appointed to a Board Committee.

Relations with shareholders

The Chairman is responsible for ensuring that the views of the Company's shareholders are communicated to the Board and he is assisted in this task by the Head of Investor Relations and the Company Secretary.

Shareholders are able to communicate directly with the Company through the Company's Head of Investor Relations and the Company Secretary, who report regularly back to the Board. Furthermore, as part of its investor relations programme, the Executive Directors have maintained an active dialogue with key stakeholders, including institutional investors, to discuss issues relating to the performance of ZPG including strategy and new developments. The CEO and CFO undertook investor roadshows around the UK and the US in December 2016 and June 2017. In addition to this, the Company hosted a number of product demonstrations and teach-ins at the Company's head office throughout the year for investors to attend. This enabled them to review and understand the suite of new products that have been integrated into ZPG's business following the various acquisitions. In this way, the Board was able to develop an understanding of the views of major shareholders about the Company. The Non-Executive Directors are always available to discuss any matter stakeholders might wish to raise.

After the end of the financial year, the Company consulted with its largest shareholders on proposals to change its Remuneration Policy, including an extension of the Value Creation Plan (VCP) for a further two years with a view to retaining the service of Alex Chesterman for a further period. This consultation was led by Sherry Coutu, as Chair of the Remuneration Committee, supported by the Company's external advisers. More details on the extension of the VCP can be found in the Directors' Remuneration Report.

Investor relations activity and a review of the share register form an active part of the Board's agenda. The Chairman and Non-Executive Directors have attended, and are available to attend, investor relations meetings and have the ability to request meetings with investors or analysts independent of the Company's Management, if required.

Product demonstration

The Company hosted a number of product demonstrations and teach-ins at the Company's head office throughout the year for investors to attend.

Constructive use of the AGM

The Board uses the AGM to communicate with its shareholders and to encourage their participation. Therefore, separate resolutions on each substantially separate issue will be proposed and resolutions at the AGM will be conducted on a poll, enabling the views of the widest number of shareholders to be taken into consideration. For each resolution, proxy appointment forms will be provided to shareholders with the option to direct their proxy to vote on the resolutions or to withhold their vote.

The Board encourages shareholders to attend and vote at the AGM and the Company will be providing a facility for electronic proxy voting. The proxy forms which accompany this Annual Report contain further details on voting at the AGM.

Investor activity during the year

November 2016	Full-year results
December 2016	Investor roadshows
February 2017	AGM
May 2017	Half-year results
June 2017	Investor roadshows
October 2017	VCP consultations
November 2017	Full-year results
December 2017	Investor roadshows
Throughout the year	Product demonstrations and teach-ins
Throughout the year	Investor meetings

Chair of Audit Committee

Introduction

"This report describes the key tasks undertaken by the Audit Committee, its major areas of activity and how it discharged its responsibilities during the 2017 financial year, with reference to the various requirements of the Governance Code."

Dear Shareholder

I am pleased to present the Audit Committee report for the year.

Stephen Daintith stepped down from the Board on 1 January 2017 and was replaced by James Welsh, who now acts as an observer on the Audit Committee as of the same date. There were no other changes to the composition of the Audit Committee from last year and the Audit Committee still consists of at least three 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 Directors' judgement.

Each member is considered to possess up-to-date and appropriate financial or accounting experience and continues to be independent for the purposes of the Governance Code. I am satisfied that the Audit Committee, as a whole, has sufficient competence relevant to the sectors in which ZPG operates. Biographies of the members of the Audit Committee are set out on pages 50 to 51.

The Audit Committee plays an important role in ensuring the effectiveness of the Company's internal controls and risk management process. Under its terms of reference, which were updated this year, the Audit Committee is to assist the Board in fulfilling its financial oversight and audit responsibilities by:

- monitoring the integrity of the Company's financial statements;
- reviewing significant financial returns to regulators and any significant financial information contained in other documents;
- considering annually whether there should be an internal audit function and making a recommendation to the Board;
- considering and making recommendations to the Board on the appointment, re-appointment, resignation or removal of the Company's external auditor, to be put to shareholders for approval;
- overseeing the selection process for and relationship with external auditor; and
- reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.

We carried out an evaluation of the performance of the Audit Committee this year which concluded that it was effective, it maintained its independence and created constructive challenges, and it adequately covered financial reporting and judgements, risk management, compliance requirements and cyber security.

This report describes the key tasks undertaken by the Audit Committee, its major areas of activity and how it discharged its responsibilities during the 2017 financial year, with reference to the various requirements of the Governance Code. It will explain how the Audit Committee assessed external audit effectiveness and safeguards in relation to the provision of non-audit services by the Company's auditor and the recommendations it provided to the Board, and it will refer to the significant issues that the Audit Committee considered in relation to the financial statements and how these issues were addressed.

I look forward to meeting with you at the Annual General Meeting in January 2018 to answer any further questions you may have about the work of the Audit Committee.

Duncan Tatton-Brown
Chair, Audit Committee

Composition of the Audit Committee

There was one change to the composition of the Audit Committee during the year. Stephen Daintith, who was a Director appointed by DMGT and who was an observer on the Audit Committee, stepped down from the Board on 1 January 2017. James Welsh replaced Stephen as the DMGT observer on the Audit Committee as of the same date. The Company considers that the attendance of an observer at the Audit Committee meetings will not prejudice the independence or proper functioning of the Audit Committee.

The Audit Committee comprises four Independent Non-Executive Directors. It is chaired by Duncan Tatton-Brown, the Senior Independent Non-Executive Director, and its other members are Sherry Coutu, Vin Murria and Robin Klein.

The Audit Committee remained in full compliance with Provision C.3.1 of the Governance Code throughout the year, which recommends that an audit committee should comprise at least three Independent Non-Executive Directors. In addition to this, the provision requires at least one member of the Audit Committee to have recent and relevant financial experience. The Board considers that, by virtue of his current and former Executive and Non-Executive roles, Duncan Tatton-Brown possesses recent and relevant financial experience to comply with the requirements of the Governance Code. Due to the various experience and backgrounds of each of the Directors within the Audit Committee, including within the digital media, property and software sectors, the Board also considers that the Audit Committee as a whole possesses the competence relevant to the sector in which ZPG operates. Biographical details of the Directors on the Audit Committee, setting out their backgrounds and experiences, are laid out on pages 50 to 51.

The attendance of each member at the Audit Committee meetings is shown on page 55. The Chairman of the Company, the Chief Executive Officer and the Chief Financial Officer attend meetings of the Audit Committee by invitation, as do Deloitte LLP, the Company's external auditor, and other members of Management or the Board as appropriate.

Roles and responsibilities

The principal function of the Audit Committee is to assist the Board in discharging its responsibilities with regard to financial reporting and to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing any significant financial reporting judgements contained in them, including reviewing and discussing the reports from the external auditor.

It also reviews the Company's internal financial controls and internal control and risk management systems and assists the Board in discharging its responsibilities with regard to internal audit (including considering annually whether there should be an internal audit function).

The Audit Committee reviews and approves the annual audit plan and ensures that it is consistent with the scope of the audit engagement, reviewing and monitoring the extent of the non-audit work undertaken by the external auditor, advising on the appointment of the external auditor, overseeing the Company's relationship with its external auditor and reviewing the effectiveness of the external audit process. It also reviews and monitors the external auditor's independence and objectivity.

The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board; however, the Audit Committee gives due consideration to laws and regulations, the provisions of the Governance Code and the requirements of the Listing Rules.

The Audit Committee reviews the content of the Annual Report and Accounts and advises the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Full reports and updates are provided to the Board throughout the year on how the Audit Committee has discharged its responsibilities.

The Audit Committee operates within agreed terms of reference and these were updated this year to reflect the latest requirements of the Governance Code, the Financial Reporting Council's (FRC) Audit Committee Guidance, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules and the EU Audit Directive and Regulation. The full revised terms of reference for the Audit Committee have been published on the Company's website (www.zpg.co.uk).

Under its terms of reference, the Audit Committee is required to meet at least three times in each year at appropriate times in the financial reporting and audit cycle. The Audit Committee followed the terms and met three times during the year. The attendance of each meeting is disclosed on page 55.

Activities of the Audit Committee

In May 2017, the Audit Committee was introduced to the Company's new Risk and Internal Audit Manager, who had been hired to lead the ongoing work within the Company to ensure that controls are appropriately designed, fit for purpose and operating effectively across ZPG. Whilst the Company would continue to use third parties, where appropriate, to address high risk, specialist or focus areas, as appropriate, the Audit Committee believed that this hybrid approach was appropriate to address the existing levels of risk facing the businesses within ZPG and that the recruitment of a dedicated internal audit resource demonstrated Management's intention to increase its focus and activities in this area. Following this introduction, the Risk and Internal Audit Manager was invited to attend all Audit Committee meetings throughout the year and to provide updates to the Audit Committee.

At each Audit Committee meeting throughout the year, the Audit Committee considered updates to its risk management procedures to comply with the Governance Code. It also received updates from the Risk and Internal Audit Manager on ZPG's internal controls and internal audit procedures. Further specific details of the Audit Committee's agenda items are below.

- On 24 November 2016, the Audit Committee met to discuss the full-year results for 2016; a risk management and internal audit update; a review by Deloitte, the Company's auditor which also attended the meeting; a regulatory update and a cyber update from the Company's Chief Technology Officer; and ZPG's viability statement.
- On 22 May 2017, the Audit Committee reviewed the Company's half-year results, a risk management and internal controls update, a cyber security review by the Company's Chief Technology Officer, a regulatory update and the updated terms of reference.
- On 6 July 2017, the Audit Committee met to consider the auditor's FY17 Audit Plan, a risk management and internal audit update and the Audit Committee's evaluation results, which concluded that the Audit Committee was operating effectively and adequately covered financial reporting and judgements, risk management, compliance requirements and cyber security. At the end of this meeting, the Audit Committee also discussed the effectiveness of Deloitte as ZPG's auditor.

Activities of the Audit Committee continued

- On 22 November 2017, the Audit Committee reviewed and approved for consideration by the Board the financial results for the financial year ended 30 September 2017. As part of that review process, the members of the Audit Committee reviewed the Annual Report, the adequacy of the disclosure with respect to reporting on a going concern basis and the viability statement, and whether the Annual Report taken as a whole was fair, balanced and understandable as set out below. The Audit Committee considered the appropriateness of preparing the accounts on a going concern basis and the viability of the Company, including consideration of forecast plans and supporting assumptions, and concluded that the Company's financial position was such that it continued to be appropriate for accounts to be prepared on a going concern basis. The Company's viability statement can be found on page 35.

Fair, balanced and understandable

The Audit Committee reviewed a draft of the Annual Report 2017 and Management's accompanying paper which considered the fair balanced and understandable nature of the report. In particular, the Committee considered internal consistency throughout the report, appropriate prominence of statutory and non-statutory measures, the accounting judgements and estimates and transparency of both good and bad events. The Audit Committee also received advice from external advisers during the drafting process in order to assist the Board in determining that the report is fair, balanced and understandable at the time that it was approved, and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

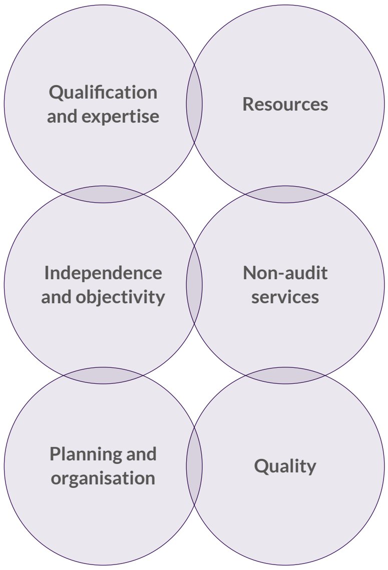
Significant issues considered in relation to the financial statements

The Audit Committee, together with the Executive Directors and ZPG's external auditor, considered the following significant matters in relation to the financial statements and how these were addressed.

Revenue recognition

ZPG's revenue recognition is limited in complexity; however, the addition of four new businesses during the Period increases the level of judgement.

External auditor effectiveness review



The Audit Committee considered whether the external auditor had appropriate resources and expertise to conduct the audit.

The Audit Committee received comments from the CFO and Management on the objectivity of the external auditor.

Non-audit services provided by Deloitte were reviewed and, as described below, are not considered to have affected the auditor's independence.

The Audit Committee considered the effectiveness and organisation of the planning process for the audit and post-audit evaluation.

The Audit Committee also reviewed the quality of reporting from the external auditor and its recommendations.

For the Property division, the majority of revenue is derived from recurring subscriptions which are predictable in nature and invoiced monthly. The principal area of focus within this division relates to software revenues deriving from contracts with multiple obligations. Judgement is required in determining the fair value of multiple contractual obligations, principally the allocation of revenue to be recognised on installation and set-up, and that which relates to ongoing services. Management performed an exercise during the Period to demonstrate that any potential misallocation of fair value between installation and ongoing services could not be material. The external auditor has reviewed the results of this exercise.

Revenue for the Comparison division is recognised at the point at which a transaction or interaction on the Company's website is completed and a lead is generated. An element of judgement is required in calculating a revenue accrual, which estimates the number of likely successful switches that will occur from the leads generated. Management performs a month-on-month analysis which demonstrates that the accuracy of accruals continues to improve over time. An analysis of post-year end receipts further supports the immaterial nature of any over or under accrual at the reporting date.

The Audit Committee is therefore comfortable that the recognition of revenue during the Period is appropriate.

The acquisitions of Hometrack and ExpertAgent

During the year ZPG completed its acquisitions of Hometrack, ExpertAgent, Ravensworth and TechnicWeb. The process of determining the fair value of assets and liabilities acquired is inherently judgemental and there is a risk that inappropriate methodologies or assumptions could lead to a misstatement in the valuation of acquired assets and liabilities. The size of the Hometrack and ExpertAgent acquisitions means that the judgements involved are material to the Company's consolidated results. The Hometrack acquisition also includes contingent consideration in the form of an earn-out. The value of the expected payment is highly uncertain and therefore there is a significant amount of judgement in the valuation of this potential liability at the acquisition date and its ongoing fair value.

The Audit Committee has reviewed the disclosure in the financial statements in relation to the acquisitions and has discussed the accounting for the transaction and the valuation of intangibles and other assets with both Management and the Company's external auditor. The Audit Committee notes that a third party valuation specialist was engaged to assist with the purchase price allocation exercise. Certain inputs into the model, including forecast cash flows, are prepared by Management.

The Audit Committee is satisfied that the judgements and estimates made by Management are appropriate and that these assumptions have been subject to sufficient review by the Company's external auditor.

Impairment of goodwill and intangibles

The Group holds a significant amount of goodwill and intangible assets on the Statement of Financial Position as a result of acquisitions. These assets are subject to an annual impairment review, which requires an estimation of the recoverable value. As many of the assets have been acquired through recent acquisitions there is an increased risk if the acquired entities do not meet the projected forecasts identified at acquisition. The impairment analysis is performed using the Company's three year plan for the expected future cash flows and the Audit Committee notes that this plan has been scrutinised by the Executive Team and approved by the Board. Other assumptions in the analysis, including the long-term growth rate and discount rate assumptions are in line with the expectations of the external auditor.

The Audit Committee notes that although the available headroom is lower for the recent acquisitions as a result of the proximity of the impairment analysis to the initial recognition of the assets at fair value, available headroom exists for each cash-generating unit and the Audit Committee is comfortable that these assets are not impaired. The Committee further notes that a reasonable decrease in the forecasted cash flows for the Property Software Group could eliminate current headroom and that this sensitivity has been adequately disclosed in the financial statements.

Revenue recognition, judgements around acquisitions and the impairment of goodwill and intangibles were each discussed with the Audit Committee at both the May and November 2017 Audit Committee meetings in the presence of the external auditor.

Assessment of effectiveness of the external audit process

ZPG's current auditor is Deloitte LLP. Deloitte LLP was appointed as the Company's auditor in 2012. The Audit Committee notes that FTSE 250 companies should put the audit out to tender at least every 10 years. To avoid significant disruption, the FRC has provided details of transitional arrangements which would mean that as Deloitte became the auditor after 2000, the Company would not need to undertake a tender review until 2020.

The Audit Committee oversees the relationship with ZPG's external auditor, Deloitte LLP. Deloitte attends meetings of the Audit Committee by invitation and remains in constant communication with members of the Audit Committee, as well as the Executive Directors and other members of the Board, as appropriate.

The Audit Committee also makes recommendations to the Board, for it to put to the shareholders for their approval at the AGM, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor. As part of this responsibility, the Audit Committee approved the audit plan for the year ended 30 September 2017 and reviewed the auditor's findings and Management representation letters. Prior to recommending the appointment of Deloitte at the forthcoming AGM to the Board, the Audit Committee reviewed the external audit process, the performance of the auditor and its ongoing independence, objectivity and effectiveness, taking into account input from Management, responses to questions from the Audit Committee and the audit findings reported to the Audit Committee.

Based on this review, the Audit Committee concluded that the external audit process had been run efficiently and that Deloitte LLP has remained effective in its role as external auditor.

Approach to appointing the external auditor and how objectivity and independence are safeguarded

The Audit Committee has adopted a policy covering the independence of the external auditor consistent with the ethical standards published by the Audit Practices Board and the engagement of the external auditor for the provision of non-audit services. This policy is available on the Company's website (www.zpg.co.uk). This policy highlights the Audit Committee's preference to engage with parties other than the external auditor, with regards to non-audit services, unless there is a considerable benefit to doing so and any activity is within the restrictions of all relevant legislation and ethical standards.

In accordance with proper standards, external auditors are required to adhere to a rotation policy whereby the audit engagement partner is rotated after five years. The previous audit engagement partner was appointed in 2012 but, due to his previous role as the audit engagement partner for certain of the Company's significant operations, could serve as the audit engagement partner for only two years after the Company became listed. Therefore, in accordance with independence requirements, a new audit engagement partner was appointed in the previous financial year. The Chair of the Audit Committee met with the new engagement partner on a regular basis throughout the year and the new engagement partner attended every Audit Committee meeting, along with her team, in the year.

The Audit Committee has authority to take independent advice as it deems appropriate in order to resolve issues on auditor independence. No such advice has been required to date.

The external auditor is also required periodically to assess whether, in its professional opinion, it is independent and those views are shared with the Audit Committee. It was concluded that the external auditor assessed itself to be independent.

Independence assessment by the Audit Committee

Based on the fact that the auditor and audit engagement partner rotation policy has been complied with, the Audit Committee is satisfied that the independence of the external auditor is not impaired. Furthermore, the level of fees paid for non-audit services does not jeopardise its independence. Audit and non-audit fees are set out in Note 5 to the financial statements.

The Audit Committee noted that the auditor has not provided any non-audit services, other than the interim review, during the Period.

The Audit Committee has assessed the performance and independence of the external auditor and recommended to the Board the re-appointment of Deloitte LLP as auditor until the conclusion of the AGM in 2018.

Internal audit

Provision C.3.6 of the Governance Code states that where there is no internal audit function within a company, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board, with the reasons for the absence of such a function to be explained.

Last year, the Audit Committee recommended to the Board that it was not necessary to appoint a permanent internal audit function but, rather, there should be a focus on specific areas supplemented with ad hoc reviews.

However, as the Company has grown, Management, the Audit Committee and the Board recognise the value that a permanent internal audit function can provide in strengthening ZPG's internal control framework.

As such, the decision was taken to recruit a Risk and Internal Audit Manager to continue to develop ZPG's risk management framework and establish an in-house internal audit function. This role currently reports into Management and the Audit Committee considers this arrangement to be proportionate to the current level of risk and risk appetite of ZPG.

An Internal Audit Charter (Charter) has been developed which reflects these arrangements and outlines the purpose and the respective responsibilities of the internal audit function and the Audit Committee. The Charter was approved by the Audit Committee at its July 2017 meeting.

Management and the Audit Committee will assess the effectiveness of this arrangement and the internal audit function on an annual basis and the Audit Committee will continue to consider the need for an internal audit function independent from Management going forward.

During the year, ZPG has continued to perform internal audit reviews as well as work with third parties to bring in independent specialist expertise. Audits conducted during the year include areas such as the control environment surrounding the Company's new finance system, part of the customer billing process and cyber security.

An internal audit plan for the 2018 financial year has now been created which was approved by the Audit Committee in November 2017.

It is expected that ZPG will continue to work with third parties, where appropriate, in order to obtain sufficient assurance on the effectiveness of the Company's internal controls.

Internal control and risk management

The Board is responsible for the overall system of internal controls for ZPG and for reviewing its effectiveness. In accordance with the FRC Internal Control: Guidance to Directors publication, it carries out a review of its suitability and effectiveness at least annually, covering all material controls including financial, operational and compliance controls and risk management systems.

ZPG's internal control framework is aligned to the "three lines of defence" model as set out on page 31.

The system of internal controls is designed to manage and diminish rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year, ZPG carried out risk management workshops with key members of Management and the Executive Management Team. This involved rigorous identification, assessment and scrutiny of what are considered to be operational and strategic risks to the Company. The relevant key individuals contributed to the discussions involving these risks and the extensive feedback collected from the workshops was provided to the Audit Committee for consideration and review.

Further details of ZPG's risk management framework and the principal risks and uncertainties facing the business can be found on pages 31 to 35.

ZPG has operating policies and controls in place covering a range of issues including financial control and reporting, business continuity, information technology and security and appropriate employee policies. The Board is ultimately responsible for the Company's system of internal controls and risk management and discharges its duties in this area by:

- holding regular Board meetings to consider the matters reserved for its consideration;
- receiving regular Management reports which provide an assessment of key risks and controls;
- scheduling annual Board reviews of strategy including reviews of the material risks and uncertainties facing the business;
- ensuring there is a clear organisational structure with defined responsibilities and levels of authority;
- ensuring there are documented policies and procedures in place; and
- scheduling regular Board reviews of financial budgets, forecasts and covenants with performance reported to the Board monthly.

In reviewing the effectiveness of the system of internal controls, the Audit Committee carries out the following duties:

- reviews ZPG's Company Strategic Risk Register (CSRR) compiled and maintained by Management within the various businesses of ZPG and questions and challenges where necessary;
- regularly reviews the system of financial and accounting controls; and
- reports to the Board on the risk and control culture within the Company.

In respect of ZPG's financial reporting processes, the finance department is responsible for preparing its financial statements using a well-established consolidation process and ensuring that accounting policies are in accordance with International Financial Reporting Standards. All consolidated financial information published by the Company is subject to recommendation by the Audit Committee to the Board for approval and external audit.

During the year, ZPG changed its finance system to accommodate the business growth with its functionality providing a significantly improved control environment in respect of key areas such as user access, monitoring and reporting. In addition, it has successfully migrated the customer billing process for portal services from the legacy built customer relationship management (CRM) system, to the new finance system. These projects were subject to internal audit review and any recommendations raised were tracked and followed up by ZPG's internal audit function.

The integration of acquisitions into ZPG's internal control environment continues to be an area of focus and is an area which features prominently within its internal audit plan for 2018.

The Board, with advice from the Audit Committee, is satisfied that an effective system of internal controls and risk management is in place which enables the Company to identify, evaluate and manage key risks and which accord with the guidance provided by the FRC Internal Control: Guidance to Directors.

Whistleblowing

ZPG has in place a whistleblowing policy, the "Speak-Up Policy", which encourages employees to report any malpractice or illegal acts or omissions or matters of similar concern by other employees or former employees, contractors, suppliers or advisers using a prescribed reporting procedure. The policy facilitates the reporting of any ethical wrongdoing or malpractice or suspicion which may constitute ethical wrongdoing or malpractice.

Examples include bribery, corruption, fraud, dishonesty and illegal practices which may endanger employees or third parties. There have been no instances of whistleblowing during the year under review.

This is facilitated through an independent and external organisation, SeeHearSpeakUp, which maintains a confidential hotline for all individuals within ZPG to report any malpractice or illegal acts or omissions or matters of similar concern. An email address is also provided and a reporting process on SeeHearSpeakUp's website is available, both as alternative options to make such anonymous reports.

Control environment

The Board is committed to business integrity, high ethical and moral values and professionalism in all its activities. ZPG has policies in place for:

- anti-bribery and corruption;
- working with third parties;
- gifts and entertainment; and
- share dealing.

The Company is currently reviewing its payment practices and a report will be published next year in line with its obligations under the Reporting on Payment Practices and Performance Regulations 2017. The Company is also reviewing its practices and processes in order to ensure that reasonable prevention procedures are in place to prevent the facilitation of tax evasion in line with the new Criminal Finances Act 2017.

ZPG's Modern Slavery Statement, which sets out details of ZPG's policies in relation to slavery and human trafficking as well as its due diligence processes with its partners, has been published on the Company's website (www.zpg.co.uk).

ZPG has published its Tax Strategy Statement on the Company's website (www.zpg.co.uk) in compliance with its duty under the Finance Act 2016, which sets out details of the Company's attitude to tax planning and tax risk.

Accountability

The Board is required to present a fair, balanced and understandable assessment of the Company's financial position and prospects. The responsibilities of the Directors and external auditor are set out on pages 95 and 103. As set out in the Directors' report, the Directors consider the Company's business to be a going concern. The Company's viability statement can be found on page 35.

Duncan Tatton-Brown
Chair, Audit Committee

Chair of Nomination Committee

Introduction

"This year, the Nomination Committee placed particular focus on succession planning within the Company and on compliance with the Governance Code in terms of Board composition."

Dear Shareholder

The Nomination Committee evaluates the balance of skills, experience, independence and knowledge on the Board. It leads the process for Board appointments and makes recommendations to the Board to meet the demands of the business.

This year, the Nomination Committee placed particular focus on succession planning within the Company and on compliance with the Governance Code in terms of Board composition. It has also worked hard to discharge its responsibilities by keeping under review the balance of skills, knowledge and experience on the Board to ensure the orderly evolution of the membership of the Board and to make recommendations to the Board on composition and balance.

In this report, I explain how the Nomination Committee has discharged its responsibilities in greater detail.

The Nomination Committee operates within agreed terms of reference and these were updated this year to reflect the latest requirements of the Governance Code. The revised terms of reference for the Nomination Committee have been published on the Company's website (www.zpg.co.uk).

Under its terms of reference, the Nomination Committee is required to meet at least twice in each year at appropriate times in the reporting and auditing cycle. The Nomination Committee followed the terms and met three times during the year.

As part of the externally facilitated annual Board evaluation this year, the performance of the Nomination Committee was reviewed. I am pleased to report that there were no areas of concern and the results of the evaluation showed that the Committee was operating effectively.

Mike Evans
Chair, Nomination Committee

Composition

Mike Evans, the Chairman of the Board, is the Chair of the Nomination Committee. The other members are Alex Chesterman, Sherry Coutu, Robin Klein, Duncan Tatton-Brown and, from September onwards, Grenville Turner. Kevin Beatty, who is appointed to the Board of the Company as one of the two DMGT-nominated Directors, is an observer on the Nomination Committee.

Provision B.2.1 of the Governance Code recommends that a majority of the Nomination Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. As such, the Board considers that the Company complies with the Governance Code in this respect. The Company considers that the attendance of an observer at Committee meetings will not prejudice the independence or proper functioning of the Nomination Committee.

Roles and responsibilities

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board. It leads the process for Board appointments and makes recommendations to the Board.

The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and Committees of the Board, retirements and appointments of additional and replacement Directors and Committee members and makes appropriate recommendations to the Board on such matters. It is also responsible for appropriate succession planning for both the Board and Management. The Nomination Committee has evaluated each Director and has recommended to the Board that there is an appropriate balance of skills, knowledge and experience within the Board and that the size, structure and composition of the Board and its Committees are appropriate.

In accordance with provision B.2.3 of the Governance Code, all Non-Executive Directors are appointed for three year terms subject to re-election and to statutory provisions relating to the removal of a Director. Having taken into account the value of ensuring that the membership of the Board and its various committees is refreshed and that undue reliance is not placed on particular individuals when making the decision to extend appointment periods and to maintain or rotate the membership of the Committees, the Company extended the appointments of Mike Evans, Duncan Tatton-Brown, Grenville Turner, Sherry Coutu and Robin Klein as their initial three year appointment terms were reached during the year. All appointments were extended by an additional three year period.

Details of each Director's service agreement are set out in the Directors' remuneration report on page 80.

The Nomination Committee's terms of reference were updated this year to reflect the latest requirements of the Governance Code. The full terms of reference of the Nomination Committee are available on the Company's website (www.zpg.co.uk).

Activities of the Nomination Committee

Last year, it was explained that the Company had applied all of the main principles and complied with all of the relevant provisions of the Governance Code with the exception of Provision B.1.2, which recommends that at least half of the Board of Directors of a UK-listed company, excluding the Chairperson, should comprise Non-Executive Directors determined by the Board to be independent. At the time, the Board comprised a Non-Executive Chairman and nine other Directors, of whom four were considered to be wholly independent. Therefore, the Company did not fully comply with the requirements of the Governance Code at the time and we set out our intention to explore avenues to resolve this one remaining non-compliant element in the current financial year.

During the year, the Nomination Committee carefully monitored and reassessed Grenville Turner's independence. Following careful analysis accompanied by external professional advice, it was agreed that, since Grenville stepped down as the Chairman of Countrywide Plc, a customer and previously a major shareholder in the Company, in April 2016 and since Countrywide ceased to be a shareholder of the Company from September 2016 onwards, the Nomination Committee would recommend that the Board consider determining Grenville as independent for the purposes of the Governance Code from the conclusion of its Board meeting in July 2017 onwards. Further details of the Board's determination of Grenville's independence can be found in the Corporate Governance Statement on page 52. Following the Board's approval, the Nomination Committee also recommended that Grenville be appointed as a member of the Nomination and Remuneration Committees.

The only new appointment to the Board during the year was made under the terms of a relationship agreement (Relationship Agreement) with Daily Mail and General Trust Plc (DMGT), the ultimate parent of the Company's current principal shareholder, DMGZ Limited (DMGZ). The main 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 are at arm's length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained. Under the terms of the Relationship Agreement, DMGT can appoint two Directors to the Board, providing it ultimately holds more than 25% of the votes exercisable at general meetings of the Company, and one Director, providing it holds more than 10% of those votes. Stephen Daintith, who was a Director appointed by DMGT, stepped down from the Board on 1 January 2017. James Welsh replaced Stephen as a Director appointed by DMGT under the terms of the Relationship Agreement. For this reason, James' appointment was dealt with by the Nomination Committee and it was not subject to the usual formal, rigorous and transparent procedures for the appointment of new Directors to the Board. However, James' performance is subject to the Board's formal and rigorous evaluation procedures.

The Company has continued to develop and refine its approach to succession planning within the Executive Directors and the Senior Management Team using performance and potential matrices. This is a well-developed process led by ZPG's Chief Talent Officer, who presented succession planning material for the consideration of the Nomination Committee twice over the course of the year.

The Executive Management of the Company has been strengthened following the acquisition of Hometrack, which resulted in a further addition to the Executive Management Team.

Diversity

The Company believes that diversity, including gender diversity, within ZPG is of paramount importance. This extends to diversity within the Board since, amongst other things, the Board believes it is important in ensuring effective engagement with key stakeholders, it leads to more effective decision making and it enhances the ability to deliver the Company's business strategy, as well as being crucial to achieving better corporate governance.

The Board's policy on diversity is to ensure that the Directors on the Board have a broad range of experience, skills and knowledge, with diversity of gender, culture, thinking and perspective. The Nomination Committee therefore gives careful thought to Board balance and diversity when making new appointments to the Board and the search for Board candidates is conducted, and appointments to the Board are always made, on merit against objective criteria, having regard to the benefits of diversity, including gender diversity, on the Board.

The Board, which consists of two female Directors (20% of the Board), endorses the aspirations of the Davies Review on Women on Boards, and is currently in line with the recommendations contained in this review. The Hampton-Alexander Review has now recommended a voluntary target of a minimum of 33% female representation on FTSE 350 boards by 2020 and, although the Board has not committed to any specific gender or diversity targets, it will give due regard to this target going forward.

The Board will continue to engage executive search firms which have signed up to the voluntary code of conduct setting out the seven key principles of best practice to abide by throughout the recruitment process and will continue to follow a policy of appointing talented people at every level to deliver high performance.

For further information on diversity within ZPG, see the Our People and Corporate Social Responsibility section on page 44.

Mike Evans
Chair, Nomination Committee

Chair of Remuneration Committee

Introduction

"The Company has seen another year of growth, both organically and through acquisition, and we welcome TechnicWeb, Hometrack, ExpertAgent, Ravensworth and, subsequent to the year-end, Money to the Company."

Dear Shareholder

As the Chair of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 30 September 2017, which has been prepared by the Remuneration Committee ("Committee") on behalf of the Board.

The Company has seen another year of growth, both organically and through acquisition, and we welcome TechnicWeb, Hometrack, ExpertAgent, Ravensworth and, subsequent to the year-end, Money to the Company. During the Period the Company has seen Revenue and Adjusted EBITDA increase by 46.8 million and 19.3 million compared to the prior year and at the same time we have seen Total Shareholder Return (TSR) for the Period of 13%, delivering value of over £175 million to shareholders.

The Company's strong performance is reflected in the remuneration for the Period as we continue to incentivise and reward the Executive Directors, Management and employees throughout the business based on the underlying financial performance of the Company.

2017 also marks the third anniversary of the ZPG's IPO and alongside it the end of the first vesting period for the Company's Long Term Incentive Plan (LTIP) which was awarded to both Executive Directors and Management. The LTIP represents just one of the plans which aim to align individual performance and reward with the long-term strategy and objectives of the business and I am pleased to announce the vesting of this award in line with the Company's excellent performance in the three years since IPO.

In January 2017 we also made the first grant of the nil-cost options under the Value Creation Plan (VCP) to the Company's Chief Executive Officer. The award demonstrates the outstanding value created for shareholders over the first measurement period of the Plan to December 2016 with over £437 million of total shareholder return generated.

The Committee believes that the VCP is meeting its objectives. The total number of options banked under the VCP in FY17 at the first measurement date can be found on page 88.

Continued retention of our CEO

The Remuneration Committee believes that in order to maintain the Company's commitment of creating value for our shareholders, the presence and active involvement of our CEO will be pivotal in the near to medium term. With the current VCP term now ending in less than two years, the Company has been looking for the ways to ensure continued retention and motivation of the CEO. As the VCP format has proven to be effective thus far in its goals of encouraging value generation and lock-in of the CEO, after careful consideration the Committee has decided to propose an extension of the plan for a further two year period starting from 2019, subject to shareholder approval at the 2018 AGM.

The key changes proposed to the VCP include:

- the reduction in the CEO's share in the return above the hurdle from 3% to 2% for the extended term of the VCP; and
- a proportional increase of the maximum number of shares which can be earned under the Plan (whether new issue or market purchased) from 7.5 million to 11.25 million to take into account the two additional years.

Detailed terms of the extension to the VCP are outlined in Notice of the Annual General Meeting and the Remuneration Policy section of this report.

Changes in regulation and market practice

The Remuneration Committee continues to keep abreast of ongoing changes in both regulation and market practice with regards to Executive remuneration including, but not limited to, the Green Paper on Corporate Governance and Executive Pay issued by the Department for Business, Energy and Industrial Strategy in November 2016 and the Government's subsequent response to the comments raised on the Green Paper. The Committee will continue to consider the recommendations and impact on the Policy in this, and other, regulations and governance changes as they develop.

The Committee intends for this updated Remuneration Policy to be in effect for three years with the next new policy to be presented for shareholder vote in 2021. However, the Committee will continue to review the compensation practices to ensure that the policy is effective, fit for purpose and supports the Company's strategy on an ongoing basis.

Proposed changes to Remuneration Policy

With the exception of the extension to the VCP, the Committee is not proposing to make any material changes to the Policy that was approved by shareholders in 2015. The following changes are proposed to bring elements of the policy in line with current prevailing corporate governance standards:

- formally introducing a two year holding period post vesting for the LTIP which will apply to future LTIP awards; and
- increasing the shareholding guideline for Executive Directors (excluding the CEO where the guideline will remain at 400% of salary) to 200% of salary (currently 100% of salary).

Remuneration Committee decisions made in the 2017 financial year

During the year the Committee made the following decisions:

- Review of the remuneration package for 2018 for the Company's CEO and CFO as set out below:
  - salaries of £537,500 and £320,000 respectively;
  - pension contributions of up to 15% of salary;
  - bonuses of up to 150% and 125% of salary respectively;
  - continued participation under the VCP for the CEO;
  - proposed two year extension to the original period of the VCP;
  - award under the LTIP for 2017 of 150% of salary for the CFO; and
  - increase in shareholding requirement for Executive Directors other than the CEO to 200% of salary (CEO remains at 400% of salary).
- The Committee considered the base salaries for the Executive Directors.
  - The salaries above represent an increase of 5.39% for the CEO and 16.4% for the CFO.
    - The increase for the CEO was made as part of an annual review in line with the budgeted average increase for employees.
    - The increase for the CFO encompasses the annual adjustment for all employees of 6% plus ongoing adjustment to bring the CFO's salary in line with ZPG's targeted market positioning as he grows in the role and based on his performance to date.
    - The new salaries remain below the median levels for the FTSE 250.
- The fee of the Chairman of the Company was increased from £183,750 to £193,000 for 2018 (a rise of 5.03% in line with the budgeted increase for all employees). There were no changes to Non-Executive Director fees. The fee rise to the Chairman was to reflect the increase in responsibility due to the Company's increase in size and complexity and is in line with the remuneration policy.
- 2017 annual bonuses of 135% of salary for the CEO and 112% of salary for the CFO which corresponded to 90% of maximum opportunity, recognising the strong financial performance of the Company and the personal performance of the Executive Directors over the year.
- 2017 awards under the LTIP for the CFO and Management in line with the normal award policy. Further details of the awards for the CFO are on page 83.
- Award under the VCP in January 2017 under the rules of this Plan. Detail of the award for the CEO is set out on page 83.

Further details on how our Remuneration Policy will be applied in practice for the 2018 financial year are set out on pages 70 to 72.

Key activities of the Committee

The Committee's key activities during the 2017 financial year were:

- reviewing the remuneration package for the CEO and CFO for 2017 and the implementation for 2018 to ensure that they remain appropriate and aligned with the Company strategy;
- reviewing Executive Director base salary levels;
- making awards under the Company's LTIP for Executive Directors and Management and assessing targets;
- reviewing the Company's TSR performance and adjusted EPS performance against target in respect of the Company's first LTIP vesting which was awarded in 2014;
- making an award under the VCP for the CEO;
- determining the level of bonus payments in respect of this financial year;
- Reviewing the cascade and appropriateness of share plans across the wider business;
- drafting the Company's Directors' remuneration report; and
- Re-appointment of PwC as remuneration advisers for 2018.

During the year James Welsh joined the Remuneration Committee as an observer, with Stephen Daintith stepping down. We thank Stephen for his contribution and welcome James to the Committee.

I hope that you find the information in this report helpful and I look forward to your continued support at the Company's AGM.

Sherry Coutu
Chair, Remuneration Committee

Note
This report has been prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the September 2014 UK Corporate Governance Code ("the Governance Code") and the Listing Rules.

Remuneration report

In this section, we summarise the purpose of our Remuneration Policy (the Policy) and its linkage to our corporate strategic objectives and we highlight the performance and remuneration outcomes for 2017. More detail can be found in the Annual Report on Remuneration.

Our principles of remuneration

- There should be a strong link between an individual's reward and the performance of the Company to align the interests of Management with those of shareholders.
- Variable remuneration makes up a significant proportion of the remuneration package.
- Stretching performance conditions directly aligned with the Company's strategy. The Company's strategy is laid out on pages 15 to 19. The Company's mission is to be the platform of choice for consumers and partners engaged in property and household decisions.

Company performance and link to remuneration

The following table sets out a number of the Company's KPIs and other objectives and how their satisfaction is encouraged by the Company's Policy:

			KPIs			Other objectives		
Plan	Purpose	Eligibility	Revenue	Adjusted EBITDA	Adjusted EPS	TSR	Long-term value creation (encouraged through equity retention)	Share ownership
Annual Bonus Plan	To incentivise and reward short-term performance plus retention through deferral.	Executive Directors and Management with mandatory deferral in shares. Other employees without deferral.	✓	✓			✓	✓
LTIP	To incentivise and reward long-term performance.	Executive Directors and selected members of the Management.			✓	✓	✓	✓
Value Creation Plan	To retain the services of our highly entrepreneurial and creative Founder & CEO, incentivising him to deliver the strategy of the Company and significantly enhance shareholder value.	CEO.				✓	✓	✓
Share Incentive Plan	To broaden share ownership and share in corporate success over the medium term.	All employees.					✓	✓

Summary of changes to Remuneration Policy

With the exception of the extension to the VCP, the Committee is not proposing to make any material changes to the Policy that was approved by shareholders in 2015. The changes proposed aim to bring elements of the Policy to be in line with the current prevailing corporate governance standards.

ELEMENT	CHANGES FROM 2015 REMUNERATION POLICY
Salary **Benefits** **Pension** **Annual Bonus Plan** **Chairman and NED fees**	Policy unchanged.
Long Term Incentive Plan (LTIP)	Introduction of formal post vesting holding period of two years on future grants of LTIP awards. Previously it was at the discretion of the Committee to decide if an additional holding period was implemented.
Value Creation Plan (VCP)	Extension of the term of the 2015 Value Creation Plan for a further two year period to 2021. The original grant gave the CEO the potential right to earn nil-cost options over shares in the Company equal to 3% of the total value created for shareholders above a hurdle of 8% p.a. at the end of each Plan Year over a four year performance period. A minimum return of 8% p.a. must be maintained at each vesting date for the award to vest. The vesting schedule for the original grant provides that 50% of the cumulative balance of options will vest and may be exercised at the end of the third Plan Year with 100% of the cumulative number of options vesting at the end of the fourth Plan Year. The extension of the VCP gives the CEO the potential right to earn nil-cost options over shares in the Company equal to 2% of the total value created for shareholders above a hurdle of 8% p.a. at the end of each plan year for the two year extension period. There will be an additional vesting period with 50% of the options earned in year 5 vesting at the end of the fifth Plan Year with the balance of options from year 5 and those earned under year 6 vesting at the end of sixth Plan Year. In order for the nil-cost options to vest, the minimum 8% return p.a. has to be achieved at each vesting date. The maximum number of shares which can be earned under the Plan (whether new issue or market purchased) will increase proportionally from 7.5 million to 11.25 million to take into account the two additional years.
Minimum shareholding requirement	The minimum shareholding requirement for Executive Directors has been increased to 200% of salary from 100% of salary. The CEO will be required to hold his minimum shareholding requirement of 400% of his salary for one year following the cessation of his employment.

How we have performed in 2017 and what level of bonus has been achieved?

See page 85 for further details.

KPI	2017	% of maximum bonus potential achieved
Revenue (£ million)	**£244.5m**	**73**
Adjusted EBITDA (£ million)	**£96.4m**	**100**
Personal objectives		**90**

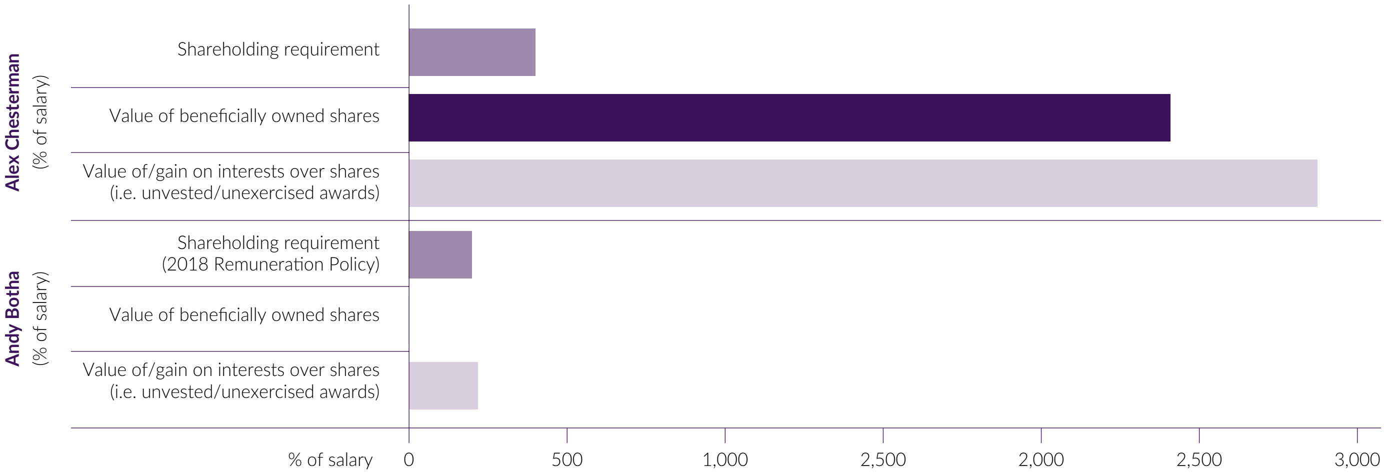
KPI definitions can be found on pages 28 to 29.

Full details of the Annual Bonus Plan targets and their level of satisfaction can be found on page 85.

Remuneration report continued

How have long-term incentive awards performed and what level of pay-out has been achieved?

See page 87 for further details.



KPI	2017	% of maximum bonus potential achieved
Total shareholder return (%)[1]	**72%**	
Relative total shareholder return[1]	**48/189 (upper quartile)**	**100**
Adjusted EPS (pence per share)	**15.2**	
Adjusted EPS compound growth (%)	**33%**	**100**

1 Total shareholder return for the purposes of this LTIP award was measured from the IPO price of £2.20 over a three year period to 23 June 2017.

Statement of Directors' shareholdings as at 30 September 2017

The following chart summarises the current shareholding position of the Executive Directors. Full details can be found on page 89.

Implementation of the Policy in the 2018 financial year

ELEMENT	OPERATION OF ELEMENT IN 2018
Salary **Benefits** **Pension**	The salary for the CEO has increased from £510,000 by £27,500 to £537,500 and the salary for the CFO has increased from £275,000 by £45,000 to £320,000. The increase for the CEO was made as part of an annual review in line with the budgeted average increase for employees of 6%. The increase for the CFO encompasses the annual adjustment for all employees of 6% plus ongoing adjustment to bring the CFO's salary in line with ZPG's targeted market positioning as he grows in the role and based on his performance to date. The new salaries remain below the median levels for the FTSE 250. There are no proposed changes to benefits and pensions from the financial year ending 30 September 2017. The fee for the Chairman was also reviewed resulting in an increase of £9,250 from £183,750 to 193,000 per annum. The increase is broadly in line with the level of increase for our employees and in line with the Remuneration Policy. There have been no increases to the fees for non-executive directors from the rates set in 2017.

Implementation of the Policy in the 2018 financial year continued

ELEMENT	OPERATION OF ELEMENT IN 2018
Annual Bonus Plan	The maximum opportunity for the CEO and CFO are unchanged at 150% and 125% of salary respectively. The bonus which can be earned for "target" performance is 60% of the maximum bonus. Operation of the plan: • 50% of any bonus earned will be paid in cash; and • 50% of any bonus earned will be paid in shares which vest after a further three years subject to the Executive Director's continued employment. Performance conditions for the 2018 financial year and their weighting are as follows: • EBITDA (50%); • revenue (30%); and • personal strategic objectives (20%). Further details of the targets applicable to the bonus for the coming year are considered by the Committee to be commercially sensitive as they are the key metrics that are critical to the operation of the Company. The Committee will provide full retrospective disclosure of the performance targets for the financial measures to allow shareholders to judge the bonus earned in the context of the performance delivered in the Annual Report on Remuneration next year. The outcomes of the 2017 bonus are provided on page 85.
Long Term Incentive Plan (LTIP)	The CEO is not granted awards under the LTIP, since the introduction of the VCP (below) on 1 October 2015. The maximum opportunity for the CFO is unchanged at 150% of salary. The Remuneration Committee has reviewed the EPS target range for LTIP awards to be granted in respect of FY2018. It is the Committee's view that the threshold and maximum level of EPS growth rates at 10% to 18% compound average growth rate remains appropriate. The vesting earned at threshold performance has been maintained at 25%. There are no changes to the TSR performance targets. Awards will be subject to additional two year holding period post vesting.
Value Creation Plan (VCP)	The VCP for the current CEO will enter its third year since approval by shareholders on 1 October 2015. An update on the performance of the VCP and the number of options banked at the first measurement date are provided on page 88.
Share Incentive Plan (SIP)	Matching Shares will continue to be granted on a monthly basis for each Partnership Share purchased by an eligible employee.

Non-Executive fees

The proposed annual fees for Non-Executive Directors for 2018 are set out below:

	Annual fees 2018 £	Annual fees 2017 £
Chairman	**193,000**	**183,750**
Board fee	**50,000**	**50,000**
Chair of Remuneration Committee	**10,000**	**10,000**
Chair of Audit Committee	**10,000**	**10,000**
Senior Independent Director	**5,000**	**5,000**

Remuneration report continued

Non-Executive fees continued

The proposed Chairman's and Non-Executive Directors' fees for 2018 are therefore:

Name	Fees 2018 £	Fees 2017 £
Mike Evans (Chairman, Chair of the Nomination Committee)	**193,000**	**183,750**
Duncan Tatton-Brown (Chair of Audit Committee, Senior Independent Director)	**65,000**	**65,000**
Grenville Turner	**50,000**	**50,000**
James Welsh[1]	–	–
Kevin Beatty	–	–
Robin Klein	**50,000**	**50,000**
Sherry Coutu (Chair of Remuneration Committee)	**60,000**	**60,000**
Stephen Daintith[1]	–	–
Vin Murria	**50,000**	**50,000**

1 Stephen Daintith resigned from the Board on 1 January 2017 and was replaced by James Welsh.

Remuneration Policy

The Remuneration Policy report sets out the remuneration policy that will governs the Company's future remuneration payments.

The policy is intended to apply for three years following the shareholder approval at the Company's AGM on 30 January 2018.

The Committee determines the Policy for the Executive Directors, the Chairman and other Management for current and future years and this is reviewed on an annual basis. The Policy is designed to support the strategic objectives of the Company and to allow the business to recruit, retain and incentivise the quality of Management needed to shape and execute our strategy to deliver sustained shareholder value over the long term.

The Policy aims to align the interests of the Executive Directors, 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 performance. The Committee considers that a successful policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in its remuneration practice.

The Policy is designed around the following key principles:

- ensure a strong link between an individual's reward and the performance of the Company to align the interests of Senior Management with those of shareholders. In achieving this principle the Committee has ensured that the performance elements of the remuneration are transparent and stretching;
- maintain a competitive package against businesses of a comparable size in the FTSE 250 and comparable peer group businesses in the sector with reference to the breadth of the role and experience the role holder brings to the Company;
- operate a consistent reward and performance philosophy throughout the business;
- encourage a material, personal stake in the business and a long-term focus on sustained growth through long-term shareholding;
- provide a balanced package with a focus on variable pay; and
- take into account the associated risks of each aspect of remuneration.

The Committee is satisfied that its approach to the Executive Directors' remuneration is designed to promote the long-term success of the Company.

The Remuneration Committee will review annually the remuneration arrangements for the Executive Directors and key Management drawing on trends and adjustments made to all employees across the Company and taking into consideration the:

- business strategy over the Period;
- overall corporate performance;
- market conditions affecting the Company;
- changing practice in the markets where the Company competes for talent; and
- changing views of institutional shareholders and their representative bodies.

Discretion

The Committee has discretion in several areas of policy as set out in this Policy. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

Differences in policy from the wider employee population

The Company aims to provide a remuneration package for all employees that is market competitive and operates the same core structure as for the Executive Directors. The Company operates employee share and variable pay plans, with pension provisions provided for all Executives and employees. In addition, any salary increases for Executive Directors are expected to be generally in line with those for UK-based employees.

2018 Remuneration Policy table

ELEMENT OF REMUNERATION	HOW IT SUPPORTS THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	OPPORTUNITY
Salary	Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: • remuneration practices within the Company; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • the general performance of the Company; • salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking (when the Committee determines it is appropriate to carry out a benchmarking exercise); • pay and conditions throughout the Company. The Committee has access to pay and conditions of other employees within the Company when determining remuneration for the Executive Directors and also considers the relationship between general changes to pay and conditions within the Company as a whole; and • the economic environment. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.	Whilst there is no maximum salary level or salary increase level, to reflect the Committee's wish to ensure that fixed costs are minimised it is intended that salaries will not exceed the median level relative to the current comparator group of companies. The companies in the comparator group are the constituents of the FTSE 250 Index. The 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. In general salary rises to Executive Directors will be in line with the rise to employees. The Company will set out, in the section headed statement of implementation of remuneration policy in the following financial year, the salaries for that year for each of the Executive Directors (see page 84).

Remuneration report continued

2018 Remuneration Policy table continued

ELEMENT OF REMUNERATION	HOW IT SUPPORTS THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	OPPORTUNITY
Benefits	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 Company's strategy.	The Executive Directors can receive family private health cover, car allowance and death in service life assurance. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Company strategy. Additional benefits may therefore be offered such as relocation allowances on recruitment. Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred in relation to these. The maximum will be set at the cost of providing the benefits described.	The cost of the benefits provided.
Pensions	Provides a 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 Company's strategy.	Employer retirement funding is determined as a percentage of gross basic salary, up to a maximum limit of 15%. Where this exceeds the maximum annual pension contribution that can benefit from tax relief or the Lifetime Allowance, 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.	15% of salary p.a.

2018 Remuneration Policy table continued

ELEMENT OF REMUNERATION	HOW IT SUPPORTS THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	OPPORTUNITY	PERFORMANCE METRICS

Annual Bonus Plan and Deferred Bonus Plan	• The Plan provides an 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.
	• 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.
	• The Committee has discretion to defer part of the annual bonus earned in shares under the Deferred Annual Bonus Plan. The advantage of deferral is:
	  • ongoing risk adjustment due to the link to the share price over the deferral period thereby driving long-term strategic behaviours; and
	  • amounts deferred in shares are also forfeitable on an Executive Director's voluntary cessation of employment which provides an effective lock-in.
		The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent financial years, as appropriate, to reflect this. This is subject to the condition that at least 50% of the award is based on financial performance.
		The Company will set out in the Annual Report on Remuneration in the following financial year, the nature of the target measures and their weighting for each year (see page 86).
		Details of the performance measurements and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration.
		The 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. The maximum value of deferred shares is 50% of the bonus earned.
		The main terms of these awards are:
		• minimum deferral period of three years; and
		• the participants' continued employment at the end of the deferral period.
		The Committee has the discretion to apply a two year holding period post vesting of deferred shares.
		The Committee may award dividend equivalents on those shares to Plan participants to the extent that they vest.
		The DBP contains malus and clawback provisions.
			The Committee will determine the maximum annual participation in the Plan for each year, which for the CEO will not exceed 150% of salary and for the other Executive Directors will not exceed 125% of salary.
			Below threshold level of performance 0% of the bonus will be earned. At threshold level of performance 25% of the bonus will be earned. At target level of performance for the CEO 60% of the bonus will be earned and for the other Executive Directors 75% of the bonus will be earned. At 105% of target performance 100% of the bonus will be earned (the maximum). The Committee retains discretion to change the calibration of bonus targets.
			The annual bonus will be paid in cash and deferred shares. For Executive Directors 50% of annual bonus to be paid immediately in cash and 50% deferred into shares.
				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% of the bonus opportunity.
				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 Committee to believe the original measures, weightings and targets are no longer appropriate.
				In cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business performance, make downward or upward adjustments to the amount of bonus earned.
				Any adjustments or discretion applied by the Committee will be fully disclosed in the follow year's Directors' Remuneration Report.
				Details of the performance conditions, targets and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration.
				Should the Committee determine that one or more targets are commercially sensitive, these will be disclosed in subsequent years' remuneration reports once commercial sensitivity ceases to apply.

Remuneration report continued

2018 Remuneration Policy table continued

ELEMENT OF REMUNERATION	HOW IT SUPPORTS THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Long-Term Incentive Plan (LTIP)	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. The use of adjusted 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 are granted annually to Executive Directors. These will vest at the end of a three year period subject to: • the Executive Director's continued employment at the date of vesting; and • satisfaction of the performance conditions. The Committee may award dividend equivalents on awards to the extent that these vest. Awards made under the LTIP will be subject to an additional two year post vesting holding period, applicable to the net number of shares received after tax and other statutory deductions. The LTIP contains malus and clawback provisions.	Plan maximum 200% of salary for Executive Directors other than for the CEO. Below threshold level of performance 0% of the award will vest. 25% of the award will vest for threshold performance. 100% of the award will vest for maximum performance. Straight- line vesting occurs between these points. The CEO does not participate in the LTIP during the period covered by the VCP (see below).	The performance conditions for awards are currently adjusted EPS1 growth and TSR. EPS growth for this purpose is defined as the increase in adjusted basic EPS. The Company operates in a rapidly changing sector and therefore the Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. No material change will be made to the type of performance measures without prior shareholder consultation. Details of the performance conditions for grants made in the year will be set out in the Annual Report on Remuneration and for future grants in the statement of implementation of remuneration policy in the future financial year. In exceptional circumstances the Committee retains the discretion to change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance period if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate; make downward or upward adjustments to the amount of LTIP award vesting resulting from the application of the performance measures, if the Committee believe that the vesting outcomes are not a fair and accurate reflection of business performance. Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report. 1 Adjusted basic EPS is defined as profit for the year, excluding exceptional items and amortisation of intangible assets arising on acquisitions adjusted for tax (adjusted profit for the year) and divided by the weighted average number of shares in issue for the year.

2018 Remuneration Policy table continued

ELEMENT OF REMUNERATION	HOW IT SUPPORTS THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Value Creation Plan (VCP) A full description of the detailed terms and conditions attached to the VCP are set out in the 2018 Notice of Annual General Meeting.	An incentive which aligns the CEO with the outputs of the successful implementation of the Company's strategy, based on total shareholder return generated.	Under the VCP, the CEO will be granted a conditional award giving him the potential right to earn ordinary shares of the Company based on the absolute total shareholder return generated over the VCP performance period. The original award gave the CEO the opportunity to share in 3% of the total value created for shareholders above a hurdle ("Threshold Total Shareholder Return") measured shortly after the end of each VCP Plan Year ("Measurement Date") over the four year VCP performance period. The extension to the VCP gives the CEO an opportunity to share in 2% of the total value created for shareholders above a Threshold Total Shareholder Return for an additional two years by extending the VCP performance period to six years. For the original grant 50% of the cumulative number of nil-cost options will vest and may be exercised following the Measurement Date following the end of the third Plan Year with 100% of the cumulative number of nil-cost options vesting following the Measurement Date following the end of the fourth Plan Year. This vesting schedule will continue for the original award. For the extension there will be an additional vesting period with 50% of the options earned in year 5 vesting at the end of the fifth Plan Year with the balance of options from year 5 and those earned under year 6 vesting at the end of the sixth Plan Year. In all cases the minimum return of 8% p.a. has to be maintained over the VCP period or earned nil-cost options will not vest and/or will lapse. The VCP contains malus and clawback provisions.	Where the hurdle of 8% p.a. return has been achieved over the VCP performance period: • a number of nil-cost options with a fixed value of £5,000,000 will be earned for achieving the 8% p.a. return with respect to the original VCP term; • nil-cost options equal to 3% of the return generated above 8% p.a. for the initial four year VCP period (additional nil-cost options will only accrue once £5,000,000 has been exceeded); • nil cost options equal to 2% of the return generated above 8% p.a. for the two year extended period; and • the cap on the VCP will be increased to 11.25 million shares to take into account the extension of the VCP for two further years.	The starting share price for the beginning of the VCP performance period will be the 30 day average prior to the date of approval of the VCP by shareholders. The share price used at each Measurement Date shall be the 30 day average following the announcement of the Company's results for the relevant financial year.

Remuneration report continued

2018 Remuneration Policy table continued

ELEMENT OF REMUNERATION	HOW IT SUPPORTS THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
HMRC Share Incentive Plan	To encourage company-wide employee share ownership and thereby align employees' interests with shareholders.	The Company operates a share incentive plan in which the Executive Directors are eligible to participate (which is HMRC approved and is open to all eligible employees). The Company retains the discretion to introduce additional plans, and to make Directors eligible for these as appropriate.	UK plan in line with HMRC limits as amended from time to time.	There are no performance conditions as this is an all-employee plan.

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 minimum shareholding requirements will be 400% for the CEO and 200% for the other Executive Directors. The Committee retains the discretion to increase these shareholding guidelines during the Policy period. The CEO will be required to hold his minimum shareholding requirement of 400% of his salary for one year following the cessation of his employment.

ELEMENT OF REMUNERATION	HOW IT SUPPORTS THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
Chairman and Non-Executive Director Fees	Provides a level of fees to support recruitment and retention of the Chairman and Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Company's strategic objectives.	The Board, as a whole, is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman whose remuneration is considered by the Remuneration Committee and recommended to the Board. Non-Executive Directors are paid a base fee and additional fees for chairmanship of Committees. The Chairman does not receive any additional fees for membership of Committees. Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. The Chairman and Non-Executives' fees are set out on page 72. The Chairman and Non-Executive Directors do not participate in any variable remuneration or benefit arrangements.	Fees will not exceed the median level relative to the comparator group of companies. In general the level of fee increase for the Chairman and Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce. The Company will pay reasonable expenses incurred by the Non-executive Directors and Chairman and may settle any tax incurred in relation to these.	None.

Recruitment policy

The Company's principle is that the remuneration of any new Director will be assessed in line with the same principles as for the Executive Directors, as set out in the Remuneration Policy table. The Remuneration Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the market in which the Company competes. The Remuneration Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding one off or enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award. The Company's detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below:

ELEMENT OF REMUNERATION	RECRUITMENT POLICY
Salary	Salary will be set in line with the policy for existing Executive Directors.
Benefits	The standard benefit package for existing Executive Directors will apply.
Pensions	The maximum employer contribution will be set in line with the Company's policy for existing Executive Directors.
Annual Bonus and Deferred Bonus Plans	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 150% of salary for CEO and 125% of salary for all other Executive Directors.
LTIP	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 200% of salary.
Maximum variable pay (incentive opportunity)	In the year of recruitment, the maximum variable pay will be 350% of salary for CEO and 325% of salary for all other Executive Directors.
Buyout of incentives forfeited on cessation of employment	The Committee's policy is not to provide buyouts as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of a Director's previous employment will be calculated taking into account the following: • the proportion of the performance period completed on the date of the Director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and condition having a material effect on their value (lapsed value). The Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Directors' remuneration report for the relevant financial year.

The Company's policy when setting fees for the appointment of a new Chairman or Non-Executive Director is to apply the policy which applies to the current Chairman and Non-Executive Directors.

Remuneration report continued

Service agreements and letters of appointment

Name	Date of service contract/letter of appointment	Nature of contract	Notice period from Company	Notice period from Director	Compensation provisions for early termination
Executive Directors					
Alex Chesterman	22 April 2014	Rolling	12 months	12 months	None
Andy Botha	18 April 2016	Rolling	12 months	12 months	None
Non-Executive Directors					
Mike Evans	1 May 2017	3 year contract	3 months	3 months	None
Duncan Tatton-Brown	1 May 2017	3 year contract	1 month	1 month	None
Grenville Turner	21 May 2017	3 year contract	1 month	1 month	None
James Welsh	1 January 2017	3 year contract	None	None	None
Kevin Beatty	1 July 2016	3 year contract	None	None	None
Robin Klein	1 May 2017	3 year contract	1 month	1 month	None
Sherry Coutu	1 May 2017	3 year contract	1 month	1 month	None
Vin Murria	1 July 2015	3 year contract	1 month	1 month	None

The Committee's policy for setting notice periods is that a 12 month period will apply for Executive Directors. The Committee may, in exceptional circumstances arising on recruitment, allow a longer period which would, in any event, reduce to 12 months following the first year of employment.

The Non-Executive Directors of the Company (including the Chairman) do not have service contracts and are appointed by letters of appointment. Each Independent Non-Executive Director's term of office runs for a three year period. The Company extended the appointments of those Non-Executive Directors where their three year appointment terms were reached during the year. These were extended by an additional three year period.

The Company follows the UK Corporate Governance Code's recommendation that all Directors be subject to annual re-appointment by shareholders.

The terms and conditions of appointment of non-executive directors are available for inspection by any person at the Company's registered office during normal business hours and at the AGM (for 15 minutes prior to the meeting and during the meeting).

External Non-Executive Directorships

Executive Directors may hold positions in other companies as Non-Executive Directors and retain fees. The Executive Directors did not hold positions in any other company during the period.

Payment for loss of office

The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. When determining any loss of office payment for a departing individual the Remuneration Committee will always seek to minimise cost to the Company whilst seeking to address the circumstances at the time.

ELEMENT OF REMUNERATION	TREATMENT ON EXIT
Salary	Salary will be paid over the notice period. The Company has discretion to make a lump sum payment on termination of the salary payable during the notice period. In all cases the Company will seek to mitigate any payments due.
Benefits	Benefits will normally be provided over the notice period. The Company has discretion to make a lump sum payment on termination equal to the value of the benefits payable during the notice period. In all cases the Company will seek to mitigate any payments due.
Pensions	Company pension contributions will normally be provided over the notice period. The Company has discretion to make a lump sum payment on termination equal to the value of the Company pension contributions during the notice period. In all cases the Company will seek to mitigate any payments due.

Payment for loss of office continued

ELEMENT OF REMUNERATION	TREATMENT ON EXIT
Annual Bonus Plan	**For the Year of Cessation** **Good leavers:** Performance conditions will be measured at the end of the financial year. Any bonus will normally be prorated for the period worked during the financial year. **Other leavers:** No bonus payable for year of cessation. **Discretion:** the Committee has the following elements of discretion: • to determine that an individual is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; and • to determine whether to prorate the bonus to time. The Committee's normal policy is that it will prorate for time. It is the Committee's intention to use discretion to not prorate in circumstances where there is an appropriate business case which will be explained in full to shareholders.
Deferred Bonus Plan	**Deferred shares** **Good leavers:** All unvested deferred shares will vest on the normal vesting date. **Other leavers:** All unvested deferred shares will be forfeited on cessation of employment. **Discretion:** the Committee has the following elements of discretion: • to determine that an individual is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; • to determine whether to prorate the deferred shares on cessation. The Committee's normal policy is that it will not prorate. The Committee will determine whether to prorate based on the circumstances of the Executive Directors' departure; and • to vest deferred shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation.
LTIP	**Good leavers:** unvested awards will vest on the normal vesting date subject to (i) the extent any applicable performance condition have been satisfied at the end of the normal performance period and (ii) prorating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period. The holding period will continue to apply. **Other leavers:** All unvested awards will be forfeited on cessation of employment. **Discretion:** the Committee has the following elements of discretion: • to determine that an individual is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; • to measure performance over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; • to determine whether unvested awards should vest on the normal vesting date or date of cessation. The Committee's normal policy is that unvested awards will vest on the normal vesting date. The Committee will determine the vesting date based on the circumstances of the Executive Directors' departure; • to determine whether to prorate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will prorate awards for time. The Committee will determine whether to prorate based on the circumstances of the Executive Directors' departure; and • to determine that no holding period will apply following vesting. The Committee's normal policy is that a holding period will apply. The Committee will determine whether to disapply a holding period based on the circumstances of the Executive Directors' departure.
VCP	**Good leavers:** The Committee may at its discretion allow the CEO to continue to participate in the VCP until the nearest VCP measurement date to his date of cessation (this may be in the past). Accrued nil-cost options will vest at the normal vesting dates and be exercisable for such period as determined by the Committee in its discretion. **Other leavers:** There will be no further VCP measurement dates and no ability to accrue nil-cost options. Accrued nil-cost options will lapse on the date of cessation of employment. **Discretion:** The Committee has the following elements of discretion: • to determine that the CEO is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; and • to prorate to the time from the VCP award to the date of cessation the number of nil-cost option shares and the £5,000,000 fixed value (relating only to the original grant of the VCP).
Other contractual obligations	There are no other contractual provisions, other than those set out above, agreed prior to 27 June 2012.

Remuneration report continued

Payment for loss of office continued

A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill-health;
- injury or disability;
- redundancy (other than for the VCP);
- retirement with agreement of employer (other than for the VCP);
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- at the discretion of the Remuneration Committee (as described above).

Cessation of employment in circumstances other than those set out above is cessation for other leaver reasons.

Change of control

The Committee's policy on the vesting of incentives on a change of control is summarised below:

ELEMENT OF REMUNERATION	CHANGE OF CONTROL	DISCRETION
Annual Bonus Plan	Performance conditions will be measured at the date of the change of control. The bonus will normally be prorated to the date of the change of control.	The Committee has discretion: • to continue the operation of the Plan to the end of the bonus year; and • to determine whether to prorate the bonus to time. The Remuneration Committee's normal policy is that it will prorate for time, however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether prorating is equitable.
Deferred Bonus Plan	The number of shares subject to subsisting deferred share awards on a change of control may be prorated to time.	The Committee will take into account the circumstances of the change of control in determining whether to apply prorating.
LTIP	The number of shares subject to subsisting deferred LTIP awards on a change of control will be prorated to time and performance.	The Committee has discretion: • to determine whether to prorate the award to time. The Remuneration Committee's normal policy is that it will prorate for time however, in exceptional circumstances where the nature of the transaction produces exceptional value for shareholders and provided the performance targets are met the Committee will consider whether prorating is equitable; and • to determine to pay cash in lieu of shares.
VCP	There will be a VCP measurement date on the change of control and the value of additional nil-cost options will be calculated as at any other VCP measurement date. The share price used to calculate the measurement total shareholder return will be the offer price for the Company. Accrued and banked nil-cost options will become immediately exercisable on the date of the change of control.	The Committee has discretion to prorate to time the minimum £5,000,000 fixed value of the original grant (where it applies). There is no minimum fixed value for the extension award.

Illustrations of the application of the Remuneration Policy

The chart below illustrates the remuneration that could be paid to each of the Executive Directors, based on salaries at the start of financial year 2018, under three different performance scenarios: (i) minimum; (ii) on target; and (iii) maximum. The elements of remuneration have been categorised into four components: (i) fixed; (ii) annual bonus (including deferred bonus); (iii) LTIP; and (iv) VCP.

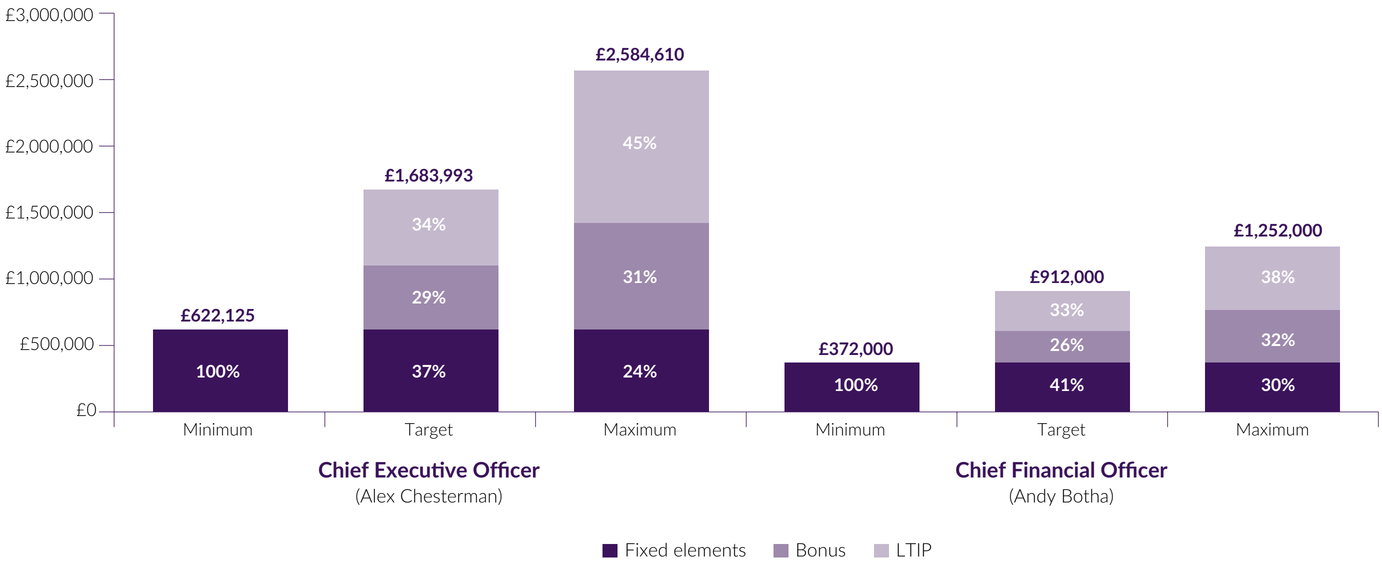
Element	Description	Minimum	On target	Maximum
Fixed	Salary, benefits and pension	Included	Included	Included
Annual Bonus Plan and Deferred Bonus Plan	Annual bonus (including deferred shares)	0%	60% of the maximum bonus[1]	100% of the maximum bonus
Long Term Incentive Plan	Award under the LTIP for the CFO	0%	62.5% of the maximum award	100% of the maximum award
Value Creation Plan[3]	Award under the VCP for the CEO	0%	50% of the average annual IFRS 2 value of award[2]	100% of the average annual IFRS 2 value of award[2]

1 150% of salary for the Chief Executive Officer and 125% for the Chief Financial Officer.

2 The VCP cost is higher than previous years to reflect the extension of the VCP for the CEO. The maximum value continues to represents 100% of the average annual IFRS 2 value of the award, which is intended to give an estimate of the value of the award on grant.

3 The VCP is a one-off award with an original term of four years now extend to six years. The maximum value represents 100% of the average annual IFRS2 cost of the award.

In accordance with the regulations share price growth has not been included. For the purposes of this disclosure, dividend equivalents have not been added to deferred bonus and LTIP share awards.



Statement of conditions elsewhere in the Company

The remuneration policy for all employees is determined in terms of best practice and ensuring that the Company is able to attract and retain the best people. This principle is followed in the development of our Policy. However, employee views are not specifically sought in determining this Policy. The Company does not currently use any remuneration comparison metrics.

Salary and benefit packages are linked to both individual and business performance. All employees participate in bonus plans which, together with salary reviews linked to business performance, enable all employees to share in the success of the Company. All employees which were employed throughout the financial year are eligible to participate in the SIP and the Company strives to offer this benefit to new parts of the business as soon as practical following acquisition.

Consideration of shareholder views

The Committee takes the views of the shareholders seriously and these views are taken into account in shaping remuneration policy and practice. The Committee consulted with its principal shareholders on the VCP and the proposed changes to the Directors' Remuneration Policy prior to finalising the new proposals.

Annual report on remuneration

The following report outlines how the Policy was implemented in 2017.

Information included in the Annual report on remuneration is audited only where indicated.

Single total figure of remuneration (audited)

Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2017 financial year. Comparative figures for the 2016 financial year have also been provided. Figures provided have been calculated in accordance with the Large and Medium-sized Companies and Groups (Accounts and reports) (Amendment) Regulations 2013 (Schedule 8 to the Regulations).

Single total figure of remuneration for Executive Directors for the 2017 financial year (audited)

Name	Period	Salary £000	Benefits[1] £000	Annual bonus[2] Cash £000	Annual bonus[2] Deferred £000	LTIP[3] £000	Pension[4] £000	SIP £000	Total £000
Alex Chesterman (Founder & CEO)	**2017**	**510**	**4**	**344**	**344**	**419**	**77**	**2**	**1,700**
	2016	480	4	353	353	–	72	2	1,264
Andy Botha (CFO)	**2017**	**275**	**4**	**155**	**154**	**–**	**41**	**2**	**631**
	2016[5]	114	2	56	56	–	17	–	245

1 The types of benefits provided are set out in our Remuneration Policy see page 74.

2 50% of the annual bonus amount is deferred into nil-cost options, which vest three years from the date of grant. These options are expected to be granted in December 2017. The options are not subject to further performance criteria.

3 The 2014 LTIP vested on 29 November 2017 after our financial year end. However given the majority of the performance period has been completed by the end of 2017, the value of the LTIP vesting has been included in the single figure table for 2017. See page 87 for details of the vesting for the 2014 LTIP award. Value calculated based on the average share price at close on 22 November 2017 of £3.511 as it was available at the time of compiling this report, rather than the average share price in last quarter of the 2017 financial year as it is a more accurate representation of the value provided.

4 Pension contributions represent 15% of the respective salaries. The normal retirement age for each Executive Director is 67.

5 Andy Botha joined the Company on 18 April 2016. His salary, benefits and other awards were made prorata for the 2016 financial year.

Non-Executive Directors (audited)

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director for the year from the date of their appointment.

	2017			2016			
	Fees £000	**Taxable benefits £000**	**Total £000**	Fees £000	Taxable benefits £000	Total £000	Roles
Mike Evans (Chairman)	**183.8**	**–**	**184.8**	175.0	–	175.0	Chairman, Chair of Nomination Committee
Duncan Tatton-Brown	**65.0**	**–**	**65.0**	62.5	–	62.5	Senior Independent Director, Chair of Audit Committee
Grenville Turner	**50.0**	**–**	**50.0**	47.5	–	47.5	Non-Executive Director
James Welsh[1]	**–**	**–**	**–**	–	–	–	Non-Executive Director
Kevin Beatty	**–**	**–**	**–**	–	–	–	Non-Executive Director
Robin Klein	**50.0**	**–**	**50.0**	47.5	–	47.5	Non-Executive Director
Sherry Coutu	**60.0**	**–**	**60.0**	57.5	–	57.5	Chair of Remuneration Committee
Stephen Daintith[1]	**–**	**–**	**–**	–	–	–	Non-Executive Director
Vin Murria	**50.0**	**–**	**50.0**	47.5	–	47.5	Non-Executive Director

1 Stephen Daintith resigned from the Board on 1 January 2017 and was replaced by James Welsh.

Annual fees

	2017 annual fee £	2016 annual fee £
Chairman	**183,750**	175,000
Board fee	**50,000**	47,500
Chair of Remuneration Committee	**10,000**	10,000
Chair of Audit Committee	**10,000**	10,000
Senior Independent Director	**5,000**	5,000

Additional information regarding single figure table (audited)

The Committee considers that performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, cyclicality of the markets in which the Company operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

Annual Bonus Plan (audited)

The bonus is assessed over a performance period aligned with the financial year using the criteria outlined in the Policy summarised on page 72. 50% of the bonus achieved will be paid in cash. The remaining 50% will be deferred in nil-cost options over a minimal deferral period of three years.

Name	Performance criteria	Weighting	Actual performance against target	Annual bonus value achieved (% salary)	Annual bonus value achieved £000
Alex Chesterman	Revenue	30%	73%		
	Adjusted EBITDA	50%	100%	135%	£688
	Personal objectives	20%	90%		
Andy Botha	Revenue	30%	73%		
	Adjusted EBITDA	50%	100%	112%	£309
	Personal objectives	20%	90%		

The Committee believes that the bonus outcome is fully reflective of the strong performance over the Period and therefore has not exercised any discretion in relation to the bonus outcomes. The acquisitions made during the Period have not impacted the outcome of the bonus. The targets were set prior to the acquisitions and subsequently adjusted to account for these acquisitions. The Committee considered performance against the adjusted performance targets.

Company performance against the performance conditions is set out below:

Performance criteria	Weighting as a % of maximum bonus opportunity	Threshold £000	Target £000	Maximum £000	Actual £000	Resulting bonus achieved as a % of maximum bonus opportunity
Revenue	30	228.6	240.6	252.6	244.5	73
Adjusted EBITDA	50	85.1	89.6	94.1	96.4	100
Personal objectives	20	See below				90
Total	**100**					**90**

Annual report on remuneration continued

Annual bonus outcome: personal objectives

Personal objectives for the CEO and the CFO were as follows:

Alex Chesterman

OBJECTIVE AREA	OBJECTIVES	PERFORMANCE	OUTCOME
Business and vision (40% weighting)	• Execute the Company's strategy with a view to delivering further revenue and cross-sell opportunities. • Continue to work on securing the long-term future of the business. • Continue to build strong relationships with existing and potential shareholders.	• The Committee viewed the execution of the Company strategy as a success in the year and the Committee believes that ZPG is strongly placed as a leader of innovation digital platform space now and in the future. The Committee further notes the increased revenue diversity of the Company resulting from acquisitions.	95%
Organisation and culture (20% weighting)	• Continue to oversee successful business execution and integration in line with the Company's strategy.	• The Committee believes the CEO provided strong leadership to ensure the continued success of integration through the business, in particular the newly acquired Hometrack, Expert Agent, Ravensworth and Techniciweb businesses which was achieved with minimal disruption to business activities.	90%
People and talent (40% weighting)	• Continue to build a strong leadership team and ensure adequate motivation, retention and succession planning in place across the Company.	• The Committee viewed the work of the CEO in building the leadership team of ZPG as strong, including the development of future succession plans and the integration of new talent from the acquired businesses to support the continued development of ZPG.	85%

The Remuneration Committee determined that overall performance against these objectives equated to 90% of the bonus for this element being achieved.

Andy Botha

OBJECTIVE AREA	OBJECTIVES	PERFORMANCE	OUTCOME
Business and vision (40% weighting)	• Develop a comprehensive operating plan to deliver the 2017 budget, with clear KPIs and ongoing accountability in place across the Company. • Ensure the Investor Relations programme and activities are conducted in a manner that builds strong external stakeholder relationships.	• The Committee believes the CFO successfully developed the financial operating plan which supported the Company's achievement of the 2017 budget and notes the development and communication of a clear 2020 strategic plan for the business. The Committee viewed the Investor Relations activities as successful during the year with the CFO making a strong personal contribution in strengthening ZPG's relationships with its key external stakeholders.	90%
Organisation and culture (20% weighting)	• Ensure the deployment of the new Finance Systems are delivered on time within budget. • Take executive responsibility for external reporting including half/full-year reporting requirements, that they are well managed and delivered in a timely manner with no audit issues raised.	• The Finance Systems were deployed on time and within budget and significant work has gone into integrating and harmonising systems and processes across the business.	90%
People and talent (40% weighting)	• Create a scalable group finance team with and develop the team, ensuring the right level of talent, retention and succession plans in place to continue to support business growth. • Continue to build strong relationships with the Board.	• The Committee views the work done by the CFO to develop of the Finance team this year as strong with a number of significant hires and retention and succession plans identified and developed. The Committee believes that the CFO has developed and established himself further as a member of the Board this year.	90%

The Remuneration Committee determined that overall performance against these objectives equated to 90% of the bonus for this element being achieved.

Long Term Incentive Plan (audited)

The table below sets out the details of the long-term incentive awards granted in the 2017 financial year where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

Name	Award type	Date of grant	Award level, % of salary	Options awarded	Face value of award ('000)	Percentage of award vesting at threshold performance (%)	Maximum percentage of face value that could vest (%)	Performance conditions	Weighting
Andy Botha[1]	LTIP	6 December 2016	150	130,290	£412.5	25	100	Relative TSR	50%
								EPS	50%

1 130,290 nil-cost options awarded on 6 December 2016 which represented 150% of salary at a share price of £3.166 as at close on 5 December 2016. The award will vest in 2019 subject to performance against the performance conditions above.

The awards will vest subject to the Company's adjusted basic earnings per share and relative TSR performance measured over the three year performance period ending on 6 December 2019 as set out below:

Performance measure	Measurement period	Performance target	Vesting level
TSR relative to the FTSE 250 (excluding real estate and equity investment trusts)	6 December 2016 – 6 December 2019	Upper quartile	100%
		Median to upper quartile	Prorate on a straight-line basis between 25% and 100%
		Below median	Nil
Adjusted EPS	Three financial years ending 30 September 2019	18% p.a.	100%
		Between 10% and 18% p.a.	Prorate on a straight-line basis between 25% and 100%
		Below 10% p.a.	Nil

Award vesting

The LTIP awards granted in August 2014 vest on the announcement of the Company's results announcement on 29 November 2017. As the performance period was completed during the 2017 financial year the value of the awards has been provided below.

Performance against the targets and the % of the LTIP award vesting is set out below:

- The Company has assessed relative TSR performance against the FTSE 250 (excluding real estate and equity investment trusts). ZPG ranked at the upper quartile equating to a vesting of 100% for this element.
- The EPS over the Period has grown by 32.7% against the range of 15–27.5% p.a. equating to a vesting of 100% of the EPS element.
- Overall vesting for the 2014 LTIP award is 100%.

Total shareholder return	2017 outcome	Adjusted EPS	2017 outcome
Relative total shareholder return rank[1]	48/189	Adjusted EPS	32.7%
Median TSR rank	95/189	Threshold EPS growth	10% p.a.
Upper quartile TSR rank	48/189	Maximum EPS growth	27.5% p.a.
Vesting level	100%	Vesting level	100%

1 Total shareholder return for the purposes of this LTIP award was measured from the IPO price of £2.20 over a three year period to 23 June 2017.

Annual report on remuneration continued

Long Term Incentive Plan (audited) continued

Award vesting continued

Name	Performance criteria	Weighting	Actual performance against target	Number of nil-cost options awarded	Prorata adjustment	Number of nil-cost options lapsing	Number of nil-cost options vesting	Value of nil-cost options for single figure[2] £000
Alex Chesterman	Relative total shareholder return	50%	100%	306,818	(187,500)[1]	–	119,318	419
	Adjusted EPS	50%	100%					

1 The grant for Alex Chesterman was adjusted prorata on commencement of the VCP on 1 October 2015.

2 Value calculated based on the average share price at close on 22 November 2017 of £3.511 as it was available at the time of compiling this report, rather than the average share price in last quarter of the 2017 financial year as it is a more accurate representation of the value provided.

No nil-cost options had vested as at 30 September 2017.

The LTIP award granted to Stephen Morana, the Company's former CFO, in August 2014 also vests on 29 November 2017 in accordance with his good leaver status outlined in the Annual Report 2016. His award of 91,955 (reduced prorata for time due to his cessation of employment from 170,454) will vest at 100% equating to a value of £276,000, using the share price at 22 November 2017, as above. We note that this vesting falls within 2018 and hence will be disclosed under payments to past Directors section next year.

Value Creation Plan (audited)

The VCP was approved by shareholders on 1 October 2015. In line with the terms of the plan the CEO accrues a number of nil-cost options based on the TSR achieved over an 8% threshold (below which there is no reward). The plan has a four year term and includes four measurement dates at which the performance is assessed which subject to shareholder approval at the 2018 AGM will be extended to a six year term with two further measurement dates.

The first measurement date occurred on 3 January 2017 when 3,233,127 nil-cost options were awarded to Alex Chesterman in respect of TSR performance from 1 October 2015 to 30 December 2016 as set out below.

50% of the options will become exercisable on the third measurement date (December 2018) provided that a minimum return of 8% is maintained. The remaining 50% of the options will become exercisable on the fourth measurement date (December 2019) provided that a minimum annual return of 8% is maintained.

The number of options granted was calculated on a measurement price of £3.197, generating an increase in total shareholder return of over £437 million for shareholders.

Name	Award type
Base price	£2.19
Measurement price	£3.197
Hurdle price (8% p.a. from base price)	£2.41
Total value created over the Period (£000)	£437,078
3% of value created over the hurdle (£000)	£10,323

Update on nil-cost options banked on the first measurement date:

Name	Award type	Date of grant	Nil-cost options awarded	Face value of award[1] £000	Performance conditions
Alex Chesterman	VCP	3 January 2017	3,233,127	£10,323	8% TSR needs to be maintained over the performance period for banked options to vest

1 Face value using share price of £3.193, being the closing share price on 30 December 2016.

A further grant under the VCP is expected to be made in January 2018 in respect of the measurement period to December 2017.

HMRC Share Incentive Plan (audited)

The Share Incentive Plan (SIP) is made available to all employees, including the Executive Directors. There are no performance conditions attached to the grants.

Throughout 2017, the CEO and CFO bought Partnership Shares on a monthly basis through the plan. The Company continues to match Partnership Shares purchased on a one-to-one ratio. Matching Shares granted each month are subject to the Director's continued employment for a period of one year from the grant date. Alex Chesterman and Andy Botha purchased 512 and 416 Partnership Shares respectively during the Period. The Company has issued an equal number of Matching Shares to each Executive Director.

23 June 2017 marked the three year anniversary of ZPG's IPO and consequently the 1,137 Free Shares issued to all staff employed at IPO, including the CEO, became available at this date. Andy Botha was not employed at the date of IPO and therefore was not granted any Free Shares. At 30 September 2017, and as at the date of this report, the Free Shares awarded to Alex Chesterman remain in the SIP Trust and have not been withdrawn.

Payments to past Directors/payments for loss of office (audited)

There were no payments made to past Directors or for loss of office in the Period.

Statement of Directors' shareholdings (audited)

Shareholding requirements in operation at the Company are currently 400% of base salary for the CEO and 100% of base salary for the CFO. During 2017 the Remuneration Committee decided to increase the minimum shareholding requirement for the CFO to 200%. Executive Directors are required to build up their shareholdings over a reasonable amount of time, which would normally be five years. Andy Botha joined the Company on 18 April 2016 as CFO and is expected to build up the required shareholding over a reasonable period. The number of shares of the Company in which current Directors had a beneficial interest and details of long-term incentive interests as at 30 September 2017 are set out in the table below.

		Shares held directly			Other shares held	
Director	Current shareholding (% salary)[3]	Beneficially owned[1]	Shares not subject to performance conditions[2,4]	Total number of Ordinary and Deferred Shares	Interests subject to performance conditions[4,5]	Shareholding requirement met
Alex Chesterman	2,874	4,270,144	288,781	4,498,925	3,352,445	Yes
Andy Botha	–	416	18,149	18,565	174,360	No

1 Includes Partnership shares purchased under the SIP. No shares were held by any connected parties. Since 30 September 2017 Alex Chesterman and Andy Botha have each purchased 84 Partnership Shares through the Company's SIP. These shares have been matched on a one-to-one ratio by the Company. There have been no other movements since 30 September 2017 to the date of this report.

2 Includes Matching Shares still subject to forfeiture awarded under the Company's SIP and nil-cost options granted under the Annual Bonus Plan.

3 The closing share price of 361.7 pence as at 30 September 2017 has been taken for the purpose of calculating the current shareholding as a percentage of salary. Unvested LTIP and Annual Bonus Plan shares and options do not count towards satisfaction of the shareholding guidelines. Matching Shares under the Share Incentive Plan which are still subject to forfeiture or lapse do not count towards the shareholding requirement.

4 Nil-cost options granted under the Company's LTIP and Annual Bonus Plans exclude any dividend equivalents that may have accrued.

5 Interests subject to performance conditions include the unvested LTIP and VCP nil-cost options.

The Chairman and the Non-Executive Directors are not subject to a shareholding requirement. Details of their interests in shares are set out below:

Director	Shares held at 30 September 2017[1]
Mike Evans (Chairman)	**34,494**
Duncan Tatton-Brown	**22,727**
James Welsh[2]	**–**
Grenville Turner	**–**
Kevin Beatty	**–**
Robin Klein	**583,996**
Sherry Coutu	**588,790**
Stephen Daintith[2]	**–**
Vin Murria	**–**

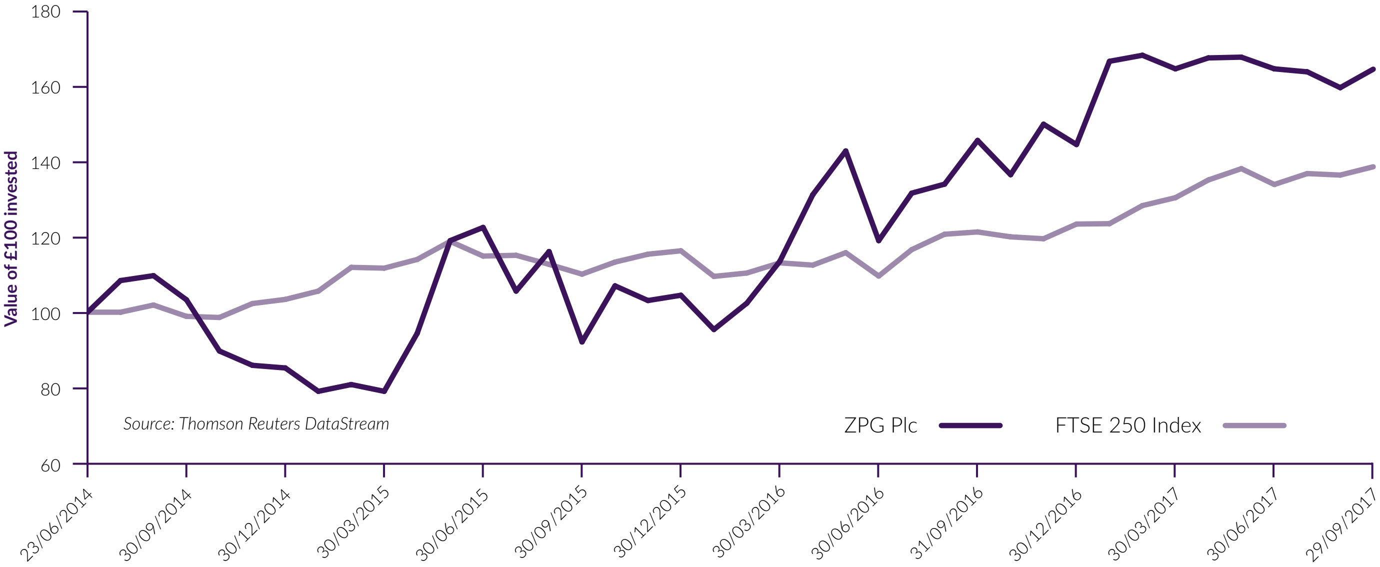
1 Shares held include any shares held by connected parties. There has been no movement in the number of shares held between 30 September 2017 and the date of this report.

2 Stephen Daintith resigned from the Board on 1 January 2017 and was replaced by James Welsh.

Annual report on remuneration continued

Comparison of overall performance and pay (TSR graph)

The graph below shows the value of £100 invested in the Company's shares since listing compared to the FTSE 250 Index. The graph shows the total shareholder return generated by both the movement in share value and the reinvestment over the same period of dividend income. The Committee considers that the FTSE 250 is the appropriate index because the Company has been a member of this since listing. This graph has been calculated in accordance with regulations. It should be noted that the Company listed on 23 June 2014.



Chief Executive Officer historical remuneration

The table below sets out the total remuneration delivered to the Chief Executive Officer over the last three years valued using the methodology applied to the single total figure of remuneration. The Company has expanded quickly from a start-up company and the Committee does not believe that the remuneration payable in its earlier years bears any comparative value to that paid in its later years and therefore the Committee has chosen to disclose remuneration only for the three most recent financial years:

Chief Executive Officer	**2017**	2016	2015
Total single figure (£000)	**1,700**	1,264	1,070
Annual bonus payment level achieved (% of maximum opportunity)	**90**	98	97
LTIP vesting level achieved (% of maximum opportunity)	**100**	–	–

The 2014 LTIP vested on 29 November 2017 after our financial year end. However, given the majority of the performance period has been completed by the end of FY17, the value of the LTIP vesting has been included in the single figure table to FY17. The LTIP grant for the Chief Executive Officer was adjusted prorata on commencement of the VCP on 1 October 2015.

Relative importance of the spend on pay

The table below sets out the relative importance of spend on pay in the 2017 financial year and the 2016 financial year compared with other disbursements. All figures provided are taken from the relevant Company accounts.

	Disbursements from profit in 2017 financial year £ million	Disbursements from profit in 2016 financial year £ million	% change
Profit distributed by way of dividend[1]	**24.9**	21.5	16
Overall spend on pay including Executive Directors	**57.1**	39.6	44
Total tax contributions[2]	**57.4**	53.2	8

1 Includes dividends paid and proposed in respect of the financial year.

2 Total tax contributions include tax for the Period in respect of corporation tax, PAYE, National Insurance contributions and VAT.

The increase in overall spend on pay, including Executive Directors, reflects the increase in our employee numbers as a result of acquisitions across both financial years.

Change in Chief Executive Officer’s remuneration compared with employees

The following table sets out the change in the remuneration paid to the Chief Executive Officer from 2016 to 2017 compared with the average percentage change for employees.

	% increase in remuneration in 2017 compared with remuneration in 2016	
	CEO	Employees
Salary	6%	6%
Annual bonus	(3%)	5%
Taxable benefits	–	–

Ratio of CEO earnings relative to employee earnings

The table below illustrates the CEO earnings relative to employee earnings.

Chief Executive Officer	2017	2016
Chief Executive earnings[1] (£’000)	1,700	1,264
Average employee earnings[2] (£’000)	59	58
Pay ratio	28.7x	21.8x

1 The Chief Executives earnings are calculated on the same basis as the total single figure of remuneration as shown on page 84.

2 Average employee earnings are based on staff costs calculated on the same basis as in the notes to the financial statements, excluding social security costs, based upon the average number of full-time equivalent employees.

The CEO single figure doesn't include any value of any long-term incentives as the CEO participates in a multi-year VCP arrangement. This ratio will likely increase on vesting of the first part of the CEO's VCP in 2019. The increase in ratio from 2016 to 2017 is largely driven by the impact of the 2014 LTIP vesting.

Implementation of the Remuneration Policy in the 2018 financial year

See pages 70 to 71 for details.

Statement of voting at general meeting

The following table sets out the recent shareholder votes on remuneration:

	Date	For[1]		Against		Withheld
Annual Report on Remuneration for 2016	2 February 2017	342,289,752	89.16%	41,597,373	10.84%	1,237,005
Remuneration Policy	1 October 2015	324,285,344	84.27%	60,532,694	15.73%	1,116,923
VCP	1 October 2015	324,482,509	84.08%	61,452,168	15.92%	284

1 Votes “For” included those votes giving the Chairman discretion. Votes were received in respect of 91.85% of the Company’s issued share capital for the Annual Report on Remuneration for 2016, 92.04% for the Remuneration Policy and 92.30% for the VCP.

The Annual Report on Remuneration will be subject to an advisory vote and the Remuneration Policy to a binding vote; at the AGM on 30 January 2018.

Advisers to the Remuneration Committee

During the year the Committee reviewed the advisers to the Committee. Following this review the Committee retained the services of PwC as independent remuneration advisers.

During the financial year, PwC advised the Committee on all aspects of the Remuneration Policy for Executive Directors and members of the Executive Management Team. The Committee is satisfied that advice received from PwC during the year was objective and independent.

PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fees of £16,250 (2016: £36,250) were provided to PwC during the year in respect of remuneration advice received. PwC has no other connection with the Company.

Sherry Coutu
Chair, Remuneration Committee

The Directors present their Annual Report and audited consolidated financial statements for the year ended 30 September 2017, in accordance with section 415 of the Companies Act 2006.

Certain disclosure requirements for inclusion in this report have been incorporated by way of cross-reference to the Strategic report and the Directors' remuneration report, and should be read in conjunction with this report. The following also form part of this report:

- report on the annual quantity of greenhouse gas emissions from activities for which ZPG is responsible, which can be found on page 47;
- information regarding employees, including the Company's policy on the employment of disabled persons and actions in relation to employees, which can be found on page 44;
- the Corporate Governance Statement, which sets out the changes to the Directors on the Board in the year, set out on pages 52 to 57; and
- our strategy and objectives, including likely future developments in the business, set out on page 15.

Information regarding the Company's charitable donations can be found in the Our People and Corporate Responsibility Report on pages 42 to 47.

No political donations were made in 2017 (2016: £nil).

Listing Rule Disclosures

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R can be found in the following locations:

Item	Location
Interest capitalised	None
Publication of unaudited financial information	Not applicable
Detail of long-term incentive schemes	Note 24 to the Consolidated Financial Statements, Remuneration Report
Waiver of emoluments by a Director	None
Waiver of future emoluments by a Director	None
Non pre-emptive issues of equity for cash	None
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings	None
Parent participation in a placing by a listed subsidiary	None
Contract of significance in which a Director is interested	None
Contracts of significance with a controlling shareholder	None
Provision of services by a controlling shareholder	None
Shareholder waiver of dividends	None
Shareholder waiver of future dividends	None
Agreements with controlling shareholder	See page 54

The Company

ZPG Plc is a public company limited by shares, incorporated and domiciled in the UK, with registration number 09005884. The Company is the holding company of the ZPG group of companies.

The Company's shares are traded on the Main Market of the London Stock Exchange.

As part of the Hometrack acquisition, the Company now has operations in Australia through its subsidiaries Hometrack Australia Pty Limited (company number 127386298) and Hometrack Nominees Pty Limited (company number 608814375), which are both registered in Australia as companies limited by shares.

Results and dividends

The Company's results for the year are set out in the consolidated financial statements on pages 105 to 143.

The results of the Company are set out on pages 144 to 151.

The Directors have proposed a final dividend of 3.8 pence per share to be paid in respect of the year ended 30 September 2017. This will be paid on 8 February 2018 to all shareholders on the register on 8 December 2017.

The Board of Directors

The Directors of the Company who held office up to the date of signing the financial statements, including the biographical details setting out their key strengths and experiences, are laid out on pages 50 and 51. Following recommendations from the Nomination Committee, the Board considers that all Directors continue to be effective, committed to their roles and able to devote sufficient time to discharge their responsibilities.

All of the Directors will seek re-election at the Company's AGM on 30 January 2018.

Directors' interests

Information about the Directors' interests in the Ordinary Shares of the Company at 30 September 2017 is set out in the Directors' remuneration report on page 89.

Directors' indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles, the Company has purchased and maintains Directors' and officers' liability insurance cover, which remains in place as at the date of this report.

A review is carried out on an annual basis to ensure that the Board remains satisfied that an appropriate level of cover is in place. During the year, the level of cover was increased by £30 million to £70 million to reflect the increased exposure of the Directors as a result of an expanded group following the various acquisitions throughout the year.

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

Employees

As at 30 September 2017, ZPG employed 882 (2016: 735) employees, as set out in the gender diversity table on page 44.

Articles of Association

The Articles of Association of the Company can only be amended by special resolution at a general meeting of the shareholders. No amendments are proposed at the 2018 AGM.

Annual General Meeting (AGM)

The Company's next AGM will take place on 30 January 2018 at the Company's head office at The Cooperage, 5 Copper Row, London SE1 2LH at 10.00am, and the Chairmen of each of the Board's Committees will be present to answer questions put to them by shareholders. The Annual Report and Accounts and AGM Notice, including the resolutions to be proposed, will be sent to shareholders at least 20 working days prior to the date of the meeting. The AGM Notice can also be found on the Company's corporate website at www.zpg.co.uk.

To encourage shareholders to participate in the AGM process, the Company proposes to offer electronic proxy voting through the CREST service and all resolutions will be proposed and voted on at the meeting on an individual basis by shareholders or their proxies.

Voting results will be announced through the Regulatory News Service and made available on the Company's website.

Share capital

Details of the Company's share capital are set out in Note 23 to the consolidated financial statements. The Company has one class of Ordinary Shares. As at 28 November 2017 the Company had an issued share capital of 439,014,156 Ordinary Shares of £0.001 with 135,317 of those Ordinary Shares held in treasury. The rights and obligations attached to these shares are governed by UK law and the Company's Articles of Association.

Holders of Ordinary Shares of the Company are entitled to receive notice and to attend and speak at general meetings. On a show of hands, every shareholder present in person or by proxy (or duly authorised corporate representatives) shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share held. Treasury shares do not carry any voting rights.

Other than the general provisions of the Articles of Association and prevailing legislation, there are no specific restrictions on the size of a holding or on the transfer of the Ordinary Shares.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights except for the lock-up of Alex Chesterman's shares that will be released after the close of trading on the fourth anniversary of the Company's admission to trading on the London Stock Exchange (23 June 2018). No shareholder holds securities carrying any special rights or control over the Company's share capital. All employees are eligible to participate in the Company's Share Incentive Plan (SIP) and have the right to exercise their rights in relation to any vested shares under the SIP.

Authority to purchase own shares

At last year's AGM of the Company on 2 February 2017, the Company was authorised to purchase a maximum of 10% of the Company's issued share capital. This authority will expire at the close of the 2018 AGM.

Authority to allot shares

At last year's AGM, the Company was granted a general authority by its shareholders to allot shares up to an aggregate nominal amount of £139,317.89 and in connection with a rights issue or other pre-emptive offer to allot shares up to an aggregate nominal amount of £278,635.79.

During the year, the Company carried out a placing of 20,897,684 new Ordinary Shares, issued under these authorities, with an aggregate nominal amount of £20,897,684 and which represented approximately 5% of the issued Ordinary Share capital of ZPG prior to the placing. These authorities will expire at the conclusion of the 2018 AGM unless revoked, varied or renewed prior to that meeting. Resolutions will be proposed at the 2018 AGM to renew these authorities.

Financial risk management

The Company's objectives and policies on financial risk management, including information on its exposure to credit, price, liquidity, cash flow and other market risks, can be found in Note 26 to the financial statements.

Major interests in shares

As at 30 September 2017, the Company had been advised of the following notifiable interests in the Company's voting rights. These holdings may have changed since being notified to the Company.

	Number of voting rights at 29 September 2017	% of voting rights at 29 September 2017
DMGZ Limited	130,953,293	29.84
Caledonia	37,048,627	8.44
Lansdowne Partners	35,107,480	8.00
Aviva Investors	33,418,938	7.61
Capital Group	33,159,315	7.56
Jupiter Asset Management	14,193,707	3.23

Since 30 September 2017, the Company received notifications from UBS Investment Bank/ UBS Group AG that it held more than 3% of the voting rights in the Company. However, on 9 November 2017, the Company received a notification from UBS Investment Bank/ UBS Group AG that, as at 7 November 2017, it was no longer above the notifiable threshold.

Going concern

The consolidated financial position of the Company shows a positive net and current asset position and, as at 30 September 2017, the Company had a net debt to EBITDA ratio of 2.0x. As a consequence, the Directors believe that ZPG is well placed to manage its business and financial risks successfully. Further information on the Directors' assessment can be found in the Company's viability statement on page 35.

The Directors have a reasonable expectation that ZPG 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.

Auditor and disclosure of information to auditor

Each of the Directors at the date of this report confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint it as the Company's auditor will be proposed at the forthcoming AGM.

Subsequent events

On 1 October 2017, ZPG completed the acquisition of Money for £80 million on a cash-free, debt-free basis, plus a performance-based earn-out of up to £60 million. The acquisition was financed through a combination of existing cash resources and a £50 million extension to ZPG's credit facilities.

As at the date of this report, the Company is well advanced in its acquisition of Calcasa B.V for €30 million (£26.5 million) on a cash-free, debt-free basis, with a performance-based earn-out of up to €50 million (£44.1 million). The acquisition is expected to complete on 1 December 2017 and will be financed through a combination of cash resources and an extension to the Company's existing credit facilities.

There have been no other reportable subsequent events between 30 September 2017 and the date of signing of this report.

This report has been approved by the Board of Directors and has been signed on its behalf by:

Ned Staple
Company Secretary
28 November 2017
ZPG Plc

The Cooperage
5 Copper Row
London
SE1 2LH

Company number: 09005884

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 28 November 2017 and is signed on its behalf by.

By order of the Board

Alex Chesterman
Chief Executive Officer
28 November 2017

Andy Botha
Chief Financial Officer
28 November 2017

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of ZPG plc (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement; and
- the related notes 1 to 29 to the group financial statements and notes 1 to 16 to the company financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Accounting for acquisitions; • Valuation of accrued income in the comparison segment; • Revenue recognition in the property segment; and • Valuation of goodwill and intangible assets. **Within this report, any new key audit matters are identified with ⌃ and any key audit matters which are the same as the prior year identified with >>.**
Materiality	The materiality that we used in the current year was £2.3 million which was determined on the basis of 4.8% of profit before tax.
Scoping	Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Entities subject to full scope audit procedures represented 90% of the group's revenue, 93% of the group's profit before tax and 99% of the group's net assets.
Significant changes in our approach	Hometrack Data Systems Limited ("HDS") and Websky Limited ("Expert Agent") were acquired during the year and full scope audit procedures were performed on these two entities. The acquisition accounting for these two entities has been identified as a key audit matter. There have been no other significant changes in our approach for the year ended 30 September 2017.

Conclusions relating to principal risks, going concern and viability statement

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 1 to the financial statements and the directors' statement on the longer-term viability of the group contained within the strategic report on page 35.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 32 to 35 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 35 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement in note 1.4 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation on page 35 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions; or
- whether the directors' statements relating to going concern and the prospects of the company required in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for acquisitions

Key audit matter description

This is a new key audit matter for 2017 following the acquisitions of Hometrack (Hometrack Australia and HDS) and Expert Agent in the period. These acquisitions were completed in January 2017 and March 2017 respectively.

The Purchase Price Allocation ("PPA") in respect of acquisitions is inherently judgemental. There is a risk that if management use inappropriate methodologies or assumptions within the PPA exercise, that the intangible assets will be understated or overstated.

We have included the key audit matter in our audit report due to the quantum of the balance, its highly judgemental nature, and the fact that it had a substantial impact on our overall audit strategy.

Hometrack

Hometrack was acquired for £109.2 million in cash and debt with a further £13.0 million of deferred and contingent consideration expected to be paid.

The key judgement is the calculation of contingent consideration payable to selling shareholders. Management conducted a multi-scenario model, utilising eight separate scenarios of equal probability, which resulted in £11.8 million of a potential maximum £25.0 million being recognised as consideration (and hence goodwill) as well as the corresponding liability. The excess of consideration over the fair value of net assets acquired has been recognised as intangible assets comprised of customer relationship of £25.2 million, brands of £2.1 million, intellectual property of £18.5 million and goodwill of £86.3 million.

Expert Agent

Expert Agent was acquired for £20.14 million in cash and £14.74 million of deferred and deferred election consideration expected to be paid.

The excess of consideration over the fair value of net assets acquired has been recognised as intangible assets comprised of customer relationships of £12.7 million, software of £1.4 million, brands of £0.7 million and goodwill of £23.1 million.

Refer to the Audit Committee report (page 60), notes 1, 1.21 and 13 for the description of the key audit matter, group accounting policy, management's consideration of critical accounting judgements and disclosure note respectively.

How the scope of our audit responded to the risk

Our procedures involved:

- assessing the design and implementation of the key controls over acquisition accounting;
- using internal experts to review the methodology and assumptions employed by management in calculating the fair value of the intangibles and considering the completeness of intangibles identified;
- obtaining the underlying cash flow forecasts and discussing them with management, challenging the reasonableness and consistency of the underlying forecasts;
- auditing the deferred and contingent consideration through modelling and recalculation of the inputs used; and
- reviewing the associated disclosures to ensure that they are in accordance with IFRS 3.

In addition to the above, during the measurement period, we considered whether the group retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and challenged the appropriateness of any change to goodwill or the income statement.

Key observations

We concurred that the acquisitions have been appropriately accounted for under IFRS 3 and that the assumptions and methodology used in valuing the intangibles is reasonable.

We considered that the accounting for deferred and contingent consideration has been performed correctly and that management has appropriately disclosed the key sensitivities that exist.

Valuation of accrued income in comparison segment

Key audit matter description	Comparison segment revenue is recognised based upon the number of switches provided to suppliers, net of an estimated drop-out. At the period end there is an element of this revenue that has not been confirmed by the third party provider and judgement is required to estimate the unbilled or accrued income of £16.4 million at the period end. Therefore we also considered this key audit matter as a fraud risk. We have included the key audit matter in our audit report due to the quantum of the balance and the fact that it had a substantial impact on our overall audit strategy. Refer to the Audit Committee report (page 60), notes 1, 1.21 and 2 for the description of the key audit matter, group accounting policy, management's consideration of key sources of estimation uncertainty and disclosure note respectively.
How the scope of our audit responded to the key audit matter	Our procedures involved: • assessing the design and implementation of the key controls over revenue recognition; • analysing revenue streams on a month by month basis to understand the drivers of fluctuations and obtain support for any unusual movements; • for a statistical sample of suppliers for which there is accrued income at year end, we sought post year-end confirmation of the balance from the relevant third party including invoices and cash receipts to assess the accuracy of the estimate of accrued income; and • using data analytic specialists to perform a reconciliation of the switches that occurred in the period by assessing the data integrity from switch creation to reported gross product numbers on which revenue is accrued.
Key observations	Based on our work we are satisfied the accounting for accrued income in the comparison segment is in line with accounting standards and is materially appropriate.

Revenue recognition in the property segment

Key audit matter description	Agency revenue primarily consists of recurring subscription payments with agent and developer members in return for property listings. Revenue recognition is limited in complexity; however given the large volume of agreements there is a risk that customer subscription agreements may not be appropriately captured and accounted for, and hence the agency revenue population may not be complete. The number of partners has consistently increased over the year. Property software services are provided to customers whereby software licenses and support are sold under the same contractual arrangement. The fair value accounting for these bundled contracts can be complex as the fair value may not be ascribed to each deliverable in accordance with IAS 18. Therefore we also considered this key audit matter as a fraud risk. Refer to the Audit Committee report (page 60), notes 1 and 2 for the description of the key audit matter, group accounting policy and disclosure note respectively.
How the scope of our audit responded to the key audit matter	For Agency revenue our procedures involved: • assessing the design and implementation of the key controls over revenue recognition; • analysing revenue streams on a month by month basis using data analytics to understand the drivers of fluctuations including monthly partner numbers and the average revenue per partner trend, and obtained support for any unusual movements; • selecting a sample of estate agents, ascertaining whether they are a ZPG customer or not, and if so, obtaining the underlying contract to ensure that the information within the CRM system is accurate and agreeing the agents back to the ZPG website; and • corroborating information for a sample of customer contracts (or equivalent agreement) selected from the CRM system to subscription details, and then in turn back to the ledger to ensure that revenue has been appropriately recognised. For property software services our procedures involved: • assessing the design and implementation of the key controls over revenue recognition; • obtaining management's assessment of revenue recognition and critically assessing the rationale applied by assessing whether the impact of fair valuing each element of the contract would lead to a materially different revenue recognition profile and testing the inputs applied; • for a sample of customer contracts, we evaluated the contractual terms, identifying the distinct obligations and establishing their respective fair values, in order to form an expectation of the revenue that should be recognised in the period; and • tracing this value to the ledger to evaluate whether revenue has been stated accurately.
Key observations	Based on our work we are satisfied the accounting for revenue recognition in the property segment is materially appropriate.

Valuation of goodwill and intangible assets

Key audit matter description

There is a risk that the carrying value of goodwill and intangible assets may not be supported by the recoverable amount of the underlying business.

The total of goodwill and acquired intangible assets balance has increased significantly to £491.0 million over the past three years as a result of acquisitions made.

The assessment of the recoverable amount requires significant management judgement specifically in modelling the future cash flow forecasts. Therefore we also considered this key audit matter as a fraud risk. Key assumptions in the impairment model include a detailed cash flow forecast derived from the 2018 budget and associated two year projections and a long term growth rate. In addition, the group has identified five cash generating units ("CGU") following the acquisitions made in the period. The CGUs are dependent on both short and long term growth assumptions and discount rates.

Refer to the Audit Committee report (page 61), notes 1, 1.21 and 14 for the description of the key audit matter, group accounting policy, management's consideration of key sources of estimation uncertainty and disclosure note respectively.

How the scope of our audit responded to the key audit matter

Our procedures entailed:

- assessing the design and implementation of the key controls over the impairment model;
- consideration of the Cash Generating Unit ("CGU") identification within the group;
- checking the mechanical accuracy of the underlying impairment review model;
- consideration of the appropriateness of the underlying forecasts, corroborating that the assumptions used are reasonable based upon knowledge of the business and the industry, and that the forecasts are consistent with those used in other aspects of the financial statements;
- engaging internal specialists to independently calculate a Weighted Average Cost of Capital ("WACC") and audit of any further risk premium added, to assess whether discount rates used are appropriate;
- comparing the assumptions used in the impairment review calculations including the discount rates and terminal growth rate to benchmark data and industry specific comparatives to ensure they are reasonable; and
- reviewing the associated disclosures to ensure that they are in accordance with IAS 36.

Key observations

Based on our work we are satisfied that the valuation of goodwill and intangible assets presented in the financial statements is appropriate and we concluded that the assumptions applied in the impairment models, taken in aggregate are within our acceptable range.

We concurred with management that the disclosures in note 14 are appropriate and the sensitivities disclosure presents the outcome of reasonably possible changes in projected revenue growth in the Property Software Group CGU.

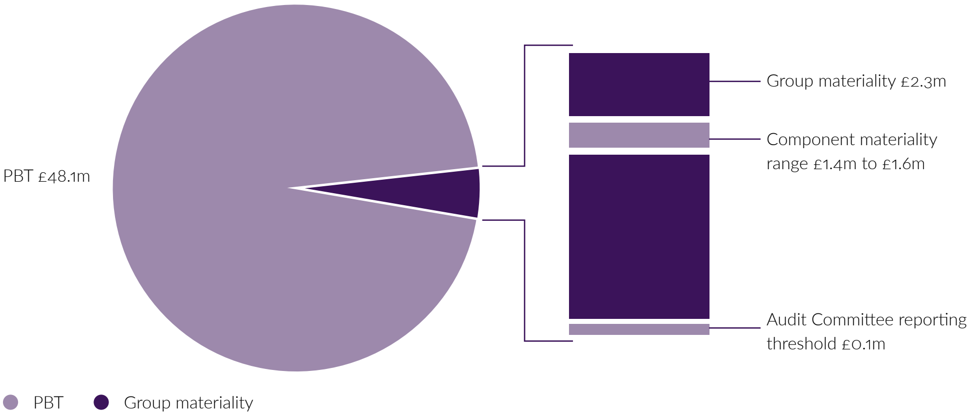
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£2,300,000 (2016: £2,100,000).
Basis for determining materiality	Materiality represents 4.8% (2016: 4.5%) of profit before tax, which is consistent with the prior period.
Rationale for the benchmark applied	We consider that profit before tax is the most appropriate statutory measure for a listed business and this is also a key measure used by investors.

Our application of materiality continued



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £115,000 (2016: £100,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

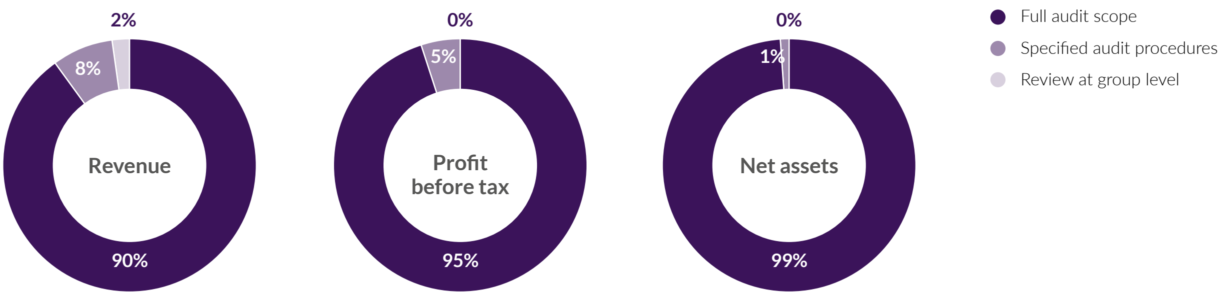
An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

We focused our group audit scope primarily on the audit work in respect of ZPG Plc, Zoopla Limited and uSwitch Limited, which were subject to a full scope audit, which is consistent with the prior year. Property software services was subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the group's operations at that location. HDS and Expert Agent were acquired in the period and were audited to statutory materiality during the group audit, which is lower than component materiality.

ZPG Plc, Zoopla Limited and uSwitch Limited's operations together represent 85% of the group's revenue (2016: 96%), 83% (2016: 97%) of the group's profit before tax and 96% of the group's net assets (2016: 98%). Our audit work for these components was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £1.38 million to £1.61 million (2016: £1.2 million to £1.5 million).

There were no component audit teams, with the entire audit including the testing of the consolidation being conducted in ZPG's London head office by one central audit team.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors in 2012 to audit the financial statements for the year ending 30 September 2012 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years, covering the years ending 30 September 2012 to 30 September 2017.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Kate J Houldsworth FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
28 November 2017

Consolidated statement of comprehensive income
For the year ended 30 September 2017 from continuing operations

	Notes	2017 £000	2016 £000
Revenue		**244,538**	197,728
Administrative expenses		**(190,834)**	(148,053)
Adjusted EBITDA	3	**96,410**	77,110
Share-based payments	24	**(7,647)**	(4,852)
Depreciation and amortisation		**(18,348)**	(11,179)
Exceptional items	3	**(16,711)**	(11,404)
Operating profit	4	**53,704**	49,675
Finance income		**47**	51
Finance costs		**(5,664)**	(3,564)
Profit before tax		**48,087**	46,162
Income tax expense	9	**(10,678)**	(9,484)
Profit for the year		**37,409**	36,678
Attributable to			
Owners of the parent		**37,409**	36,678
Other comprehensive income			
Fair value movements – available for sale financial assets	16	**1,139**	–
Total comprehensive income for the period		**38,548**	36,678
Earnings per share			
Basic (pence)	11	**8.8**	8.9
Diluted (pence)	11	**8.6**	8.8

Consolidated statement of financial position
As at 30 September 2017

	Notes	2017 £000	2016 £000
Assets			
Non-current assets			
Intangible assets	14	**491,020**	322,621
Property, plant and equipment	15	**6,560**	6,413
Available for sale financial assets	16	**4,461**	724
Trade and other receivables	17	**–**	3,262
		502,041	333,020
Current assets			
Trade and other receivables	17	**38,531**	36,615
Cash and cash equivalents		**75,368**	3,367
		113,899	39,982
Total assets		**615,940**	373,002
Liabilities			
Current liabilities			
Trade and other payables	18	**51,379**	32,522
Current tax liabilities		**2,948**	6,146
Deferred and contingent consideration	19	**16,799**	28,143
Provisions	20	**259**	1,304
		71,385	68,115
Non-current liabilities			
Loans and borrowings	21	**266,865**	149,696
Deferred and contingent consideration	19	**21,622**	2,533
Provisions	20	**1,440**	1,410
Deferred tax liabilities	22	**14,687**	9,021
		304,614	162,660
Total liabilities		**375,999**	230,775
Net assets		**239,941**	142,227
Equity attributable to owners of the parent			
Share capital	23	**439**	418
Share premium reserve		**74,304**	50
Other reserves	23	**85,603**	86,007
Retained earnings		**79,595**	55,752
Total equity		**239,941**	142,227

The consolidated financial statements of ZPG Plc were approved by the Board of Directors and were signed on its behalf by:

A Chesterman
Director
28 November 2017

A Botha
Director
28 November 2017

Consolidated statement of cash flows
For the year ended 30 September 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit before tax	**48,087**	46,162
Adjustments for:		
Depreciation of property, plant and equipment	**1,154**	1,709
Amortisation of intangible assets	**17,194**	9,470
Finance income	**(47)**	(51)
Finance costs	**5,664**	3,564
Share-based payments	**7,647**	4,852
Gain on barter transaction	**(1,540)**	–
Movement in contingent and deferred consideration	**11,334**	7,075
Operating cash flow before changes in working capital	**89,493**	72,781
Increase in trade and other receivables	**(1,563)**	(4,991)
Increase in trade and other payables	**9,152**	3,862
(Decrease)/increase in provisions	**(1,015)**	505
Cash generated from operating activities	**96,067**	72,157
Income tax paid	**(15,083)**	(11,290)
Net cash flows from operating activities	**80,984**	60,867
Cash flows (used in)/from investing activities		
Acquisition of subsidiaries, net of cash acquired	**(136,884)**	(47,125)
Settlement of deferred and contingent consideration	**(32,722)**	(37,042)
Amounts paid from/(into) escrow in relation to deferred and contingent consideration	**6,341**	(2,448)
Acquisition of available for sale financial assets	**(1,058)**	(979)
Disposal of available for sale financial assets	**–**	255
Interest received	**47**	51
Acquisition of property, plant and equipment	**(1,215)**	(3,980)
Acquisition and development of intangible assets	**(5,885)**	(2,561)
Net cash flows used in investing activities	**(171,376)**	(93,829)
Cash flows from/(used in) financing activities		
Proceeds on issue of shares, net of issue costs	**74,275**	–
Proceeds on issue of debt, net of issue costs	**215,000**	89,358
Repayment of debt	**(97,500)**	(52,500)
Interest paid	**(5,899)**	(2,942)
Treasury shares purchased	**–**	(414)
Shares purchased by trusts	**(112)**	–
Shares released from trusts	**238**	182
Dividends paid	**(23,609)**	(16,554)
Net cash flows from financing activities	**162,393**	17,130
Net increase/(decrease) in cash and cash equivalents	**72,001**	(15,832)
Cash and cash equivalents at beginning of period	**3,367**	19,199
Cash and cash equivalents at end of period	**75,368**	3,367

Consolidated statement of changes in equity
For the year ended 30 September 2017

	Notes	Share capital £000	Share premium reserve £000	Other reserves: Shares in trust £000	Other reserves: Merger reserve £000	Other reserves: Treasury shares £000	Retained earnings £000	Total equity £000
At 1 October 2016		418	50	(768)	87,133	(358)	55,752	142,227
Profit for the period		–	–	–	–	–	37,409	37,409
Other comprehensive Income:								
Fair value movements		–	–	–	–	–	1,139	1,139
Transactions with owners recorded directly in equity:								
Shares issued		21	74,254	–	–	–	–	74,275
Share-based payments	24	–	–	–	–	–	6,055	6,055
Treasury shares released	23	–	–	–	–	60	(60)	–
Current tax on share-based payments	9	–	–	–	–	–	309	309
Deferred tax on share-based payments	9	–	–	–	–	–	2,049	2,049
Shares purchased by trusts		–	–	(112)	–	–	–	(112)
Shares released from trusts		–	–	304	–	–	(66)	238
Other		–	–	–	–	–	(39)	(39)
Transfer between reserves[1]		–	–	–	(656)	–	656	–
Dividends paid	10	–	–	–	–	–	(23,609)	(23,609)
At 30 September 2017		**439**	**74,304**	**(576)**	**86,477**	**(298)**	**79,595**	**239,941**

1 The transfer from merger reserve to retained earnings in 2017 and 2016 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. The intangible assets are now fully amortised.

	Notes	Share capital £000	Share premium reserve £000	Other reserves: Shares in trust £000	Other reserves: Merger reserve £000	Other reserves: Treasury shares £000	Retained earnings £000	Total equity £000
At 1 October 2015		418	50	(1,017)	88,118	–	29,671	117,240
Profit and total comprehensive income for the period		–	–	–	–	–	36,678	36,678
Transactions with owners recorded directly in equity:								
Share-based payments	24	–	–	–	–	–	3,990	3,990
Treasury shares purchased	23	–	–	–	–	(414)	–	(414)
Treasury shares released	23	–	–	–	–	56	(56)	–
Current tax on share-based payments	9	–	–	–	–	–	217	217
Deferred tax on share-based payments	9	–	–	–	–	–	888	888
Shares released from trust		–	–	249	–	–	(67)	182
Transfer between reserves[1]		–	–	–	(985)	–	985	–
Dividends paid	10	–	–	–	–	–	(16,554)	(16,554)
At 30 September 2016		418	50	(768)	87,133	(358)	55,752	142,227

1 The transfer from merger reserve to retained earnings in 2017 and 2016 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.

1. Accounting policies

ZPG Plc is a company domiciled and incorporated in the United Kingdom. The address of the registered office is The Cooperage, 5 Copper Row, London SE1 2LH.

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below for the years ended 30 September 2017 and 30 September 2016. The policies have been consistently applied to all the periods presented, unless otherwise stated.

The consolidated statement of cash flows has been represented in the prior year to move transaction costs on acquisitions of £1.3 million to operating cash flows. The impact was to reduce net cash flows from operating activities by £1.3 million to £60.9 million and to reduce the net cash flows used in investing activities to £93.8 million.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS"). They are prepared on the historical cost basis.

The preparation of consolidated financial statements 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 and 1.21 give further details relating to the Group's critical accounting estimates and judgements.

The presentational currency of the financial statements is Pound Sterling (£). Amounts included in the consolidated financial statements are shown in round thousands unless otherwise indicated.

At the date of approval, the following standards and interpretations which have not been applied in these consolidated financial statements were in issue but are only effective for financial years beginning on or after 1 January 2017:

- Amendments to IAS 7 'Disclosure Initiative' (effective 1 January 2017)*
- Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses' (effective 1 January 2017)*
- IFRS 9 'Financial Instruments' (effective 1 January 2018)
- IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018)
- Amendments to IFRS 2 'Share-based Payments' (effective 1 January 2018)*
- IFRIC 22 'Foreign Currency Transactions and Advanced Consideration' (effective 1 January 2018)*
- Amendments to IFRS 4 'Insurance contracts' (effective 1 January 2018)*
- Amendments to IAS 40 'Investment Properties' (effective 1 January 2018)*
- IFRS 16 'Leases' (effective 1 January 2019)*
- IFRS 17 'Insurance Contracts' (effective 1 January 2021)*

* Not yet endorsed for use in the EU.

IFRS 9 – Financial Instruments is effective for the first time for the financial year commencing 1 October 2018. The implementation of IFRS 9 will require the reclassification of the Group's Available for sale financial assets. From 1 October 2018 these assets will be measured as Fair value through other comprehensive income in accordance with IFRS 9. As this treatment mirrors the Group's current policy, there is not expected to be any material impact on the Group's reported results; however, Management notes that any gain or loss arising on the sale of these assets may no longer be able to be recognised in the Consolidated income statement but will remain within Other Comprehensive Income.

IFRS 15 – Revenue from Contracts with Customers is effective for the first time for the financial year commencing 1 October 2018. An initial impact assessment was performed during 2017 by Management to identify potential implications for the business on its existing contracts and the recognition of revenue. Management has identified a number of contract types which could result in a change in the profile of revenue recognition as currently drafted, including but not limited to: contracts for the provision of desktop software and contracts for advertising services. Management also notes that the current recognition of sales commission across the Group will also change and will lead to these costs being spread over the expected life of the contract. As the Group is still in the process of assessing the full impact of IFRS 15 it is not currently practicable to quantify the impact of this standard and therefore the standard could have a material impact on the future results of the Group, in particular revenue, adminstrative expenses and accrued and deferred revenue. Management intend to provide an indication of the expected impact of IFRS 15 in the interim announcement for the period to 31 March 2018.

The impact of IFRS 16 – Leases will require the Group to record its current property leases and fleet of motor vehicles on the statement of financial position. The leases impacted are currently treated as operating expenses. The change in recognition is expected to increase future depreciation charges and lead to a reduction in operating expenses. Future commitments under current operating leases are outlined in Note 27 which gives some indication of the impact on the Group going forward, however, as IFRS 16 is effective for the first time for the financial year commencing 1 October 2019 a full assessment of the standard has not yet been made and therefore the standard could have a material impact on the future results of the Group.

All other standards identified above are not expected to have a material impact on the consolidated financial statements.

1. Accounting policies continued

1.2 Adoption of new and revised standards

These consolidated financial statements have been prepared in accordance with the policies set out in the Group's Annual Report for the year ended 30 September 2016. No new or revised accounting standards were adopted in the period.

1.3 Basis of consolidation

The consolidated financial statements incorporate the accounts of ZPG Plc ("the Company") and entities controlled by the Company ("its subsidiaries") (together "the Group"). Control exists when the Group has existing rights to give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. The results of subsidiaries are included in the consolidated financial statements from the date control commences until the date when control ceases.

Throughout the year the Group acquired a number of entities and their subsidiaries. The results of each acquisition have been consolidated from the date of acquisition as set out in Note 13. The consolidated results for 2017 are therefore not a like for like comparison for 2016. Full details of the acquisitions are set out in Note 13.

Full details of acquisitions made in 2016 are set out in the Group's Annual Report 2016 and are summarised in Note 13.

The Company has one trading subsidiary that uses a functional currency which is different to the presentational currency of the Group. Hometrack Australia Limited's functional currency is the Australian Dollar as it is the currency of the primary economic environment in which it operates.

Assets and liabilities for Hometrack Australia are translated into Pound Sterling using the exchange rate at the statement of financial position date and the consolidated statement of comprehensive income translated using the average exchange rate for the year. Exchange differences on translation into the presentational currency are recognised within other comprehensive income. The principal exchange rates for the Australian Dollar against Pound Sterling used in these consolidated financial statements are: average: 1.66, closing: 1.71.

1.4 Going concern

The consolidated financial position shows a positive net asset position and the Group continues to generate net cash flows from operating activities and maintain its current dividend policy. The Group also has access to a £325 million debt facility of which £269 million was drawn down at 30 September 2017. The facility includes required covenant ratios of Net Debt: EBITDA and interest cover. The Group are comfortably within these limits. 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. The Group recognises revenue under two categories – Property and Comparison.

Revenue from Property derives principally from subscription to the Group's property websites and from the provision of property software to UK domestic, overseas and commercial estate agents ("UK Agency revenue"), home developers ("New Homes revenue") and overseas and commercial estate agents along with the provision of property data to financial and other institutions ("Other property revenue"). Subscription revenue, including fees for listing on the Group's property websites or the ongoing provision of property data, is recognised over the period of the subscription. Software revenue includes subscription to Software as a Service (SaaS), desktop software licensing, support and installation fees. Installation fees are recorded at fair value when the installation is complete. Ongoing SaaS revenue, support and licensing fees are recognised over the service period. Revenue from other property services is recognised in the month in which the service is provided.

The main sources of Comparison revenue are fees received for the comparison of gas and electricity services ("Energy revenue") and mobile, broadband, pay TV and home phone services ("Communications revenue"). Revenue is recognised at the point at which a lead is generated to an energy or communications provider, based on the historical conversion of such leads into completed switches. Revenue from other comparison services ("Other Comparison revenue") is recognised in the month in which the service is provided.

1.6 Leases

During 2016 the Group entered into a new 15 year lease agreement for its head office at The Cooperage, London. During 2017 the Group's previous offices were sublet to a third party.

All of the Group's current lease and sub-lease arrangements are recognised as operating leases as the material risks and rewards incidental to ownership remain with the lessor.

Operating lease expenses are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease. Rent-free periods, lease arrangement fees and other direct costs are amortised through the consolidated statement of comprehensive income over the term of the lease.

Operating lease income is recorded in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease and is classified as other income. Any rent-free or reduced rent periods are amortised through the consolidated statement of comprehensive income over the term of the lease.

1. Accounting policies continued

1.7 Finance income and costs

Finance income represents interest receivable on cash and deposit balances and gains recognised on foreign currency transactions. Interest receivable is recognised as it accrues using the effective interest method.

Finance costs represent interest charges and certain fees charged on the Group's revolving credit facility as well as losses recognised on foreign currency transactions. Finance costs are recognised as they accrue using the effective interest method.

Foreign exchange gains and losses are recognised monthly based on the translation of assets and liabilities held in foreign currencies to Pound Sterling and realised gains and losses on transactions recorded in the period. The Group's principal exposure is to the Australian dollar, through its Australian subsidiary, and the US Dollar, through agreements with of a number of suppliers based in the United States. The Directors are comfortable that any sensitivity to fluctuations in exchange rates would not have a material impact on the results of the Group.

1.8 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. This cost includes the purchase price, 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. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and are not revalued.

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, as follows:

Fixtures and fittings	–	over 2 to 5 years
Computer equipment	–	over 2 to 5 years
Leasehold improvements	–	over the lease term
Freehold property	–	over 50 years

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 is accounted for using the acquisition method in accordance with IFRS 3. 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, net of cash acquired. Acquisition related costs, other than those associated with the issue of debt or equity securities, are recognised in the consolidated statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value with the exception of deferred tax assets and liabilities, which are measured in accordance with IAS 12 – Income Taxes. Identifiable net assets include the recognition of any separately identifiable intangible assets. Further detail of the identifiable assets and liabilities recognised during the year on acquisitions are provided in Note 13.

Deferred and contingent consideration are measured at fair value at the date of acquisition. Where the amounts payable are classified as a financial liability any subsequent change in the fair value is charged/credited to the Group's consolidated statement of comprehensive income. Amounts classified as equity are not subsequently remeasured. Where consideration to Management shareholders is contingent on their continued employment the amount is recognised as a remuneration expense in the statement of comprehensive income over the deferral period when it coincides with the period of continued employment.

1.10 Goodwill

Goodwill arising on a business combination represents the difference between the fair value of the consideration paid and the fair value of assets and liabilities acquired and is recorded as an intangible asset. Goodwill is not subsequently subject to amortisation but is tested for impairment annually and whenever the Directors have an indication that it may be impaired. For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the combination. Any impairment in carrying value is charged to the consolidated statement of comprehensive income.

1.11 Intangible assets

Purchased intangible assets with finite lives are initially recorded at cost. Intangibles arising on acquisition are recorded at fair value. All intangibles are subsequently stated at initial value 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:

Brand	–	5–10 years
Domain names	–	5 years
Database	–	3–10 years
Customer relationships	–	5–10 years
Website development and computer software	–	3–8 years

1. Accounting policies continued

1.12 Impairment of tangible and intangible assets

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. 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. Any impairment loss is recognised immediately in the consolidated statement of comprehensive income.

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 to the extent 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 the consolidated statement of comprehensive income.

1.13 Research and development

The Group incurs expenditure on research and development in order to develop new products and enhance the existing websites. Research expenditure 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 enhancement 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.

Research and Development tax credit claims made in the UK are recognised as a credit to administrative expenses in the financial year relevant to the claim. Research and Development tax credits in Australia are recognised as a deduction to the tax expense.

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. Full details of financial instruments are included in Note 26.

Investments in unlisted securities not meeting the definition of associates, joint ventures or subsidiaries are classified as available for sale financial assets and are initially recorded at fair value plus transaction costs. The investments are then remeasured at each subsequent reporting date to fair value. Changes in the fair value of the unlisted securities are recognised in other comprehensive income, with the exception of impairment losses. On disposal of the asset any gains and losses recorded within other comprehensive income are realised and are reclassified to the consolidated statement of comprehensive income.

Trade and other receivables 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 provision is reviewed regularly in conjunction with a detailed analysis of historical payment profiles and past default experience. When a trade receivable is deemed uncollectable, it is written off against the allowance account. The Group receives interest income on certain amounts held in escrow.

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.

Loans and borrowings are measured at amortised cost, net of direct costs. Direct costs are released through the consolidated statement of comprehensive income under the effective interest method, along with interest charged, over the life of the instrument.

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. 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.

The Group's cash and cash equivalents represent amounts held in the Group's current accounts and overnight deposits that are immediately available.

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities that are measured subsequent to initial recognition at fair value:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of the type of fair value input used is included within the relevant note.

1. Accounting policies continued

1.15 Net Debt

The Group defines Net Debt as loans and borrowings less cash and cash equivalents, both as per the statement of financial position. The Group does not currently hold any financial derivatives, have any leases recorded as finance leases or operate a defined benefit pension plan and therefore these costs are not currently considered. These, and any other financing costs, will be considered as they become applicable to the results of the Group. The calculation of net debt is presented in Note 21.

1.16 Current tax

Current income tax comprises UK income tax and 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 statement of financial position date. Current tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

1.17 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. Deferred tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

1.18 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 Management's best estimate of the expenditure required to settle the obligation at the statement of financial position 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 estimate of costs to make good the Group's leasehold properties at the end of the lease term.

Onerous lease provisions relate to contracts whereby the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under it.

Restructuring provisions are recognised when a full restructuring plan has been developed and communicated. The restructuring provisions represent expected costs incurred of completing the restructure including redundancy costs.

1.19 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. Contributions payable to the fund are charged to the statement of comprehensive income in the period to which they relate.

1. Accounting policies continued

1.20 Share-based payments

The Group provides equity-settled share-based incentive plans whereby ZPG Plc grants shares or nil-cost options over its shares to employees of its subsidiaries for their employment services. The Group also issues warrants over shares in ZPG Plc to a number of the Group's estate agent partners, allowing them to acquire shares in exchange for making their property listings available for inclusion on the Group's property websites.

Equity-settled share-based payments to employees and partners are measured at the fair value of the equity instruments at the grant date. The fair value is measured using a suitable valuation model, including the Black-Scholes and Monte-Carlo valuation models where appropriate, and is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to meet a market vesting condition. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 24.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is charged to the income statement over the remaining vesting period.

Within the company accounts of ZPG Plc equity-settled share options granted directly to employees or estate agent partners of a subsidiary are treated as a capital contribution to the subsidiary. The capital contribution is measured by reference to the fair value of the share-based payments charge for the period and is recognised as an increase in the cost of investment with a corresponding credit to equity.

A number of shares are held in trust in order to settle future exercises of the Group's share incentive schemes. Details of the trusts are included in Note 24. Shares held in trust are treated as a deduction from equity.

Employer's National Insurance Contributions are accrued, where applicable, at a rate of 13.8%. The amount accrued is based on the market value of the shares at 30 September 2017 after deducting the exercise price of the share option.

1.21 Sources of estimation uncertainty

Comparison revenue and accrued income

Revenue generated by the Comparison division is recognised at the point at which a transaction or interaction on the Group's website is completed and a lead is generated. A Management estimate is required in calculating a revenue accrual to estimate the number of successful switches based upon leads provided for each partner in the period between the last date of billing and the latest partner data being made available. The accrued income is estimated by considering the volume of leads that have passed from the Group's website to the partner, the historical conversion of such leads into completed switches and contracted revenue per switch.

Recognition of acquired intangibles on acquisition

During the period the Group completed its acquisition of Hometrack, ExpertAgent, TechnicWeb and Ravensworth. The process of determining the fair value of intangible assets acquired in each acquisition requires an estimation of future cash flows arising from acquired intangibles and there is a risk that inaccurate estimation could lead to the valuation of acquired intangibles and goodwill being misstated. The details of assets and liabilities recognised upon acquisition is set out in note 13.

The Group engaged third party valuation experts for Hometrack and ExpertAgent to mitigate the risk associated with the valuation of assets and liabilities upon acquisition; however, estimation uncertainty still exists in the preparation of forecasts that underpin the valuation models. Intangibles recognised are subsequently amortised over their useful economic lives; as such, no future revaluation of the assets recognised will be made except for the purposes of impairment reviews.

Recognition of earn-out agreements

In consideration for the acquisition of Hometrack an earn-out agreement was entered which is contingent upon the future performance of a ten-year licence agreement also entered into at the point of acquisition. The earn-out is measured at fair value at the point of acquisition using discounted future cashflows under a range of weighted scenarios requiring an estimation of the future performance of the currently nascent licence agreement.

Deferred and contingent consideration on the acquisition of Hometrack was recognised at £13 million. At each reporting period the earn-out will be measured at fair value with any revaluation being recognised in the statement of comprehensive income. The initial fair value recognised upon acquisition was assessed to represent fair value as at 30 September 2017.

Impairment of goodwill and intangibles

The Group holds goodwill and intangibles on the statement of financial position in respect of business acquisitions made. Acquired intangibles include acquired goodwill, brands, customer relationships, databases, websites and software of which £491.0 million has been recognised as at 30 September 2017 (2016: £322.6 million). The Group is required to review these assets annually for impairment. Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable value of the relevant cash-generating unit, which represents the higher of fair value and value in use. The value in use calculation requires an estimation of future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred.

The impairment review has concluded that the carrying value of the Group's intangible assets is supported by the value in use of the respective cash-generating units. Details of the impairment analysis are included in Note 14.

1. Accounting policies continued

1.22 Key accounting judgements

PropertyFinder Group barter transaction

PropertyFinder Group is a Dubai-based business with leading property portals across the Middle East and North Africa. During the period the propertyfinder.com domain name was transferred in exchange for 1% of the issued share capital of PropertyFinder International Limited, the PropertyFinder Group parent entity.

A key accounting judgement was made in recognising the fair value of the acquired asset as required by IAS 38. Property Finder International Limited is a private company registered in the British Virgin Islands and as such is required to make only limited public financial disclosure. Determining the fair value of the investment is therefore subject to inherent uncertainty. Management used various sources of publicly available information, including the audited value of an investment in PropertyFinder Group disclosed by a listed investment company to determine the fair value at acquisition.

The investment in PropertyFinder is held as an available for sale financial asset and therefore is subsequently measured at fair value at each reporting date. As at 30 September 2017 the asset is valued at £1.7 million on the statement of financial position.

1.23 Alternative performance measures

In the analysis of the Group's financial performance certain information disclosed in the consolidated financial statements may be prepared on a non-GAAP basis or has been derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. These measures are reported in line with how financial information is analysed by Management. When reviewing performance, the Directors use a combination of both statutory and adjusted performance measures. The adjusted performance measures, including Adjusted EBITDA and Adjusted basic EPS, provide additional information to help assess the underlying performance of the business as they strip out deal related costs and give a closer approximation to ZPG's cash flows. The non-GAAP measures are designed to increase comparability of the Group's financial performance year on year. However, these measures may not be comparable with non-GAAP measures adopted by other companies. The key non-GAAP measures presented by the Group are:

- Adjusted EBITDA – which is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items (Note 3); and
- Adjusted basic EPS – which is defined as profit for the year, excluding exceptional items and amortisation of intangible assets arising on acquisitions, adjusted for tax (adjusted profit for the year) and divided by the weighted average number of shares in issue for the year (Note 11).

Both of these measures are used in determining the remuneration of the Executive Directors and Management and are used by the Company's external debt providers to assess performance against covenants and determine the interest charge.

2. Business segments

The Board of Directors has been identified as the Group's chief operating decision maker. The monthly reporting pack provided to the Board 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 and Adjusted EBITDA level, depreciation and amortisation, share-based payments, exceptional items, finance income and costs and income tax are all monitored on a consolidated basis.

Assets and liabilities are also managed on a centralised basis and are not reported to the chief operating decision maker in a disaggregated format.

The chief operating decision maker monitors six individual revenue streams as set out below. The six revenue streams are grouped under two headings: Property and Comparison. Adjusted EBITDA is monitored on an aggregated basis under these two headings. Revenue and costs shown under the Agency heading include trading for 10 months of TechnicWeb, seven months of ExpertAgent and one month of Ravensworth, being the results of each entity from the date of acquisition. Other property revenue includes eight months trading of Hometrack. The consolidated results for 2017 are therefore not a like for like comparative for 2016.

Property

- Agency revenue, which represents property advertising services and the provision of property software, websites and other marketing materials to estate agents and lettings agents;
- New Homes revenue, which represents property advertising services provided to new home developers; and
- Other property revenue, which predominantly represents the provision of property data to large financial institutions and other third parties as well as display advertising and other data services.

Comparison

- Energy revenue, which represents gas and electricity switching services;
- Communications revenue, which represents mobile, broadband, pay TV and home phone switching services; and
- Other Comparison revenue, which predominantly represents financial services switching, boiler cover, business energy and data insight services.

All material revenues in 2017 are generated in the UK and Australia (UK: £240.1 million, Australia: £4.4 million). In 2016 all material revenues were generated in the UK.

2. Business segments continued

The following table analyses the Company's consolidated revenue streams as described above:

2017	Property £000	Comparison £000	Total £000
Revenue			
Agency	**87,130**	**–**	**87,130**
New Homes	**13,123**	**–**	**13,123**
Other Property	**22,135**	**–**	**22,135**
Energy	**–**	**60,086**	**60,086**
Communications	**–**	**43,970**	**43,970**
Other Comparison	**–**	**18,094**	**18,094**
Total revenue	**122,388**	**122,150**	**244,538**
Underlying costs[1]	**(66,879)**	**(81,249)**	**(148,128)**
Adjusted EBITDA	**55,509**	**40,901**	**96,410**
Share-based payments			**(7,647)**
Depreciation and amortisation			**(18,348)**
Exceptional items			**(16,711)**
Operating profit			**53,704**
Finance income			**47**
Finance costs			**(5,664)**
Profit before tax			**48,087**
Income tax expense			**(10,678)**
Profit for the year			**37,409**

2016	Property £000	Comparison £000	Total £000
Revenue			
Agency	66,498	–	66,498
New Homes	11,736	–	11,736
Other Property	8,516	–	8,516
Energy	–	52,659	52,659
Communications	–	44,137	44,137
Other Comparison	–	14,182	14,182
Total revenue	86,750	110,978	197,728
Underlying costs[1]	(48,202)	(72,416)	(120,618)
Adjusted EBITDA	38,548	38,562	77,110
Share-based payments			(4,852)
Depreciation and amortisation			(11,179)
Exceptional items			(11,404)
Operating profit			49,675
Finance income			51
Finance costs			(3,564)
Profit before tax			46,162
Income tax expense			(9,484)
Profit for the year			36,678

1 Underlying costs represent administrative expenses before depreciation and amortisation, share-based payments and exceptional items.

3. Adjusted EBITDA

The performance measure Adjusted EBITDA provides additional information to help assess the underlying performance of the business as it strips out deal related costs and gives a closer approximation to ZPG's cash flows. Adjusted EBITDA is used by Management to run the business, in determining the remuneration of the Executive Directors and Management and is used by the Company's external debt provider to assess performance against covenants and to determine the interest charge.

The Group defines Adjusted EBITDA as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items. Exceptional items include costs and income which Management believes 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. In 2017 the majority of exceptional items relate to the acquisition of subsidiaries set out in Note 13.

This is adjusted for share-based payment expenses which are comprised of charges relating to: (i) warrants issued to certain of the Group's partners; 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 share-based payments and other non-cash charges such as depreciation and amortisation in arriving at Adjusted EBITDA gives an alternative measure of the consolidated underlying financial performance and a closer approximation to the consolidated operating cash flows.

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

	2017 £000	2016 £000
Operating profit	**53,704**	49,675
Depreciation of property, plant and equipment	**1,154**	1,709
Amortisation of intangible assets arising on acquisitions	**14,618**	7,481
Amortisation of other intangible assets	**2,576**	1,989
Share-based payments (Note 24)	**7,647**	4,852
Exceptional items	**16,711**	11,404
Adjusted EBITDA	**96,410**	77,110

Exceptional items comprise:

	2017 £000	2016 £000
Transaction costs incurred on acquisitions	**3,788**	1,256
Gain on disposal of domain name	**(1,540)**	–
Release of dilapidations provision	**(519)**	–
Management deferred consideration conditional on continued employment	**10,542**	4,412
Management earn-out consideration conditional on continued employment	**792**	2,663
Management deal related performance bonuses	**3,334**	3,073
Other	**314**	–
Exceptional items	**16,711**	11,404

The gain on disposal represents the fair value of the Propertyfinder.com domain name which was sold during the period in return for 1% of the issued share capital of Property Finder International Limited.

The dilapidations provision was released on the successful arrangement of a sub-lease for the Company's previous office space at the Harlequin Building, London.

Other principally represents a charge in the period in respect of restructuring provisions in relation to internal restructuring.

4. Operating profit

	2017 £000	2016 £000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**1,154**	1,709
Amortisation of intangible assets arising on acquisitions	**14,618**	7,481
Amortisation of other intangible assets	**2,576**	1,989
Research and Development tax credits	**(559)**	(472)
Operating lease rentals:		
– Land and buildings	**2,794**	1,671
– Other	**262**	339
Operating lease income	**(421)**	–
Share-based payments (Note 24)	**7,647**	4,852

The total gross value of research and development expenditure in the period was £5.1 million. Research and development expenditure relates to staff costs incurred in the development of new products and features.

5. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Group's auditor and its associates:		
– for the audit of ZPG Plc and the consolidated financial statements	**180**	85
– for the audit of subsidiaries of ZPG Plc	**165**	125
Total audit fees	**345**	210
Fees payable to the Group's auditor and its associates for other services to the Group:		
– Audit related assurance services	**40**	28
Total non-audit fees	**40**	28

Audit related assurance services represent fees incurred in respect of the review of the Group's half-year results.

6. Employee costs

	2017 £000	2016 £000
Staff costs (including Directors) comprise:		
Wages and salaries	**43,777**	30,454
Social security costs	**6,817**	4,839
Defined contribution pension costs	**1,011**	770
Share-based payments (Note 24)	**5,537**	3,584
	57,142	39,647

7. Remuneration of Key Management Personnel

	2017 £000	2016 £000
Salary, benefits and bonus	**2,840**	2,550
Defined contribution pension cost	**159**	146
Share-based payments	**2,045**	1,772
	5,044	4,468

Key Management Personnel comprises the Chairman, the Directors and the Managing Directors of Property, Comparison and Data.

Further information about the remuneration of the Directors is provided in the audited part of the Directors' Remuneration Report on pages 84 to 91.

All of the Key Management Personnel excluding the Chairman and the Non-Executive Directors are members of the Group's defined contribution pension plans (2016: all).

8. Director and employee numbers

The average monthly number of Directors and employees in administration and Management during the Period was:

	2017 Number	2016 Number
Administration	**830**	580
Management	**20**	19
	850	599

9. Income tax expense

	2017 £000	2016 £000
Current tax		
Current period	**16,141**	14,076
Adjustments in respect of pre-acquisition periods for acquired entities	**(889)**	–
Adjustment in respect of prior periods	**(279)**	(625)
Total current tax	**14,973**	13,451
Deferred tax		
Origination and reversal of temporary differences	**(4,229)**	(3,282)
Adjustment in respect of prior periods	**(66)**	215
Effect of change in UK corporation tax rate	**–**	(900)
Total deferred tax	**(4,295)**	(3,967)
Total income tax expense	**10,678**	9,484

Corporation tax is calculated at 19.5% (2016: 20%) of the taxable profit for the year.

On 15 September 2016 the Finance act 2016 confirmed a reduction in the rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. The Finance Bill was substantively enacted at the prior year end date and therefore the one-off impact of remeasuring the UK deferred tax assets and liabilities for the rate change was recognised at 30 September 2016.

9. Income tax expense continued

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2017 £000	2016 £000
Profit before tax	**48,087**	46,162
Current corporation tax rate of 19.5% (2016: 20%)	**9,377**	9,232
Non-deductible expenses	**2,612**	1,562
Adjustments in respect of pre-acquisition periods for acquired entities	**(889)**	–
Adjustments in respect of prior periods	**(345)**	(410)
Enhanced relief for R&D expenditure – Australia	**(77)**	–
Effect of change in UK corporation tax rate	**–**	(900)
Total income tax expense	**10,678**	9,484

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

	2017 £000	2016 £000
Current tax		
Credit for current tax on share-based payments	**(309)**	(217)
Deferred tax		
Credit for deferred tax on share-based payments	**(2,049)**	(888)
Total income tax recognised directly in equity	**(2,358)**	(1,105)

The Group's effective tax rate for the year ended 30 September 2017 is 22.2% (2016: 20.5%). The effective tax is higher than the statutory rate due to non-deductible transaction costs and management deferred and contingent consideration incurred on acquisitions. In 2016 the impact of non-deductible expenses was offset by the revaluation of deferred tax assets and liabilities as a result of the reduction in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020.

10. Dividends

	2017 £000	2016 £000
Interim dividend for 2017 of 1.9 pence per Ordinary Share paid on 2 June 2017	**8,279**	–
Final dividend for 2016 of 3.7 pence per Ordinary Share paid on 9 February 2017	**15,330**	–
Interim dividend for 2016 of 1.5 pence per Ordinary Share paid on 24 June 2016	**–**	6,210
Final dividend for 2015 of 2.5 pence per Ordinary Share paid on 3 March 2016	**–**	10,344
Total dividends paid in the year	**23,609**	16,554

During the year the Group paid £23.6 million in dividends to shareholders. Additionally, the Directors propose a final dividend for 2017 of 3.8 pence per share (2016: 3.7 pence per share) resulting in a final proposed dividend of £16.6 million (2016: £15.3 million). The dividend is subject to approval at the Company's AGM on 30 January 2018. The final dividend proposed has not been included as a liability at the statement of financial position date.

11. Earnings per share

	2017 £000	2016 £000
Earnings for the purposes of basic and diluted earnings per share, being profit for the year	**37,409**	36,678
Exceptional items (Note 3)	**16,711**	11,404
Amortisation of intangible assets arising on the acquisition of subsidiaries	**14,618**	7,481
Adjustment for tax	**(3,769)**	(3,170)
Adjusted earnings for the year	**64,969**	52,393
Number of shares		
Weighted average number of Ordinary Shares	**426,813,751**	413,262,135
Dilutive effect of share options and warrants	**7,884,622**	5,305,776
Dilutive effect of potentially issuable shares	**2,397,839**	–
Dilutive earnings per share denominator	**437,096,212**	418,567,911
Basic and diluted earnings per share		
Basic earnings per share (pence)	**8.8**	8.9
Diluted earnings per share (pence)	**8.6**	8.8
Adjusted earnings per share		
Adjusted basic earnings per share (pence)	**15.2**	12.7
Adjusted diluted earnings per share (pence)	**14.9**	12.5

Adjusted Earnings per share figures exclude exceptional items and the amortisation of intangible assets arising on acquisitions which arise only on consolidation. Management believes that excluding the amortisation of these intangibles better reflects the underlying performance of the Group and increases comparability of performance year on year.

The dilutive effect of share options and warrants arises from the various share schemes operated by the Company as set out in Note 24. The 2.4 million potentially issuable shares relate to the Company's option to settle up to 50% of the deferred payment for the acquisition of ExpertAgent in shares.

12. Investment in subsidiaries and joint ventures

Details of the Company's direct and indirect subsidiaries and joint ventures at 30 September 2017 are shown below. All of the entities listed are consolidated in the consolidated accounts of ZPG Plc, the ultimate parent company of the Group.

The percentage of Ordinary Share capital of each subsidiary listed is owned entirely by the direct parent indicated other than in respect of Websky Limited where 75% of Ordinary Share capital is owned by W New Holdings Limited with Zoopla Limited owning the remaining 25%.

Zoopla Limited, uSwitch Limited, ZPG Property Services Limited, Property Software Holdings Limited and Hometrack.co.uk Limited are the only direct subsidiaries of ZPG Plc. ZPG Comparison Services Limited was incorporated in September 2017, the company does not trade and is intended to be used as a holding company.

Ulysses Enterprises Limited, uSwitch Digital Limited and uSwitch Communications Limited are in the process of being struck off the register as all trading activity under the uSwitch brand is now conducted by uSwitch Limited.

All subsidiaries incorporated in the UK are registered at The Cooperage, 5 Copper Row, London SE1 2LH. Subsidiaries incorporated in Australia are registered at Suite 501, 92 Pitt Street, Sydney NSW, 2000.

HLIX Limited did not trade in the period.

12. Investment in subsidiaries and joint ventures continued

Name	Direct parent	Country of incorporation	Ownership of Ordinary Shares and voting interest at 30 September 2017
Active			
Zoopla Limited	ZPG Plc	United Kingdom	100%
Ravensworth Printing Services Limited*	Zoopla Limited	United Kingdom	100%
W New Holdings Limited*	Zoopla Limited	United Kingdom	100%
Websky Limited	W New Holdings Limited/Zoopla Limited	United Kingdom	100%
TechnicWeb Limited*	Zoopla Limited	United Kingdom	100%
uSwitch Limited	ZPG Plc	United Kingdom	100%
ZPG Comparison Services Limited*	ZPG Plc	United Kingdom	100%
Property Software Holdings Limited*	ZPG Plc	United Kingdom	100%
Jupix Limited*	Property Software Holdings Limited	United Kingdom	100%
MoveIT Network Limited*	Jupix Limited	United Kingdom	100%
Property Software Limited*	Property Software Holdings Limited	United Kingdom	100%
Core Estates Limited*	Property Software Limited	United Kingdom	100%
CFP Software Limited*	Property Software Limited	United Kingdom	100%
Vebra Investments Limited*	Property Software Limited	United Kingdom	100%
Vebra Limited*	Vebra Investments Limited	United Kingdom	100%
Vebra Solutions Limited*	Vebra Limited	United Kingdom	100%
Hometrack.co.uk Limited*	ZPG Plc	United Kingdom	100%
Hometrack Data Systems Limited	Hometrack.co.uk Limited	United Kingdom	100%
Hometrack Australia Pty Limited	Hometrack Data Systems Limited	Australia	100%
Hometrack Nominees Pty Limited	Hometrack Australia Pty Limited	Australia	100%
Active – proposal to strike off			
Ulysses Enterprises Limited	ZPG Plc	United Kingdom	100%
uSwitch Digital Limited	Ulysses Enterprises Limited	United Kingdom	100%
uSwitch Communications Limited	uSwitch Digital Limited	United Kingdom	100%
Dormant			
PSG Web Services Limited*	Vebra Limited	United Kingdom	100%
Real Estate Technology Limited*	Vebra Limited	United Kingdom	100%
SIA Limited*	Hometrack Data Systems Limited	United Kingdom	100%
Joint ventures			
HLIX Limited	Hometrack Data Systems Limited	United Kingdom	25%

* The Company will sign a statement of guarantee in respect of these subsidiary companies under section 479C of the Companies Act 2006. As a result, these subsidiaries are exempt from the requirements of the UK Companies Act 2006 in relation to the audit of individual accounts by virtue of section 479A of that Act.

13. Acquisitions

During 2017 ZPG acquired four new entities, the details of which are set out in Notes 13a-d. The acquisitions contributed revenue of £16.9 million and adjusted EBITDA of £7.4 million for the 2017 financial year. If all acquisitions had occurred on 1 October 2016 Group revenue and adjusted EBITDA would have been £257.9 million and £101.7 million an increase of £13.4 million and £5.3 million respectively. The total impact of the acquisitions made in the period on the Group's consolidated statement of financial position is set out below:

	2017 £000
Goodwill	**116,552**
Intangible assets	**63,156**
Deferred tax liability	**(12,001)**
Other net liabilities	**(1,452)**
Total net assets acquired	**166,255**
Satisfied by:	
Cash consideration, net of cash acquired	**120,811**
Debt assumed and discharged	**16,073**
Deferred and contingent consideration	**29,371**
Total consideration	**166,255**

The following table provides a reconciliation of amounts includes in the consolidated statement of cash flows.

	2017 £000
Cash consideration, net of cash acquired on acquisition	**120,811**
Debt assumed and discharged	**16,073**
Acquisition of subsidiaries, net of cash acquired	**136,884**
Cash expenses incurred on acquisitions made in the period	**3,135**
Cash expenses incurred on the acquisition of Money	**229**
Total cash outflow on acquisition of subsidiaries	**140,248**

Goodwill

The acquisitions set out below provide a number of benefits to the Group. None of the goodwill is tax deductible (2016: none). The goodwill recognised on acquisition represents the value arising from intangible assets that are not separately identifiable under IAS 38 including the skills and knowledge of the workforce. Specific details on goodwill for each acquisition are included in the detail below.

13a. Hometrack

On 31 January 2017 ZPG Plc completed its acquisition of Hometrack through the purchase of 100% of the issued share capital of Hometrack.co.uk Limited for total consideration of £122.2 million as measured in accordance with IFRS 3. The primary reason for the acquisition is to increase the scale of the Group's current data business.

Hometrack was consolidated into the Group as of 31 January 2017. In the period, Hometrack contributed revenue of £13.0 million and adjusted EBITDA of £6.2 million to the consolidated results of the Group.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. The Group has also recognised a number of separately identifiable intangibles as part of the acquisition, details of which are set out in the table below. The Hometrack acquisition accounting has been finalised and updated compared to the preliminary figures presented in the 2017 ZPG Plc half-year results.

13. Acquisitions continued

13a. Hometrack continued

The fair values of the assets and liabilities acquired are as follows:

	Fair value £000
Property, plant and equipment	42
Software	9
Trade and other receivables	3,553
Deferred tax asset	217
Corporation tax asset	2,268
Trade and other payables	(6,835)
Total net liabilities acquired	(746)
Intangible assets recognised on acquisition:	
– Brand	2,122
– Customer relationships	25,224
– Software	18,522
Deferred tax liability arising on intangible assets	(9,171)
Goodwill on acquisition	86,274
	122,225
Satisfied by:	
Cash consideration, net of cash acquired	93,189
Debt assumed and discharged	16,005
Deferred and contingent consideration	13,031
Total consideration	**122,225**

13a.1 Intangible assets recognised on consolidation

Brand

£2.1 million has been recognised in respect of the Hometrack brand. Hometrack is the UK's leading provider of residential property market insights and analytics and has a strong position in the Australian market. The brand is considered to be highly recognisable in both these markets.

The brand has been valued using a relief from royalty approach. A brand royalty rate of 1.4% and a post-tax discount rate 12.85% of have been used to determine the net present value of cash flows. The useful economic life of the brand has been assessed at 10 years in line with current ZPG policy.

Customer relationships

£25.2 million has been recognised in respect of Hometrack's Customer relationships. Hometrack provides residential property market insights, analytics valuations and data services to over 400 partners including mortgage lenders, new home developers, investors, housing associations and local authorities. At the time of acquisition customers include 15 of the top 20 mortgage lenders in UK as well as all four leading Australian mortgage lenders. Over 70% of Hometrack's revenues are subscription based and underpinned by long-term relationships.

The customer relationships have been valued using a multi-period excess earnings approach. A post-tax discount rate of 13.0% has been applied to forecast cash flows relating to existing customers. The useful economic life of the customer relationships are assessed as 7–10 years reflecting the average life of the contracts and/or relationships.

13. Acquisitions continued

13a. Hometrack continued

13a.2 Goodwill

Software

£18.5 million has been recognised in respect of Hometrack's software intellectual property. Hometrack's Automated Valuation Model ("AVM") technology underpins the market insights, analytics valuations and data services it provides to its customers. The technology is recognised by all the major ratings agencies in the UK.

The IP has been valued using a relief from royalty approach. A royalty rate of 13% and a post-tax discount rate 12.85% of have been used to determine the net present value of cash flows. The useful economic life of the IP has been assessed at eight years.

In addition to the skilled workforce acquired, goodwill of £86.3 million represents the significant value of combining Hometrack's property data and expertise with the existing property database of the Group and the benefit of incorporating Hometracks's products and data into the Group's existing product offering for UK estate agents. Management believes there are significant benefits for both its consumers and partners of incorporating Hometrack into the Group to further improve the quality and depth of insight and analysis that it can provide into the UK property market, which in turn provides additional value for the Group.

13a.3 Debt assumed and discharged

Immediately prior to acquisition Hometrack had £16.0 million of outstanding debt due to third parties. This debt was assumed and discharged by ZPG Plc on acquisition.

13a.4 Deferred and contingent consideration

On acquisition the Group recognised deferred and contingent consideration of £13.0 million of which £11.8 million represents the fair value of a commercial earn-out agreement with the sellers. The settlement of the commercial earn-out will be in the range of £nil to £25.0 million payable up to 10 years' post-acquisition. The recognised fair value was determined using unobservable inputs (Level 3) within a weighted average scenario analysis. The inputs included a range of potential revenues generated by the underlying contract, which are unobservable, discounted at a discount rate of 13%. At each reporting period the earn-out liability will be considered in light of any additional information available with any adjustment being recognised in the consolidated statement of comprehensive income. The fair value is equal to the carrying value.

A further £10.2 million is payable to Management shareholders and is not contingent on performance but is conditional on the continued employment of Management up to and including the date of payment. In accordance with IFRS 3, this consideration will be recognised as a remuneration expense in the Group's consolidated statement of comprehensive income over the deferral period of between 12 months and 24 months from the date of acquisition. The Group is accruing the full £10.2 million over the deferral period, adjusted by an estimation of the number of leavers.

The following table sets out the amounts included in the consolidated statement of cash flows:

	2017 £000
Cash consideration, net of cash acquired on acquisition	**93,189**
Debt assumed and discharged	**16,005**
Acquisition of subsidiary, net of cash acquired	**109,194**
Cash expenses incurred on acquisition	**1,790**
Total cash outflow on acquisition of subsidiary	**110,984**

13. Acquisitions continued

13b. ExpertAgent

On 1 March 2017 Zoopla Limited, a subsidiary of ZPG Plc, completed its acquisition of ExpertAgent through the purchase of 100% of the issued share capital of Websky Limited for total consideration of £34.9 million as measured in accordance with IFRS 3. The primary reason for the acquisition is to increase the Group's current product offering for UK estate agents.

ExpertAgent was consolidated into the Group as of 1 March 2017. In the period ExpertAgent contributed revenue of £2.5 million and adjusted EBITDA of £1.4 million to the consolidated results of the Group.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. The Group has also recognised a number of separately identifiable intangibles as part of the acquisition, details of which are set out in the table below.

The fair values of the assets and liabilities acquired are as follows:

	Fair value £000
Intangible assets	56
Property, plant and equipment	24
Trade and other receivables	92
Trade and other payables	(484)
Corporation tax payable	(74)
Net liabilities acquired	(386)
Intangible assets recognised on acquisition:	
– Brand	712
– Customer relationships	12,672
– Software	1,442
Deferred tax liability arising on intangible assets	(2,612)
Goodwill on acquisition	23,055
	34,883
Satisfied by:	
Cash consideration net of cash acquired	20,143
Deferred and contingent consideration	14,740
Total consideration	**34,883**

13. Acquisitions continued

13b. ExpertAgent continued

13b.1 Intangible assets recognised on consolidation

Brand

£0.7 million has been recognised in respect of the ExpertAgent brand. The ExpertAgent brand has an established history within the property industry of over 13 years and Management believes that the brand continues to generate both value and brand loyalty.

The brand has been valued using a relief from royalty approach. A brand royalty rate of 2.25% and a post-tax discount rate 13.5% of have been used to determine the net present value of cash flows. The useful economic life of the brand has been assessed at 10 years in line with current ZPG policy.

Customer relationships

£12.7 million has been recognised in respect of customer relationships. There is an inherent value deriving from the future cash flows of ExpertAgent's existing customer contracts as a result of the subscription nature of the service. Furthermore, ExpertAgent has historically seen a significantly high customer retention rate, a trend that is expected to continue and further increases the value of the existing contracts.

The customer relationships have been valued using a multi-period excess earnings approach. A post-tax discount rate of 13.5% has been applied to forecast cash flows relating to existing customers. The useful economic life of the customer relationships are assessed as 10 years reflecting ExpertAgent's high customer retention rate.

Software

£1.4 million has been recognised as an uplift to the value of the ExpertAgent product. The software was valued using a relief from royalty approach with a royalty rate of 7.0% and a post-tax discount rate of 13.5%. The software is amortised over a useful economic life of five years.

13b.2 Goodwill

Goodwill represents the opportunity of the Group to integrate the ExpertAgent product into its existing suite of property software services, as well as the revenue synergies available from the cross-sell of estate agency software products to the Group's existing portal customers and vice versa, allowing the Group to offer an enhanced bundle of services to estate agents across the UK. Cross-sell opportunities also exist with the Group's Comparison division and the potential integration of products such as Moveit, which allow consumers to select from a large list of suppliers across home services, communications, surveyors and other property professionals during the home buying process, generating revenue for both the Group and, via MovеIt, commissions for estate agents.

13b.3 Deferred and contingent consideration

On acquisition the Group recognised deferred consideration of £14.7 million due to sellers over a period of 12 to 36 months post-acquisition.

The following table sets out the amounts included in the consolidated statement of cash flows:

	2017 £000
Cash consideration, net of cash acquired on acquisition	**20,143**
Acquisition of subsidiary, net of cash acquired	**20,143**
Cash expenses incurred on acquisition	**1,260**
Total cash outflow on acquisition of subsidiary	**21,403**

13. Acquisitions continued

13c. Ravensworth

On 1 September 2017 Zoopla Limited, a subsidiary of ZPG Plc, completed its acquisition of Ravensworth through the purchase of 100% of the issued share capital of Ravensworth Printing Services Limited for total consideration of £7.0 million as measured in accordance with IFRS 3. The primary reason for the acquisition is to increase the Group's current product offering for UK estate agents.

Ravensworth was consolidated into the Group as of 1 September 2017. In the period, Ravensworth contributed revenue of £0.6 million and adjusted EBITDA of £0.1 million to the consolidated results of the Group.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. The Group has also recognised a number of separately identifiable intangibles as part of the acquisition, details of which are set out in the table below.

The preliminary fair values of the assets and liabilities acquired are as follows:

	Fair value £000
Property, plant and equipment	14
Trade and other payables	(14)
Total net liabilities acquired	–
Intangible assets recognised on acquisition:	
– Brand	1,397
Deferred tax liability arising on intangibles	(251)
Goodwill on acquisition	5,840
	6,986
Satisfied by:	
Cash consideration, net of cash acquired	5,986
Deferred and contingent consideration	1,000
Total consideration	**6,986**

13c.1 Intangible assets recognised on consolidation

Brand

£1.4 million has been recognised in respect of the Ravensworth brand. The brand is known and recognised throughout the property industry and its value is supported by the significant number of repeat customers. The useful economic life of the brand has been assessed at 5 years in line with current ZPG policy.

13c.2 Goodwill

Goodwill represents the skills of the acquired workforce and the revenue synergies available from the cross-sell of Ravensworth's products to the Group's existing customer base and from the integration of Ravensworth's products into ZPG's combined offering.

13c.3 Deferred and contingent consideration

A total of £1.0 million has been recognised in respect of deferred consideration of £250,000 payable on each anniversary of the acquisition over the next four years.

The following table sets out the amounts included in the consolidated statement of cash flows:

	2017 £000
Cash consideration, net of cash acquired on acquisition	**5,986**
Acquisition of subsidiary, net of cash acquired	**5,986**
Cash expenses incurred on acquisition	**76**
Total cash outflow on acquisition of subsidiary	**6,062**

13. Acquisitions continued

13d. TechnicWeb

On 30 November 2016 Zoopla Limited, a subsidiary of ZPG Plc, completed its acquisition of TechnicWeb through the purchase of 100% of the issued share capital of TechnicWeb Limited for total consideration of £2.2 million as measured in accordance with IFRS 3. The primary reason for the acquisition is to increase the Group's current product offering for UK estate agents.

TechnicWeb was consolidated into the Group as of 30 November 2016. In the period, TechnicWeb contributed revenue of £0.8 million and adjusted EBITDA of £(0.3) million to the consolidated results of the Group.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. The Group has also recognised a number of separately identifiable intangibles as part of the acquisition, details of which are set out in the table below.

The fair values of the assets and liabilities acquired are as follows:

	Fair value £000
Property, plant and equipment	6
Trade and other receivables	25
Corporation tax asset	26
Trade and other payables	(95)
Total net liabilities acquired	(38)
Intangible assets recognised on acquisition:	
– Software	1,000
Deferred tax liability arising on intangibles	(184)
Goodwill on acquisition	1,383
	2,161
Satisfied by:	
Cash consideration, net of cash acquired	1,493
Debt assumed and discharged	68
Deferred and contingent consideration	600
Total consideration	**2,161**

13d.1 Intangible assets recognised on consolidation

Software

TechnicWeb specialises in designing custom-built, fully responsive websites for the property sector. TechnicWeb owns and develops software to streamline the process of producing a bespoke fully responsive website for its estate agent partners.

13d.2 Goodwill

As with Ravensworth, goodwill represents the inherent value in the workforce acquired and the revenue synergies available from the cross-sell of TechnicWeb's products to the Group's existing customer base and from the integration of TechnicWeb's products into ZPG's combined offering.

13d.3 Deferred and contingent consideration

On acquisition the Group recognised £0.6 million of deferred consideration which represents the fair value of a commercial earn-out agreement with the sellers.

The following table sets out the amounts included in the consolidated statement of cash flows:

	2017 £000
Cash consideration, net of cash acquired on acquisition	**1,493**
Debt assumed and discharged	**68**
Acquisition of subsidiary, net of cash acquired	**1,561**
Cash expenses incurred on acquisition	**9**
Total cash outflow on acquisition of subsidiary	**1,570**

13. Acquisitions continued

13e. Property Software Group

On 28 April 2016 ZPG Plc completed its acquisition of Property Software Group through the purchase of 100% of the issued share capital of Property Software Holdings Limited for total consideration of £69.6 million as measured in accordance with IFRS 3. Full details of the acquisition are included in the Annual Report 2016.

The fair values of the assets and liabilities acquired are as follows:

	Fair value £000
Property, plant and equipment	463
Intangible assets – software	5,904
Trade receivables	1,543
Prepayments and other receivables	669
Corporation tax asset	66
Trade payables	(188)
Accruals and other payables	(1,707)
Deferred income	(2,385)
Provisions	(35)
Total net assets acquired	4,330
Intangible assets recognised on acquisition:	
– Brand	2,222
– Customer relationships	20,484
Deferred tax liability arising on intangibles	(4,646)
Goodwill on acquisition	47,246
	69,636
Satisfied by:	
Cash consideration, net of cash acquired	22,263
Debt assumed and discharged	24,862
Deferred and contingent consideration	22,511
Total consideration	**69,636**

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

	2017 £000
Cash consideration, net of cash acquired on acquisition	**22,263**
Debt assumed and discharged	**24,862**
Acquisition of subsidiary, net of cash acquired	**47,125**
Cash expenses incurred on acquisition	**1,256**
Cash outflow on acquisition of subsidiaries	**48,381**

14. Intangible assets

	Goodwill £000	Brand £000	Customer relationships £000	Domain names £000	Websites and software £000	Database £000	Total £000
Cost							
At 1 October 2016	246,821	50,992	26,575	1,451	12,312	1,129	339,280
On acquisition (Note 13)	116,552	4,231	37,896	–	21,029	–	179,708
Additions	–	–	–	26	5,859	–	5,885
At 30 September 2017	**363,373**	**55,223**	**64,471**	**1,477**	**39,200**	**1,129**	**524,873**
At 1 October 2015	199,575	48,770	6,091	1,451	3,847	1,129	260,863
On acquisition (Note 13)	47,246	2,222	20,484	–	5,904	–	75,856
Additions	–	–	–	–	2,561	–	2,561
At 30 September 2016	246,821	50,992	26,575	1,451	12,312	1,129	339,280
Amortisation							
At 1 October 2016	–	6,605	5,908	1,296	2,225	625	16,659
Charge for the year	–	5,345	6,380	131	5,035	303	17,194
At 30 September 2017	**–**	**11,950**	**12,288**	**1,427**	**7,260**	**928**	**33,853**
At 1 October 2015	–	1,626	3,696	1,109	440	318	7,189
Charge for the year	–	4,979	2,212	187	1,785	307	9,470
At 30 September 2016	–	6,605	5,908	1,296	2,225	625	16,659
Net book value							
At 30 September 2017	**363,373**	**43,273**	**52,183**	**50**	**31,940**	**201**	**491,020**
At 30 September 2016	246,821	44,387	20,667	155	10,087	504	322,621

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

The intangible assets relate to five separate CGUs: Comparison – uSwitch, Property marketing (which includes Zoopla, TechnicWeb and Ravensworth), Hometrack, Property Software Group and ExpertAgent. Intangible assets include £5.2 million (2016 : £1.3 million) of internally generated assets. Goodwill and intangibles are allocated to each CGU per the table below.

	Goodwill £000	Other Intangibles £000	Total £000
Comparison – uSwitch	128,780	38,756	167,536
Property marketing	78,017	6,582	84,599
Hometrack	86,274	42,051	128,325
Property Software Group	47,247	26,317	73,564
ExpertAgent	23,055	13,941	36,996
At 30 September 2017	**363,373**	**127,647**	**491,020**

14. Intangible assets continued

The recoverable amounts of intangible assets and goodwill are based on their value in use, which is determined using cash flow projections derived from financial plans approved by the Board covering a three 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 for ExpertAgent and Hometrack after the three year period are based on forecasts used for the recent fair value exercise at acquisition, tending down towards the perpetuity growth rate. Cash flows for other CGUs, beyond the three year period have been extrapolated using a perpetuity growth rate.

A growth rate of 2% has been applied to extrapolate the cash flows into perpetuity. Growth has been capped at 2% across all CGUs so as not to exceed the long-term expected growth rate of the industry and country the Group operates in, in accordance with IAS 36. The pre-tax discount rate used for each CGU was in the range of 13.2% to 15.5%.

The analysis performed calculates that the recoverable amount of each CGU's assets exceeds their carrying value, as such no impairment was identified. Amending the analysis such that a growth rate into perpetuity of negative 1%, or a reasonable increase in discount rate, is applied across all CGUs whilst holding all other variables constant would not give rise to an impairment.

The Directors note that the three year forecast for the Property Software Group CGU includes revenue and margin growth resulting from new and recently launched products. Failure to achieve the forecasted cash flows could indicate an impairment. Headroom currently stands at £20.0 million for this CGU. 2020 cash flows would need to fall by 26% from current forecasts to eliminate this headroom.

Indicators of impairment for all CGUs, including Property Software Group, will continue to be assessed throughout the 2018 financial year.

15. Property, plant and equipment

	Fixtures and fittings £000	Freehold property £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost					
At 1 October 2016	944	209	1,962	5,640	8,755
Acquired on acquisitions	28	—	48	10	86
Additions	313	5	711	186	1,215
At 30 September 2017	**1,285**	**214**	**2,721**	**5,836**	**10,056**
At 1 October 2015	340	—	983	1,240	2,563
Acquired on acquisitions	34	209	150	70	463
Additions	570	—	829	4,330	5,729
At 30 September 2016	944	209	1,962	5,640	8,755
Accumulated depreciation					
At 1 October 2016	373	2	721	1,246	2,342
Charge for the year	214	6	592	342	1,154
At 30 September 2017	**587**	**8**	**1,313**	**1,588**	**3,496**
At 1 October 2015	120	—	310	203	633
Charge for the year	253	2	411	1,043	1,709
At 30 September 2016	373	2	721	1,246	2,342
Net book value					
At 30 September 2017	**698**	**206**	**1,408**	**4,248**	**6,560**
At 30 September 2016	571	207	1,241	4,394	6,413

16. Available for sale financial assets

	2017 £000	2016 £000
At 1 October 2016	**724**	–
Additions	**2,598**	979
Fair value movements	**1,139**	–
Disposals	**–**	(255)
At 30 September 2017	**4,461**	724

Available for sale financial assets represent the Group's strategic partnerships with a number of UK Proptech and Fintech companies and other equity investments which do not give the Group significant influence over that entity. Key judgements that have been used in determining fair value of available for sale financial assets are set out in Note 1.22.

17. Trade and other receivables

	2017 £000	2016 £000
Trade receivables	**15,000**	8,896
Accrued income	**16,355**	17,228
Prepayments	**2,962**	3,160
Amounts held in escrow	**3,543**	9,884
Other receivables	**671**	709
	38,531	39,877
Non-current	**–**	3,262
Current	**38,531**	36,615
	38,531	39,877

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.

Amounts held in escrow has decreased from £9.9 million to £3.5 million through the settlement of uSwitch deferred consideration in June 2017 as detailed in Note 19.

Details of the Group's exposure to credit risk are given in Note 26.

18. Trade and other payables

	2017 £000	2016 £000
Trade payables	**10,425**	7,618
Accruals	**24,137**	16,955
Other taxation and social security payments	**11,715**	5,865
Deferred income	**3,981**	1,813
Other payables	**1,121**	271
	51,379	32,522

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. All trade and other payables are considered current liabilities.

19. Deferred and contingent consideration

The Group recognised a total of £29.4 million in respect of deferred payments due on acquisitions made in the period, as set out below and detailed in Note 13.

A further £11.3 million was recognised through the income statement in relation to payments to continuing Management shareholders. £2.8 million was recognised in respect of uSwitch, £5.3 million of Hometrack, £3.0 million for Property Software Group and £0.2 million for TechnicWeb.

During the year the Group also settled £33.0 million due in respect of uSwitch, Property Software Group and Hometrack. Amounts paid and due to be paid to Management shareholders of uSwitch are held in escrow. Of the £32.7 million recorded on the statement of cash flows, £9.7 million of deferred and contingent consideration settled during the year was conditional on the continued employment of Management (2016: £2.9 million).

There have been no changes to the expected outcome of ongoing contingent consideration requirements made during the period outside of the finalisation of the acquisition accounting for entities acquired in the year as set out in Note 13. The fair value of deferred and contingent consideration is therefore considered equal to its carrying value. The Group's liabilities in respect of deferred and contingent consideration arising on acquisitions are set out below:

	Deferred consideration £000	Contingent consideration – earn-out £000	Total £000
At 1 October 2016	28,859	1,817	30,676
Recognised on acquisition of TechnicWeb	–	600	600
Recognised on acquisition of Hometrack	1,218	11,813	13,031
Recognised on acquisition of ExpertAgent	14,740	–	14,740
Recognised on acquisition of Ravensworth	1,000	–	1,000
Charge in the period for amounts conditional on the continued employment of Management	10,542	792	11,334
uSwitch settlement	(4,710)	(1,870)	(6,580)
Property Software Group settlement	(25,097)	–	(25,097)
Hometrack settlement	(1,283)	–	(1,283)
At 30 September 2017	**25,269**	**13,152**	**38,421**
Current	15,624	1,175	16,799
Non-current	9,645	11,977	21,622
At 1 October 2015	11,976	26,156	38,132
Recognised on acquisition of Property Software Group	22,511	–	22,511
Charge in the period for amounts conditional on the continued employment of Management	4,412	2,663	7,075
uSwitch settlement	(10,040)	(27,002)	(37,042)
At 30 September 2016	28,859	1,817	30,676
Current	26,813	1,330	28,143
Non-current	2,046	487	2,533

20. Provisions

The movement in provisions can be analysed as follows:

	Dilapidation provisions £000	Onerous lease £000	Restructuring provisions £000	Total £000
At 1 October 2016	1,985	729	–	2,714
Recognised in the period	30	130	259	419
Utilised in the period	(56)	(486)	(130)	(672)
Released in the period	(519)	(243)	–	(762)
At 30 September 2017	**1,440**	**130**	**129**	**1,699**
Current	–	130	129	259
Non-current	1,440	–	–	1,440
At 1 October 2015	799	–	–	799
Acquired on acquisition of Property Software Group	35	–	–	35
Recognised in the period	1,375	729	–	2,104
Utilised in the period	(224)	–	–	(224)
At 30 September 2016	1,985	729	–	2,714
Current	575	729	–	1,304
Non-current	1,410	–	–	1,410

The dilapidation provisions relate to Management's best estimate of costs to make good the Group's leasehold properties at the end of the lease term. The release in the period represents the completion of a sub-lease on the Company's previous head office location which transferred the Company's exit obligations. £0.1 million of the provision was utilised prior to the sub-lease.

The utilisation and release of onerous lease provisions in the period relates to the successful sub-lease of the Company's previous head office as mentioned above, which had previously been provided for. The onerous lease provision recognised during the year and held at 30 September 2017 relates to Management's best estimate of the fair value of future lease payments falling due prior to the expiry of a legacy lease agreement on computer servers relating to one to the Group's acquired entities. This onerous lease provision will be fully utilised in the 2018 financial year.

Restructuring provisions are recognised in respect of redundancy and other costs in relation to internal restructuring.

21. Loans and borrowings

On 30 April 2015 the Group entered into an agreement for the provision of a five year, £150 million revolving credit facility. On 18 April 2016 a £50 million extension to the revolving credit facility was agreed to finance the acquisition of Property Software Group, this was increased by a term loan of £75 million in January 2017 to finance the acquisition of Hometrack and ExpertAgent and a further term loan of £50 million in September 2017 to fund the acquisition of Money. The Group's total facility at 30 September 2017 is therefore £325 million. The drawn portion of the facility incurs interest at UK Libor plus a margin. The margin is variable based on the Group's net debt to Adjusted EBITDA ratio. The effective interest rate for the period is set out in Note 26.

	2017 £000	2016 £000
Opening gross borrowings	**151,500**	114,000
Repayment of borrowings	**(97,500)**	(46,500)
Drawdown of borrowings	**215,000**	84,000
Gross borrowings	**269,000**	151,500
Capitalised arrangement fees	**(2,135)**	(1,804)
Total loans and borrowings	**266,865**	149,696

The Group has no other loans or borrowings. Further detail on borrowings is provided in Note 26.

The Company defines Net Debt as Loans and borrowings less cash and cash equivalents as reconciled below, see also Note 1.15:

	2017 £000	2016 £000
Loans and borrowings	**266,865**	149,696
Cash and cash equivalents	**(75,368)**	(3,367)
Net Debt	**191,497**	146,329

22. Deferred tax

	Property, plant and equipment and computer software £000	Intangible assets £000	Share-based payments £000	Other £000	Total £000
Deferred tax asset/(liability) at 1 October 2016	26	(12,475)	2,532	896	(9,021)
On acquisitions	–	(12,217)	–	216	(12,001)
(Charge)/credit to profit or loss	(575)	3,046	1,206	552	4,229
Credit to equity	–	–	2,049	–	2,049
Foreign translation loss	–	–	–	(9)	(9)
Prior year adjustment	–	92	–	(26)	66
Deferred tax (liability)/asset at 30 September 2017	**(549)**	**(21,554)**	**5,787**	**1,629**	**(14,687)**
Deferred tax asset/(liability) at 1 October 2015	136	(10,623)	866	436	(9,185)
On acquisition of Property Software Group	(45)	(4,646)	–	–	(4,691)
(Charge)/credit to profit or loss	(103)	2,794	778	713	4,182
Credit to equity	–	–	888	–	888
Prior year adjustment	38	–	–	(253)	(215)
Deferred tax asset/(liability) at 30 September 2016	26	(12,475)	2,532	896	(9,021)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Deferred tax assets have been recognised in respect of all temporary differences giving rise to income tax assets because it is probable that these assets will be recoverable.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017 £000	2016 £000
Deferred tax liabilities	**(22,103)**	(12,475)
Deferred tax assets	**7,416**	3,454
	(14,687)	(9,021)

23. Equity

Share capital

	2017 £000	2016 £000
Shares classified as capital		
Authorised		
439,014,156 (2016: 418,116,472) shares of £0.001 (2016: £0.001) each	**439**	418
Called-up share capital – allotted and fully paid		
439,014,156 (2016: 418,116,472) Ordinary Shares of £0.001 (2016: £0.001) each	**439**	418

Ordinary Shares

The Ordinary Shares carry one vote per share and rights to dividends, except when they are held as Treasury shares by the Company.

On 31 January 2017 the Company placed a total of 20,897,684 new ordinary shares in the Company raising gross total proceeds of £76.3 million. The new shares are credited as fully paid and rank pari passu in all respects with the existing ordinary shares of 0.1 pence each in the capital of the Company, including in respect of the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Other reserves – Merger reserve

The merger reserve was created in May 2012 from the premium on shares issued for the acquisition of The Digital Property Group Limited. In 2014 the merger reserve increased as a result of the Group's reorganisation prior to the initial public offering. The intangible assets are now fully amortised.

23. Equity continued

Other reserves – shares in trust

Shares in trust represents shares in issue that are held by the Employee Benefit Trust and the Share Incentive Plan Trust for the purpose of settling the Group's obligations under the Group's employee share plans, set out in Note 24.

Other reserves – Treasury shares

Between 11 February 2016 and 17 February 2016 the Group acquired 188,340 of its own shares at a weighted average price of 220.0 pence in order to settle the exercise of outstanding warrants. As at 30 September 2017 53,023 of the shares had been released from treasury to satisfy warrant exercises (2016: 25,551) leaving 135,317 shares in treasury (2016: 162,789) with a weighted average price of 220.0 pence and a total cost of £298,000 as at 30 September 2017. The fair value of shares in treasury as at 30 September 2017 is £489,000.

24. Share-based payments

The Group operates a number of share-based incentive schemes for both its employees and certain estate agent partners. The Group recognised a total share-based payments charge of £7.6 million for 2017 (2016: £4.9 million) as set out below:

	2017 £000	2016 £000
Employee Share Option Scheme (i)	572	486
Long Term Incentive Plan (ii)	1,826	881
Share Incentive Plan (iii)	323	276
Deferred Bonus Plan (iv)	692	427
Value Creation Plan (v)	1,156	1,156
Management deal related performance bonus (vi)	592	358
Big Goals (vii)	376	–
Warrant charges (viii)	518	406
National Insurance Contributions payable in respect of eligible share-based payment schemes (ix)	1,592	862
	7,647	4,852

i) Employee Share Option Scheme

The Company operates an equity-settled share-based incentive scheme which was in place prior to the Company's listing on the London Stock Exchange for all employees under an approved plan up to 31 May 2012 and an unapproved plan thereafter. The options vest in instalments over four years. Options are forfeited if the employee leaves employment before the options vest. The Group recognised a charge of £0.6 million (2016: £0.5 million) in respect of options under this scheme.

The Employee Share Option Scheme will continue to operate until all shares vest or lapse, or the scheme is otherwise cancelled. There will be no future grants under this scheme.

Details of options under the scheme outstanding at 30 September 2017 are set out below:

	2017		2016	
	Number '000	Weighted average exercise price £	Number '000	Weighted average exercise price £
Outstanding options at the beginning of the year	2,889	0.27	3,739	0.27
Exercised during the year	(1,135)	0.22	(653)	0.28
Forfeited during the year	(28)	0.35	(197)	0.34
Outstanding options at the end of the year	1,726	0.29	2,889	0.27

The options outstanding at 30 September 2017 had a weighted average exercise price of £0.29 (2016: £0.27) and a weighted average remaining contractual life of 5.5 years (2016: 6.7 years). The range of exercise prices for outstanding options is £0.06 to £0.35 (2016: £0.06 to £0.35).

The number of options exercisable as at 30 September 2017 was 1,532,000 (2016: 2,100,000).

24. Share-based payments continued

ii) Long Term Incentive Plan

The Company operates an equity-settled Long Term Incentive Plan that grants nil-cost options to eligible employees which vest at the end of a three year vesting period. The vesting of the options is subject to both Adjusted Earnings Per Share (EPS) and Total Shareholder Return (TSR) performance criteria. The Group recognised a charge of £1.8 million (2016: £0.9 million) in respect of this scheme.

A total of 1,291,686 options have been granted in respect of the 2017 financial year. None of the options granted are exercisable as at 30 September 2017. The following information is relevant in the determination of the fair value of the LTIP options granted on 6 December 2016. There were no other material grants in 2017. The total outstanding number of LTIP options granted to date is 3,210,159 (2016: 2,866,354).

	6 December 2016 grant
Valuation method – TSR	Monte-Carlo
Valuation method – EPS	Black-Scholes
Share price at grant date	£3.14
Exercise price	£nil
Expected volatility	36.8%
Expected life	3 years
Expected dividend yield	n/a
Risk-free interest rate	0.21%
Fair value per share – TSR	£1.93
Fair value per share – EPS	£3.14

The volatility assumption, measured at the standard deviation of expected share price returns, has been calculated using historical daily data of six comparator companies over a term commensurate with the expected life of each option. Dividend equivalent payments will be made in respect of vested options in the form of additional shares.

Following the announcement of these results the LTIP award which was granted in August 2014 will vest subject to fulfilment of the performance criteria.

iii) Share Incentive Plan (SIP)

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 scheme employees may be awarded Free Shares and/or offered the opportunity to purchase Partnership Shares with one Free Matching Share for each Partnership Share purchased. During the period the Company granted a total of 90,841 (2016: 92,581) Matching Shares all of which are still subject to forfeiture should the employee leave within 12 months of the grant date. The Group recognised a charge of £0.3 million (2016: £0.3 million) in respect of shares under this scheme.

iv) Deferred Bonus Plan

The Company operates a Deferred Bonus Plan (DBP) which defers a proportion of eligible employees' annual bonuses into nil-cost options. The options vest over a period of between one and three years from the end of the performance period. The performance period for the 2017 DBP runs from 1 October 2016 until 30 September 2017. The Group recognised a charge of £0.7 million (2016: £0.4 million) in respect of this scheme.

	2017 Number '000	2016 Number '000
Outstanding options at the beginning of the year	**313**	–
Granted during the year	**301**	317
Exercised during the year	**(13)**	–
Lapsed during the year	**(4)**	(4)
Outstanding options at the end of the year	**597**	313

In December 2016 a total of 301,395 options were granted in respect of the 2016 financial year. As at 30 September 2017 22,965 of the vested options remain unexercised (2016: nil).

24. Share-based payments continued

v) Value Creation Plan

On 1 October 2015 the Company launched the VCP. The VCP grants nil-cost options to the Company's CEO based on Total Shareholder Return over a three and four year period. The fair value of the scheme is £4.3 million spread over the four year period. A charge of £1.2 million (2016: £1.2 million) was recognised in the 2017 financial year.

On 3 January 2017 3,233,127 nil-cost options were granted under the Value Creation Plan. The nil-cost options are subject to the rules of the Value Creation Plan and will vest depending on performance against Total Shareholder Return targets.

vi) Management deal related performance bonus

On 1 May 2016 an amendment was made to the uSwitch deal related management performance bonus such that the employee can elect to receive the bonus in the form of shares in ZPG Plc instead of a fixed cash element. The Group recognised a charge of £0.6 million (2016: 0.4 million) in respect of this scheme. As at 30 September 2017 2,533,646 options remain outstanding with settlement expected, in either cash or ZPG shares, on 1 June 2018.

vii) Big Goals

On 28 February 2017 an amendment was made to the Group's Big Goal Incentive Plan. The scheme grants nil-cost options to all employees on achievement of Group-wide targets. The scheme was previously settled in cash. The Group has recognised a charge of £0.4 million (2016: £nil) in respect of this scheme in the 2017 financial year.

viii) Warrants

Zoopla Limited has entered into agreements with a number of estate agent partners whereby the partners agree to pay annual fees for advertising on ZPG's property websites over a five year period in exchange for a fixed number of warrants over Ordinary Shares. The warrants are issued annually over the five year term of the agreements at an exercise price equal to the nominal value of each share (£0.001). Some or all of the warrants are forfeited if service agreements are terminated before the end of the term.

The Group holds shares in treasury to settle future warrant exercises. At 30 September 2017 135,317 shares were held in treasury (2016: 162,789).

The total charge recognised for the year ended 30 September 2017 in respect of warrants was £0.5 million (2016: £0.4 million).

	2017		2016	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding warrants at the beginning of the year	**231,319**	**0.001**	114,009	0.001
Issued during the year	**334,677**	**0.001**	142,861	0.001
Exercised during the year	**(27,472)**	**0.001**	(25,551)	0.001
Outstanding warrants at the end of the year	**538,524**	**0.001**	231,319	0.001

The number of warrants outstanding at 30 September 2017 was 538,524 (2016: 231,319). The warrants had a weighted average exercise price of £0.001 and a weighted average remaining contractual life of 4.5 years (2016: 3.9 years).

The number of warrants issuable over shares in ZPG Plc under existing partner contracts is 721,000 (2016: 1,055,000). The warrants will be issued with an exercise price of £0.001 over the lives of the contracts.

ix) National Insurance Contributions (NIC)

National Insurance Contributions are payable in respect of certain share-based payment schemes. These contributions are treated as cash-settled transactions and are accrued at a rate of 13.8%. The total NIC charge relating to share-based payment schemes was £1.6 million (2016: £0.9 million).

x) The Employee Benefit Trust and Share Incentive Plan Trust

Employee Benefit Trust (EBT)

The Group has established an Employee Benefit Trust which is constituted by a trust deed entered into between the Company and Equiniti Trust (Jersey) Limited. The Trust held 2,690,159 Ordinary Shares in ZPG Plc at 30 September 2017 (2016: 3,838,636). These shares are held to satisfy future exercises under the Group's share-based payment schemes. Shares are allocated by the Trust when the awards are exercised. The Trust waives its right to any dividends. The market value of the shares held in the Trust at 30 September 2017 was £9.7 million (2016: £14.6 million). The cost of the shares has been deducted from equity.

Share Incentive Plan Trust (SIP Trust)

The Group has established a Share Incentive Plan Trust which is constituted by a trust deed which was entered into between the Company and Equiniti Share Plan Trustees Limited. The Trust held 625,853 Ordinary Shares in ZPG Plc at 30 September 2017 (2016: 602,817). These shares are held to satisfy future Free Share and Partnership and Matching Share exercises. Shares are allocated by the Trust when the awards are exercised. Dividends paid on shares held in the Trust are passed to the employees when the shares are allocated. The market value of the shares held in the Trust at 30 September 2017 was £2.3 million (2016: £2.0 million). The cost of the shares has been deducted from equity.

25. Related party transactions

a) Key Management personnel

The Chairman and the Directors are considered to be the Key Management Personnel of the Group along with the Managing Directors of Property and Comparison. Details of remuneration for Key Management Personnel are shown in Note 7.

No share options were exercised by key Management personnel in the period.

Further information on the remuneration of the Chairman and the Directors can be found in the Directors' remuneration report on pages 66 to 91.

b) Other Group companies

Details of transactions with subsidiaries are outlined in the Company's financial statements. Transactions with other Group companies have been eliminated on consolidation.

c) Other related parties

At 30 September 2017 Daily Mail & General Trust Plc owned 29.8% of the share capital of ZPG Plc through its subsidiary DMGZ Limited (2016: 31.3%).

There are no other material related party transactions.

26. Financial instruments

Carrying amount and fair value of financial assets and liabilities

The Group has shareholdings and commercial arrangements with a number of other entities. Where these holdings do not give the Group significant influence over the entity the holdings are classified as Available for sale financial assets. Details for available for sale financial assets are included in Note 16. The valuation of all available for sale financial assets are based on level 2 inputs. The Group uses publicly available financial information to determine the fair value of its shareholding and any warrants held. The fair value of these assets is equal to their carrying value.

All other financial assets, including cash and cash equivalents, are designated as "Loans and receivables" and are held at amortised cost. All financial liabilities are classified as "Other liabilities" and are measured at amortised cost. The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements are approximate to their fair values.

Financial risk management

The Group is exposed to the following risks from financial instruments:

- credit risk;
- market risk; and
- liquidity 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 Group's maximum exposure to credit risk at the end of each period was equal to the carrying amount of financial assets recorded in the consolidated financial statements. The exposure to credit risk is influenced by the individual characteristics of each counterparty.

The potential for customer default varies between the Group's two divisions. The customer base of the Property division is large, so there is no significant concentration of credit risk. The Comparison division operates in a market with a small number of customers, which creates a concentration of debtor balances, and from time to time the amounts due from one or a number of suppliers may be material. However, customers within this market are often large energy and telecommunications organisations with high credit ratings and access to significant funds. The Group's largest customer contributed to 10% (2016: 18%) of the Group's trade receivables balance.

The Group manages counterparty risk on its trade receivables through strict credit control quality measures and regular aged debt monitoring procedures. The Group reserves the right to charge interest on overdue receivables, although it does not hold collateral over any trade receivable balances. Overdue amounts are regularly reviewed and impairment provisions are created where necessary. This provision is reviewed regularly in conjunction with a detailed analysis of ageing profile, historical payment profiles and past default experience. The Group has long-standing relationships with its key customers and extremely low historical levels of customer credit defaults.

26. Financial instruments continued

Credit risk continued

The ageing of trade receivables at the Period end is as follows:

	2017		2016	
	Gross £000	Provision £000	Gross £000	Provision £000
0–30 days	**12,926**	**–**	4,634	–
31–60 days	**1,760**	**(37)**	3,154	(104)
61–90 days	**805**	**(519)**	721	(151)
91+ days	**419**	**(354)**	767	(125)
Total	**15,910**	**(910)**	9,276	(380)

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.

Receivables written off during the year to 30 September 2017 was £415,000 (2016: £470,000). As at 30 September 2017 receivables of £1,447,000 were past due but not impaired (2016: £1,386,000).

The credit risk associated with bank and deposit balances is mitigated by the use of banks with good credit ratings.

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 and there is a minimal interest rate risk on cash and bank balances. However, the Group has borrowings subject to an interest rate calculated with reference to Libor. Changes in interest rates therefore impact the financial results of the Group. The Directors actively monitor interest rate risk and note that interest rates remain at a historical low. The Directors believe that any reasonable increase in the Libor rate would not significantly impact the Group. Therefore, the Group does not hedge its interest rate risk at this time. At 30 September 2017 borrowings of £269 million were subject to floating interest rates (2016: £151.5 million).

At 30 September 2017 if Libor were to have increased by 1% throughout the year with all other variables held constant profit before tax would decrease by £2.0 million (2016: £1.2 million) as a result of additional interest incurred. Therefore, 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.

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 its contractual obligations.

The Group's activities are highly cash generative allowing it to effectively service working capital requirements. At 30 September 2017 the Group held total cash and cash equivalents of £75.4 million (2016: £3.4 million) and net debt of £191.5 million (2016: £146.3 million).

The Group has access to a £200.0 million revolving credit facility (RCF), of which £144 million was drawn down at 30 September 2017. The remaining £56 million undrawn facility allows the Group to secure additional external financing should it be required. The total facility requires the Group to meet certain covenants based on the Group's interest cover and net debt to Adjusted EBITDA ratio. Exceeding the covenants would result in the Group being in breach of the facility, which may lead to the facility being withdrawn. Management regularly monitors and models covenant compliance and prepares detailed forecasts to ensure that sufficient headroom is available. The Directors are satisfied that there is reasonable headroom on each of the Group's debt covenant ratios.

In addition to the £200 million RCF the Company increased its total facility in the period by £125 million with the draw down of two term loans of £75 million and £50 million to fund the acquisitions of Hometrack and Money respectively. The £75 million is subject to two bullet payments of £10 million in March 2018 and March 2019 with the remaining balance falling due on April 2020 at the end of the term facility.

26. Financial instruments continued

Liquidity risk continued

The following tables detail the Group's remaining contractual maturities for undiscounted financial liabilities, including interest. The contractual maturity is based on the earliest date on which the Group may be required to settle. Where interest rates are variable the undiscounted amount is derived from interest rate curves at 30 September 2017.

	Effective interest rate	Within 1 year £000	1 to 2 years £000	2 to 5 years £000	More than 5 years £000	Total contractual amount £000
At 30 September 2017						
Revolving Credit Facility						
Trade payables		**10,425**	**—**	**—**	**—**	**10,425**
Borrowings[1]	**3.00%**	**4,023**	**4,375**	**146,653**	**—**	**155,051**
Term Debt Facility						
Borrowings[2]	**2.74%**	**13,164**	**13,469**	**107,121**	**—**	**133,754**
Total		**27,612**	**17,844**	**253,774**	**—**	**299,230**
At 30 September 2016						
Revolving Credit Facility						
Trade payables		7,618	—	—	—	7,618
Borrowings[1]	2.90%	4,096	4,535	158,927	—	167,558
Total		11,714	4,535	158,927	—	175,176

1 Interest on the revolving credit facility assumes that the Group makes no further capital repayments until maturity in 2020.

2 Term repayments of £10 million are due in 2018 and 2019 with no further repayments due until maturity of the term facility in 2020.

Treasury and capital risk management

The Group's policy is to actively manage its cash and capital structure to ensure that it complies with its current debt covenant ratios, maintains its current dividend policy and minimises the Group's interest payments by paying down its debt where possible. The Group is not subject to any externally imposed capital requirements.

Management will consider the use of excess cash, including the payment of special dividends to shareholders and M&A activity, based on the risks and opportunities of the Group at that time.

The Directors can manage the Group's capital structure through the issue or redemption of either debt or equity instruments and by adjustment of the Group's dividend paid to equity holders. The Directors believe that the current debt to equity ratio remains appropriate but continue to monitor the efficiency of the capital structure on an ongoing basis.

27. Operating lease commitments

At the statement of financial position date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £000	2016 £000
Within one year	**4,094**	3,267
In the second to fifth year inclusive	**13,420**	13,067
After five years	**23,791**	27,214
	41,305	43,548

All operating lease commitments are in respect of property leases held by the Group.

28. Subsequent events

On 1 October 2017 ZPG completed its acquisition of 100% of the issued share capital of Dot Zinc Holdings Limited ("Money") for initial consideration of £80 million and earn-out consideration of up to a maximum of £60 million based on performance targets for the 12-month periods ending 31 October 2017 and 30 September 2018.

For the year ended 31 October 2016 Dot Zinc Holdings Limited generated revenue and consolidated profit for the year of £24.7 million and £5.3 million respectively and had gross assets of £14.1 million.

As of the date of this report Management has not completed its purchase price allocation exercise. Full details of the fair value of assets and liabilities acquired will be provided in the Group's interim results for the period to 31 March 2018.

As at the date of this report the Company is well advanced in its acquisition of automated property valuations and statistical market analysis provider Calcasa B.V ("Calcasa") for initial consideration of €30 million and earn-out consideration of up to €50 million. The acquisition is expected to complete on 1 December 2017 and will be financed through a combination of cash resources and an extension to the Company's existing credit facilities.

For the year ended 31 December 2016 Calcasa generated profit for the year of €4.2 million and had gross assets of €6.2 million.

There have been no other reportable subsequent events between 30 September 2017 and the date of signing of this report.

29. Ultimate controlling party

The Directors are of the opinion that there was no ultimate controlling party in either period presented.

Company statement of financial position
As at 30 September 2017

	Notes	2017 £000	2016 £000
Assets			
Non-current assets			
Investment in subsidiaries	4	**421,089**	250,790
Intangible assets		**335**	128
Property, plant and equipment	5	**5,738**	5,315
Trade and other receivables	6	**28,245**	74,698
Deferred tax assets	11	**1,168**	600
		456,575	331,531
Current assets			
Trade and other receivables	6	**5,084**	9,092
Cash and cash equivalents		**62,405**	414
		67,489	9,506
Total assets		**524,064**	341,037
Liabilities			
Current liabilities			
Trade and other payables	7	**17,605**	27,732
Deferred and contingent consideration	8	**8,601**	28,143
		26,206	55,875
Non-current liabilities			
Loans and borrowings	9	**266,865**	149,696
Deferred and contingent consideration	8	**13,268**	2,533
Provisions	10	**1,375**	1,375
Total liabilities		**307,714**	209,479
Net assets		**216,350**	131,558
Equity			
Share capital	12	**439**	418
Share premium reserve		**74,304**	50
Other reserves	12	**90,151**	90,137
Retained earnings		**51,456**	40,953
Total equity		**216,350**	131,558

The financial statements of ZPG Plc (company number 09005884) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

A Chesterman
Director
28 November 2017

A Botha
Director
28 November 2017

Company statement of cash flows
For the year ended 30 September 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit before tax	**27,615**	33,649
Adjustments for:		
Depreciation of property, plant and equipment	**587**	–
Amortisation of intangible assets	**89**	–
Finance income	**(1,501)**	(1,615)
Finance costs	**5,576**	3,559
Dividend income received	**(49,000)**	(47,000)
Movement in contingent and deferred consideration	**11,122**	7,075
Operating cash flow before changes in working capital	**(5,512)**	(4,332)
Decrease in trade and other receivables	**3,020**	21,093
(Decrease)/increase in trade and other payables	**(10,223)**	4,984
Net cash flows from operating activities	**(12,715)**	21,745
Cash flows (used in)/from investing activities		
Acquisition of subsidiaries, net of cash acquired	**(110,351)**	(48,636)
Settlement of deferred and contingent consideration	**(32,722)**	(37,042)
Amounts paid into escrow in relation to deferred and contingent consideration	**6,341**	(2,448)
Purchase of property, plant and equipment	**(1,010)**	(3,441)
Purchase and development of intangible assets	**(296)**	–
Interest income received	**1,501**	1,615
Dividend income received	**49,000**	47,000
Net cash flows used in investing activities	**(87,537)**	(42,952)
Cash flows from/(used in) financing activities		
Proceeds on issue of shares, net of issue costs	**74,275**	–
Proceeds on issue of debt, net of issue costs	**215,000**	89,358
Repayment of debt	**(97,500)**	(52,500)
Interest paid	**(5,811)**	(2,937)
Shares purchased by trusts	**(112)**	–
Treasury shares purchased	**–**	(414)
Dividends paid	**(23,609)**	(16,554)
Net cash flows from financing activities	**162,243**	16,953
Net increase/(decrease) in cash and cash equivalents	**61,991**	(4,254)
Cash and cash equivalents at beginning of period	**414**	4,668
Cash and cash equivalents at end of period	**62,405**	414

Company statement of changes in equity
For the year ended 30 September 2017

	Share capital £000	Share premium reserve £000	Other Reserves: Treasury shares £000	Other Reserves: Shares in trust £000	Other Reserves: Merger reserve £000	Retained earnings £000	Total equity £000
At 1 October 2016	418	50	(358)	–	90,495	40,953	131,558
Profit and total comprehensive income for the Period	–	–	–	–	–	28,183	28,183
Transactions with owners recorded directly in equity:							
Share issuance	21	74,254	–	–	–	–	74,275
Share-based payments	–	–	–	–	–	6,055	6,055
Treasury shares released	–	–	60	–	–	(60)	–
Shares purchased by trusts	–	–	–	(112)	–	–	(112)
Shares released from trusts	–	–	–	66	–	(66)	–
Dividends paid	–	–	–	–	–	(23,609)	(23,609)
At 30 September 2017	**439**	**74,304**	**(298)**	**(46)**	**90,495**	**51,456**	**216,350**

	Share capital £000	Share premium reserve £000	Other Reserves: Treasury shares £000	Other Reserves: Shares in trust £000	Other Reserves: Merger reserve £000	Retained earnings £000	Total equity £000
At 1 October 2015	418	50	–	–	90,495	19,507	110,470
Profit and total comprehensive income for the Period	–	–	–	–	–	34,066	34,066
Transactions with owners recorded directly in equity:							
Share-based payments	–	–	–	–	–	3,990	3,990
Treasury shares purchased	–	–	(414)	–	–	–	(414)
Treasury shares released	–	–	56	–	–	(56)	–
Dividends paid	–	–	–	–	–	(16,554)	(16,554)
At 30 September 2016	418	50	(358)	–	90,495	40,953	131,558

1. Accounting policies and basis of accounting

The Directors have applied International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies and the financial risk management policies, where relevant to the Company, are consistent with those of the consolidated Group as set out in Notes 1 to 29 of the consolidated financial statements.

The statement of cash flows has been represented in the prior year to move transaction costs on acquisitions of £1.3 million to operating cash flows. The impact was to reduce net cash flows from operating activities and the net cash flows used in investing activities by £1.3 million.

Statement of comprehensive income

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented a statement of comprehensive income. The profit for the period ended 30 September 2017 was £28.2 million (2016: £34.1 million).

2. Auditor's remuneration

The Company incurred a cost of £140,000 (2016: £65,000) for statutory audit services for the period ended 30 September 2017. The Company incurred a cost of £40,000 (2016: £28,000) in relation to non-audit fees provided by the statutory auditor.

3. Employee costs and Directors' remuneration

The Company has no employees other than the Directors of the Company. Remuneration paid to the Directors was accounted for and paid by the Company's subsidiary, Zoopla Limited. Details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 66 to 91.

4. Investments in subsidiaries

Investments in subsidiaries are valued at cost less any provision for impairment. The investment in subsidiaries balance of £421.1 million represents the Company's 100% shareholding in Zoopla Limited, uSwitch Limited, Property Software Holdings Limited and Hometrack.co.uk Limited as set out in Note 12 to the consolidated financial statements. Property Software Holdings Limited was acquired on 28 April 2016 as detailed in Note 12 to the consolidated financial statements.

During the year ZPG Plc successfully completed a restructuring of the uSwitch entities within the Group. All uSwitch trade and assets were transferred into the entity uSwitch Limited at nil gain or loss. The entire share capital of uSwitch Limited was then sold by uSwitch Digital Limited to ZPG Plc at the carrying value of assets and liabilities acquired. Subsequent to the transaction, Ulysses Enterprises Limited and its subsidiaries are dormant with strike off applications in progress. Intercompany loans including these due to the Company from subsidiaries were settled prior to the restructuring or were capitalised through the issuance of ordinary share capital. The restructuring led to a net increase in the investment of £9.4 million due to the capitalisation of existing intercompany loans.

During the year the Company recognised an increase in the investment in Zoopla Limited, uSwitch Limited and Hometrack.co.uk Limited in respect of the Group's employee share schemes. Consistent with the Group accounting policies outlined in Note 1.20 to the consolidated financial statements, equity-settled share options granted directly to a subsidiary's employees are treated as a capital contribution to the subsidiary. The capital contribution is measured by reference to the consolidated share-based payments charge and is recognised as an increase in the cost of investment with a corresponding credit to retained earnings.

	Zoopla Limited £000	uSwitch Limited £000	Ulysses Enterprises Limited £000	Hometrack.co.uk Limited £000	Property Software Holdings Limited £000	Total £000
At 1 October 2016	96,683	–	107,783	–	46,324	250,790
Acquisition of Hometrack	–	–	–	116,269	–	116,269
Investment in uSwitch Limited	–	9,432	–	–	–	9,432
Share issue in Ulysses Enterprises Limited	–	–	38,543	–	–	38,543
Transfer of investment in uSwitch Group	–	146,326	(146,326)	–	–	–
Share-based payment – Capital contribution	5,122	904	–	29	–	6,055
At 30 September 2017	**101,805**	**156,662**	**–**	**116,298**	**46,324**	**421,089**
At 1 October 2015	93,053	–	107,425	–	–	200,478
Acquisition of Property Software Group	–	–	–	–	46,324	46,324
Share-based payment – Capital contribution	3,630	–	358	–	–	3,988
At 30 September 2016	96,683	–	107,783	–	46,324	250,790

5. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 October 2016	545	440	4,330	5,315
Additions	278	583	149	1,010
At 30 September 2017	**823**	**1,023**	**4,479**	**6,325**
At 1 October 2015	–	–	–	–
Additions	545	440	4,330	5,315
At 30 September 2016	545	440	4,330	5,315
Accumulated depreciation				
At 1 October 2016	–	–	–	–
Charge for the year	151	141	295	587
At 30 September 2017	**151**	**141**	**295**	**587**
At 1 October 2015	–	–	–	–
Charge for the year	–	–	–	–
At 30 September 2016	–	–	–	–
Net book value				
At 30 September 2017	**672**	**882**	**4,184**	**5,738**
At 30 September 2016	545	440	4,330	5,315

6. Trade and other receivables

	2017 £000	2016 £000
Loan balances due from Group companies	**28,245**	71,436
Trading balances due from Group companies	**773**	1,969
Prepayments	**768**	501
Amounts held in escrow	**3,543**	9,884
	33,329	83,790
Non-current	**28,245**	74,698
Current	**5,084**	9,092
	33,329	83,790

The Directors consider that the carrying value of trade and other receivables are approximate to their fair value.

Amounts held in escrow are held for the settlement of deferred consideration due on the acquisition of uSwitch.

The Company has a receivable of £20.8 million due from Property Software Holdings Limited, £6.3 million from Hometrack.co.uk Limited and £1.1 million due from uSwitch Limited. The amounts are designated as unsecured, intercompany loans. The loans accrue interest at Libor + 2% and have no fixed repayment dates. A trading balance of £0.8 million is due from uSwitch Limited. No interest is receivable on the balance. The Company is comfortable that these amounts are recoverable in full.

7. Trade and other payables

	2017 £000	2016 £000
Trade payables	**1,411**	270
Accruals	**12,545**	5,964
Amounts payable to Group companies	**3,649**	21,498
	17,605	27,732

At 30 September 2017 a trading balance of £3.6 million was due to Zoopla Limited. No interest is payable on the balance.

The Directors consider that the carrying value of trade and other payables are approximate to their fair value. All trade and other payables are classified as current liabilities.

Details of the Group's exposure to liquidity risk are given in Note 26 to the consolidated financial statements.

8. Deferred and contingent consideration

The Company recognised a total of £13.0 million in respect of deferred payments due on acquisitions made in the period, in relation to the acquisition of Hometrack.co.uk Limited.

A further £11.1 million was recognised through the income statement in relation to payments to continuing Management shareholders. £2.8 million was recognised in respect of uSwitch, £5.3 million of Hometrack and £3.0 million of Property Software Group.

During the year the Company also made settlements of £33.0 million to settle amounts due in respect of uSwitch, Property Software Group and Hometrack. The £6.6 million paid to Management shareholders of uSwitch was held in escrow. Of the £32.7 million recorded on the statement of cash flows, £9.7 million of deferred and contingent consideration settled during the year was conditional on continued employment of Management (2016: £2.9 million).

There have been no changes to the expected outcome of ongoing contingent consideration requirements made during the period outside of the finalisation of the acquisition accounting for entities acquired in the year as set out in Note 13 of the consolidated financial statements. The Company's liabilities in respect of deferred and contingent consideration arising on acquisitions are set out below:

	Deferred consideration £000	Contingent consideration earn-out £000	Total £000
At 1 October 2016	28,859	1,817	30,676
Recognised on acquisition of Hometrack	1,218	11,813	13,031
Charge in the period for amounts conditional on the continued employment of Management	10,330	792	11,122
uSwitch settlement	(4,710)	(1,870)	(6,580)
Property Software Group settlement	(25,097)	–	(25,097)
Hometrack settlement	(1,283)	–	(1,283)
At 30 September 2017	**9,317**	**12,552**	**21,869**
Current	7,426	1,175	8,601
Non-current	1,891	11,377	13,268
At 1 October 2015	11,976	26,156	38,132
Recognised on acquisition of Property Software Group	22,511	–	22,511
Charge in the period for amounts conditional on the continued employment of Management	4,412	2,663	7,075
uSwitch settlement	(10,040)	(27,002)	(37,042)
At 30 September 2016	28,859	1,817	30,676
Current	26,813	1,330	28,143
Non-current	2,046	487	2,533

9. Loans and borrowings

Details of loans and borrowings are given in Note 21 to the consolidated financial statements.

10. Provisions

The Company's dilapidation provisions relate to Management's best estimation of costs to make good the Company's leasehold property at the end of the lease term. The carrying provision represents expected exit costs on completion of the Company's property lease.

	Dilapidation provisions £000
At 1 October 2016	1,375
Recognised in the period	—
At 30 September 2017	**1,375**
At 1 October 2015	—
Recognised in the period	1,375
At 30 September 2016	1,375

11. Deferred tax

	Property, plant and equipment £000	Long-term Bonus Plans £000	Total £000
Deferred tax (liability)/asset at 1 October 2016	(158)	758	600
(Charge)/credit to profit or loss	(51)	646	595
Prior year adjustment	—	(27)	(27)
Deferred tax (liability)/asset at 30 September 2017	**(209)**	**1,377**	**1,168**

12. Equity

Share capital

Details of the Company's share capital are included in Note 23 to the consolidated financial statements.

Other reserves – merger reserve

The merger reserve represents the difference between the investment recognised in ZPG Limited on restructuring in 2014 of £90.9 million and the value of the shares issued of £0.4 million.

Other reserves – treasury shares

Between 11 February 2016 and 17 February 2016 the Group acquired 188,340 of its own shares at a weighted average price of 220.0 pence in order to settle the exercise of outstanding warrants. As at 30 September 2017 53,023 of the shares had been released from treasury to satisfy warrant exercises leaving 135,317 shares in treasury with a weighted average price of 220.0 pence and a total cost of £298,000 as at 30 September 2017.

Distributable reserves

As 30 September 2017 the Company has distributable reserves of £40.3 million (2016: £34.8 million). The Directors are comfortable that the Company has sufficient reserves to cover the proposed year end dividend of 3.8 pence per share and the expected 2018 interim dividend.

13. Financial instruments

Financial Instruments disclosures, where relevant to the Company, are consistent with those of the Group as set out in Note 26 to the consolidated financial statements.

14. Related parties

a) Key Management personnel

There are no employees of the Company. The Directors are employed and/or remunerated by the Company's subsidiary, ZPG Limited. There were no transactions during the year between the Directors and the Company other than the issue of shares and share options as outlined in the Directors' Remuneration Report on pages 66 to 91.

14. Related parties continued

b) Subsidiaries

Transactions with subsidiaries

On 31 January 2017 the Company acquired Hometrack.co.uk Limited and its subsidiaries as set out in Note 13 to the consolidated financial statements. The transaction included ZPG Plc assuming and discharging external debt of £16.0 million through an intercompany loan with Hometrack.co.uk Limited. During the period to 30 September 2017 Hometrack.co.uk Limited repaid £10.1 million of this balance to the Company.

During the year to 30 September 2017 Property Software Group Limited repaid £2.5 million in respect of the intercompany loan with the Company.

During the year to 30 September 2017 Ulysses Enterprises Limited made a drawdown of £21.4 million and repaid £69.9 million in respect of the intercompany loan with the Company. The intercompany loan balance at 30 September 2017 is £nil.

During the year Ulysses Enterprises Limited paid interest on intercompany loans of £0.8 million to the Company.

During the year Property Software Group Limited paid interest on intercompany loans of £0.6 million to the Company.

During the year Hometrack.co.uk Limited paid interest on intercompany loans of £0.1 million to the Company.

During the year Zoopla Limited paid dividends of £20.0 million (2016: £33.0 million) to the Company.

During the year Ulysses Enterprises Limited paid dividends of £16.0 million (2016: £14.0 million) to the Company.

During the year uSwitch Limited paid dividends of £13.0 million (2016: £nil) to the Company.

The Company issues shares to employees and estate agent partners of its subsidiaries as part of the Group's share-based payment and warrant schemes as set out in Note 24 to the consolidated financial statements.

There have been no other transactions with the Company's subsidiaries during the year.

Year end balances with subsidiaries

At 30 September 2017 £20.8 million of the intercompany loan due from Property Software Holdings Limited was outstanding. Interest at Libor + 2% per annum is due on the outstanding balance.

At 30 September 2017 £6.3 million of the intercompany loan due from Hometrack.co.uk Limited was outstanding. Interest at Libor + 2% per annum is due on the outstanding balance.

At 30 September 2017 £1.1 million of the intercompany loan due from uSwitch Limited was outstanding. Interest at Libor + 2% per annum is due on the outstanding balance.

At 30 September 2017 a trading balance of £0.7 million is due from uSwitch Limited. No interest is receivable on the balance.

At 30 September 2017 a trading balance of £0.1 million is due from Hometrack.co.uk Limited. No interest is receivable on the balance.

At 30 September 2017 a trading balance of £3.6 million is due to Zoopla Limited. No interest is payable on the balance.

There were no other related party transactions in the Period.

c) Other related parties

There were no transactions between the Company and any other related parties.

15. Subsequent events

On 1 October 2017 ZPG completed its acquisition of 100% of the issued share capital of price comparison website Dot Zinc Holdings Limited ("Money") for initial consideration of £80 million and earn-out consideration of up to £60 million based on performance targets for the twelve month periods ending 31 October 2017 and 30 September 2018.

For the year ended 31 October 2016 Money generated revenue and consolidated profit for the year of £24.7 million and £5.3 million respectively and had gross assets of £14.1 million.

As at the date of this report the Company is well advanced in its acquisition of automated property valuations and statistical market analysis provider Calcasa B.V ("Calcasa") for initial consideration of €30 million and earn-out consideration of up to €50 million. The acquisition is expected to complete on 1 December 2017 and will be financed through a combination of cash resources and an extension to the Company's existing credit facilities.

For the year ended 31 December 2016 Calcasa generated profit for the year of €4.2 million and had gross assets of €6.2 million.

There have been no other reportable subsequent events between 30 September 2017 and the date of signing of this report.

16. Ultimate controlling party

The Directors are of the opinion that there was no ultimate controlling party in either period presented.

Shareholder information

Contacts

Chief Executive Officer
Alex Chesterman

Chief Financial Officer
Andy Botha

Company Secretary
Ned Staple

Head of Communications
Lawrence Hall

Head of Investor Relations
Rachael Malcolm

Website
www.zpg.co.uk

Registered office
ZPG Plc
The Cooperage
5 Copper Row
London SE1 2LH

Corporate advisers

Auditor
Deloitte LLP

Remuneration adviser
PricewaterhouseCoopers LLP

Brokers
Credit Suisse Securities (Europe) Limited

Jefferies International Limited

Solicitor
Freshfields Bruckhaus Deringer LLP

Registrar
Equiniti Limited

Shareholder enquiries

The Company's registrar is Equiniti. They will be pleased to deal with any questions regarding your shareholding or dividends. Please notify them of your change of address or other personal information. Their address details are:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Equiniti is a trading name of Equiniti Limited.

Equiniti helpline: 0371 384 2030 (calls cost 8 pence per minute plus network extras)

(Overseas: +44 121 415 7047)

Lines open 8.30am to 5.30pm, Monday to Friday (excluding public holidays).

Shareholders are able to manage their shareholding online and facilities including electronic communications, account enquiries, amendment of address and dividend mandate instructions.

Financial calendar 2018

2017 full-year results	29 November 2017
Ex-dividend date for final dividend	7 December 2017
Record date for final dividend	8 December 2017
Annual General Meeting	30 January 2018
Payment date for final dividend	8 February 2018
Half-year results	May 2018
Payment date for interim dividend	June 2018

Note on forward-looking statements

This report includes statements related to our future business, financial performance and future events or developments that may constitute forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “plans”, “projects”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear throughout this report and include statements relating to our beliefs, intentions or current expectations concerning a number of matters including our results of liquidity, the effect of our financial performance on our share price, financial condition, prospects, growth and expansion, strategies and the industry in which we operate. All forward-looking statements are based upon information available to us on the date of this Annual Report. While we believe that the forward-looking statements are reasonable, we caution that it is very difficult to predict the impact of known or unknown factors or to anticipate all factors that could affect our actual results.

As such, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to:

- a change in the competition within the industry in which we operate;
- a change, due to various factors which may include the macroeconomic conditions in which we operate, in the level of transactions in the UK residential property market;
- a change in technological developments;
- the loss of any of our important commercial relationships; and
- any increase in litigation or disputes.

We caution that the foregoing list of factors may not contain all of the material factors that are important to you and you should not place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation, and are not under any obligation, to update or keep current the information contained in this Annual Report, whether as a result of new information, future events or otherwise.

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ZPG Plc’s commitment to environmental issues is reflected in this Annual Report which has been printed on Core silk which is an FSC® certified paper. This document was printed by Park Communications using their environmental print technology, which minimises the impact of printing on the environment. Vegetable based inks have been used and 99% of all dry waste associated with this production is diverted from landfill.

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