# OnTheMarket

# Admission Document


Zeus Capital

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who specialises in advising on the acquisition of shares and other securities and is duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA").**

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by London Stock Exchange plc ("London Stock Exchange"). It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence, on 9 February 2018. The Existing Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules published by London Stock Exchange, to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UK Listing Authority nor the London Stock Exchange has examined or approved the contents of this Document.**

Prospective investors should read the whole text of this Document and should be aware that an investment in the Company is speculative and involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part 2 of this Document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

This Document, which is drawn up as an AIM admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued ordinary share capital of the Company. This Document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this Document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the FCA pursuant to section 85 of FSMA. Copies of this Document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Zeus Capital, 82 King Street, Manchester M2 4WQ and the registered office of the Company, 155-157 High Street, Aldershot, GU11 9FZ from the date of this Document until one month from the date of Admission in accordance with the AIM Rules. A copy of this Document will also be available from the Company's website at https://plc.onthemarket.com.

The Directors, whose names appear on page 8 of this Document, and the Company accept responsibility, both individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# ONTHEMARKET PLC

*(Incorporated in England and Wales under the Companies Act 2006 – No. 10887621)*

## Placing of 18,181,818 new Ordinary Shares of 0.2 pence each at 165 pence per share

## and

## Admission of the Ordinary Shares to trading on AIM

***Nominated Adviser and Broker:***

Zeus Capital

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***Enlarged Ordinary Share Capital on Admission***

| *Issued and fully paid ordinary shares of £0.002* | *Number* |
|---|---|
| £121,067 | 60,533,318 |

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 9 February 2018 (or such later date as the Company and Zeus Capital may agree, being not later than 1 March 2018). The Placing Shares and the Existing Ordinary Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission. It is emphasised that no application is being made for the Enlarged Ordinary Share Capital to be admitted to the Official List or to any other recognised investment exchange.

Zeus Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to subscribe for shares in the Company in reliance on any part of this Document. No representation or warranty, express or implied, is made by Zeus Capital as to any of the contents of this Document (without limiting the statutory rights of any person to whom this Document is issued). Zeus Capital will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus Capital or for providing advice in relation to the contents of this Document or any other matter.

Without limiting the statutory rights of any person to whom this Document is issued, no representation or warranty, express or implied, is made by Zeus Capital as to the contents of this Document. No liability whatsoever is accepted by Zeus Capital for the accuracy of any information or opinions contained in this Document, for which the Directors are solely responsible, or for the omission of any information from this Document for which Zeus Capital is not responsible.

In accordance with the AIM Rules for Nominated Advisers, Zeus Capital has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with.

This Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Placing Shares may, subject to certain exceptions, not be offered or sold, directly or indirectly, in, or into, or from, the United States of America, Canada, Australia, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan or the Republic of South Africa and may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

The distribution of this Document outside the UK may be restricted by law. No action has been taken by the Company or Zeus Capital that would permit a public offer of shares in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this Document should inform themselves about the distribution of this Document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

## IMPORTANT INFORMATION

In deciding whether or not to invest in the Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or Zeus Capital. Neither the delivery of this Document nor any subscription or purchase made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see "Part 2 Risk Factors" of this Document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this Document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this Document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

This Document should be read in its entirety before making any investment in the Company.

### Forward looking statements

Certain statements contained in the Document are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group operates, and on the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

**Presentation of financial information**

The financial information contained in this Document, including that financial information presented in a number of tables in this Document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Certain non-IFRS measures such as operating profit and losses before exceptional items have been included in the financial information, as the Directors believe that these provide important alternative measures with which to assess the Group's performance. You should not consider these as an alternative for revenue or operating profit which are IFRS measures. Additionally, the Company's calculations of non-IFRS measures may be different from the calculation used by other companies and therefore comparability may be limited.

**No incorporation of websites**

The contents of the Company's websites (or any other website) do not form part of this Document.

**General notice**

This Document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Rules in the United Kingdom. It has been drawn up in accordance with the requirements of the Prospectus Directive only in so far as required by the AIM Rules and has not been delivered to the Registrar of Companies in England and Wales for registration. This Document has been prepared for the benefit only of a limited number of persons all of whom qualify as "qualified investors" for the purposes of the Prospectus Directive, to whom it has been addressed and delivered and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this Document (either in whole or in part) without the prior written consent of the Company and Zeus Capital is prohibited.

**Governing law**

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

**CONTENTS**

## KEY STATISTICS

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|---|---|
| **Placing statistics** | |
| Placing Price | 165p |
| Number of Placing Shares | 18,181,818 |
| Percentage of Enlarged Ordinary Share Capital being placed | 30 per cent. |
| Gross proceeds of the Placing | £30 million |
| Estimated net proceeds of the Placing (after expenses) | £27 million |
| **Upon Admission** | |
| Number of Ordinary Shares in issue as at the date of this document | 35,530,263 |
| Number of Ordinary Shares to be issued pursuant to the conversion of the OTM Loan Notes | 6,821,237 |
| Number of Committed Agent Recruitment Shares[1] | 757,203 |
| Number of Ordinary Shares in issue at Admission (Enlarged Ordinary Share Capital) | 60,533,318 |
| Estimated market capitalisation of the Company at Admission at the Placing Price | £100 million |
| TIDM | OTMP |
| ISIN number (Ordinary Shares) | GB00BFN3K335 |
| SEDOL number (Ordinary Shares) | BFN3K33 |

*Notes:*

1 The Committed Agent Recruitment Shares will be issued as soon as practicable following Admission.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
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| | *2018* |
| Publication of this Admission Document | 26 January |
| Admission and commencement of dealings in the Enlarged Ordinary Share Capital on AIM | 9 February |
| CREST accounts credited (where applicable) | 9 February |
| Despatch of definitive share certificates (where applicable) by | 16 February |

*Notes:*

1. References to time in this Document are to London (GMT) time, unless otherwise stated.
2. Each of the above dates is subject to change at the absolute discretion of the Company and Zeus Capital.

**If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement via a RIS.**

## DIRECTORS, SECRETARY AND ADVISERS

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| **Directors:** | Christopher Bell, *Non-Executive Chairman*<br>Ian Springett, *Chief Executive Officer*<br>Clive Beattie, *Chief Financial Officer*<br>Helen Whiteley, *Commercial Director*<br>Ian Francis, *Non-Executive Director*<br><br>All of whose registered address is:<br>PO Box 450<br>155-157 High Street<br>Aldershot<br>GU11 9FZ |
| **Secretary and registered office:** | Richard Almond<br>PO Box 450<br>155-157 High Street<br>Aldershot<br>GU11 9FZ |
| **Nominated adviser and broker to the Company:** | Zeus Capital Ltd<br>82 King Street<br>Manchester<br>M2 4WQ |
| **Auditors to the Company:** | RSM UK Audit LLP<br>One London Square<br>Cross Lanes<br>Guildford<br>GU1 1UN |
| **Reporting Accountants to the Company:** | RSM Corporate Finance LLP<br>25 Farringdon Street<br>London<br>EC4A 4AB |
| **Solicitors to the Company:** | Eversheds Sutherland (International) LLP<br>One Wood Street<br>London<br>EC2V 7WS |
| **Solicitors to the nominated adviser and broker:** | DLA Piper UK LLP<br>3 Noble Street<br>London<br>EC2V 7EE |
| **Registrars:** | Link Market Services Limited<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>BR3 4TU |
| **Financial PR adviser:** | TB Cardew<br>5 Chancery Lane<br>London<br>EC4A 1BL |

## DEFINITIONS

The following definitions apply throughout this Document, unless the context otherwise requires:

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| "7 per cent. Loan Notes" | the loan notes with a coupon of 7 per cent. issued by Agents' Mutual pursuant to a loan note instrument dated 1 August 2014; |
| "10 per cent. Loan Notes" | the loan notes with a coupon of 10 per cent. issued by Agents' Mutual pursuant to a loan note instrument dated 10 February 2014; |
| "15 per cent. Loan Notes" | the loan notes with a coupon of 15 per cent. issued by Agents' Mutual pursuant to a loan note instrument dated 4 December 2013; |
| "7 per cent. OTM Loan Notes" | the loan notes with a coupon of 7 per cent. issued by the Company on 13 September 2017 pursuant to a loan note instrument dated 2 August 2017; |
| "10 per cent. OTM Loan Notes" | the loan notes with a coupon of 10 per cent. issued by the Company on 13 September 2017 pursuant to a loan note instrument dated 2 August 2017; |
| "15 per cent. OTM Loan Notes" | the loan notes with a coupon of 15 per cent. issued by the Company on 13 September 2017 pursuant to a loan note instrument dated 2 August 2017; |
| "2006 Act" or "Act" | the Companies Act 2006, as amended, from time to time; |
| "Admission" | the admission of the entire issued ordinary share capital of the Company to trading on AIM becoming effective in accordance with AIM Rules for Companies; |
| "Admission Document" or "Document" | this document dated 26 January 2018; |
| "Agent Recruitment Shares" | the 36,363,636 new Ordinary Shares to be issued by the Company to key new agents to incentivise them to enter into new listing agreements; |
| "Agents' Mutual" | Agents' Mutual Limited, a company limited by guarantee incorporated in England and Wales with company registration number 8381458; |
| "Agents' Mutual Group" | Agents' Mutual and its subsidiary undertaking(s) from time to time, as appropriate; |
| "AIM" | a market of the London Stock Exchange; |
| "AIM Rules" or "AIM Rules for Companies" | the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM; |
| "AIM Rules for Nominated Advisers" | the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended; |
| "Articles" | the articles of association of the Company, as at the date of Admission, a summary of which is set out in paragraph 4 of Part 6 of this Document; |
| "Audit Committee" | the audit committee of the Board, as constituted from time to time; |
| "Board" | the board of directors of the Company as at the date of this Document, whose details are set out on pages 31 and 32 of this Document; |

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| "certificated" or "in certificated form" | not in uncertificated form (that is, not in CREST); |
| "Committed Agent Recruitment Shares" | the 757,203 Agent Recruitment Shares to be issued by the Company to new agents who are not already Shareholders but have signed new listing agreements prior to the date of this document and have received an entitlement to Agent Recruitment Shares conditional on Admission; |
| "Company" or "OnTheMarket" | OnTheMarket plc, a public limited company incorporated in England & Wales under the Companies Act 2006 with company registration number 10887621 and registered office address PO Box 450, 155-157 High Street, Aldershot, GU11 9FZ; |
| "CREST" | the computerised settlement system operated by Euroclear UK & Ireland Limited which facilitates the transfer of shares; |
| "CREST regulations" | the Uncertificated Securities Regulations 2001 (SI2001/3755); |
| "Directors" | the directors of the Company as at the date of this Document, whose details are set out on pages 31 and 32 of this Document; |
| "Disclosure Guidance and Transparency Rules" | the Disclosure Guidance and Transparency Rules (in accordance with section 73A (3) of FSMA, as amended from time to time) relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made; |
| "DMGT" | Daily Mail and General Trust plc; |
| "EMI Plan" | The OnTheMarket EMI Option Plan 2017; |
| "Enlarged Ordinary Share Capital" | the Ordinary Shares in issue immediately following the Placing and Admission, comprising the Existing Ordinary Shares, the Loan Noteholder Shares and the Placing Shares; |
| "Euroclear UK & Ireland" | Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST; |
| "Executive Directors" | Ian Springett, Helen Whiteley and Clive Beattie; |
| "Existing Ordinary Shares" | the Ordinary Shares in issue as at the date of this Document; |
| "FCA" | the United Kingdom Financial Conduct Authority; |
| "FSMA" | the Financial Services and Markets Act 2000, as amended from time to time; |
| "Group" | the Company and its subsidiary undertakings, as at the date of this Document; |
| "ITEPA" | the Income Tax (Earnings and Pensions) Act 2003; |
| "ISIN" | International Securities Identification Number; |
| "Loan Notes" | the 7 per cent. Loan Notes, the 10 per cent. Loan Notes and the 15 per cent. Loan Notes; |
| "Loan Noteholders" | the holders of the Loan Notes or the OTM Loan Notes, from time to time; |

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| "Loan Noteholder Schemes" | the schemes of arrangement pursuant to Part 26 of the Companies Act, which became effective on 13 September 2017, under which the Loan Notes were exchanged for convertible loan notes issued by the Company which will convert into the Loan Noteholder Shares upon Admission; |
| "Loan Noteholder Shares" | the Ordinary Shares to be issued to the Loan Noteholders following conversion of the convertible loan notes issued pursuant to the Loan Noteholder Schemes immediately prior to Admission; |
| "Lock-ins" | the lock-in arrangements entered into by certain agents and management, further details of which are summarised in paragraph 3 of Part 3 of this Document; |
| "London Stock Exchange" | London Stock Exchange plc; |
| "Members" | holders of member interests in Agents' Mutual, prior to the Members Scheme becoming effective on 13 September 2017; |
| "Members Scheme" | the scheme of arrangement pursuant to Part 26 of the Companies Act under which holders of member interests in Agents' Mutual Limited exchanged their interests in Agents' Mutual Limited for ordinary shares in the Company such that the Company became the sole member of Agents' Mutual and each member of Agents' Mutual became a shareholder of OnTheMarket; |
| "MIP" | the OnTheMarket Management Incentive Plan; |
| "Nomination Committee" | the nomination committee of the Board, as constituted from time to time; |
| "Non-Executive Directors" | Christopher Bell and Ian Francis; |
| "Official List" | the official list maintained by the UK Listing Authority; |
| "Ordinary Shares" | the ordinary shares of £0.002 each in the Company; |
| "OTM Loan Notes" | the 7 per cent. OTM Loan Notes, the 10 per cent. OTM Loan Notes and the 15 per cent. OTM Loan Notes; |
| "Panel" | the Panel on Takeovers and Mergers; |
| "Placees" | the subscribers for Placing Shares pursuant to the Placing; |
| "Placing" | the conditional placing of the Placing Shares by Zeus Capital, as agent for the Company, pursuant to the Placing Agreement; |
| "Placing Agreement" | the placing agreement dated 26 January 2018 between (1) Zeus Capital (2) the Directors and (3) the Company, relating to the Placing; |
| "Placing Price" | 165p per Ordinary Share; |
| "Placing Shares" | the 18,181,818 new Ordinary Shares to be issued by the Company to Placees; |
| "Prospectus Directive" | EU Prospectus Directive 2003/71/EC, as amended; |
| "Prospectus Rules" | the Prospectus Rules made by the FCA pursuant to sections 73(A)(1) and (4) of FSMA; |
| "QCA" | the Quoted Companies Alliance; |
| "QCA guidelines" | The Corporate Governance Code for Small and Mid-Size Quoted Companies published by the QCA in May 2013; |

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| "Recognised Growth Market" | a market recognised as such by HMRC and included on the list of Recognised Growth Markets maintained and published on the HMRC website; |
| "Recognised Stock Exchange" | any market of a recognised investment exchange as defined by section 1005 of the Income Tax Act 2007; |
| "Remuneration Committee" | the remuneration committee of the Board, as constituted from time to time; |
| "Reorganisation" | the Members Scheme of Arrangement and the Loan Note Schemes; |
| "Rightmove" | Rightmove plc; |
| "RIS" | Regulatory Information Service; |
| "Shareholder(s)" | holders of Ordinary Shares; |
| "Subsidiaries" | any subsidiary as defined in the Act; |
| "Takeover Code" | the City Code on Takeovers and Mergers, as amended from time to time; |
| "UK Corporate Governance Code" | the Principles of Good Governance and Code of Best Practice maintained by the Financial Reporting Council and formerly known as the Combined Code; |
| "uncertificated" or "in uncertificated form" | recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; |
| "United Kingdom" or "UK" | the United Kingdom of Great Britain and Northern Ireland; |
| "UK Listing Authority" | the FCA, acting in its capacity as the competent authority for the purposes of FSMA; |
| "US" | the United States of America and all of its territories and possessions; |
| "VAT" | value added tax; |
| "Zeus Capital" | Zeus Capital Limited, a company incorporated in England and Wales with registered number 4417845 and registered office at 82 King Street, Manchester M2 4WQ; |
| "Zoopla" or "ZPG" | ZPG plc; and |
| "£" or "Sterling" | British pounds sterling. |

Any reference in this Document to any provision of any legislation shall include any amendment, codification, re-enactment or extension thereof. Words imparting the singular shall include the plural, and vice versa, and words imparting the masculine gender shall include the feminine or neutral gender.

## GLOSSARY

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| "ARPA" | average revenue per property advertiser, being revenues due from property advertisers for a period divided by the average number of property advertisers for that period; |
| "branch equivalents" | where the number of branches is not an applicable measure, for example for online or hybrid agents, a calculation of equivalent branch numbers based on an appropriate underlying methodology, for example numbers of property listings; |
| "leads" | indications of interest received by property advertisers from consumers; |
| "listed branches" | estate and lettings agent branches or branch equivalents advertising on OnTheMarket.com; |
| "listing fees" | fees paid by advertisers for displaying properties on OnTheMarket.com; |
| "One Other Portal rule" | a provision included in Agents' Mutual's original listing agreements whereby agents committed to list their properties on OnTheMarket.com and contractually agreed to using a maximum of one other competing portal; |
| "property advertisers" | listed branches and new home developments advertising on OnTheMarket.com; and |
| "visits" | the number of individual sessions on the Group's websites and apps, as measured by Google Analytics. |

## PART 1

## INFORMATION ON THE GROUP

### SUMMARY

OnTheMarket is the parent company of Agents' Mutual, which owns and operates the UK online residential property portal OnTheMarket.com.

Agents' Mutual was formed in January 2013 by several leading estate and lettings agents to create a new residential property portal as a challenger to the two existing major portal groups, Rightmove and ZPG. Agents' Mutual was the first major new entrant to the UK portals market since 2008.

Agents' Mutual was born from widespread agent dissatisfaction with the growing imbalance of power between agents and the two existing major portal groups. Both groups were felt to be using their strong positions relative to their agent customers to impose significant price increases for their portal services.

Agents provide the majority of income for the property portals and also supply their essential and most valuable content – the property listings. As a portal with significant agent support, the Directors believe OnTheMarket.com is uniquely positioned to create an alternative to the leading incumbent portals. The Directors believe that with their invaluable database of active property vendors and property-seekers, agents are able to proactively support the portal and create valuable competitive advantage for it.

From Admission, the Directors believe the OnTheMarket.com portal will have over 5,500 listed branches from agents who have existing and new listing contracts, which they believe will carry around a third of the total UK residential property listings. In addition, during November and December 2017, Arun Estate Agencies Limited, Chancellors Group of Estate Agents Limited and Hunters Property Group Limited have signed new long term listing agreements with OnTheMarket.com, conditional on Admission, in respect of over 350 branches in aggregate.

The Company's senior management has significant industry experience and expertise. Led by Ian Springett, Chief Executive Officer, it includes the team responsible for founding and, until 2008 following its sale to DMGT, managing PrimeLocation. In addition, many of the Group's employees have previously worked for other UK property portals.

Agents' Mutual was set up as a company limited by guarantee, with Members each having a single member's interest. As part of a recent strategic reorganisation, Members approved a conversion of their members' interests in Agents' Mutual to ordinary shares in OnTheMarket, a new parent company, in preparation for the proposed listing on AIM. Agents listing on the portal will retain a significant equity interest in the Company once listed on AIM. In addition, as part of the Reorganisation and subsequently, Members representing in aggregate 3,039 listed branches have agreed to new 5 year commercial contracts to list with OnTheMarket.com. Of the remaining listed branches, 1,253 have existing agreements with longer than 2 years to run with the balance on rolling shorter term contracts.

In line with the Group's strategy, management are conducting commercial conversations with a number of leading estate agency firms which are not currently customers of the Group with a view to them entering into long term agreements to list properties on OnTheMarket.com in return for becoming shareholders in the Company. Discussions are ongoing and the Directors are confident of reaching additional agreements following Admission.

The Directors believe that the Members' approval of the Reorganisation and the new contracts signed by the majority of Members are a strong demonstration of broad agent support for its "challenger" model, reflecting the wish from agents to have a portal with significant agent ownership which can offer a premier search service to consumers whilst charging sustainably fair prices to agents.

The Directors believe there are more than 12,500 branches that are not listed with OnTheMarket.com. In order to attract these quickly and effectively following Admission, the Company intends to use a combination of new share issuances to selected key agents in return for them entering into long term listing agreements and shorter term free or discounted listing agreements to other agents.

The Company's growth strategy will also address the wider market, including new home developers, online agents and the commercial and overseas property markets. Furthermore, it will focus on incremental revenue opportunities to offer value-added products to its property advertisers and portal advertising to other third parties.

The Directors believe that the AIM listing and associated Placing will facilitate rapid growth and so, whilst it won its recent case at the Competition Appeal Tribunal establishing its right to operate the One Other Portal rule (albeit that leave has been granted to the other party by the Court of Appeal to appeal that decision), the Company will offer current and future agents the opportunity to enter into new listing agreements which do not contain this rule. The Directors believe that this will give it significantly more flexibility in attracting agents rapidly.

As part of the proposed AIM listing, the Company intends to raise £30 million of primary capital from institutional investors. A substantial portion of the funds raised will be committed to support broad marketing campaigns through television, digital, local radio and poster and press advertising, in addition to increased PR and social media activity. Funds will also be committed to the expansion of the Group's sales and customer relationship management organisation and its technology development capacity. This will underpin the strategy to not only attract more estate agents and other property advertisers to use the portal but also to grow the levels of traffic and engagement with property-seekers.

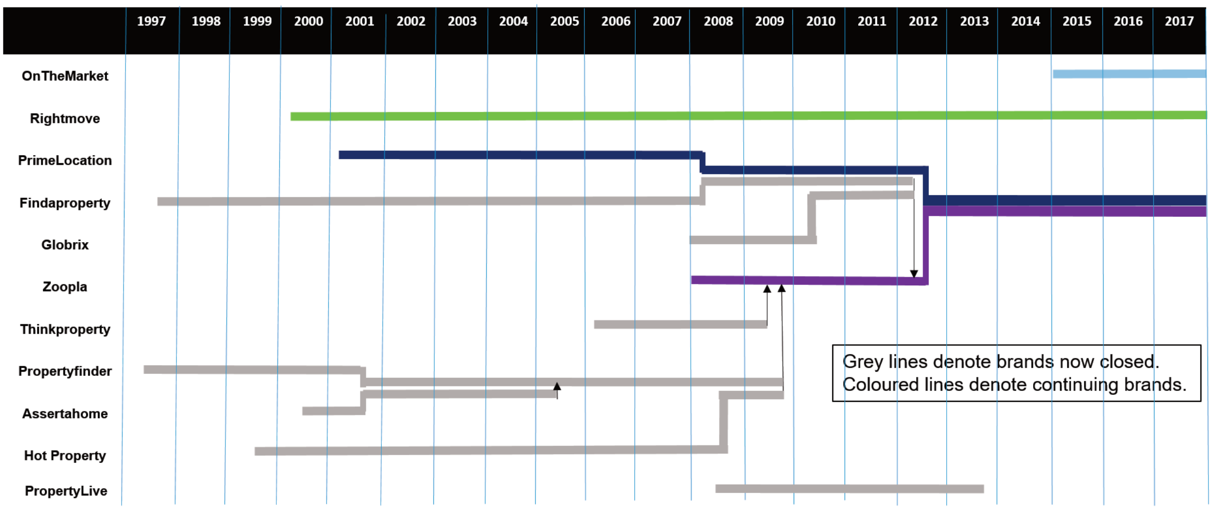
In the year ended 31 January 2017, its second full year with OnTheMarket.com operational, the Group generated revenues of £17.8 million (£17.9 million in the year ended 31 January 2016) and operating profit before exceptional items and finance costs of £2.3 million (compared with a loss of £1.7 million in the year ended 31 January 2016). The Group's revenue represents recurring subscription fees charged to agents for listing properties. In the six months to 31 July 2017 the Group generated revenues of £8.3 million and operating profit before exceptional items of £2.9 million.

## HISTORY AND BACKGROUND

### Development of the UK property portal market

Whilst there have been large numbers of property websites operating in the UK since 2000, only a very limited number have attracted a sufficiently strong consumer audience to enable them to charge property advertisers at a level sufficient to become substantial and viable businesses. The market has been effectively dominated by Rightmove and ZPG, both of whom gained significant benefit from agent backing in their early years. The UK property portal market had its origins in the late nineties with early property portals such as Propertyfinder, Hot Property and Findaproperty and later Rightmove and PrimeLocation. Many of the early portals did not gain critical mass and over the period from 2000 to 2012 the market underwent a period of consolidation with many of these brands merging and/or closing. The two key consolidators during this period were The Digital Property Group (an umbrella company formed by DMGT), which acquired Findaproperty, Globrix and PrimeLocation, and ZPG, which acquired ThinkProperty and Propertyfinder. This consolidation culminated with the decision of The Office of Fair Trading in 2012 to give clearance for the proposed merger between Digital Property Group Ltd and ZPG. The result was that the market came to be dominated by two players, Rightmove and ZPG.

**Figure 1: Consolidation in the UK property portal market**




*Source: Company*

The Directors believe that agent backing was key to the success of the two major portals: Rightmove was initially backed by the then four largest corporate agencies and PrimeLocation was backed by 200 leading independent agents. However, the agent founders of PrimeLocation sold to DMGT in 2006 and the agent founders of Rightmove sold their remaining post-IPO shareholdings in 2009. Of the three agent groups which entered a strategic partnership with ZPG in 2010, two have now exited their associated shareholdings and the third no longer has a significant interest.

The combination of a portals market dominated by two large media groups and a highly fragmented and competitive agency market enabled these portals rapidly to gain substantial coverage and then to manage up their revenue from agents. Their increased profitability has either been achieved by fee increases for the core listings service or by the implementation of packages of enhancements to basic property listings or opportunities to promote the agent brand. In some cases, these additional services have been structured with limited availability so that agents compete for them and bid up prices over time.

The fee structure employed by the portal industry is still predominantly based on a fee per month per branch rather than a per property listing basis. Whilst still relatively small, accounting for only 5.4 per cent. of all sales exchanges, the emergence of upfront fixed fee hybrid and online agents has seen an evolution of this model with listing fees by property listings where branches are not a suitable measure.

The dominance of the two market-leading portals can be seen in the growth of ZPG's UK Agency ARPA from £142 as at 30 September 2012 to £356 as at 31 March 2017 (CAGR of 22 per cent.) and Rightmove's ARPA which has grown over a similar period from £529 as at 31 December 2012 to £911 as at 30 June 2017 (CAGR of 13 per cent.). These rapid increases in ARPA combined with a slower growth in underlying costs have underpinned very high profit margins for Rightmove and ZPG.

## Development of OnTheMarket.com

### *The need for an agent backed portal*

From as early as 2010, with the marketplace rapidly consolidating, agents were discussing the need to introduce a new agent backed competitor. Rightmove, the dominant market leader, was raising prices rapidly as were the DMGT portals which were by then being managed together and offered as a mandatory package.

These early discussions led to more focused planning activity following the creation of the merged Zoopla Group in May 2012. A new company, Agents' Mutual, was formed in January 2013 as the corporate vehicle for the development of a new UK residential property portal. Agents' Mutual was constituted as a company limited by guarantee, reflecting the intention to create a market-leading, national portal which would deliver services to its Members at sustainably fair prices. Prior to the Reorganisation, Agents' Mutual was wholly owned by the member agents with all Members having equal voting rights irrespective of the number of branches they had.

The founding group comprised leading estate and lettings agents – Savills, Knight Frank, Strutt & Parker, Chesterton Humberts, Douglas & Gordon and Glentree Estates. These founder Members provided the initial funding to develop and launch the portal and to recruit further Members. The OnTheMarket.com website went live in January 2015 with approximately 4,600 listed branches. Strong support from estate and lettings agents allowed Agents' Mutual to make significant progress with limited resources.

In addition to the founding Members, agent firms supporting Agents' Mutual include many of the other leading agency groups in the country, such as Spicerhaart, Winkworth, Kinleigh Folkard & Hayward and Jackson-Stops, as well as many prominent multi-office London and regional firms and thousands of smaller firms. The Directors believe that the fact that so many agents – representing over 4,600 branches – were prepared to commit to the new portal prior to its launch is an indication of the strength of feeling of the need to have an alternative to what is otherwise a duopoly market.

***Original strategy***

In order to overcome the significant hold on the market by the two incumbent portals, a key element of the market entry strategy was the adoption by Members of the One Other Portal rule which meant that, in effect, their branches could list with OnTheMarket.com and either Rightmove or Zoopla but not both. The expectation was that in a market so heavily dominated by the two incumbents, the creation of a unique set of agents and their property listings would help OnTheMarket.com gain traction with consumers, help Members avoid any increase in their portal costs and help create a more competitive portals market.

In addition OnTheMarket.com established listing criteria that excluded certain potential portal users such as online agents and new home developers. The portal was targeted at full service "bricks and mortar" estate agents, with an emphasis on a clear and uncluttered portal focussed on the presentation of Member properties without paid-for third party advertising. OnTheMarket.com was the first major UK property portal to be designed with responsive technology to be optimised for all devices (e.g. mobile phone, laptop and tablets). Members were also required to promote OnTheMarket.com in their offices and their own communications materials and to cease promoting other portals, thereby raising awareness locally and complementing the national advertising campaigns conducted by Agents' Mutual.

***Reorganisation***

In September 2017, the Group underwent a Reorganisation through a scheme of arrangement with Members receiving shares in OnTheMarket in exchange for their member interests in Agents' Mutual, making Agents' Mutual a wholly owned subsidiary of the Company. Agents with Loan Notes also exchanged these for convertible loan notes which will convert into Ordinary Shares upon Admission. The Members Scheme and the Loan Noteholder Schemes became effective on 13 September 2017.

## BUSINESS DESCRIPTION

### Introduction

The Group's key activity is to act as a "virtual shop window" through its OnTheMarket.com website and apps, allowing agents to display their properties to an audience of property-seekers. Agents pay listing fees monthly on a per branch basis to display available properties. The agents are therefore the paying customers but the property-seekers who are integral to the network are able to use the portal for free.

Agents pay fees on a per branch basis, reflecting branch location (London, Prime London, Country, Prime Country), activity (sales or lettings) and the total number of branches listed by that agent.

### OnTheMarket.com portal offering

OnTheMarket.com offers its property advertisers a professional and user friendly online environment to showcase their clients' properties on its website and apps. The Company has designed its website so that navigation and search tools are simple to use, to ensure the most appealing experience for the property-seeker. Property-seekers are encouraged to establish a relationship with the portal by creating a "MyOnTheMarket" account, offering them saved search and property alert facilities. The portal operates on "Infrastructure as a Service" using one of the global leaders' platforms.

A key attraction and competitive advantage of OnTheMarket.com over the other portals is its access to "New & exclusive" listings, where advertisers list their new instructions in advance of releasing them to other portals. These listings appear at the top of the search results and in property alerts with a special prominent design format for the period in which they are listed with OnTheMarket.com exclusively. This is particularly appealing to active property-seekers who are the Group's focus and in turn provide listing agents with high quality leads.

For agents, the portal has additional functionality and accessibility through "OTM Expert" which gives access to tools enabling manual property uploading and editing of property details and branch/firm details. Functionality includes property-level reporting of portal activity and lead generation which can be operated by multi-branch agents at both branch and agent level with central control of access permissions. Agents may opt to upload manually or to instruct their data feed provider to engage with the portal to arrange automated uploads.

**Marketing**

Since launch of the portal in January 2015, the Group has invested just under £20 million on marketing in order to create a credible brand, with approximately £7.6 million spent on "TV and press", £12.3 million on "paid search" and £0.1 million on "local press, radio and posters".

A survey conducted in January 2016 by YouGov for OnTheMarket.com showed its prompted brand awareness among active property-seekers having reached 27 per cent. after only one year of operation. The amount of traffic being generated from the Group's marketing spend and from non-paid sources such as organic search, social media and property alerts has grown significantly since launch, generating value to agents in the form of leads from property-seekers and property vendors (1.83 million leads in the year ended 31 January 2016 growing to 2.93 million in the year ended 31 January 2017). Whilst OnTheMarket.com traffic is well below the levels of its two longer-established major competitors, the Placing, along with the Group's current and future contracted revenues, should enable marketing spend targeted at significantly increasing consumer awareness of the brand and site traffic.

OnTheMarket's multi-faceted marketing strategy has four broad objectives:

- **Brand** – continue to build awareness, understanding and memorability of OnTheMarket.com;
- **Traffic** – persuade the most relevant audience to visit, search on and engage with the portal;
- **Leads** – generate a high volume of quality leads for existing agents; and
- **Recruitment** – help attract new property advertisers.

Marketing is expected to fuel and accelerate the critical network effect or virtuous circle, whereby more consumer visits/leads attract more agents and other property advertisers, which in turn increases the property inventory and funds available for marketing, which in turn generates more consumer visits and more leads for property advertisers.

The Group has successfully adopted a wide range of marketing activities, both paid and unpaid, including digital (for its targeting accuracy), national TV (for its broad reach and impact), radio (for its local flexibility) and selected print advertising within property sections (for its targeting accuracy in terms of both property-seekers and agents). In the case of targeted digital activity, money is invested across the top-performing channels, informed by continuous data-driven optimisation with ad targeting, bid strategies and re-targeting segmentation. The Group also applies significant resource to search engine optimisation to increase its organic traffic from search engines' natural listings by continuously optimising the website structure and by regularly producing and publishing quality property-related content on its website. Furthermore, the Group benefits from the contractual commitment of all agent advertisers to promote the brand in their branches and on their websites. This gives OnTheMarket.com extra "free" visibility and endorsement at a local level.

Where possible, the advertising includes a reference to the "New & exclusive" properties concept described above, as this is a particularly motivating message for the most active property-seekers who do not want to miss out on seeing properties as soon as they come onto the market.

Since launch of the portal in January 2015, this approach to marketing has helped OnTheMarket already become the UK's third biggest UK residential property portal provider, achieving over 11 million visits in January 2017 after just two years of operating. In August 2017 the Group's website and apps received a record 14.1 million visits.

It is intended to build on the success of the advertising to date and specifically to increase the overall marketing budget to up to £25 million per annum for the first two years, to develop a new TV campaign and to introduce a higher degree of local visibility with press, outdoor and radio.

The Group's communications strategy is led by John Milsom, Brand Director, who joined in February 2014 as part of the founding management team. John has overall responsibility for brand communications, including advertising, PR and portal design. Previously John founded and, as Managing Director, led a marketing and communications agency, Bespoke Communications. Clients included PrimeLocation as well as RBS, Coutts, Lombard Direct and Direct Line. Prior to this he had been a board director at four major London and Paris advertising agencies.

**Intellectual property/IT**

All the intellectual property contained in the major web and native mobile applications is owned by the Group and is protected through a combination of trade marks, domain names, copyrights and trade secrets, as well as contractual restrictions on access and use of the Group's proprietary data and technology. The Group has three registered UK trade marks for the various trading names and logo devices used in connection with its applications.

The Group continually reviews its intellectual property portfolio to ensure it is maintained and up to date and any new intellectual property is adequately protected, for example through registering new trade marks, as appropriate.

To ensure resilience, scalability and high-availability, the applications are load balanced between four geographically separate sites located in Europe and North America. Furthermore, they have multiple levels of caching, including a content delivery network with over fifty global edge locations. Parts of the architecture auto-scale depending on traffic to ensure consistently fast performance. OnTheMarket.com was the only major UK property portal to be delivered from day one with a responsive front-end of the consumer web applications designed to work seamlessly across all mobile and tablet devices, laptops and monitors along with all modern web browsers. The native applications target iOS and Android devices.

To protect and maintain its systems the architecture is firewalled including Layer 4 DDoS protection and rate limiting technology. The architecture contains short-lived immutable servers that are created by template. Within the architecture data is encrypted in transit and at rest and TLS/SSL encryption is available to the browser. Each code release of the property portal goes through vulnerability assessment, penetration testing, run-time testing and code review in addition to periodic third party penetration testing.

Key members of the technology team have substantial experience in both larger corporate and smaller start-up environments, which has led to high quality IT controls surrounding protection, integrity and availability of data as well as a strong operational focus on agility. The software is developed predominantly in-house by agile, cross-functional, and self-organising teams centred on products and user experience – the core of the team culture. This structure is designed to handle a high level of future scalability and growth. The Product Technical Support team completes the continuous development loop and ensures quality assurance through working with data providers, testing and feedback from consumers and property professionals.

Morgan Ross has served as the Chief Technology Officer since joining the business in November 2013 as part of the founding management team and has been central to the planning, development and growth of OnTheMarket.com, with overall responsibility for portal development and operations as well as for the technical support team. Amongst previous roles, Morgan was IT Director at PrimeLocation.com.

As at 30 November 2017, there were 19 full time employees in the Product and Technology team.

**Sales and customer support**

The OnTheMarket.com sales team is made up of a field sales team based around the country supported by a telesales team based in London. The team comprises experienced sales personnel, many of whom worked within the industry at other UK property portals prior to joining the Group.

Their objectives are to recruit new property advertisers and encourage existing advertisers to support the portal in tangible ways, such as providing their "New & exclusive" properties to OnTheMarket.com in advance of them appearing on any other portal. As new products are developed, the sales team will also brief their customers on those products. Customer support is provided through the sales team or technical team, as appropriate.

## STRATEGY FOR GROWTH

**Introduction**

Following the launch of the portal in January 2015, Agents' Mutual rapidly became the third biggest UK property portal provider and has, with backing from agents, developed sources of competitive advantage such as "New & exclusive" property listings. Funds from the Placing are expected to facilitate the Group's strategy, which the Directors believe will result in a transformation in the position of the portal. It is expected that the proceeds will be used to develop new consumer and agent products and services, to target new segments of the property market and to build new strategic partnerships. However, the Directors do not believe that the growth required to be a full scale competitor to the market-leading portals will mean abandoning the core principles around which Agents' Mutual has been built. Wide agent ownership and support as continuing shareholders in OnTheMarket remain essential to the portal's future success and, the Directors believe, can provide a unique competitive advantage within the UK property portals market.

The strategy for the Group following Admission is to increase support for an agent-backed portal further through competitive pricing for property advertisers, a premier search experience for property-seeking consumers and the targeted use of equity incentivisation. In addition, the Directors believe that the funds raised will allow for significant marketing spend to raise brand awareness as well as team expansion to provide enhanced sales, sales support, customer relations and IT development and support functions.

The Directors believe OnTheMarket.com is well positioned for growth as the background environment of property transaction numbers appears steady, spend on portals is increasing with the shift of advertising revenues online and, with lower penetration than its rivals, there is at least two thirds of the UK residential agency market to target. In addition, the Directors believe that the relaxation now of some of the restrictive terms which were in place to help OnTheMarket.com make a powerful entry into the portals market will enable OnTheMarket.com to make faster progress towards full scale.

The main restrictive term, the One Other Portal rule, will no longer be required of agents entering new listing agreements, thereby allowing those agents who were not able or prepared to sign up to such a restriction to join the portal. To diversify the Group's customer base, it will also focus on the new home developer and online agent markets and commercial and overseas property advertisers. Additionally, it will look to develop and offer value added products to property advertisers and to target revenues from third party advertisers seeking to promote their goods and services to the consumers viewing properties on OnTheMarket.com.

The Directors believe it is in the best interests of the Company, its shareholders and property-seeking consumers that the Group seeks a broader coverage of the property market and benefits from these additional revenue streams, as set out further below.

**Building the agency branch base**

A key part of the Group's growth strategy involves implementing appropriate incentives for agents to make a long term commitment to list their properties on the portal and the rapid building of its agency branch base. This will be achieved through a combination of:

- offering equity participation using the Agent Recruitment Shares following Admission to selected new agents alongside long term listing agreements, with arrangements in place to restrict agents from the short term sale of any Agent Recruitment Shares and to align their interests as shareholders with the success of the Group; and

- offering selected other agents free or discounted rates for an introductory period, with a view to converting these agents to a standard paying agreement within 18 to 24 months, once the portal is delivering commensurate advertising value to them.

The Group proposes to issue up to 36,363,636 Ordinary Shares to recruit new key advertisers, and the issuance of these shares is expected to result in both direct and indirect revenue growth. The Board has established an Agent Recruitment Committee comprising of any one of the Non-Executive Directors and any two of the Executive Directors in order to ensure that there is appropriate oversight of any future issues of Agent Recruitment Shares. Accordingly, any proposed issue of Agent Recruitment Shares to new agents will need to be approved by the Agent Recruitment Committee. The Directors believe that attractive equity incentives can be provided to new key advertisers joining OnTheMarket.com whilst at the same time enhancing value substantially for existing shareholders. This strategy is aimed at creating a broad agent shareholder base, thereby providing a strong platform for achieving substantial market share amongst property advertisers.

The Directors do not expect to use significant increases in listing fees to generate growth (for instance the fees under the new five year listing agreements signed by Members are fixed for the next two years and thereafter have a maximum annual increase of five per cent.). The Directors believe that building a large and strongly profitable business can be delivered through growing market share.

The Directors believe that the mainstream agency market is very fragmented and, accordingly, the Group will use its locally based field sales teams to address the mainstream part of the market with over 80 per cent. of these target branches being part of 1-6 branch firms. The targeting of agents will initially focus on high stock agents in areas where the Company has high penetration.

In line with the Group's strategy, management is conducting commercial conversations with a number of leading estate agency firms which are not currently customers of the Group with a view to them entering into long term agreements to list properties on OnTheMarket.com in return for becoming shareholders in the Company. In November and December 2017, Arun Estate Agencies Limited, Chancellors Group of Estate Agents Limited and Hunters Property Group Limited signed new long term listing agreements with OnTheMarket.com, conditional on Admission, in respect of over 350 branches in aggregate. Discussions are ongoing with other significant agents and the Directors are confident of reaching additional agreements following Admission.

**Empowering agents through purchasing groups**

The Board believes that by attracting more agents through an offering of sustainably fair pricing from an agent-backed portal and reaching a substantial market share in all areas, the Group can create the conditions under which co-operation between agents can flourish. A good example of this exists in West Wales, where agents formed themselves into a self-managing purchasing group and negotiated a portal advertising agreement with ZPG. The same group is also very active in promoting OnTheMarket.com in its local area. The Company will invest in local customer relations resources to support such co-operation with a view to encouraging more agents to take practical steps to prefer OnTheMarket.com and to empower them to negotiate collectively when purchasing portal and other products and services.

**The One Other Portal rule**

The One Other Portal rule was described in a recent Competition Appeal Tribunal judgment in favour of Agents' Mutual as not having an anti-competitive object or effect and as "objectively necessary to achieve the purpose of market entry" (albeit that the judgment is now the subject of an appeal). However, the Directors believe that, as a listed company and with the increased funds to support marketing and growth following the Placing, the Group will no longer require the One Other Portal rule in new listing agreements. The Directors believe that by offering listing agreements which do not include this rule the Group will be able to attract a number of agents who want to list on all three portals but were previously prevented from doing so.

**Inclusion of wider forms of UK agency and new homes developers**

The initial membership rules of Agents' Mutual specified that Members must be estate or lettings agents offering full service, office-based agency. Following Admission, the Company will also accept listings from full-service agents which do not necessarily operate local high street offices and from new homes developers. As well as enabling OnTheMarket.com to grow its customer base and property listings, the changes recognise that there has been considerable convergence between so-called "hybrid" agents and so-called "traditional" agents. Hybrid agents have increased their market share, albeit so far only accounting for 5.4 per cent. of all sales exchanges, and traditional high street agents have responded to address the competitive threat in a variety of ways. These include the creation of their own online/hybrid services, investment in online/hybrid agents and the establishment of partnership arrangements with online/hybrid agents. Listing agreements will be structured to ensure that OnTheMarket.com receives proper remuneration for the exposure it affords agents and their property listings irrespective of the business model they operate from time to time.

Similarly, following Admission, the portal will accept listings from new homes developers. In the year to 31 March 2017, 121,030 new build dwellings were completed by private enterprise (i.e. not Housing Association or Local Authority), nine per cent. higher than in the year to 31 March 2016, making new homes developers a very active channel with a large number of properties marketed directly to property-seekers without engaging agents. The Group anticipates charging new home developers on a per development basis. For the 6 month period to 30 June 2017, Rightmove reported listings in respect of 2,769 new home developments.

**Additional products for agents and new homes developers**

In addition to the core property and agency listing service, the two market-leading UK property portals offer a variety of paid-for additional consumer-facing promotion and branding products, as well as a variety of back office products for agents and new homes developers. To date, OnTheMarket.com has not offered any such paid-for additional products. The Directors believe there is scope to develop and introduce a range of products which agents and new homes developers will value, without compromising the core proposition of fair pricing. With the expected increase in listings on OnTheMarket.com in the years following Admission, the Directors believe such value-added products and services will become an increasingly important driver of growth in the medium to long term.

**Expansion of commercial and overseas property channels**

OnTheMarket.com has introduced property search channels for commercial and overseas properties. Currently, very little revenue is generated as agents are being offered free or low priced listings as the channels are built up. The Directors believe that if the core UK residential business reaches scale there will be a significant opportunity to develop the commercial and overseas businesses profitably.

**Building consumer revenues**

Currently, OnTheMarket.com does not carry any non-property advertising or use the consumer data it captures for any form of product marketing. The Directors believe that the OnTheMarket.com brand may in due course be capable of extending into property-related consumer products and services and that its technology platform can be used to support the integration of partner products and services into its consumer offering. The Group plans a measured introduction of these activities with a material revenue contribution expected to begin in the third year following Admission.

**Increased marketing spend**

Brand awareness, portal traffic and user engagement are closely linked to media expenditure. This was demonstrated by an increase in media spend in August 2017 leading to a record number of visits since launch at 14.1 million (previous high January 2017 at 11.2 million). Property alert sign-ups, saved properties and registrations were all at record levels.

The Group expects to deploy up to £25 million per annum in the first two years following Admission across a number of media approaches, as follows:

- **Digital** (approximately 50 per cent. of spend) – continuation of its well-developed digital strategy (paid for search and email campaigns);
- **National brand campaigns** (approximately 25 per cent. of spend) – the use of television, print advertising, video on demand, PR and social media to increase brand recognition and broaden market awareness; and
- **Local activity** (approximately 25 per cent. of spend) – including high profile local press, radio and outdoor media.

In addition to the Group's centrally organised national and local marketing to build the brand and to generate relevant consumer traffic and enquiries, agents will be promoting the OnTheMarket.com portal brand to their vendor/landlord clients and to their prospective buying and renting property-seeking applicants. Agents commit to display branded material, supplied by the Company, in support of OnTheMarket.com in their office windows, within their branches, on their property advertising and with hyperlinks from their websites to the OnTheMarket.com portal. Many agents also advertise the OnTheMarket.com brand on their cars, incorporate the brand within their email signatures and promote the portal in a variety of ways to their databases of registered clients and applicants.

The Directors believe that the Group's marketing strategy will position it to benefit from the two sided network effect, as increasing property listings makes the site more attractive to property-seeking consumers and increasing visits from property-seeking consumers makes the portal more attractive to agents and developers seeking to market their property listings. This will support the strategy to retain and attract more estate agents and other property advertisers to list on the portal and to grow the levels of traffic and engagement with the most motivated property-seekers.

**Building the team**

In order to successfully implement the above growth strategies the Company will invest in expanding its team. In particular the plans include a fourfold increase in:

- the sales and customer relations team to rapidly recruit and then to service and support agents and new home developers listing on OnTheMarket.com; and
- the IT technical development and support team to maintain and develop OnTheMarket.com and also to accelerate delivery and growth of additional agent-facing services and other new revenue streams in line with the strategies for growth outlined above.

**Strategy summary**

In summary, the Directors believe that OnTheMarket.com can be developed to be a market-leading UK residential property portal by:

- extending substantially the customer base of estate and lettings agents;
- aligning the interests of its key customers through equity ownership – on Admission it is expected that agents will own more than 70 per cent. of the Enlarged Ordinary Share Capital;
- providing agents with opportunities to take practical steps to prefer OnTheMarket.com and to empower them to negotiate collectively when purchasing portal and other products and services;
- broadening the listing eligibility criteria and the consumer appeal of the portal by allowing the listing of properties from full service hybrid or online agents and new home developers – the Company believes that property-seekers will increasingly want to see "whole of market" rather than only traditional agents;
- offering sustainably fair prices for core listings and additional products which agents and developers value;
- developing new revenue streams from third party advertising, overseas and commercial property listings;
- increasing spend on marketing to build and retain a very large consumer audience of active property-seekers as well as casual property browsers; and
- investing to scale up the supporting organisation and infrastructure.

## INVESTMENT CASE

The Directors believe that the key factors underpinning the investment potential in OnTheMarket are as follows:

- **Highly experienced management team** – members of the team have significant relevant industry experience, having been responsible for founding PrimeLocation and managing it through its sale to DMGT. PrimeLocation carried a range of UK and overseas residential property advertisers and was the first portal to implement additional paid for product offerings to agents.
- **Established business** – with limited resources but broad agent ownership, the Group has been able to build a strong customer base, a credible brand and a high quality, functional technology platform, all of which are very scalable.
- **Beneficial market drivers**:
  - significant shift of property-seekers towards using online searches to find properties;
  - continued momentum of agent advertising spend away from traditional media towards online property portals; and
  - supportive underlying property transaction volumes and pricing.
- **Challenger model** – the Group has been able to leverage the backdrop of agent dissatisfaction with incumbents to gain market share with a competitive pricing model for agents and providing an opportunity for a broad base of agents to participate in the equity value of their own portal.
- **Strong alignment of interest with agents** – the Group will have broad agent equity ownership following Admission as well as the support of a number of the UK's leading agents.
- **Significant growth potential**:
  - opportunity to capture market share;
  - enhanced marketing spend to increase brand awareness and portal traffic; and
  - additional new revenue streams through the expansion of the proposition to new customers (i.e. developers, online, hybrid), third party advertisers and the provision of further value added services.
- **Attractive business model** – the Group's business model ensures high cash conversion with contracted recurring revenues.

## MARKET OVERVIEW

The Group operates in the UK residential property portal market, connecting property-seeking consumers with its property-advertising customers.

The UK property portal market is dominated by Rightmove, ZPG and OnTheMarket, which together had revenues of approximately £325 million in 2016[1], and has grown by approximately 14 per cent. in the last two years.

Over the past 20 years, property searching by consumers and property marketing, primarily by agents, have both changed radically. For consumers, online searching has become the norm with over 90 per cent. of searches starting online rather than in an agent's office.

In line with many other service industries, estate and letting agents have experienced (and continue to experience) a transformation in their business. Technology has changed the way buyers and tenants search for homes and empowered them with decision-making data previously only available to the industry. The increasing digitalisation of the property buying and renting process has influenced how agents market their listings and how they aim competitively to defend and build their businesses.

1 Source: Rightmove company accounts to 31 December 2016, ZPG property services revenue only from company accounts to 30 September 2016, OnTheMarket accounts to 31 January 2017.

Two key drivers to the successful development of the UK property portal market are clearly the overall price growth and liquidity of the UK property sales and lettings sectors. Both drivers directly impact the Company's main customer base, UK residential estate and lettings agents.

### UK residential property market – sales

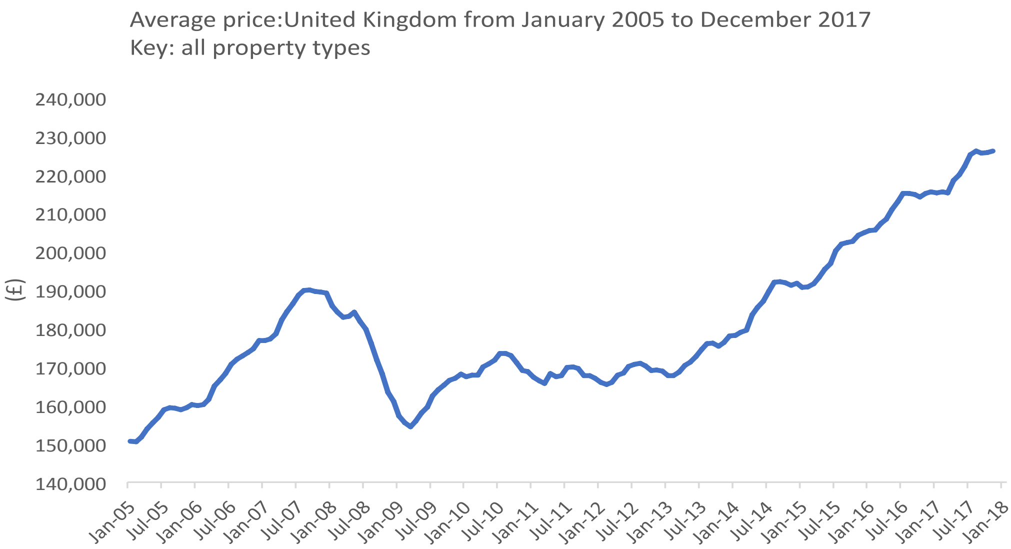
The UK residential property sales market is one of the largest sectors of the UK economy, with 1.23 million residential UK property sales transactions in 2016 at an average price of £220,000.

The overwhelming majority of transactions involve an agent in an advisory intermediating role.

The health of the estate agency industry, which largely generates its revenues through a percentage of the value of sales, is mainly dictated by growth in average prices of these properties and by numbers of transactions.

Other than in a few short periods during the last 12 years where the macroeconomic situation had materially worsened, the first of these drivers, average price, has trended strongly upwards.

**Figure 2: UK House Price Growth 2005-2017**



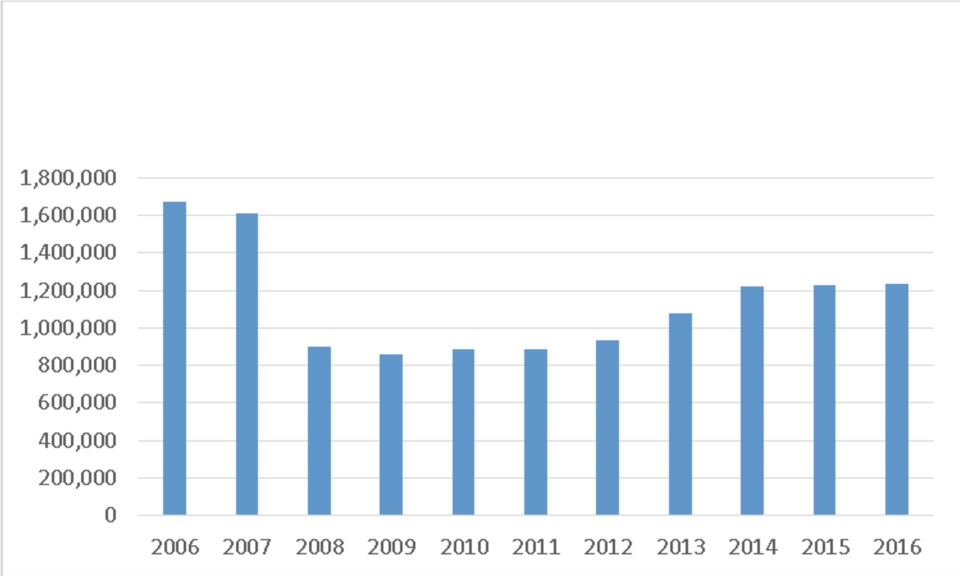

*Source: UK House Price Index*

Strong, steady property price inflation has principally been due to a relatively healthy economy and to a cumulative and profound housing shortage, generated by an increasing population and relatively low levels of new build.

The other key driver, property transaction volumes, peaked during the property boom years of 2006/2007 when HMRC reports that annual UK transactions reached over 1.6 million before dropping rapidly during the ensuing financial crisis to a low of 0.85 million transactions in 2009.

Despite a number of headwinds from stamp duty changes and political uncertainty from the Brexit vote, property transaction volumes have recovered some of the ground lost during the downturn and have stabilised in the last three years at approximately 1.2 million transactions per year.

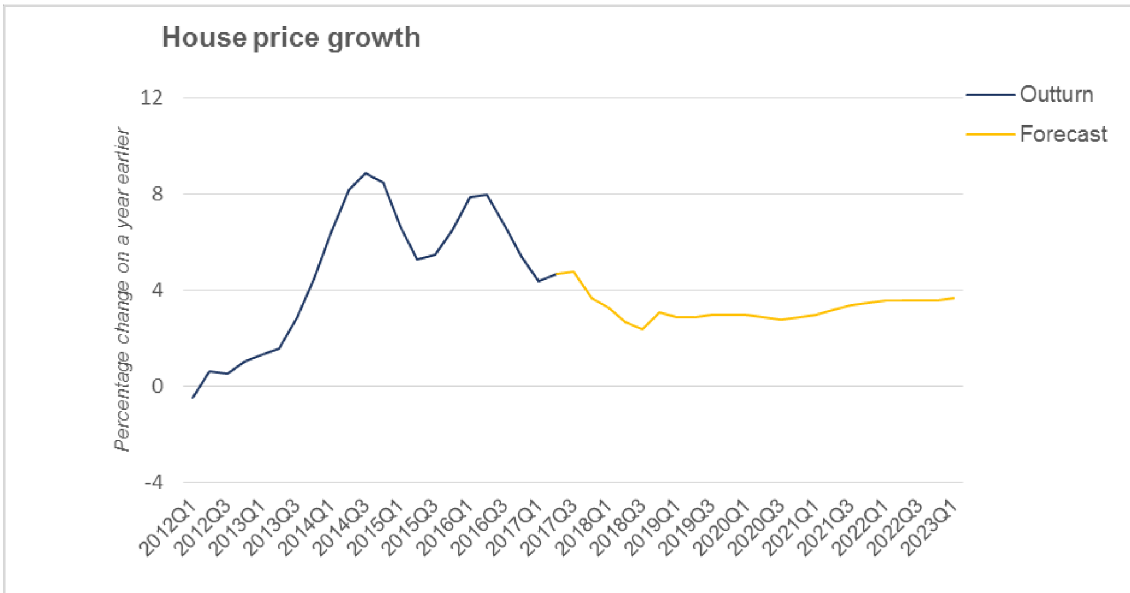
**Figure 3: HMRC UK Completions**




*Source: HMRC UK Property Transaction Statistics, November 2017*

The Office for Budget Responsibility (OBR) publishes house price forecasts based on a range of leading indicators and is forecasting a small annual growth in house prices over the next five years.

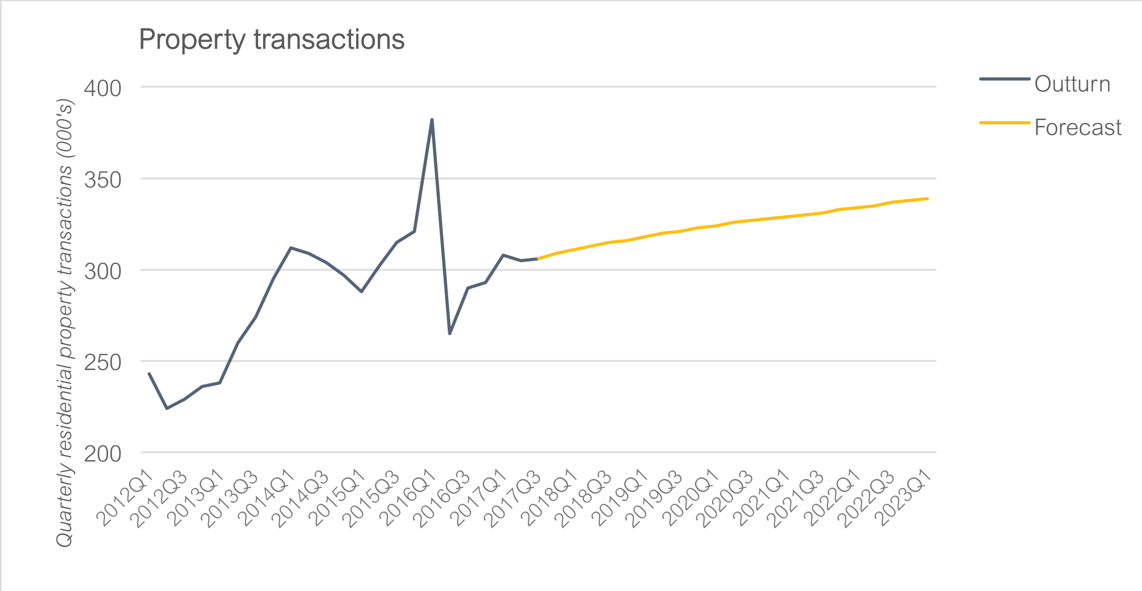
**Figure 4: House Price Growth Forecasts**




*Source: Office for Budget Responsibility, 14 December 2017*

The OBR also publishes 5-year property transactions forecasts which also indicate that volumes will experience a small increase.

**Figure 5: Property Transaction Forecasts**




*Source: Office for Budget Responsibility, 14 December 2017*

Taken together these forecasts predict small annual increases in aggregate UK transaction values over the next few years. The Group believes that a number of government initiatives aimed at increasing home ownership and transaction volumes may further support prospects for a broadly stable or recovering market, although the extent and timing of any such recovery is uncertain.

### UK residential property market – lettings

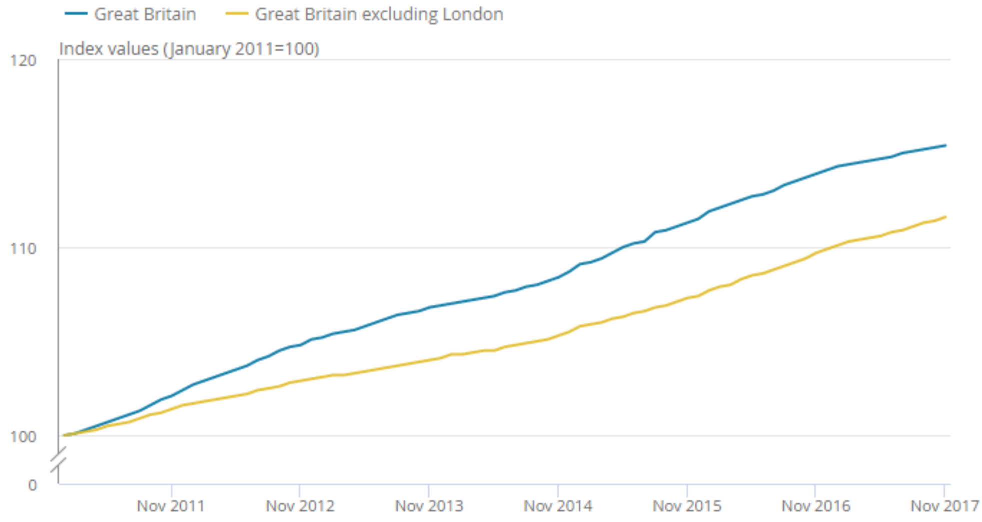
The UK has a very active and growing residential property lettings market, with an estimated annual number of 2.4 million letting transactions.

Private rentals accounted for 19.9 per cent. of all households in 2015/16 in England & Wales, up from 11.7 per cent. in 2005. (Source: DCLG English Housing Survey, trends in tenure).

The median monthly private rent recorded between 1 April 2016 and 31 March 2017 in England was £675 (source: Valuation Office Agency, December 2017). As with the sales market, the health of the lettings agency industry, which largely generates its revenues through a percentage of the value of lettings, is mainly dictated by growth in average prices of these properties and by numbers of transactions.

Over the past 6 years, average price has trended strongly upwards. Between January 2011 and November 2017, private rental prices in Great Britain have seen steady growth, increasing by 15.4 per cent.

**Figure 6: Index of Private Housing Rental Prices**




*Source: Office for National Statistics*

Steady rental price inflation has principally been due to the growth in renting by 20-39 year olds – a major cultural shift which has resulted from both choice and the shortage of affordable properties for sale.

The other key driver, the level of transaction volumes, has also continued to grow. Since 2000, the share of 20-39 year olds who rent privately has more than doubled from 20 to 50 per cent.

The Board believes that trends are supportive of a growing UK private rental market in terms of both price inflation and transaction activity. Analysis published by accountancy firm PwC suggests that by 2025, 7.2 million households will be in rented accommodation, compared with 5.4 million in 2015 and 2.3 million in 2001.

**UK residential estate and lettings agency market**

It is estimated that the UK agency industry generates approximately £5 billion a year through a combination of sales and lettings commission.

The high street agency market is highly fragmented and locally focused. It is estimated that there are between 18,000 and 19,000 “bricks and mortar” UK agent offices. While the three largest corporate agency groups account for about 10 per cent. of branches, the largest segment is small owner-operated firms with between 1 and 3 offices which account for over 60 per cent. of the market and primarily offer a sole agency, “no win, no fee” commission-based service to vendor and landlord clients. It is believed that the average commission for selling a property has reduced in recent years to somewhere between 1 per cent. and 1.5 per cent.

The market has been experiencing a period of challenge, due in part to a sustained period of modest levels of transactions as well as political pressures, both direct (letting agent fees legislation, stamp duty changes) and indirect (uncertainty over Brexit). In addition, the number of consumers using a physical estate agency branch is diminishing as technology plays an increasing role in property searches and transactions. This digitalisation has also facilitated the rise of challenger online and hybrid agent models which are expanding rapidly. AIM-listed Purplebricks is the largest of these but there are other well-funded businesses spending heavily on marketing. These typically promote a lower fixed fee than a high street agent, albeit often up-front and non-returnable, and with options at additional cost for varying levels of service support in the process.

There has been some recent convergence between so-called “hybrid” agents and so-called “traditional” agents: the hybrid agents have increased their market share, albeit so far only accounting for 5.4 per cent. of all sales exchanges. The major corporate “traditional” high street agents, and indeed an increasing number of other large and small firms, have responded competitively in a variety of ways.

These have included, and are expected to continue to include: the creation of their own online or hybrid services; investment in online or hybrid agents; partnership arrangements with online or hybrid agents; improved technology to create greater engagement with digitally savvy clients and applicants; commission reductions; cost reductions; greater focus on the growing and more stable lettings segment of the market; and more focus on monetising more of the property search and transaction process though cross-selling and referrals.

The number of agent branches/branch equivalents is generally forecast to remain at or around its current level.

Although there could be modest reductions in revenues and profits for some UK agents, nevertheless the Board believes that demand for agents' services should remain stable or even increase in line with projected trends in transaction volumes.

**UK new home developers**

The new home developers market is also very active in the UK. While some developments are marketed by agents, many are advertised directly by developers to potential purchasers. 121,030 new build dwellings were completed by private enterprise in the year to March 2017 (up nine per cent. year-on-year). The market is highly fragmented with thousands of house builders but the top 25 developers account for a high proportion of new development sites.

With a range of government initiatives to support the construction and purchasing of new homes, it is expected that the sector will continue to grow in the coming years.

**UK property portal market**

The UK property portals market is large and growing. The two leading, long-established players are highly profitable.

The Group's portal, OnTheMarket.com, was launched in 2015 as a challenger brand and service and the Group has successfully established itself as the third largest property portal provider in terms of traffic.

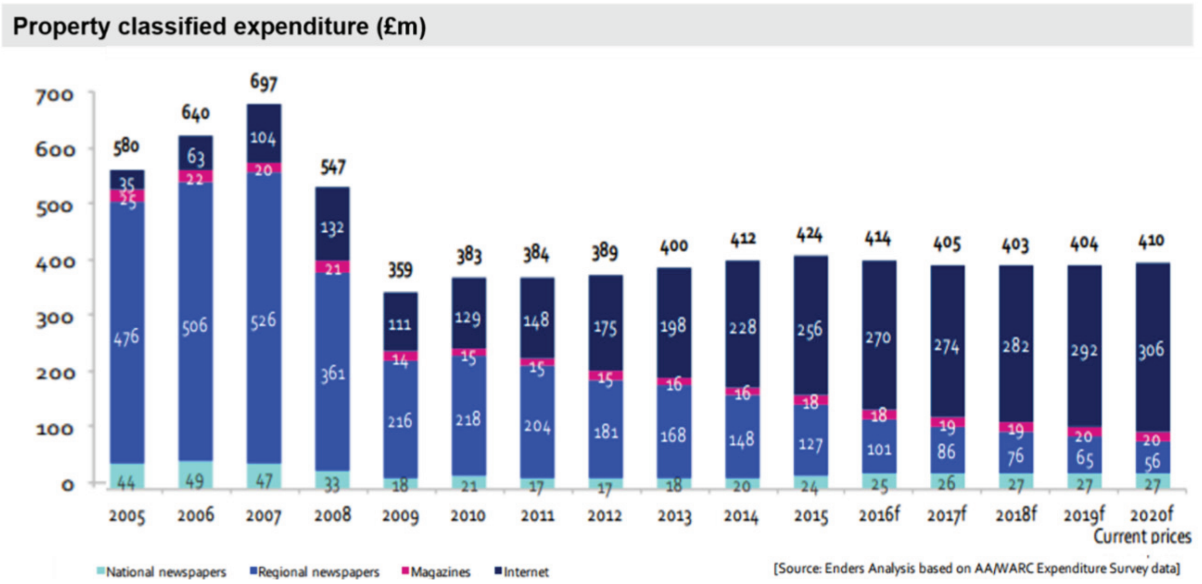
Property portals compete for share of property advertiser marketing spend with a range of other online and print advertising, all of which seek to attract property vendors, landlords and property-seekers.

The advertising mix has developed over the years, driven by a number of factors, including the penetration of internet, and latterly smart phones, as well as the decline in traditional print media. The biggest impact of this has been on regional newspaper spending and a transfer to the internet, principally portals, which provide high market coverage of currently available properties, convenience and a wealth of data.

Online spend overtook total print spend in 2013 and already in 2015 constituted over 60 per cent. of the total property classified market (source: Enders Analysis, December 2016). The consensus view is that print spending has continued, and will continue, to lose share to the property portals, particularly as portals extend their role from lead generation (pure listings) towards brand building (other additional products such as display advertising on the portal and other paid-for opportunities to achieve prominence within the consumer search results).

Enders Analysis estimated the size of the total UK classified property advertising expenditure in 2015 to be £424 million.

**Figure 7: Size of the total UK classified property advertising expenditure**




The Directors believe that the disparity between the consolidated UK property portals market and the highly fragmented estate agency market has allowed the leading portals to increase fees significantly and generate very high margins. The two leading portal providers, Rightmove and ZPG, have very high customer penetration of the estate agent marketplace. To continue to generate revenue growth in the face of high market penetration, Rightmove and ZPG have:

- used their size and market penetration to negotiate price increases; and
- diversified their services further up the value chain, by offering agents an extended range of products and consumers relevant but adjacent information and data.

By way of example, ZPG has expanded its products beyond the original listings/marketing service with the acquisition of uSwitch, a UK price comparison website for home services switching. Comparison services revenues in FY 2016 represented 56 per cent. of ZPG's total revenues.

Although there have been some reductions in revenues and profits for some UK agents, nevertheless agents' marketing spend on digital channels in general and on property portals in particular is forecast to increase over the medium term. According to Enders Analysis, classified digital expenditure is forecast to increase from £256 million in 2015 to £306 million in 2020.

Agents are aware that they support the existing portals through the fees they pay which represent the majority of portal revenues and through the provision of the property listings content which draws the consumer audience.

The Directors believe that this market context supports a considerable agent appetite for, and illustrates the strategic potential of, a substantial agent backed and profitable competing portal. The extent of support for the Agents' Mutual concept among agents and the progress of OnTheMarket.com since its launch both provide clear subsequent evidence of that demand.

## FINANCIAL SUMMARY AND KPIs

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

**Visits:** Visits comprise individual sessions on OnTheMarket.com's web based portal or mobile applications by users for the period indicated as measured by Google Analytics.

**Branch numbers:** The Group's number of listed branches (which includes branch equivalents) as at a given date. Numbers of branch equivalents are calculated by reference to suitable metrics (for example the number of properties being advertised for sale or rent on OnTheMarket.com).

**ARPA:** average revenue per property advertiser, being revenues due from property advertisers for a period divided by the average number of property advertisers for that period. Property advertisers are listed branches and new home developments advertising on OnTheMarket.com.

The following financial information on the Agents' Mutual Group has been derived from the Financial Information set out in Part 4 of this Document and is presented along with the Group's KPIs for the periods shown:

| | *6 months ended 31 July* | *Years ended 31 January* | | |
|---|---|---|---|---|
| | *2017* | *2017* | *2016* | *2015* |
| | *£'000* | *£'000* | *£'000* | *£'000* |
| **Financial Information** | *Unaudited* | *Audited* | *Audited* | *Audited* |
| Revenue[1] | 8,321 | 17,831 | 17,851 | 1,983 |
| Administrative expenses[1] | (5,652) | (19,013) | (19,580) | (4,505) |
| Operating profit/(loss) before exceptional items | 2,921 | 2,324 | (1,729) | (2,522) |
| Operating profit/(loss) | 2,669 | (1,182) | (1,729) | (2,522) |
| Profit/(loss) before tax | 1,906 | (2,533) | (3,123) | (3,177) |
| Profit/(loss) after tax | 1,906 | (2,533) | (3,123) | (3,177) |

| **KPIs (unaudited)** | | | | |
|---|---|---|---|---|
| **ARPA** | **£235** | **£235** | **£269** | **n/a[2]** |
| **Average branch numbers** | **5,909** | **6,306** | **5,516** | **n/a[2]** |
| **Visits** | **33.7m** | **85.0m** | **52.2m** | **n/a[2]** |

Investors should read the whole Document and not just rely on the summarised financial information.

**CURRENT TRADING AND PROSPECTS**

Financial results for the Agents' Mutual Group are presented for the three years ended 31 January 2015, 2016 and 2017 (audited) and six months ended 31 July 2017 (unaudited) and are set out in Part 4.

Since 31 July 2017, the Agents' Mutual Group has seen a small decline in agents listing and hence in total listing fees. This is in line with Directors' expectations given that the documents relating to the Members Scheme were posted on 4 August 2017 and the Directors believe that prior to Admission it has been challenging to recruit new agents. Nevertheless discussions have begun with agents who do not currently list with OnTheMarket.com and the Directors believe that following Admission, the Group will be able to grow its customer base in line with its strategy set out above.

Following the return to the Agents' Mutual Group by the Competition Appeal Tribunal of the court deposits totalling £1.83 million at the beginning of August 2017 the Group was able to commit approximately £1 million to marketing. The efficacy of targeted marketing expenditure was demonstrated by a record 14.1 million visits during August 2017.

**DIRECTORS AND SENIOR MANAGEMENT**

On Admission, the Board will comprise the following persons:

**Christopher Bell**, *Non-Executive Chairman*, aged 60. Christopher has considerable listed board experience across a range of sectors. He has, since 2015, been Senior Independent Director for The Rank Group Plc, where he also serves on both the Audit Committee and the Nominations Committee. He is Non-Executive Chairman of two AIM-listed companies, XL Media plc and TechFinancials, Inc, both

1 The revenue and cost figures include amounts that have been provisioned as bad debt from agents in breach of their listing contracts. To date, formal debt collecting procedures have not been implemented whilst the outcome of the Members Scheme and the plans for an IPO have been pending. Following Admission, the Company will either seek to recover any arrears due under listing contracts or will seek to reach arrangements with those agents to sign new listing agreements which contain provisions to stay the debt in return for long term listing commitments. As at 31 July 2017, should all arrears have been recovered this would have amounted to approximately £3.4 million.

2 KPIs are not provided prior to 1 February 2015 as OnTheMarket.com was only launched in January 2015.

of which he took to market and at both of which he serves on key governance committees. He is also a Non-Executive Director at AIM-listed Gaming Realms plc. Christopher joined Ladbroke Group plc in 1991, becoming Managing Director of its Racing Division in 1995. In 2000, he became Chief Executive of Ladbrokes Worldwide and joined the Board of the rebranded Hilton Group plc, becoming Chief Executive of Ladbrokes plc, following the sale of the Hilton International Hotel division, until 2010. He has also served as Non-Executive Director at Spirit Pub Company plc (from 2011 to 2015) and as Senior Independent Director at Quintain Estates and Development plc (from 2010 to 2015). Prior to joining Ladbrokes plc (formerly Hilton Group plc and Ladbrokes Group plc), Christopher held senior marketing positions at Allied Lyons plc.

**Ian Springett**, *Chief Executive Officer*, aged 58. Ian joined the business in April 2013 as founding CEO. After holding a number of senior banking roles over 15 years within NatWest Group, the last five years of which as Managing Director of Lombard Bank, Ian founded PrimeLocation.com in 2000 and, as Chief Executive, led its growth and ultimate sale to DMGT in 2006. He remained with the business until 2008, when he left to pursue other interests. From 2012, he worked with the agent founders of Agents' Mutual to develop its strategy and proposition and led the recruitment of the broader group of agents who provided funding for the venture in early 2014. Ian has driven the successful launch and growth of the OnTheMarket.com business and led its recent demutualisation in preparation for the planned capital raising.

**Helen Whiteley (née O'Callaghan)**, *Commercial Director*, aged 52. Helen joined Agents' Mutual in August 2013, having previously been Sales & Marketing Director and part of the founding management team at PrimeLocation.com. Helen began her career at Citibank and later joined Lombard Bank, where, as Marketing Director, she developed the Lombard Direct brand with national TV, press and direct marketing campaigns to achieve a market-leading position. Helen has been central to the planning, development and growth of OnTheMarket.com, with responsibility for sales, member relations and marketing.

**Clive Beattie**, *Chief Financial Officer*, aged 51. Clive joined the business in March 2017. Having qualified as a chartered accountant with PriceWaterhouse he spent 12 years working in investment banking with UBS before working six years at ThruVision, a security technology business, initially as CFO and then also as CEO. Clive then spent three years as CEO/CFO at Croft Associates, a business specialising in containers for the transport and disposal of radioactive materials.

**Ian Francis**, *Non-Executive Director*, aged 59. Ian has extensive listed board experience both from his executive career as a senior audit partner with Ernst & Young and from his subsequent roles at Umeme Limited and at Paysafe Group plc. He was appointed to the board of Paysafe Group plc (previously Optimal Payments plc) in 2010 as a Non-Executive Director and served until its acquisition as Chairman of the Audit Committee. Prior to this, he was a senior audit partner with Ernst & Young London until 2009, specialising in FTSE-listed and multinational companies. He also served as a Non-Executive Director of Umeme Limited, the privatised national power distribution company of Uganda, from 2009 to 2014. Ian established and chaired Umeme's Audit Committee. Ian is also an active mentor at Board Mentoring, supporting executive and non-executive directors stepping into new situations and roles.

The other members of the executive team are:

**Morgan Ross**, *Chief Technology Officer*. Morgan joined the business in November 2013 as part of the founding management team. Previously, Morgan was IT Director at World Trade Group, IT Director at James Villas and IT Director at PrimeLocation.com. Morgan has been central to the planning, development and growth of OnTheMarket.com, with overall responsibility for portal development and operations as well as for the technical support team.

**John Milsom**, *Brand Director*. John joined in February 2014 as part of the founding management team. He previously created and led a marketing and communications agency, Bespoke Communications, prior to which he had been a Board Director at four major London and Paris advertising agencies. John was closely involved with the brand development and marketing of PrimeLocation.com as well as of OnTheMarket.com, where he has been responsible for brand development and communications, including advertising, PR and portal design.

## FORWARD LOOKING REMUNERATION

### General approach to remuneration

The Company's approach to remuneration reflects its culture and supports the delivery of its business strategy. The aim of the remuneration strategy is to attract, retain and motivate the best talent to help ensure continued growth and success as the Company enters the next stage of its development, operating in a listed company environment.

Remuneration levels for the Executive Directors and senior managers will be set at a level that is considered by the Remuneration Committee to be appropriate for the size and nature of the business. Performance-related pay will form a significant part of the remuneration package of the Executive Directors and senior managers and will be based on performance targets, as relevant.

### Executive Directors' remuneration

The approach to Executive Directors' remuneration will align their interests with the long-term interests of Shareholders. Furthermore it aims to promote a high performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk-taking or unsustainable Company performance.

The Company intends to deliver this policy via a remuneration framework which combines annual salary, benefits, pension, an annual bonus plan (including a portion which may be deferred into Ordinary Shares) and share-based awards under a long term incentive plan.

Further details of each Executive Director's remuneration are set out below and in paragraph 10 of Part 6.

### Annual salary

The Executive Directors' salaries will be positioned to reflect each individual's professional experience and level of responsibility in their role.

Salaries will typically be reviewed on an annual basis. The Remuneration Committee will consider increasing salaries over time subject to strong personal and Company performance.

### Annual bonus plan

The Company expects to offer an annual bonus plan for Executive Directors and certain senior management which is designed to reward performance against selected financial and other performance measures, linked to Group strategy.

For Executive Directors and senior management, it is expected that a percentage of any annual bonus will be deferred into an award over Ordinary Shares, which will then vest, subject to continued employment, after a vesting period. Bonuses will be subject to clawback provisions.

### Long Term Incentive Plan

Awards have been made under the MIP and the EMI Plan prior to Admission, as set out in paragraph 7 of Part 6. Further details of the MIP and the EMI Plan are set out in paragraphs 6 and 7 of Part 6.

It is anticipated that following Admission, a Performance Share Plan ("PSP") will be adopted by the Company. The PSP will allow the grant of nil-cost options over Ordinary Shares on such terms as the Remuneration Committee shall consider appropriate following Admission. The PSP is intended to align Executive Directors' and senior management's interests with those of Shareholders and will reward delivery of the Company's strategy and growth in shareholder value over a multi-year period. PSP awards will be subject to malus and clawback provisions.

It is also anticipated that a Company Share Option Plan ("CSOP") will be adopted by the Company. The CSOP will allow the grant of options with an exercise price that is not less than the market value of the Ordinary Shares at the date of grant. It is intended that such options will qualify for beneficial tax treatment under Schedule 4 of ITEPA. It is proposed that the CSOP will be used to grant options to employees to incentivise them to continue to grow the Company's business.

The PSP and the CSOP will be limited to options over Ordinary Shares that represent in aggregate up to 10 per cent. of the issued share capital of the Company from time to time.

## COMPETITION

In the market of pure property portals, Rightmove and ZPG are the only major directly competing companies and are considered by the Directors to be the Group's main competitors. However, in its broadest interpretation, the Group has a number of competitors including national and local print media, publisher-branded portals powered by Rightmove and ZPG (e.g. Telegraph, powered by PrimeLocation.com, Homes & Property, partnered with Rightmove, and Mailonline, powered by Zoopla), super-aggregators and "property search engines" (e.g. Home, Nestoria and Trovit).

A number of other companies from other sectors (but which did not have agent backing) have also tried to launch various forms of property portals. These include some with significant resources and client bases, such as Tesco, and others with deep technical capabilities and business models complementary to a property portal, such as Google, the world's most used search engine. In 2009, Google added a feature to its Maps service which allowed users in the US, Australia, New Zealand, the UK and Japan to find properties for rent or sale. However, Google later stopped providing this feature, citing "low usage". Tesco launched Tesco Property Market in July 2007 and the service advertised homes for sale from both estate agents and private sellers and provided private sellers with online tools to make it easier for them to manage their own home sale. The site closed later that year for regulatory reasons and because it had been unable to drive sufficient traffic to its site.

## TAXATION

Information regarding taxation is set out in Part 5 of this Document. These details are intended only as a general guide to the current tax position in the UK. If an investor is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than the UK, he or she should consult his or her own independent financial adviser immediately.

## ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 a.m. on 9 February 2018. The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. In respect of Shareholders who will receive Placing Shares in uncertificated form, Ordinary Shares will be credited to their CREST stock accounts on 9 February 2018. Shareholders who wish to receive and retain share certificates are able to do so and share certificates representing the Placing Shares are expected to be dispatched by post to such Shareholders by no later than 16 February 2018.

CREST is a paperless settlement enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in CREST. The Company will apply for the Enlarged Ordinary Share Capital to be admitted to CREST on the date of Admission.

## CORPORATE GOVERNANCE

The Directors acknowledge the importance of sound corporate governance and, following Admission, the Directors intend to apply QCA Guidelines to the Company to extent that they consider them appropriate for a company of its size and nature.

Following Admission, the Board will comprise five directors, three of whom shall be executive directors and two of whom shall be non-executive directors, reflecting a blend of different experience and backgrounds. Christopher Bell and Ian Francis will be considered independent from Admission. The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. All Directors will have access to the advice and services of the Chief Financial Officer, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

**Board Committees**

The Company will, upon Admission, have established Audit, Remuneration and Nomination Committees as well as an Agent Recruitment Committee.

The Audit Committee will have Ian Francis as chairman and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet at least twice a year. Christopher Bell will be the other member of the Audit Committee.

The Remuneration Committee will have Christopher Bell as chairman, and will review the performance of the Executive Directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet at least once a year. Ian Francis will be the other member of the Remuneration Committee.

The Nomination Committee will have Christopher Bell as chairman, and will provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The Nomination Committee will meet at least once a year. Ian Francis and Ian Springett will be the other members of the Nomination Committee.

The Board has also established an Agent Recruitment Committee comprising of any one of the Non-Executive Directors and any two of the Executive Directors in order to ensure that there is appropriate oversight of any future issues of Agent Recruitment Shares. Accordingly, any proposed issue of Agent Recruitment Shares to new agents will need to be approved by the Agent Recruitment Committee.

**Share Dealing Code**

The Directors understand the importance of complying with the AIM Rules and applicable legislation relating to dealings by Directors and certain other employees of the Group in the Ordinary Shares and the Group has established a share dealing code. The Group will take all reasonable steps to ensure compliance by the Board and any relevant employees. The Directors believe that the share dealing code adopted by the Board is appropriate for a company quoted on AIM and is compliant with Rule 21 of the AIM Rules and the Market Abuse Regulation relating to dealing policies. The Group and the Directors will take all reasonable steps to ensure compliance by Directors and employees.

## APPLICABILITY OF THE TAKEOVER CODE

The Takeover Code is issued and administered by the Panel and governs, amongst other things, transactions involving companies to which the Takeover Code applies. The Takeover Code applies to the Company and therefore its Shareholders are entitled to the protection afforded by the Takeover Code. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage interest in the Company's shares. The Takeover Code defines persons "acting in concert" as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. A person and each of its affiliated persons will be deemed to be acting in concert with each other. There is a non-exhaustive list of persons who will be presumed to be acting in concert with other persons in the same category unless the contrary is established.

**RISK FACTORS**

Your attention is drawn to the risk factors set out in Part 2 of this Document and to page 3 entitled "Forward Looking Statements". In addition to all other information set out in this Document, potential investors should carefully consider the risks and warnings described in those sections before making a decision to invest in the Company.

**ADDITIONAL INFORMATION**

You should read the whole of this Document and not just rely on the information contained in this Part 1. Your attention is drawn to the information set out in Parts 2 to 6 (inclusive) of this Document which contain further information on the Group.

## PART 2

## RISK FACTORS

Prospective investors should carefully consider all the information in this Document including the risks described below. The Directors have identified these risks as the material risks, but additional risks and uncertainties not presently known to the Directors, or that the Board considers immaterial, may also adversely affect the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition, operational performance and share price could be materially adversely affected. In that case, the trading price of the Ordinary Shares could decline and potential investors could lose all of their investments.

An investment in the Company may not be suitable for all recipients of this Document. Accordingly, investors are strongly advised to consult an independent adviser authorised under FSMA who specialises in advising upon investments.

For the avoidance of doubt none of the risk factors detailed below seek to qualify the working capital statement set out in paragraph 18 of Part 6 of this Document.

### Risks relating to the Group and its business

***The Group's business may be adversely affected by changes to the UK residential property market***

The Group derives its revenues from the UK residential property market, and the Group's principal business is to derive revenues from customers, which include estate agents, letting agents and, in future, new home developers, who pay listing fees to market their property listings and services on the Group's online portal OnTheMarket.com. As such, the Group may be adversely affected by factors outside its control, which may reduce the advertising spend of its customers, and/or by changes in the United Kingdom's residential property market, which may cause a lower volume of property transactions and/or a lower number of estate agents, letting agents and new home developers seeking to use the Group's services. Changes in macroeconomic conditions or to laws or policies, such as stamp duty rises or the availability of affordable mortgages and other changes which increase the cost of selling, letting, buying or renting residential properties, may reduce the volume of transactions and/or the number of customers seeking to use the Group's services.

Any of these factors may have a material adverse impact on the Group's business, prospects for growth and/or financial position.

***Ongoing litigation could divert significant resources away from the running of the business and any negative judgment could have a material adverse effect on the Group's ability to conduct its business***

Agents' Mutual has been party to litigation with Gascoigne Halman, an estate agent in the North West of England, in relation to an agreement between the Company and Gascoigne Halman under which Gascoigne Halman agreed to become a member of Agents' Mutual and to list certain of its properties on OnTheMarket.com (the "Agreement"). Under the Agreement, Gascoigne Halman was required (a) to list its directly instructed and available UK residential sales and letting properties on OnTheMarket.com and a maximum of one other competing portal; (b) to list its properties with OnTheMarket.com for a period of five years; and (c) to procure that all members of any group contained in or containing Gascoigne Halman comply with (a) and (b) above. Agents' Mutual brought a claim in the High Court for damages for breach of contract and successfully made an application for interim relief to compel Gascoigne Halman to comply with the Agreement. Gascoigne Halman subsequently filed a defence that the One Other Portal rule (and other clauses) of the Agreement were anticompetitive and that the Agreement was void and unenforceable. By order of 5 July 2016, the competition issues of the case were transferred to the Competition Appeal Tribunal (the "CAT") and the non-competition issues were stayed. On 5 July 2017, judgment was handed down by the CAT in favour of Agents' Mutual on all competition issues and the One Other Portal rule was upheld as lawful and enforceable. Remaining breach of contract claims (including a substantial damages claim by Agents' Mutual against Gascoigne Halman) will be heard in the High Court on a date to be fixed.

Gascoigne Halman applied to the CAT for leave to appeal the judgment on the competition issues. Leave to appeal the judgment was refused by the CAT on 6 October 2017. On 26 October 2017, Gascoigne Halman made an application to the Court of Appeal for leave to appeal the CAT's judgment which was served on Agents' Mutual on 27 October 2017. The application for leave to appeal was granted on 20 December 2017. The date of the hearing of the appeal is not yet known.

There is a risk that the appeal might be successful. If such an appeal were successful, it is likely that Agents' Mutual would not be able to recover its costs and might be required to pay a proportion of Gascoigne Halman's costs. In addition, Agents' Mutual might not be able to enforce any listing agreements which contain the OOP rule and other members might be prompted to bring proceedings against Agents' Mutual to recover listing fees paid. Any of the above outcomes may therefore have a material adverse effect on the Group's business, prospects for growth and/or financial position.

Agents' Mutual has additionally received correspondence from solicitors acting on behalf of approximately 40 agents regarding various allegations relating to the listing agreements. The claims have not been pursued with any diligence. The last correspondence was dated 10 August 2017 and no further correspondence has been received as at the latest practicable date prior to the publication of this Document. If the claims are pursued any potential dispute could require the investment of significant management time, could cause negative publicity for the Group and could result in the diversion of the Group's resources, which could have a material adverse effect on the Group's business, prospects for growth and/or financial position.

***The Group is a relatively new business and its future prospects are dependent upon its ability to implement its growth strategies***

The Group has a limited historical track record. Its future viability will depend upon its ability to grow its revenues and achieve profitability. The market the Group operates in is competitive and there is no guarantee that the Group's growth strategies will prove successful. If the Group does not grow revenues and make profits in line with its strategic plans it may require additional financing to continue. Such financing may not be available to the Group at all or may not be available on terms that are commercially acceptable, which may materially negatively impact the Group's ability to conduct its business.

***The Group's customers operate in an evolving estate agency market which may cause its business and prospects to suffer***

Advertising in the UK residential property market has evolved over time with a move from print media to online digital advertising. The UK residential property market has also seen the development of online agents who are seeking to challenge the traditional UK branch based estate agents. Some traditional branch based agents are seeking to counter these new online agents by introducing their own "hybrid" services, combining traditional customer service with online accessibility and ease for their customers. This in turn could lead to continued industry consolidation and a reduction in branch numbers. Currently portals such as OnTheMarket.com adopt a model that charges listing fees on the basis of estate agent branches. There is no guarantee that this model may prove suitable or effective in the future as the UK residential property market evolves. If the Group was unable to maintain this model in the face of structural change in the industry or to replace it with a suitable alternative in such circumstances its revenue may fall thereby having a material adverse effect on the Group's business.

Any of the above factors may therefore have a material adverse effect on the Group's business, prospects for growth and/or financial position.

***The Group operates in a competitive portal market***

The UK property portal market includes large, established and well-resourced competitors, as well as new and potential new entrants looking to disrupt the market with new and evolving business models. Competition from these, or the reversal in trends such as the move to online digital advertising, may impact the Group's ability to retain its customers or to win new customers.

The Group competes to attract customers on the basis of its brand and reputation, the quality of its website and mobile applications and the quality and volume of leads that the Group's website and mobile applications generate. The Group's competitors may be able to provide the Group's members and users with products and services that are different from or superior to those of the Group or to provide more competitive pricing for the same products and services that the Group offers.

Any of the above factors may therefore have a material adverse effect on the Group's business, prospects for growth and/or financial position.

***The Group is dependent on the strength of its brand and its reputation and on developing these further and would suffer if this were not possible for any reason***

A strong brand and reputation is vital to the Group's growth strategies. Brand strength and awareness is important to drive end user traffic on OnTheMarket.com which in turn should underpin the retention and recruitment of advertising customers. Whilst the Group is raising funds to allow a greater advertising campaign to support and grow its brand strength and awareness, there can be no assurance that such a campaign will prove successful. The actions of competitors, negative publicity involving the Group or its employees, an inability to provide services that differentiate the Group from its competitors, a lack of sufficient funds or other factors may all adversely impact the Group's brand or reputation. These in turn may have a materially adverse effect on the Group's business, prospects for growth and/or financial position.

***The Group is dependent upon the availability and affordability of relevant advertising to implement its marketing strategy***

The Group seeks to access a number of advertising channels to drive traffic to its portal. In the event that there were significant increases in the cost of marketing or the Group was unable to secure such advertising, this could significantly impact the Group's ability to implement its strategy and/or could adversely impact the Group's profits.

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

A significant number of users access the Group's portal via links contained in search engines that are not dependent on advertising or other payments, known as "natural" listings. Typically the results of a user search are ranked and determined by algorithms owned and managed by search engines. The Group seeks to make its website as relevant as possible to natural listings in a process known as search engine optimisation ("SEO"). However search engines continually modify the proprietary owned algorithms and therefore there can be no guarantee that the Group's SEO processes will be fully optimal and this could lead to significant decreases in website traffic. Furthermore any manipulation or violation of a search engine's terms of service could lead to the Group's portal being excluded from the natural listings of that search engine and that could materially adversely impact on the viability of the Group's business, financial condition and prospects.

***The Group relies on its portal OnTheMarket.com to attract customers and users and support its business and prospects. Any failure in the ability to maintain the performance of OnTheMarket.com or to maintain comprehensive, accurate and timely information on OnTheMarket.com, or any failure to present this in a user friendly format that meets the needs of customers and end users, may adversely impact the Group's performance***

The Group believes that the functionality of OnTheMarket.com ensures it is easy to use and attractive as a property listing portal to customers and property-seekers alike. If the Group was unable to maintain an easy to use interface, or if the information on OnTheMarket.com was not complete, accurate and up to date, or if the performance of the portal were compromised, the Group may be unable to retain customers or win new business and to generate property-seeker traffic on OnTheMarket.com. Furthermore if the Group is unable to offer differentiated products or levels of service on OnTheMarket.com the Group's business may suffer. Some of these events may be outside the control of the Group as it does not and cannot assume responsibility for the accuracy of information uploaded onto OnTheMarket.com by customers. The implications of any of the above factors may be to cause a material adverse effect on the Group's business, prospects for growth and/or financial position.

***The Group's policy of issuing shares to estate agents in return for listing contracts to generate a significant and dispersed estate agency shareholder base may not be successful or may give rise to greater than anticipated dilution***

The Group believes that creating and maintaining a widely spread shareholder base amongst its customers is a key competitive advantage. If it were to be unsuccessful in securing contracts through such share issuance, or it had to offer more shares than envisaged, this may give rise to a material adverse effect on the Group's business, prospects for growth and/or financial position or create excessive dilution. In addition, whilst it is expected that shares issued to estate agents will be subject to lock-in provisions restricting the timing of sales of the Company's Ordinary Shares, there is no guarantee that they will look to continue to hold their shares beyond these lock-in periods. In the event that a number of such holders seek to sell and there is little liquidity in the market for such shares, this may have a significant and detrimental effect on the Company's share price.

***The Group's future prospects may be damaged if it is unable to offer new additional products and services to existing and new customers***

Underpinning the Group strategy is the requirement to offer customers in the UK residential market access to an online portal for advertising their properties and services at reasonable and affordable costs. Even if the Group is successful in this aim, its future prospects will require it to provide new and attractive products and services to customers and potential customers. This will require the Group to invest in product development and in maintaining and enhancing its information technology systems. The Group will also need to monitor and react to competitor advances in these areas.

No assurance can be given that the Group will have the funds or capabilities to develop and market attractive, cost effective products and services or that the products and services developed will be desired by the customers of the Group. If this were to be the case it may cause a material adverse effect on the Group's business, prospects for growth and/or financial position.

***The Group may make acquisitions to support, complement or expand its range of products and services which may result in management distraction, equity dilution and/or reduced operating profits***

In order to remain competitive and to implement its growth strategy the Group may seek to acquire businesses that offer new or complementary products and services. There is no guarantee that such acquisitions will prove value enhancing for the Group and the management distraction and operational disruption may have a material adverse impact on the Group's business, prospects for growth and/or financial position.

***The Group is reliant on its ability to retain existing and recruit new senior management and key employees***

The Group's operations are dependent on the experience, skills and knowledge of its executive officers, who provide expertise and experience in the implementation of the Group's strategy and its ability to attract and retain business. The Group's continued success depends on its ability to attract and retain talented employees. While employees of the Group are subject to employment agreements, these agreements do not preclude these employees from terminating their employment at any time, subject to notice periods. Furthermore, where such employees are subject to certain post-termination restrictions such as competing with the Group and/or soliciting employees and/or customers, these may not be fully enforceable by law or may only apply for a limited time.

There can be no assurance that in the future the Group will be able to attract, develop or retain executives of the right calibre. The ability of the Group to meet its operational requirements and the future growth and profitability of the Group may be affected by any inability to attract, develop or retain such executives.

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

The Group's ability to grow depends, in part, on its ability to attract new advertisers and to demonstrate increased value to existing advertisers. The Directors believe that the Group's future growth will depend, among other factors, on its ability to:

- increase the brand awareness of the Group;
- attract a growing number of property-seekers to the Group's website and mobile applications;
- generate high volumes of high quality leads;
- successfully develop and deploy new products for the residential property industry; and
- acquire additional advertisers.

The Group may not be successful in its efforts to do any of the foregoing and, if the Group fails to address the needs of its property-seekers or advertisers, the Group's business, results of operations, financial condition or prospects could be materially adversely affected.

***The Group's growth strategy may have negative consequences***

The Group's planned growth will place strains on the business. Management will be required to expend significant time overseeing the growth, the Group's information technology and systems may become stretched, new or expanded premises may be required and the introduction of significant numbers of new employees may impact the culture, brand and reputation of the business. Growth may also place strain on the financial resources of the Group. Any of these factors may have a material adverse impact on the Group's business, prospects for growth and/or financial position.

***The Group is dependent on its intellectual property rights and damage to these rights and the protections they afford, or the cost of maintaining, developing or defending them, may have adverse effects on the Group***

The Group protects its intellectual property through a combination of trade marks, domain names, copyrights and trade secrets as well as contractual restrictions on access to and use of its proprietary data and technology. Nevertheless these protections could be successfully challenged or the Group may be unable to maintain or develop them, or material costs may be incurred in defending them. Any of these factors may have a material adverse impact on the Group's business, prospects for growth and/or financial position.

Conversely if the Group is found to be in contravention of the intellectual property rights of third parties the financial, legal and reputational consequences may have a material adverse impact on the Group's business, prospects for growth and/or financial position.

***Compliance with laws and regulations, as well as any actual or potential breach or litigation, may have material adverse effects on the Group***

The Group has to comply with a variety of laws and regulations in areas such as data protection and privacy, employment law, taxation and competition. Any breach may give rise to penalties and financial consequences as well as damage the Group's brand and reputation. Changes in laws or regulation may impede the Group's growth or increase its costs.

Furthermore the costs of litigation, disputes and claims, whether by or against the Group, in the ordinary course of business or otherwise and the consequences of any judgments against the Group and the consequential impact on its brand and reputation may have a material adverse impact on the Group's business, prospects for growth and/or financial position. Furthermore, whilst the Group has insurance arrangements to mitigate certain risks within the Group, the amount recoverable under these insurance arrangements may be limited or a claim may be deemed ineligible.

***The Group's information technology systems may be impacted by breaches of security or may fail, or the transmission of property listings data from agents may be disrupted or impaired, with material negative consequences for the Group***

The Group uses cloud based information technology systems to support its operations and maintains security measures that it believes are up to date and appropriate. However there is no assurance that these measures will prevent security breaches and any such breaches may have material adverse consequences for the Group.

In addition the Group relies on the provision of information technology services from third parties. If these are disrupted or withdrawn then it may have a material adverse impact on the Group's business, prospects for growth and/or financial position. Factors outside the Group's control, such as fire, flood, natural disasters, power loss, terrorism or factors impacting the Group's software providers' businesses may give rise to such consequences.

The Group also receives the majority of property listings data from agents via agency software providers which the agents use as part of their operations. Should there be any disruption to these arrangements or should the agency software providers seek to prefer other portals ahead of OnTheMarket.com this may have a material adverse impact on the Group.

***Any system security breaches could lead to liability under data protection laws***

The Group processes personal data as part of its business. There is a risk that this data could become public if there were a security breach at the Group or third party service providers in respect of such data and if one were to occur, the Group could face liability under data protection laws (including fines of up to £500,000), and could also lose the goodwill of its customers and reputational damage which could have a material adverse effect on its business.

The General Data Protection Regulation ("GDPR") will come into force on 25 May 2018. The Group will need to review the processing of personal data carried out by or on behalf of the Group to ensure that this and all related policies and procedures are compliant with the requirements of the GDPR. As part of this it will need to review all existing agreements under which personal data is processed and ensure that appropriate action is taken in relation to such contacts to ensure that they are updated to reflect the new requirements of GDPR.

Failure to comply with the GDPR could result in the Group being liable under the GDPR including for fines. The maximum level of these fines is significantly higher than previously and (depending upon the nature of the breach in question) is set at either (a) the greater of €10 million and 2 per cent. of worldwide annual turnover for the preceding financial year or (b) the greater of €20 million and 4 per cent. of worldwide annual turnover for the preceding financial year.

***Risks relating to the sale of shares by agents following Admission or following the termination of lock-in arrangements and the impact on share prices***

Not all the estate agents who were Members and received shares through the Reorganisation have entered into lock-in arrangements over those shares. Approximately 6 million Ordinary Shares of the existing agent shareholders are therefore not subject to lock-in arrangements. There can be no assurance that they will not elect to sell their Ordinary Shares following Admission or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Group may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

There can be no assurance that each of the parties who has entered into a Lock-in will not elect to sell their Ordinary Shares following the expiry of the Lock-in, details of which are set out in paragraph 3 of Part 3 of this Document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Group may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

***Quotation on AIM, liquidity and possible price volatility***

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the Group's control.

Stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their Ordinary Shares in the Company may be influenced by a number of factors, some of which may pertain to the Group and others may be extraneous. These factors could include the performance of the Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Group encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case. In addition, there can be no guarantee that the Group's Ordinary Shares will continue to trade on AIM in the future or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline or cease.

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

The Company's ability to pay dividends in the future depends, amongst other things, on the Company's financial performance and capital requirements and is therefore not guaranteed. The Company's dividend policy is described in Part 3 (Information relating to the Ordinary Shares and the Placing) and should not be construed as a dividend forecast. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised (or if, for any other reason, the Directors conclude it would not be in the best interests of the Company). Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

**General Risk Factors**

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short-term in nature. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Group's prospects.

***Economic, political, administrative or other regulatory matters***

In addition to the impact of a downturn of the world's economies, the Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

***Changes in taxation law, the interpretation of existing tax laws and amendments to existing tax rates could adversely affect the Group's business***

Adverse changes in taxation laws (including changes to rates of taxation) and adverse changes in the interpretation and application of existing taxation laws by courts or taxation authorities could adversely affect the Group.

# PART 3

## INFORMATION RELATING TO THE ORDINARY SHARES AND THE PLACING

### 1. Reasons for the Placing and use of proceeds

The Directors believe that Admission to AIM and the Placing will allow the Company to achieve rapid growth in listing agents and other advertisers and also in property-seeking consumers visiting OnTheMarket.com. Following Admission the Company will use equity to recruit fee paying listing agents and through this to increase significantly its number of property listings. At the same time the funds raised will allow marketing campaigns to increase brand awareness of OnTheMarket.com with property-seeking consumers and generate site traffic. In combination the Directors believe these factors will leverage the network effect to drive growth.

The net proceeds of the Placing of approximately £27 million, in addition to revenue generated, will be used to fund:

- significant national and local media advertising and online search marketing campaigns to build brand awareness and usage of OnTheMarket.com amongst consumers;
- increased sales and account management resources to support the rapid growth in agent and new home developer customers;
- an expansion of the technical team to accelerate development of agent-facing services and other new revenue streams;
- a growth in the marketing, finance and administrative support teams in line with business growth; and
- repayment of accrued interest under the OTM Loan Notes.

### 2. Issue of Ordinary Shares to new agents following Admission

The Directors have set out details of their proposal to issue Ordinary Shares to certain new key advertisers in return for such advertisers entering into long-term paying listing agreements with the Group, as set out in the paragraph titled 'Building the agency branch base' in Part 1 of this Document.

The Board proposes to issue up to 36,363,636 Ordinary Shares in aggregate for this purpose. The Board will consider a range of criteria before concluding any such agreements including, *inter alia*, the size and market strength of the advertiser counterparty, the listing fees that will be due to the Group under the listing agreement and the Directors' assessment as to any positive impact on the Group's business development prospects from the arrangements.

### 3. Lock-in arrangements

The Company has entered into various forms of Lock-ins with certain agents and management pursuant to the following agreements, each of which allow for (i) 10 per cent. of the aggregate of the Ordinary Shares held by such holder to be sold/transferred on or following the first anniversary of Admission, (ii) a further 10 per cent. of the aggregate of the Ordinary Shares held by such holder to be sold/transferred on or following the second anniversary of Admission and (iii) the balance of 80 per cent. of the aggregate of the Ordinary Shares held by such holder to be sold/transferred on or following the fifth anniversary of Admission (such period referred to as the "lock-in period"). These lock-in arrangements are contained in:

(a) new listing agreements from existing Shareholders and new agents (including the Committed Agent Recruitment Shares) that take effect from Admission in respect of approximately 30.9 million Ordinary Shares representing approximately 51 per cent. of the Enlarged Ordinary Share Capital;

(b) separate lock-in agreements with Shareholders who have not signed new listing agreements in respect of approximately 5.3 million Ordinary Shares representing approximately 9 per cent. of the Enlarged Ordinary Share Capital; and

(c) the rules of the MIP in respect of 7,799,327 Ordinary Shares arising from the exercise of options under the MIP.

Agents joining OnTheMarket.com after Admission to list on the portal at full shareholder tariff rates and to whom new shares will be issued will be required to enter into lock-in arrangements that the Directors believe appropriate in the circumstances. It is expected that in all cases a portion of any shares issued will be under lock-in arrangements for the duration of the associated listing agreement.

### 4. Share options

The Company recognises that its staff is a key asset of its business. In order to provide suitable employee incentives the Company has or will put in place share option schemes.

Pursuant to the MIP, options over a total of 7,799,327 unissued Ordinary Shares under share option (which will represent approximately 13 per cent. of the Enlarged Ordinary Share Capital) have been granted to certain key senior management and Directors.

In addition to the above, a total of 763,008 unissued Ordinary Shares under share option (which will represent approximately 1.3 per cent. of the Enlarged Ordinary Share Capital) have been granted to employees, senior management and Directors under the EMI Plan.

Particulars of the MIP and the EMI Plan are set out in paragraphs 6.1 and 6.2 of Part 6 of this Document.

Save for the warrant issued to Zeus pursuant to the terms of the Placing Agreement, no options or warrants have been issued other than under the MIP and/or the EMI Plan.

### 5. Dilution

The Placing is not being made on a pre-emptive basis and it is not being made available to Shareholders, therefore, Shareholders will have their percentage holding diluted following the issue of the Placing Shares. Assuming that 18,181,818 Placing Shares are issued under the Placing and 6,821,235 Loan Noteholder Shares are issued following the conversion of the OTM Loan Notes and the Agent Recruitment Shares are issued, this will result in a dilution of approximately 63 per cent. in existing Shareholders' voting control of the Company.

### 6. Dividend policy

The Directors intend to commence the payment of dividends when it becomes commercially prudent to do so, subject to the availability of sufficient distributable profits, and will adopt a progressive dividend policy thereafter.

## PART 4

## HISTORICAL FINANCIAL INFORMATION OF THE AGENTS' MUTUAL GROUP

### SECTION A – ACCOUNTANTS' REPORT

The following is the full text of a report on Agents' Mutual Limited from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of OnTheMarket plc.

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rsmuk.com

The Directors
OnTheMarket plc
155-157 High Street
Aldershot
GU11 9FZ

26 January 2018

Dear Sirs,

**Agents' Mutual Limited ("Agents' Mutual")**

We report on the consolidated historical financial information of Agents' Mutual Limited and its subsidiary undertaking (the "Agents' Mutual Group") set out in Section B of this Part 4 of the Admission Document dated 26 January 2018 ("Admission Document") of OnTheMarket plc (the "Company") (the "Historical Financial Information"). This Historical Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 1 to the Historical Financial Information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

**Responsibilities**

The Directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

**Basis of opinion**

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

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

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Agents' Mutual Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of part (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

**RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street London EC4A 4AB

## SECTION B – HISTORICAL FINANCIAL INFORMATION OF THE AGENTS' MUTUAL GROUP

### Consolidated Statement of Income

| | Note | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|---|
| **Revenue** | 2 | 17,831 | 17,851 | 1,983 |
| Administrative expenses | | (19,013) | (19,580) | (4,505) |
| **Operating loss** | 3 | (1,182) | (1,729) | (2,522) |
| **Analysed as:** | | | | |
| Operating profit/(loss) before exceptional items | | 2,324 | (1,729) | (2,522) |
| Exceptional items | 4 | (3,506) | – | – |
| **Operating loss** | 3 | (1,182) | (1,729) | (2,522) |
| Financing income | 5 | 2 | 3 | 5 |
| Financing costs | 5 | (1,353) | (1,397) | (660) |
| **Loss before taxation** | | (2,533) | (3,123) | (3,177) |
| Taxation | 7 | – | – | – |
| **Loss for the year attributable to members of the parent company** | | (2,533) | (3,123) | (3,177) |

There were no other items of comprehensive income. Accordingly, no separate statement of comprehensive income has been prepared.

**Consolidated Statement of Financial Position**

| | Note | *As at 31 January 2017 £000* | *As at 31 January 2016 £000* | *As at 31 January 2015 £000* |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | 8 | 3,556 | 2,874 | 1,449 |
| Property, plant and equipment | 9 | 45 | 72 | 78 |
| | | 3,601 | 2,946 | 1,527 |
| **Current assets** | | | | |
| Trade and other receivables | 11 | 3,709 | 638 | 3,320 |
| Cash and cash equivalents | | 2,263 | 3,562 | 2,036 |
| | | 5,972 | 4,200 | 5,356 |
| **Total assets** | | 9,573 | 7,146 | 6,883 |
| **Current liabilities** | | | | |
| Trade and other payables | 12 | (5,937) | (2,907) | (2,080) |
| Borrowings | 13 | (1,379) | (965) | (1,007) |
| | | (7,316) | (3,872) | (3,087) |
| **Total assets less current liabilities** | | 2,257 | 3,274 | 3,796 |
| **Non-current liabilities** | | | | |
| Borrowings | 13 | (11,256) | (9,740) | (7,139) |
| **Net liabilities** | | (8,999) | (6,466) | (3,343) |
| **Equity attributable to members of the parent company** | | | | |
| Retained earnings | | (8,999) | (6,466) | (3,343) |
| **Total equity** | | (8,999) | (6,466) | (3,343) |

**Consolidated Statement of Changes in Equity**

For the three years ended 31 January 2017

| | *Retained earnings £000* | *Total £000* |
|---|---|---|
| **Group** | | |
| At 31 January 2014 | (166) | (166) |
| Loss for the year | (3,177) | (3,177) |
| **Total comprehensive income for the year** | (3,177) | (3,177) |
| **At 31 January 2015** | (3,343) | (3,343) |
| Loss for the year | (3,123) | (3,123) |
| **Total comprehensive income for the year** | (3,123) | (3,123) |
| **At 31 January 2016** | (6,466) | (6,466) |
| Loss for the year | (2,533) | (2,533) |
| **Total comprehensive income for the year** | (2,533) | (2,533) |
| **At 31 January 2017** | (8,999) | (8,999) |

Agents' Mutual is limited by guarantee and has no share capital. The liability of the members in the event of winding up is limited to £1 each.

**Retained earnings**

The retained earnings reserve records the accumulated profits and losses of the Agents' Mutual Group since inception of the business that are attributable to members of the parent company.

**Consolidated Statement of Cash Flows**

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| **Reconciliation of cash flows from operating activities** | | | |
| Loss before tax | (2,533) | (3,123) | (3,177) |
| Finance costs | 1,353 | 1,397 | 660 |
| Finance income | (2) | (3) | (5) |
| Impairment of investment | 1 | – | – |
| Depreciation of property, plant and equipment | 29 | 28 | 13 |
| Amortisation of intangibles | 939 | 561 | 6 |
| (Increase)/decrease in trade and other receivables | (3,071) | 2,682 | (3,303) |
| Increase in trade and other payables | 3,029 | 827 | 1,994 |
| **Net cash (used in)/from operating activities** | (255) | 2,369 | (3,812) |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | (2) | (22) | (88) |
| Eligible development costs capitalised | (1,621) | (1,986) | (1,455) |
| **Net cash used in investing activities** | (1,623) | (2,008) | (1,543) |
| **Cash flows from financing activities** | | | |
| Finance income | 2 | 3 | 5 |
| Finance costs | (939) | (1,001) | (91) |
| Issue of loan notes | 1,516 | 2,163 | 6,929 |
| Proceeds from short term borrowings | – | – | 438 |
| **Net cash from financing activities** | 579 | 1,165 | 7,281 |
| **(Decrease)/increase in net cash** | (1,299) | 1,526 | 1,926 |
| Cash and cash equivalents as at 1 February | 3,562 | 2,036 | 110 |
| (Decrease)/increase in net cash | (1,299) | 1,526 | 1,926 |
| **Cash and cash equivalents as at 31 January** | 2,263 | 3,562 | 2,036 |

**Notes Forming Part of the Historical Financial Information**

**1. Accounting policies**

The principal accounting policies applied in the preparation of this historical financial information ("Historical Financial Information") are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

***General***

Agents' Mutual Limited ("Agents' Mutual") is a company limited by guarantee without share capital incorporated in the United Kingdom under the Companies Act 2006 (registration number 08381458). Agents' Mutual has one dormant subsidiary (together with Agents' Mutual being the "Agents' Mutual Group").

Agents' Mutual is domiciled in the United Kingdom and its registered address is PO Box 450, 155-157 High Street, Aldershot, GU11 9FZ. The principal activity of Agents' Mutual is providing online property portal services to businesses in the estate and lettings agency industry under the trading name of OnTheMarket.com.

***Basis of preparation***

The Historical Financial Information has been prepared in accordance with applicable International Financial Reporting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee interpretations as adopted for use in the European Union (collectively "IFRS").

***Functional and presentational currency***

The financial information has been presented in sterling rounded to the nearest thousand, being the currency of the primary economic environment in which the Agents' Mutual Group operates. The functional and presentational currency of the Agents' Mutual Group is sterling.

***Statement of compliance***

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

***Use of estimates and judgements***

The preparation of the Historical Financial Information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the Historical Financial Information, are disclosed below.

***Going concern basis of accounting***

The Agents' Mutual Group incurred a consolidated loss after tax of £2,533,000 for the year (2016: loss £3,123,000, 2015: £3,177,000).

As at 31 January 2017 the Agents' Mutual Group had a cash and cash equivalents balance of £2,263,000 (2016: £3,562,000, 2015: 2,036,000). The cash requirement of the Agents' Mutual Group continues to be funded by continuing trade and loan note funds. The financial position of the Agents' Mutual Group including cash flow, liquidity, borrowings and debt maturity analysis is set out in notes 15 and 16.

The Directors have a reasonable expectation that the Agents' Mutual Group has recourse to adequate resources to continue in operational existence for the foreseeable future. In the event of a shortfall in liquidity discretionary spending would be reduced in the short term. Therefore, they adopt the going concern basis in preparing the Historical Financial Information.

***Accounting developments***

The following new standards, amendments to standards and interpretations, applied for the first time from 1 February 2016. Their adoption has not had a material impact on the Historical Financial Information:

| *Endorsed by the European Union* | *Effective date* |
|---|---|
| IAS 27 (Amended), 'Equity Method in Separate Financial Statements' | 1 January 2016 |
| IAS 16 and IAS 38 (Amended), 'Clarification of Acceptable Methods of Depreciation and Amortisation' | 1 January 2016 |
| IFRS 11 (Amended), 'Accounting for Acquisitions of Interests in Joint Operations' | 1 January 2016 |
| Annual Improvements to IFRSs 2012 – 2014 Cycle | 1 January 2016 |
| IAS 1 (Amended), 'Disclosure Initiative' | 1 January 2016 |

At the date of authorisation of this Historical Financial Information, there were a number of other standards and interpretations which were in issue but not yet effective and therefore have not been applied in this Historical Financial Information. The Directors have not yet assessed the impact of the adoption of these standards and interpretations for future periods.

| *Not yet endorsed by the European Union* | Effective date |
|---|---|
| IFRS 12 Disclosure of interests in other entities | 1 January 2017 |
| IAS 12 Income Taxes | 1 January 2017 |
| IAS 7 (Amended) Statement of Cash Flows | 1 February 2017 |
| IFRS 9 Financial Instruments | 1 January 2018 |
| IFRS 15 Revenue for Contracts with Customers | 1 January 2018 |
| IFRS 2 Share Based Payments | 1 January 2018 |
| IFRS 4 Insurance Contracts | 1 January 2018 |
| IAS 28 Investments in associates and joint ventures | 1 January 2018 |
| IFRS 16 Leases | 1 January 2019 |

***Basis of consolidation***

The consolidated statement of income and consolidated statement of financial position include the accounts of the Agents' Mutual Group made up to 31 January 2017. Subsidiaries are consolidated from the date at which control passes.

***Revenue***

Revenue represents income for the sales of services, net of discounts and rebates, to external customers at invoice value less value added tax. Revenue represents membership fees in respect of the property portal OnTheMarket.com. Revenue is recognised evenly over the life of the contract. Amounts are billed monthly in advance and released to the income statement as the services are provided and the risks and rewards of membership have been transferred to the member.

***Operating profit/(loss)***

Operating profit/(loss) is revenue less administrative expenses.

***Intangible assets***

*Research and development*

In accordance with IAS38 Intangible Assets, expenditure incurred on research and development is distinguished as relating to a research phase or to a development phase.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the development and enhancement of the online platform OnTheMarket.com and associated applications is recognised when the development has been deemed technically feasible, that the Agents' Mutual Group has the intention to complete the development, that probable future economic benefits will occur, that the Agents' Mutual Group has the required funds to complete the development and has the ability to measure the expenditure on the development reliably.

The amount initially recognised for internally generated intangible assets is the sum of the directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria defined above. Capitalisation ceases when the asset is brought into use. Where no internally generated asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally generated assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over 4 years from when the asset is first brought into use. The current intangible assets will be fully amortised in the next 2-4 years.

*Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised to write off the cost less the estimated residual value of property, plant and equipment using the straight-line method over their estimated useful economic lives as follows:

| | |
|---|---|
| Fixtures, fittings and equipment | Straight line 4 years |

***Impairment of property, plant and equipment and intangible assets***

At each statement of financial position date the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately as profit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

***Taxation***

The taxation expense represents the sum of the tax currently payable and deferred tax. Tax currently payable is based on taxable profits or losses for the period and is calculated using enacted or substantially enacted tax rates.

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised only to the extent that the Directors consider it more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which these deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantially enacted at the statement of financial position date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and settled on a net basis.

***Leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

***Financial instruments***

Financial assets and liabilities are recognised when the Agents' Mutual Group becomes party to the contractual provision of the instruments.

Financial assets are recognised when the Agents' Mutual Group has rights or other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or other financial assets, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial liabilities are recognised when there is an obligation and that obligation is a contractual liability to deliver cash or another financial asset or exchange financial instruments with another entity on potentially unfavourable terms. When these criteria no longer apply, a financial asset or liability is no longer recognised.

Financial assets and financial liabilities are initially measured at fair value, which in the case of trade receivables and trade payables is similar to cost, and are detailed in note 16. Any subsequent measurement resulting in a change in value is recognised in the income statement.

In the case of current assets, a provision is made where there is objective evidence that the amounts due will not be collectable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows discounted at the original effective rate.

***Finance cost***

All borrowing costs are recognised as a loss in the period in which they are incurred.

***Critical accounting estimates and judgements***

The preparation of the consolidated Historical Financial Information requires the Directors to make judgements and estimates that affect the reported amounts of assets and liabilities at each reporting date and the reported amounts of revenue and profits during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- recoverable amounts of trade and other debtors are assessed on the basis of future assumptions and the likelihood that assets will be realised;
- an internally generated intangible asset arising from the development and enhancement of the online platform OnTheMarket.com and associated applications is recognised when the development has been deemed to meet the recognition criteria under IAS 38. The key judgement is the allocation of employee costs to development; and
- amortisation of the intangible asset occurs once the asset has been brought into use and is amortised over 4 years. This amortisation period is management's best estimate of the economic life of the asset.
- the Agents' Mutual Group had trading losses available for which no deferred tax asset has been recognised. Management considers that the circumstances with respect to recoverability of the deferred tax asset in relation to losses carried forward in the foreseeable future is now less certain. The Agents' Mutual Group has not recognised a deferred tax liability arising on non-current asset timing differences due to the availability of tax losses to extinguish this liability.

## 2. Revenue and segmental information

***Operating segments***

IFRS 8 "Operating Segments" requires consideration of the chief operating decision maker ("CODM") within the Agents' Mutual Group. The Agents' Mutual Group has determined that the Chief Executive Officer ("CEO") is the CODM. Monthly management numbers are reported and issued to the CEO, which are used to assess the performance of the business.

The Agents' Mutual Group has determined it has only one reportable segment namely the provision of access to its online portal OnTheMarket.com (listing fees).

All revenue is generated in the UK for this service.

## 3. Operating loss

The operating loss is stated after charging:

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| Operating leases – land and buildings | 392 | 416 | 238 |
| Operating leases – short leaseholds | 118 | 115 | 49 |
| Depreciation of assets held under hire purchase agreements | 29 | 28 | 13 |
| Auditors' remuneration – audit of Agents' Mutual Group | 37 | 17 | 11 |
| Auditors' remuneration – other fees | 31 | 9 | 8 |
| Amortisation of intangible assets | 939 | 561 | 6 |
| Exchange rate variance | 11 | 3 | 1 |

## 4. Exceptional items

Agents' Mutual is currently the claimant in litigation with Gascoigne Halman Ltd. Costs incurred by Agents' Mutual in relation to this litigation have been analysed as exceptional as they are not part of the ordinary operating costs of Agents' Mutual. Agents' Mutual was also involved in litigation with Moginie James Ltd. This has now been settled but the costs incurred in relation to this are also treated as exceptional.

In addition during the year to 31 January 2017 Agents' Mutual began preparing for a possible corporate restructuring and initial public offering on the AIM market operated by the London Stock Exchange plc.

Again, costs incurred by Agents' Mutual in relation to this have been analysed as exceptional as they are not part of the ordinary operating costs of Agents' Mutual.

## 5. Net financing

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| **Financing income** | | | |
| Other interest receivable | 2 | 3 | 5 |
| **Financing costs** | | | |
| Interest payable on loan notes | 1,349 | 1,272 | 570 |
| Other interest payable | 4 | 125 | 90 |
| | 1,353 | 1,397 | 660 |

## 6. Employee information

| **Staff** | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| Wages and salaries | 3,889 | 3,684 | 1,872 |
| Social security costs | 464 | 441 | 225 |
| | 4,353 | 4,125 | 2,097 |

The amounts above include £1,089,000 (2016: £832,000, 2015: £404,000) of staff costs that have been subsequently capitalised as intangible assets.

Directors emoluments were £99,000 for the year (2016: £Nil, 2015: £Nil).

The average monthly number of employees comprised:

| | *Year ended 31 January 2017 Number* | *Year ended 31 January 2016 Number* | *Year ended 31 January 2015 Number* |
|---|---|---|---|
| Marketing and Sales | 42 | 38 | 22 |
| IT | 22 | 23 | 8 |
| | 64 | 61 | 30 |

## 7. Taxation

### (a) Analysis of charge in period

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| **Current tax:** | | | |
| UK corporation tax on profits for the current year | – | – | – |
| Adjustments in respect of prior years | – | – | – |
| **Total current tax** | – | – | – |

### (b) Factors affecting the tax charge for the period

The tax charge for the period is different to the standard rate of corporation tax in the UK. The composite rate of corporation tax for this purpose has been taken as 20 per cent. for 2017 (2016: 20 per cent. 2015: 20 per cent.).

The differences are explained below:

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| Loss before tax | (2,533) | (3,123) | (3,177) |
| Rate of corporation tax | 20% | 20% | 20% |
| Tax on loss based on standard rate | (507) | (625) | (635) |
| Effects of: | | | |
| Expenses not deductible for tax purposes | 5 | – | 4 |
| Deferred tax not recognised | 477 | 460 | 631 |
| Effects of changes in tax rates | – | 165 | – |
| Capital allowances in excess of depreciation | 25 | – | – |
| **Total tax charge/(credit) for the period** | – | – | – |

The Finance Act 2016 was enacted during the period. The Finance Act 2016 includes provisions to reduce the main rate of corporation tax to 17 per cent. from 1 April 2020. Deferred tax is measured at 17 per cent. (2016: 18 per cent.) as this is the materially correct rate at which deferred tax assets and liabilities are expected to unwind.

The Agents' Mutual Group has trading losses available for carry forward of £9,778,000 for which no deferred tax asset has been recognised.

Pending the outcome of the litigation the Agents' Mutual Group has been developing new strategic plans for the long term development of the business. These plans envisage a period of strong growth over the foreseeable future, underpinned by significant initial investment. As a result of the change to the Agents' Mutual Group's strategic plans, circumstances with respect to recoverability of the deferred tax asset in relation to losses carried forwards in the foreseeable future are now less certain. Consequently the deferred tax asset has been written off resulting in a significant deferred tax charge in the current year.

The Agents' Mutual Group has not recognised a deferred tax liability arising on non-current asset timing differences of £805,000 due to the availability of tax losses to extinguish this liability.

## 8. Intangible non-current assets

| | *Development costs £000* | *Total £000* |
|---|---|---|
| **Cost** | | |
| Balance at 31 January 2014 | – | – |
| Internally developed | 1,455 | 1,455 |
| **Balance at 31 January 2015** | 1,455 | 1,455 |
| Internally developed | 1,986 | 1,986 |
| **Balance at 31 January 2016** | 3,441 | 3,441 |
| Internally developed | 1,621 | 1,621 |
| **Balance at 31 January 2017** | 5,062 | 5,062 |
| **Amortisation** | | |
| Charged in year[1] | (6) | (6) |
| **Balance at 31 January 2015** | (6) | (6) |
| Charged in year[1] | (561) | (561) |
| **Balance at 31 January 2016** | (567) | (567) |
| Charged in year[1] | (939) | (939) |
| **Balance at 31 January 2017** | (1,506) | (1,506) |
| **Net book value** | | |
| as at 31 January 2015 | 1,449 | 1,449 |
| as at 31 January 2016 | 2,874 | 2,874 |
| **as at 31 January 2017** | 3,556 | 3,556 |

[1] Amortisation charged in the year on a 4 year straight line basis is presented in administration expenses in the Consolidated Statement of Income.

## 9. Property, plant and equipment

| | *Fixtures, fittings and equipment £000* | *Total £000* |
|---|---|---|
| **Cost** | | |
| As at 31 January 2014 | 4 | 4 |
| Additions | 88 | 88 |
| As at 31 January 2015 | 92 | 92 |
| Additions | 22 | 22 |
| As at 31 January 2016 | 114 | 114 |
| Additions | 2 | 2 |
| **As at 31 January 2017** | 116 | 116 |
| **Depreciation** | | |
| As at 31 January 2014 | (1) | (1) |
| Charge for the year[1] | (13) | (13) |
| As at 31 January 2015 | (14) | (14) |
| Charge for the year[1] | (28) | (28) |
| As at 31 January 2016 | (42) | (42) |
| Charge for the year[1] | (29) | (29) |
| **As at January 2017** | (71) | (71) |
| **Net book value** | | |
| As at 31 January 2015 | 78 | 78 |
| As at 31 January 2016 | 72 | 72 |
| **As at 31 January 2017** | 45 | 45 |

[1] Depreciation charged during the year is presented in administrative expenses in the Consolidated Statement of Income.

## 10. Investment in subsidiary undertakings

Details of the Agents' Mutual Group's subsidiaries, associates and other investments at 31 January 2015, 2016 and 2017 were as follows:

| *Name* | *Place of incorporation* | *Proportion of Ownership* | *Principal activity* | *Aggregate of capital and reserves* |
|---|---|---|---|---|
| On The Market (Europe) Limited | England and Wales | 100% Ordinary shares | Dormant | – |

Registered office: Agents' Mutual, PO BOX 450, Aldershot, GU11 9FZ

### 11. Trade and other receivables

| | As at 31 January 2017 £000 | As at 31 January 2016 £000 | As at 31 January 2015 £000 |
|---|---|---|---|
| Trade receivables | 408 | 304 | 304 |
| VAT recoverable | – | – | 388 |
| Other receivables | 3,257 | 170 | 68 |
| Prepayments | 44 | 164 | 2,560 |
| | 3,709 | 638 | 3,320 |

The majority of the increase in other receivables relates to amounts in respect of the legal case that was ongoing at the year end. Following the verdicts (see note 19) this has been or is expected to be repaid in the next financial year.

The aged analysis of trade receivables is shown in note 16 Financial Instruments.

### 12. Trade and other payables

| | As at 31 January 2017 £000 | As at 31 January 2016 £000 | As at 31 January 2015 £000 |
|---|---|---|---|
| Trade payables | 972 | 317 | 412 |
| Other taxes and social security | 129 | 135 | 91 |
| VAT payable | 163 | 647 | – |
| Accruals and deferred income | 4,673 | 1,808 | 1,577 |
| | 5,937 | 2,907 | 2,080 |

### 13. Borrowings

| | As at 31 January 2017 £000 | As at 31 January 2016 £000 | As at 31 January 2015 £000 |
|---|---|---|---|
| **Short term** | | | |
| Accrued loan interest | 1,379 | 965 | 569 |
| Other short term borrowings | – | – | 438 |
| | 1,379 | 965 | 1,007 |
| **Long term** | | | |
| Loan notes | 11,256 | 9,740 | 7,139 |
| | 11,256 | 9,740 | 7,139 |

Short term borrowings were converted to non-current 15 per cent. loan notes in 2016.

The Agents' Mutual Group has a loan note instrument of £10,000,000 of which £7,947,000 (2016: £7,947,000. 2015: £5,431,000) was drawn at the year end and which bears interest at 15 per cent. with a 30 June 2020 maturity date.

The Agents' Mutual Group has a loan note instrument of £10,000,000 of which £2,511,000 (2016: £995,000. 2015: £973,000) was drawn at the year end and which bears interest at 10 per cent. with a 30 June 2020 maturity date.

The Agents' Mutual Group has a loan note instrument of £10,000,000 of which £798,000 (2016: £798,000. £2015: £735,000) was drawn at the year end and which bears interest at 7 per cent. with a 30 June 2020 maturity date.

There are provisions in the loan note agreements that allow for early repayment in certain circumstances. Of the loan notes in issue £10,655,000 are held by members.

The Directors have assessed that all loans are held at fair value. These interest rates are fixed and the Agents' Mutual Group is therefore not exposed to changes in interest rates in respect of these liabilities.

### 14. Operating lease obligations

The Agents' Mutual Group had future aggregate minimum commitments under non-cancellable leases expiring as shown below:

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| **Land and buildings** | | | |
| Payable in less than one year | 423 | 441 | 245 |
| Payable between one and five years | 70 | 74 | 515 |
| | 493 | 515 | 760 |
| **Motor vehicles** | | | |
| Payable in less than one year | 49 | 91 | 69 |
| Payable between one and five years | 11 | 60 | 211 |
| | 60 | 151 | 280 |

### 15. Financial instruments – risk management

The Board has overall responsibility for the determination of the Agents' Mutual Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the CEO. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Agents' Mutual Group's competitiveness and flexibility. Further details regarding these policies are set out below:

The Agents' Mutual Group is exposed through its operations to the following financial risks:

- credit risk;
- liquidity risk; and
- interest rate risk.

In common with all other businesses, the Agents' Mutual Group is exposed to risks that arise from its use of financial instruments. This note describes the Agents' Mutual Group's objectives, policies and processes for managing those risks and the methods used to measure them from previous periods unless otherwise stated in this note.

#### *Credit risk*

Credit risk is the risk of financial loss to the Agents' Mutual Group if a counterparty to a financial instrument fails to meet its contractual obligations.

The Agents' Mutual Group is exposed to credit risk primarily on its trade receivables, which are spread over a range of customers. There are no specific concentrations of credit risk. The maximum credit risk exposure relating to financial assets is represented by their carrying value at the statement of financial position date.

The Agents' Mutual Group assesses the risk associated with each customer based on independent credit rating agency reports and on its own experience with the customer before entering into binding contracts. Each customer account is reviewed on an on-going basis based on available information and payment history.

The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings assigned by international credit rating agencies.

***Liquidity risk***

Liquidity risk arises from the Agents' Mutual Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Agents' Mutual Group will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Agents' Mutual Group monitors forecast cash inflows and outflows on a monthly basis.

***Fair value interest rate risk***

The Agents' Mutual Group's exposure to changes in interest rate risk relates primarily to interest bearing financial liabilities. Interest rate risk is managed by the Agents' Mutual Group. All borrowing is approved by the Board to ensure that it is conducted at the most competitive rates available to it at fixed rates where possible to reduce unknown exposure.

The Directors have not prepared sensitivity analysis in relation to interest rates as all interest rates are currently defined and not subject to change. Interest rates are fixed and movements in market interest rates may make this policy advantageous or disadvantageous.

***Financial assets and liabilities***

| | *As at 31 January 2017 £000* | *As at 31 January 2016 £000* | *As at 31 January 2015 £000* |
|---|---|---|---|
| **Financial assets classified as loans and receivables** | | | |
| Trade and other receivables | 3,665 | 474 | 372 |
| Cash and cash equivalents | 2,263 | 3,562 | 2,036 |
| | 5,928 | 4,036 | 2,408 |

| | *As at 31 January 2017 £000* | *As at 31 January 2016 £000* | *As at 31 January 2015 £000* |
|---|---|---|---|
| **Financial liabilities classified as financial liabilities amortised at cost** | | | |
| Trade and other payables | 4,504 | 911 | 990 |
| Borrowings | 12,635 | 10,705 | 8,146 |
| | 17,139 | 11,616 | 9,136 |

## 16. Financial Instruments

### *Capital risk management*

Management considers capital to be the carrying amount of equity. The Agents' Mutual Group manages its capital to ensure its obligations are adequately provided for, while maximising the return to members through the effective management of its resources and to ensure that members' loan notes are repaid when due.

The Agents' Mutual Group's objective when managing capital is to safeguard its ability to continue as a going concern. The Agents' Mutual Group meets its objective by aiming to achieve growth which will generate regular and increasing returns to its members.

### *Financial assets*

Details of financial assets are included in note 11, but financial assets exclude prepayments and VAT recoverable.

Cash at bank, included in cash and cash equivalents, is with institutions with credit ratings of A or better.

The following table shows an aged analysis of trade receivables for the Agents' Mutual Group:

| | *2017 £000* | *2017 %* | *2016 £000* | *2016 %* | *2015 £000* | *2015 %* |
|---|---|---|---|---|---|---|
| **0 – 30 days** | 150 | 36% | 47 | 16% | 170 | 56% |
| **31 – 60 days** | 48 | 12% | 27 | 9% | 17 | 6% |
| **61 – 90 days** | 48 | 12% | 23 | 7% | 13 | 4% |
| **91 – 120 days** | 44 | 11% | 19 | 6% | 13 | 4% |
| Over 120 days | 118 | 29% | 188 | 62% | 91 | 30% |
| | 408 | | 304 | | 304 | |

The Agents' Mutual Group reviews trade receivables balances on a routine basis and makes provision for any amounts where it believes the receivable is likely to be uncollectable. In 2017, bad debt expense was £2,223,000 (2016: £868,000. 2015: £nil) and the year-end bad debt provision was £1,500,000 (2016: £868,000. 2015: £nil).

The following table shows a reconciliation of the bad debt provision for the Agents' Mutual Group:

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| **Bad debt provision at 1 February** | 868 | – | – |
| Debts no longer requiring provision | (444) | – | – |
| Decrease in existing provision | (1,587) | | |
| Additional provision recognised | 2,663 | 868 | – |
| **Bad debt provision at 31 January** | 1,500 | 868 | – |

The total value of debts past due but not impaired is £408,000 (2016: £304,000. 2015: £304,000). All overdue debt has been provided for subject to an estimated recoverable amount.

***Financial liabilities***

The following is an analysis of the maturities of the financial liabilities in the Consolidated Statement of Financial Position excluding amounts owed in relation to corporation tax, payroll taxes and VAT:

| | *Carrying amount £000* | *6 months or less £000* | *6 – 12 months £000* | *1 or more years £000* |
|---|---|---|---|---|
| **2017** | | | | |
| Trade and other payables | 4,504 | 4,504 | – | – |
| Accrued loan interest | 1,379 | 1,379 | – | |
| Borrowings | 11,256 | – | – | 11,256 |
| | 17,139 | 5,883 | – | 11,256 |
| **2016** | | | | |
| Trade and other payables | 911 | 911 | – | – |
| Accrued loan interest | 965 | 965 | – | |
| Borrowings | 9,740 | – | – | 9,740 |
| | 11,616 | 1,876 | – | 9,740 |
| **2015** | | | | |
| Trade and other payables | 990 | 990 | – | – |
| Accrued loan interest | 569 | 569 | | |
| Other short term borrowing | 438 | 438 | | |
| Borrowings | 7,139 | – | – | 7,139 |
| | 9,136 | 1,997 | – | 7,139 |

All financial liabilities are denominated in Sterling.

***Fair values of financial assets and liabilities***

The fair value of the Agents' Mutual Group's financial assets and liabilities are not materially different from their book values and therefore the Directors consider no hierarchical analysis is necessary.

**17. Related party transactions**

Key management salary and national insurance comprised the following.

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| Employee costs | 716 | 572 | 463 |
| | 716 | 572 | 463 |

Some Directors of Agents' Mutual are also Directors or partners of member firms which subscribe for services supplied by Agents' Mutual. Membership income of £1,452,000 was received from such member firms in the year (2016: £1,435,000. 2015: £305,000).

None of these member firms received preferential rates in the year.

In 2017 £5,128,000 (2016: £3,878,000. 2015: £1,840,000) of the Agents' Mutual Group's loan note instruments were held by such members and these instruments have interest due of £789,000 (2016: £278,000. 2015: £145,000).

In the ordinary course of business the Agents' Mutual Group has entered into transactions with Whiteleys Chartered Certified Accountants, a company controlled by Paul Whiteley, a direct relation of Helen

Whiteley, part of the key management of the Agents' Mutual Group. Whiteleys Chartered Certified Accountants provides an outsourced finance function to the Agents' Mutual Group.

| | *Year ended 31 January 2017 £000* | *Year ended 31 January 2016 £000* | *Year ended 31 January 2015 £000* |
|---|---|---|---|
| Purchases in the year ended 31 January | 401 | 365 | 174 |
| Amounts owed by the Agents' Mutual Group as at 31 January | 49 | 38 | 35 |

### 18. Ultimate controlling party

As at 31 January 2015, 2016 and 2017 the Agents' Mutual Group had no ultimate controlling party.

### 19. Post balance sheet events

The Agents' Mutual Group is currently the claimant in litigation with Gascoigne Halman Ltd. The major part of the case, dealing with a challenge to the validity of the Agents' Mutual Group's contractual arrangements with its agent customers has been heard in the Competition Appeal Tribunal which gave judgment in favour of the Agents' Mutual Group on 5 July 2017. The residual non-competition element of the case remains to be heard in the Chancery Division. On 20 December 2017, Gascoigne Halman Ltd was granted leave to appeal the judgment of the Competition Appeal Tribunal. A hearing date has not yet been fixed.

At a hearing on 12 July 2017 the Agents' Mutual Group was awarded £1,243,248 as an interim payment towards its costs of the litigation to be received from Gascoigne Halman Ltd within 14 days, together with the release of deposits totalling £1,830,000 required to be made to court by the Agents' Mutual Group against the eventuality that it had lost the case. The court has given the Agents' Mutual Group leave to apply for an award of further costs.

In addition during the year ended 31 January 2017 a further deposit of £450,000 was required to be made to court in respect of litigation between the Agents' Mutual Group and Moginie James Ltd. Following the settlement of this case this deposit was repaid to the Agents' Mutual Group in February 2017.

**SECTION C – UNAUDITED INTERIM FINANCIAL INFORMATION OF THE AGENTS' MUTUAL GROUP**

**Condensed Consolidated Statement of Comprehensive Income for the 6 Months Ended 31 July 2017**

| | *Note* | *6 months ended 31 July 2017 (unaudited) £000* | *6 months ended 31 July 2016 (unaudited) £000* |
|---|---|---|---|
| **Revenue** | 2 | 8,321 | 9,071 |
| Administrative expenses | | (5,652) | (8,825) |
| **Operating profit** | | 2,669 | 246 |
| **Analysed as:** | | | |
| Operating profit before exceptional items | | 2,921 | 1,054 |
| Exceptional items | 3 | (252) | (808) |
| **Operating profit** | | 2,669 | 246 |
| Financing income | | – | 1 |
| Financing costs | | (763) | (666) |
| **Profit/(Loss) before taxation** | | 1,906 | (419) |
| Taxation | | – | – |
| **Profit/(Loss) for the period attributable to members of the parent company** | | 1,906 | (419) |

There were no other items of comprehensive income. Accordingly, no separate statement of comprehensive income has been prepared.

**Condensed Consolidated Statement of Financial Position as at 31 July 2017**

| | Note | *As at 31 July 2017 (unaudited) £000* | *As at 31 January 2017 (audited) £000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 4 | 3,515 | 3,556 |
| Property, plant and equipment | | 31 | 45 |
| | | 3,546 | 3,601 |
| **Current assets** | | | |
| Trade and other receivables | 5 | 2,781 | 3,709 |
| Cash and cash equivalents | | 2,445 | 2,263 |
| | | 5,226 | 5,972 |
| **Total assets** | | 8,772 | 9,573 |
| **Current liabilities** | | | |
| Trade and other payables | 6 | (3,861) | (5,937) |
| Borrowings | 7 | (748) | (1,379) |
| | | (4,609) | (7,316) |
| **Total assets less current liabilities** | | 4,163 | 2,257 |
| **Non-current liabilities** | | | |
| Borrowings | 7 | (11,256) | (11,256) |
| **Net liabilities** | | (7,093) | (8,999) |
| **Equity attributable to members of the parent company** | | | |
| Retained earnings | | (7,093) | (8,999) |
| **Total equity** | | (7,093) | (8,999) |

**Condensed Consolidated Statement of Changes in Equity for the 6 Months Ended 31 July 2017**

| | *Retained earnings attributable to members of the Group* | *Total* |
|---|---|---|
| | *£000* | *£000* |
| **Balance as at 31 January 2017** | (8,999) | (8,999) |
| Profit and total comprehensive income for the period | 1,906 | 1,906 |
| **Balance as at 31 July 2017** | (7,093) | (7,093) |

**Condensed Consolidated Statement of Cash Flows for the 6 Months Ended 31 July 2017**

| | *6 months ended 31 July 2017 (unaudited) £000* | *6 months ended 31 July 2016 (unaudited) £000* |
|---|---|---|
| **Reconciliation of cash flows from operating activities** | | |
| Profit/(Loss) before tax | 1,906 | (419) |
| Finance costs | 763 | 666 |
| Finance income | – | (1) |
| Impairment of investment | – | 1 |
| Depreciation of property, plant and equipment | 14 | 15 |
| Amortisation of intangibles | 749 | 439 |
| Decrease/(increase) in trade and other receivables | 928 | (677) |
| (Decrease)/increase in trade and other payables | (2,076) | 10 |
| **Net cash from operating activities** | 2,284 | 34 |
| **Cash flows from investing activities** | | |
| Acquisition of property, plant and equipment | – | – |
| Eligible development costs capitalised | (708) | (907) |
| **Net cash used in investing activities** | (708) | (907) |
| **Cash flows from financing activities** | | |
| Finance income | – | 1 |
| Finance costs | (1,394) | (937) |
| Issue of loan notes | – | 16 |
| Proceeds from short term borrowings | – | – |
| **Net cash from financing activities** | (1,394) | (920) |
| **Increase/(Decrease) in net cash** | 182 | (1,793) |
| Cash and cash equivalents as at 1 February | 2,263 | 3,562 |
| Increase/(Decrease) in net cash | 182 | (1,793) |
| **Cash and cash equivalents as at 31 July** | 2,445 | 1,769 |

**Notes to the Interim Report for the 6 Months Ended 31 July 2017**

## 1. Accounting policies

***General Information***

Agents' Mutual Limited ("Agents' Mutual") is a company limited by guarantee without share capital incorporated in the United Kingdom under the Companies Act 2006 (registration number 08381458). Agents' Mutual has one dormant subsidiary.

Agents' Mutual is domiciled in the United Kingdom and its registered address is PO Box 450, 155-157 High Street, Aldershot, GU11 9FZ. The principal activity of the Agents' Mutual Group is providing online property portal services to businesses in the estate and lettings agency industry under the trading name of OnTheMarket.com.

***Basis of preparation***

The interim condensed financial information has been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union (IFRS) and in accordance with IAS 34, 'Interim financial reporting'. This interim financial information has been prepared using the measurement bases specified by IFRS for each type of asset, liability or expense. The detailed measurement bases and principal accounting policies of the Agents' Mutual Group are set out in the Historical Financial Information within this Admission Document. There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the interim financial statements of the Agents' Mutual Group. The presentational and functional currency of the Agents' Mutual Group is Sterling.

***Use of estimates and judgements***

The preparation of the interim condensed financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the interim condensed financial information, are disclosed below.

***Going concern basis of accounting***

The Agents' Mutual Group incurred a consolidated profit after tax of £1,309,000 for the period (2016: loss £419,000).

As at 31 July 2017 the Group had a cash and cash equivalents balance of £2,445,000 (31 January 2017: £2,263,000). The cash requirement of the Group continues to be funded by continuing trade and loan note funds.

As set out in note 9 Agents' Mutual is now a subsidiary of OnTheMarket plc which has raised £30 million of equity investment. Therefore, the Directors adopt the going concern basis in preparing the interim condensed financial information.

***Basis of consolidation***

The condensed consolidated statement of comprehensive income and the condensed consolidated statement of financial position include the accounts of the Agents' Mutual Group made up to 31 July 2017. Subsidiaries are consolidated from the date at which control passes.

***Revenue***

Revenue represents income for the sales of services, net of discounts and rebates, to external customers at invoice value less value added tax. Revenue represents membership fees in respect of the property portal OnTheMarket.com. Revenue is recognised evenly over the life of the contract. Amounts are billed monthly in advance and released to the income statement as the services are provided and the risks and rewards of membership have been transferred to the member.

***Intangible assets***

*Research and development*

In accordance with IAS38 *Intangible Assets*, expenditure incurred on research and development is distinguished as relating to a research phase or to a development phase.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the development and enhancement of the online platform OnTheMarket.com and associated applications is recognised when the development has been deemed technically feasible, that the Agents' Mutual Group has the intention to complete the development, that probable future economic benefits will occur, that the Agents' Mutual Group has the required funds to complete the development and has the ability to measure the expenditure on the development reliably.

The amount initially recognised for internally generated intangible assets is the sum of the directly attributable expenditure incurred from the date when the intangible asset first meets the recognition criteria defined above. Capitalisation ceases when the asset is brought into use. Where no internally generated asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally generated assets are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over 4 years from when the asset is first brought into use. The current intangible assets will be fully amortised in the next 2-4 years.

***Critical accounting estimates and judgements***

The preparation of the interim condensed financial statements requires the Directors to make judgements and estimates that affect the reported amounts of assets and liabilities at each reporting date and the reported amounts of revenue and profits during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting judgements will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- recoverable amounts of trade and other debtors are assessed on the basis of future assumptions and the likelihood that assets will be realised;
- an internally generated intangible asset arising from the development and enhancement of the online platform OnTheMarket.com and associated applications is recognised when the development has been deemed to meet the recognition criteria under IAS 38. The key judgement is the allocation of employee costs to development; and
- amortisation of the intangible asset occurs once the asset has been brought into use and is amortised over 4 years. This amortisation period is management's best estimate of the economic life of the asset.

## 2. Revenue and segmental information

***Operating segments***

IFRS 8 "Operating Segments" requires consideration of the chief operating decision maker ("CODM") within the Agents' Mutual Group. The Agents' Mutual Group has determined that the Chief Executive Officer ("CEO") is the CODM. Monthly management numbers are reported and issued to the CEO, which are used to assess the performance of the business.

The Agents' Mutual Group has determined it has only one reportable segment namely the provision of access to its online portal OnTheMarket.com (listing fees).

All revenue is generated in the UK for this service.

## 3. Exceptional items

Costs in relation to litigation with Gascoigne Halman Limited and Moginie James Ltd and in connection with the corporate restructuring and the initial public offering on the AIM market of the London Stock Exchange have been analysed as exceptional as they are not in the ordinary operating costs of Agents' Mutual.

In addition during the period Agents' Mutual was preparing for a possible corporate restructuring and initial public offering on the AIM market operated by the London Stock Exchange plc. Again, costs incurred by Agents' Mutual in relation to this have been analysed as exceptional as they are not part of the ordinary operating costs of Agents' Mutual.

## 4. Intangible non-current assets

| | *Development costs £000* | *Total £000* |
|---|---|---|
| **Cost** | | |
| Balance at 31 January 2017 | 5,062 | 5,062 |
| Internally developed | 708 | 708 |
| **Balance at 31 July 2017** | 5,770 | 5,770 |
| **Amortisation** | | |
| Balance at 31 January 2017 | 1,506 | 1,506 |
| Charged in year | 749 | 749 |
| **Balance at 31 July 2017** | 2,255 | 2,255 |
| **Net book value** | | |
| as at 31 January 2017 | 3,556 | 3,556 |
| **as at 31 July 2017** | 3,515 | 3,515 |

## 5. Trade and other receivables

| | *As at 31 July 2017 (unaudited) £000* | *As at 31 January 2017 (audited) £000* |
|---|---|---|
| Trade receivables | 431 | 408 |
| Other receivables | 2,283 | 3,257 |
| Prepayments | 67 | 44 |
| | 2,781 | 3,709 |

## 6. Trade and other payables

| | As at 31 July 2017 (unaudited) £000 | As at 31 January 2017 (audited) £000 |
|---|---|---|
| Trade payables | 457 | 972 |
| Other taxes and social security | 131 | 129 |
| VAT payable | 447 | 163 |
| Accruals and deferred income | 2,826 | 4,673 |
| | 3,861 | 5,937 |

## 7. Borrowings

| | As at 31 July 2017 (unaudited) £000 | As at 31 January 2017 (audited) £000 |
|---|---|---|
| **Short term** | | |
| Accrued loan interest | 748 | 1,379 |
| | 748 | 1,379 |
| **Long term** | | |
| Loan notes | 11,256 | 11,256 |
| | 11,256 | 11,256 |

The Agents' Mutual Group has a loan note instrument of £10,000,000 of which £7,947,000 (31 January 2017: £7,947,000) was drawn at the period end and which bears interest at 15 per cent. with a 30 June 2020 maturity date.

The Agents' Mutual Group has a loan note instrument of £10,000,000 of which £2,511,000 (31 January 2017: £2,511,000) was drawn at the period end and which bears interest at 10 per cent. with a 30 June 2020 maturity date.

The Agents' Mutual Group has a loan note instrument of £10,000,000 of which £798,000 (31 January 2017: £798,000) was drawn at the period end and which bears interest at 7 per cent. with a 30 June 2020 maturity date.

There are provisions in the loan note agreements that allow for early repayment in certain circumstances. Of the loan notes in issue £10,701,000 are held by members.

The Directors have assessed that all loans are held at fair value. These interest rates are fixed and the Agents' Mutual Group is therefore not exposed to changes in interest rates in respect of these liabilities.

## 8. Related parties

Some Directors of Agents' Mutual are also Directors or partners of member firms which subscribe for services supplied by Agents' Mutual. Membership income of £707,000 was received from such member firms in the period (6 months ended 31 July 2016: £725,000).

None of these member firms received preferential rates in the year.

At 31 July 2017 £5,128,000 (31 January 2017: £5,128,000) of the Agents' Mutual Group's loan note instruments were held by such members and these instruments have interest due in the 6 months ended 31 July 2017 of £348,000 (6 months ended 31 July 2016: £288,000).

In the ordinary course of business the Agents' Mutual Group has entered into transactions with Whiteleys Chartered Certified Accountants, a company controlled by Paul Whiteley, a direct relation of Helen Whiteley, part of the key management of the Agents' Mutual Group. Whiteleys Chartered Certified Accountants provides an outsourced finance function to the Agents' Mutual Group. Purchases from Whiteleys Chartered Certified Accountants in the period were £221,000 (6 months ended 31 July 2016: £200,000). As at 31 July 2017 the Agents' Mutual Group owed Whiteleys Chartered Certified Accountants £55,000 (31 January 2017: £49,000).

## 9. Post balance sheet events

Following the judgment of the Competition Appeal Tribunal in favour of Agents' Mutual on 5 July 2017, on 3 August 2017 the £1,830,000 deposited with the courts in relation to the litigation between Agents' Mutual and Gascoigne Halman was returned.

Gascoigne Halman applied to the CAT for leave to appeal the judgment on the competition issues. Leave to appeal the judgment was refused by the CAT on 6 October 2017. On 26 October 2017, Gascoigne Halman made an application to the Court of Appeal for leave to appeal the CAT's judgment which was served on Agents' Mutual on 27 October 2017. On 20 December 2017, Gascoigne Halman Ltd was granted leave to appeal the judgment of the Competition Appeal Tribunal. A hearing date has not yet been fixed.

On 6 September 2017 at a members' court meeting members voted in favour of a scheme of arrangement whereby a new parent company, On The Market Limited, was to be introduced. Members' interests in Agents' Mutual would be exchanged for shares in On The Market Limited and Agents' Mutual would become a 100 per cent. subsidiary of On The Market Limited. In separate members court meetings on the same date members also voted to convert the Agents' Mutual Group loan notes into loan notes in On The Market Limited.

On 11 September 2017 the courts sanctioned the schemes of arrangement and following the necessary filings at Companies House they became effective on 13 September 2017.

On 27 December 2017 On The Market Limited was re-registered as a public limited company. It is expected that on 9 February 2018 the entire issued and to be issued share capital of OnTheMarket plc will be admitted to trading on AIM. This will include the admission of 6,821,237 shares to be issued to holders of the OTM Loan Notes which will, in accordance with the terms of the OTM Loan Note Instruments, be converted at the Placing Price with accrued interest of £1,277,000 becoming immediately repayable out of the Placing Proceeds.

## PART 5

## SUMMARY OF UNITED KINGDOM TAXATION

### 1. Introduction

The following statements are intended only as a general guide current as at the latest practicable date prior to the publication of the document to UK tax legislation and to the current practice of HMRC and do not constitute tax advice. These statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK, who hold their Ordinary Shares as an investment (other than under any individual savings account) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the UK should consult his professional advisers immediately.

### 2. Stamp duty and stamp duty reserve tax

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No stamp duty or SDRT should be payable on the issue of Ordinary Shares.

AIM qualifies as a recognised growth market for the purposes of the UK stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to UK stamp duty or SDRT should arise on their subsequent transfer.

If the Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to stamp duty (ordinarily payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given subject to a *de minimis* limit) save in respect of shares held in a clearance service or in a depositary receipt arrangement in respect of which other provisions may apply.

Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation.

### 3. Taxation of Dividends

*Company*

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

*UK resident individual Shareholders*

Under the current UK tax rules, specific rates of tax apply to dividend income. As of 1 April 2016 the notional dividend tax credit system was abolished. Instead, there is a nil rate of tax (the "nil rate band") for the first £5,000 of dividend income received by an individual Shareholder who is resident for tax purposes in the UK in any tax year. It was announced in the Spring Budget 2017 that the nil rate band will reduce to £2,000 from 6 April 2018. This reduction was not included in the Finance Act 2017 but may still be introduced with effect from 6 April 2018. Dividend income in excess of the nil rate band (taking account of any other dividend income received by the Shareholder in the same tax year) will be taxed at the following rates: 7.5 per cent. (to the extent it falls below the threshold for higher rate income tax); 32.5 per cent. (to the extent that it falls above the threshold for higher rate income tax and is below the higher rate band); and 38.1 per cent. (to the extent that it is within the additional rate). For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

*UK resident corporate shareholders*

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends should fall within one of such exempt classes (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (17 per cent. from 1 April 2020).

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

*Other Shareholders*

The annual tax-free dividend allowance of £5,000 available to individuals will not be available to UK resident trustees of a discretionary trust. From 6 April 2016, UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent., which mirrors the dividend additional rate.

Non-UK resident shareholders may be subject to tax on dividend income under any law to which that person is subject outside the UK. Non-UK resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

## 4. Taxation of chargeable gains

Any gains on transfers or disposals of Ordinary Shares (including a disposal on a winding-up of the Company) by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on their circumstances, give rise to a liability to UK tax on capital gains.

*UK resident individual Shareholders*

UK resident Shareholders who are individuals (or otherwise not within the charge to UK corporation tax) and who are basic rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 10 per cent. Individuals who are higher or additional rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 20 per cent.

No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains to the extent this has not been used against other gains, and any other tax reliefs available such as existing capital losses.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

*UK resident corporate Shareholders*

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains arising on a disposal of Ordinary Shares, depending on the circumstances and subject to any available exemption or relief. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the Ordinary Shares.

Corporation tax is charged on chargeable gains at the rate applicable to that company at the date of disposal. Such tax would be applied at one of the relevant corporation tax rates already stated above, depending on the timing of the disposal.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN ANY OTHER JURISDICTION SHOULD CONSULT HIS PROFESSIONAL ADVISER.**

## PART 6

## ADDITIONAL INFORMATION

### 1. Responsibility

1.1 The Company and the Directors, whose names and functions are set out in Part 1 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 RSM Corporate Finance LLP whose registered address is at 25 Farringdon Street, London EC4A 4AB accepts responsibility for its report set out in Section A of Part 4 of this Document. To the best of the knowledge and belief of RSM Corporate Finance LLP (who has taken all reasonable care to ensure that such is the case), the information contained in its report is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. The Company

2.1 The Company was incorporated and registered in England, as a private company limited by shares, on 27 July 2017 under the name of On The Market (Europe) Limited with registered number 10887621.

2.2 On 2 August 2017, the Company changed its name to On The Market Limited.

2.3 On 13 September 2017, the Members Scheme became effective and the Company became the ultimate holding company of the Group.

2.4 Effective 27 December 2017, the Company was re-registered as a public company with limited liability under the 2006 Act under the name OnTheMarket plc.

2.5 The registered office of the Company is PO Box 450, 155-157 High Street, Aldershot GU11 9FZ. It is domiciled in England.

2.6 The Company and its securities are governed by the Act.

2.7 The Company is the ultimate holding company of the Group and its principal activity is to act as a holding company. The Group's activities and operations are carried on by the subsidiaries set out in the table below:

| *Name* | *Registered Office* | *Principal Activity* | *Status* | *Interest held by the Company* |
|---|---|---|---|---|
| Agents' Mutual Limited | PO Box 450, 155-157 High Street, Aldershot, GU11 9FZ | Provision of online property portal services in the UK residential market | Active | 100 per cent. |
| On The Market (Europe) Limited | PO Box 450, 155-157 High Street, Aldershot, GU11 9FZ | Dormant | Dormant | 100 per cent. of its shares held by Agents' Mutual Limited |

Agents' Mutual Limited is, and will remain, a direct subsidiary of the Company. On The Market (Europe) Limited is, and will remain, a direct subsidiary of Agents' Mutual Limited.

Save as referred to in the paragraphs above, the Company does not hold any shares or other securities in the capital of any company and is not otherwise part of a group of companies.

## 3. Share capital

3.1 As at 24 January 2018, being the latest practicable date prior to the publication of this Document the issued share capital of the Company was 35,530,263 Ordinary Shares. The Company did not have any limit on its authorised share capital as the concept of authorised share capital does not exist under the 2006 Act.

3.2 The Company was incorporated with an issued share capital of £0.004 comprising two fully paid ordinary shares of £0.002.

3.3 Since incorporation, the following alterations to the Company's share capital have occurred:

(a) by resolutions of the Company passed on 2 August 2017:

(i) the Directors were authorised to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company provided that:

(a) the maximum nominal amount of such shares that may be allotted is £80,000; and

(b) the authority shall, unless it is (prior to its expiry) duly revoked or varied or is renewed, expire on 2 August 2022 save that the Company may, before such expiry, make an offer or agreement which will or may require such shares to be allotted after such expiry.

(b) by resolutions of the Company passed on 11 September 2017:

(i) the Directors were authorised to allot shares in the Company or to grant rights to subscribe for or amend any security into shares in the Company provided that:

(a) the maximum nominal amount of such shares that may be allotted was £100,000; and

(b) the authority shall, unless it is (prior to expiry) duly revoked or varied or is renewed, expire on 11 September 2022, save that the Company may, before such expiry, make an offer or agreement which will or may require such shares to be allotted after such expiry,

and the authority granted by this resolution was in substitution for the authority to allot shares in the Company previously granted to the Directors on 2 August 2017.

(ii) the Directors were empowered pursuant to Section 569 of the Companies Act 2016 to allot equity securities pursuant to the general authority given to them for the purpose of Section 550 as if Section 561(i) of the Act did not apply to any such allotment and the Company may make an offer or allotment which will or may require equity securities to be allotted after the expiry of the power granted by this resolution.

(c) on 13 September 2017, a further 35,530,261 ordinary shares of £0.002 each were issued and allotted fully paid up in exchange for Members' interests in Agents' Mutual Limited pursuant to the Members Scheme.

3.4 The Company has no issued Ordinary Shares that are not fully paid up.

3.5 By a written resolution of the Company passed on 22 December 2017, it was resolved that:

(a) the Directors were generally and unconditionally authorised and empowered under Section 551 of the 2006 Act, to allot Ordinary Shares or to grant rights to subscribe for or to convert any security into Ordinary Shares:

(i) up to an aggregate nominal amount of £66,666.67 in respect of issuing up to 33,333,335 new Ordinary Shares to investors pursuant to an equity fundraising announced by the Company on 11 December 2017;

(ii) up to an aggregate nominal amount of:

(a) £1,062.96 in respect of issuing new Ordinary Shares to be issued pursuant to the conversion of £797,500 of the 7 per cent. OTM Loan Notes;

(b) £3,347.73 in respect of issuing new Ordinary Shares to be issued pursuant to the conversion of £2,511,000 of the 10 per cent. OTM Loan Notes;

(c) £10,595.99 in respect of issuing new Ordinary Shares to be issued pursuant to the conversion of £7,947,000 of the 15 per cent. OTM Loan Notes; and

(iii) up to an aggregate nominal amount of £80,000.00 in respect of issuing up to 40,000,000 new Ordinary Shares to new estate agents in connection with such agents signing listing agreements with the Company or any of its subsidiaries,

such authorities to expire (unless previously revoked, varied or renewed) in the case of (iii) above, on the fifth anniversary after the date on which the resolution was passed and in the case of (i) and (ii) above, on the earlier of the end of the next annual general meeting of the Company and close of business on the date which is fifteen months after the date on which the resolution was passed, save that the Company may before such expiry make an offer or agreement which would or might require shares or rights to subscribe for or to convert any securities into shares in the Company to be allotted after such expiry;

(b) conditional on Admission, in addition to the authorities granted by the resolution above, the Directors were generally and unconditionally authorised and empowered under Section 551 of the 2006 Act, to allot Ordinary Shares or to grant rights to subscribe for or to convert any security into Ordinary Shares:

(i) up to an aggregate nominal amount of £50,911.29 (such amount to be reduced by the nominal amount of any equity securities (as defined in Section 560 of the 2006 Act) allotted under sub paragraph (ii) below in excess of £50,911.29, representing approximately one third of the aggregate nominal amount of the issued share capital of the Company immediately following Admission; and

(ii) up to an aggregate nominal amount of £101,822.58, representing approximately two thirds of the aggregate nominal amount of the issued share capital of the Company immediately following Admission, in the form of equity securities (as defined in Section 560 of the 2006 Act) in connection with a rights issue in favour of the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings (and to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to expire (unless previously revoked, varied or renewed) on the earlier of the end of the next annual general meeting of the Company and close of business on the date which is fifteen months after the date on which the resolution was passed, save that the Company may before such expiry make an offer or agreement which would or might require shares or rights to subscribe for or to convert any securities into shares in the Company to be allotted after such expiry;

(c) the Directors were empowered to allot equity securities (within the meaning of Section 560 of the 2006 Act) for cash under the authorities conferred in resolution (a) above as if Section 561 of the 2006 Act did not apply to the allotment, but limited to:

(i) in respect of the authority conferred in resolution (a)(i) above, up to an aggregate nominal amount of £66,666.67 in respect of issuing up to 33,333,335 new Ordinary Shares to investors;

(ii) in respect of the authority conferred in resolution (a)(ii) above, up to an aggregate nominal amount of £15,006.68 in respect of issuing up to 7,503,340 new Ordinary Shares to Loan Noteholders;

(iii) in respect of the authority conferred in resolution (a)(iii) above, up to an aggregate nominal amount of £80,000.00 in respect of issuing up to 40,000,000 new Ordinary Shares to new estate agents in connection with such agents signing listing agreements with the Company or any of its subsidiaries, such authorities to expire (unless previously revoked, varied or renewed) in the case of (iii) above, on the fifth anniversary after the date on which the resolution was passed and in the case of (i) and (ii) above, on the earlier of the end of the next annual general meeting of the Company and close of business on the date which is fifteen months after the date on which the resolution was passed, save that the Company may before such expiry make an offer or agreement which would or might require shares or rights to subscribe for or to convert any securities into shares in the Company to be allotted after such expiry;

(d) conditional on Admission, the Directors were empowered to allot equity securities (within the meaning of Section 560 of the 2006 Act) for cash under the authorities conferred in resolution (b) above as if Section 561 of the 2006 Act did not apply to the allotment, but limited to:

(i) any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue in favour of the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings (and to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(ii) any such allotment and/or sale, otherwise than pursuant to paragraph (i) above, of equity securities having, in the case of Ordinary Shares, an up to an aggregate nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into Ordinary Shares having an aggregate nominal value, not exceeding the sum of £7,636.69, representing approximately five per cent. of the aggregate nominal amount of the issued share capital of the Company immediately following Admission,

such authorities to expire (unless previously revoked, varied or renewed) on the earlier of the end of the next annual general meeting of the Company and close of business on the date which is fifteen months after the date on which the resolution was passed, save that the Company may before such expiry make an offer or agreement which would or might require shares or rights to subscribe for or to convert any securities into shares in the Company to be allotted after such expiry.

3.6 The Ordinary Shares shall have the rights and be subject to the restrictions referred to in paragraph 4 of this Part 6.

3.7 The Company has not issued any shares which do not contribute to the capital of the Company.

3.8 The Company does not hold any shares in treasury, nor are any shares in the Company held by a member of its Group.

3.9 As at the date of this Document, the Company has agreed to issue, conditional on Admission, a total of new 757,203 Ordinary Shares, being the Committed Agent Recruitment Shares.

3.10 As at the date of this Document, the following options to subscribe for Ordinary Shares have been granted to employees and Directors under the MIP and the EMI Plan for nil consideration and remain outstanding:

| *Scheme* | *Number of Ordinary Shares under option* | *Dates of grant* | *Exercisable from* | *Exercisable until* | *Exercise price* |
|---|---|---|---|---|---|
| MIP | 6,066,143 | 15 September 2017 | Date of Grant | Day before the tenth anniversary of the Date of Grant | Nil |
| MIP | 1,733,184 | 15 September 2017 | As to 10% on the first anniversary of Admission, as to 10% on the second anniversary of Admission and as to the balance on the fifth anniversary of Admission | Day before the tenth anniversary of the Date of Grant | Nil |
| EMI Plan | 763,008 | 15 September, 19 September and 10 October 2017 | Third anniversary of the Date of Grant | Day before the tenth anniversary of the Date of Grant | Nil |

3.11 As at the date of this Document, the following amounts of Loan Noteholder Shares will be issued to Loan Noteholders immediately prior to Admission on conversion of all the OTM Loan Notes:

| *Loan Note* | *Number of Loan Noteholder Shares* |
|---|---|
| 7 per cent. OTM Loan Notes | 483,285 |
| 10 per cent. OTM Loan Notes | 1,521,757 |
| 15 per cent. OTM Loan Notes | 4,816,195 |

3.12 Save for the allotments referred to in paragraph 3.3 above, since incorporation no capital of the Company has been allotted for cash or for a consideration other than cash.

3.13 Save as disclosed above and save for the issue of the Placing Shares and the grant of options under the MIP or EMI Plan, the issue of the Loan Noteholder Shares and the warrant issued to Zeus pursuant to the Placing Agreement and the issue of the Committed Agent Shares, no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.

3.14 The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

3.15 The Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission other than pursuant to the Placing. The Ordinary Shares to be issued pursuant to the Placing are being issued at a price of 165p per share, representing a premium of 164.8p over the nominal value of £0.002 each. The expected issue date is 9 February 2018.

3.16 The currency of the issue is pounds sterling.

3.17 There have been no public takeover bids for the Company by third parties since its incorporation.

3.18 The Directors have confirmed that in respect of the authorities to allot granted pursuant to the written resolution referred to in paragraph 3.5 above, while those authorities remain in place, they will only seek to allot:

(i) 36,363,636 new Ordinary Shares to new estate agents in connection with such agents signing listing agreements with the Company or any of its subsidiaries;

(ii) in respect of the authority referred to in paragraph 3.5(d)(ii) above, 3,026,665 new Ordinary Shares having an aggregate nominal value not exceeding the sum of £6,053.33, representing approximately five per cent. of the aggregate nominal amount of the issued share capital of the Company immediately following Admission;

(iii) in respect of the authority referred to in paragraph 3.5(b)(i) above, 20,177,772 new Ordinary Shares having an aggregate nominal value not exceeding the sum of £40,355.54, representing approximately one third of the aggregate nominal amount of the issued share capital of the Company immediately following Admission; and

(iv) in respect of the authority referred to in paragraph 3.5(b)(ii) above, 40,355,545 new Ordinary Shares having an aggregate nominal value not exceeding the sum of £80,711.09, representing approximately two thirds of the aggregate nominal amount of the issued share capital of the Company immediately following Admission.

## 4. Articles of Association

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

### 4.1 *Objects*

The Articles contain no specific restrictions on the Company's objects and therefore, by virtue of Section 31(1) of the 2006 Act, the Company's objects are unrestricted.

### 4.2 *Voting rights*

Subject to any special terms as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or by a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

### 4.3 *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares (excluding any shares of that class held as treasury shares) of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

### 4.4 *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the directors of the Company and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The directors of the Company may in their absolute discretion refuse to register a transfer of any share held in certificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. In the case of uncertificated shares, the directors of the Company may only refuse to register a transfer in accordance with the Uncertificated Societies Regulations. The directors of the Company may also refuse to register a transfer of shares (whether fully paid or not) if the transfer is in favour of more than four persons jointly. Subject to that, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the directors of the Company and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with. The registration of transfers in respect of certificated shares may be suspended by the directors of the Company for any period not exceeding 30 days in a year.

### 4.5 *Dividends*

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the directors so resolve be forfeited and shall revert to the Company.

The directors of the Company may, if authorised by an ordinary resolution of the Company, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The directors of the Company may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

### 4.6 *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under Section 793 of the 2006 Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then (if the directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class (calculated exclusive of any treasury shares of that class) the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

### 4.7 *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of Ordinary Shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their Ordinary Shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the 2006 Act, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator with the sanction of a special resolution may also vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

### 4.8 *Pre-emption rights*

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

## 4.9 *Shareholder Meetings*

Annual general meetings should be held within the time periods specified by the 2006 Act. Other general meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the 2006 Act. Two members present in person or by proxy (or, being a corporation, present by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings or a meeting at which it is proposed to pass a resolution requiring special notice are called on at least 21 days' notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are to be called on 14 days' notice in writing, exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote agree and a general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company may specify in the notice of meeting a time by which a person must be entered into the register in order to have the right to attend or vote at the meeting. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote or a person nominated pursuant to the Company's articles is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her and that a proxy need not be a member.

## 4.10 *Directors*

Save as provided in the Articles or by the terms of any authorisation given by the directors of the Company, a Director shall not vote as Director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or any person connected with him) has any interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and which conflicts or may conflict with the interests of the Company and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

The directors of the Company may authorise a Director to be involved in a situation in which the Director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

A Director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters, namely:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or

(b) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or

(c) the granting of any indemnity or provision of funding pursuant to the Company's articles of association unless the terms of such arrangement confer upon such Director a benefit not generally available to any other Director; or

(d) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or

(e) an arrangement with any other company in which he or any person connected with him has a direct or indirect interest (whether as an officer or shareholder or otherwise), provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances); or

(f) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or

(g) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

Fees may be paid out of the funds of the Company to Directors who are not executive Directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £300,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any Director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A Director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established, if the Director has disclosed his interest in accordance with the 2006 Act.

Save as provided by the Articles or by the terms of authorisation given by the Directors, a Director shall not vote as a Director or be counted in the quorum in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has any interest which conflicts or may conflict with the interests of the Company. If he does vote, his vote shall not be counted.

The remuneration and other terms and conditions of appointment of a Director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

Any statutory provision which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a Director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any Director over a specified age shall not apply to the Company.

## 5. Notification of major holdings of Ordinary Shares

Whilst disclosure of shareholdings is not a requirement of the Articles, Rule 17 of the AIM Rules for Companies makes provision regarding notification of certain shareholdings and holdings of financial instruments.

Where a person holds 3 per cent. or more of the voting rights in any class of AIM security, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent.

The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.

## 6. Share incentive and share option schemes

The Company has adopted two employee incentive plans, the principal provisions of which are summarised below.

### 6.1 *The OnTheMarket Management Incentive Plan*

**6.1.1** *Status of the MIP*

The MIP was adopted by the Company on 12 September 2017 and awards have been granted under the MIP ("MIP Awards") to four members of key management ("MIP Participants") as set out in paragraphs 3.10 and 7.4 of Part 6 of this Document. No further awards will be made under the MIP.

MIP Awards take the form of an option to acquire Ordinary Shares for nil consideration.

It is intended that (to the extent possible) the MIP Awards satisfy the requirements of Schedule 5 of ITEPA (Enterprise Management Incentives) as amended and re-enacted from time to time ("Schedule 5") and that the UK tax benefits potentially available under Schedule 5 will apply to a proportion of the Ordinary Shares which are subject to the MIP Awards (to the maximum extent possible).

**6.1.2** *Exercise and lapse of MIP Awards*

Other than as set out below, MIP Awards will be capable of exercise at any time after grant. However, following Admission, any Ordinary Shares which are acquired upon exercise of a MIP Award may not be sold or transferred other than:

(a) as to 10 per cent. of the aggregate Ordinary Shares which are subject to the MIP Award, on or following the first anniversary of Admission;

(b) as to 10 per cent. of the aggregate Ordinary Shares which are subject to the MIP Award, on or following the second anniversary of Admission; and

(c) as to 80 per cent. of the aggregate Ordinary Shares which are subject to the MIP Award, on or following the fifth anniversary of Admission.

These restrictions are referred to herein as the Lock-in period.

Following Admission, the Remuneration Committee will have discretion to require that any Ordinary Shares which are acquired on exercise of the MIP Awards are held in such nominee arrangement as it may consider appropriate until the end of the applicable Lock-in period.

The Lock-in period will end upon the occurrence of a corporate event, or in limited circumstances, following cessation of employment (as set out below).

MIP Awards may not be exercised during any period when exercise would be in breach of any share dealing code adopted by the Company or in breach of any regulations governing dealing in the Ordinary Shares.

A MIP Award cannot be exercised more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

**6.1.3** *Exercise and lapse of MIP Awards – US Taxpayer*

Any MIP Award granted to a person who is subject to tax in the United States of America ("US MIP Award") will not be capable of exercise until it has vested and will automatically be exercised on vesting. A US MIP Award will vest:

(a) as to 10 per cent. of the aggregate Ordinary Shares which are subject to the MIP Award, on the first anniversary of Admission;

(b) as to 10 per cent. of the aggregate Ordinary Shares which are subject to the MIP Award, on the second anniversary of Admission; and

(c) as to 80 per cent. of the aggregate Ordinary Shares which are subject to the MIP Award, on the fifth anniversary of Admission,

or if on such date the Company is prohibited from issuing Ordinary Shares on exercise of the MIP Award, the first day on which such prohibition has ended.

A US MIP Award is not subject to any additional lock-in.

A US MIP Award will immediately vest and be automatically exercised upon the occurrence of a corporate event, such as a takeover of the Company (but not including Admission).

**6.1.4** *Cessation of employment*

A MIP Award will subsist on the same terms following the MIP Award holder's cessation of employment, save as set out below.

To the extent that the exercise of such MIP Award qualifies for beneficial tax treatment under Schedule 5, and the MIP Award is exercised within the time limits set by Schedule 5 in order to preserve such beneficial tax treatment for the MIP Award holder and the Company, the Lock-in will not apply to such number of Ordinary Shares as are acquired on exercise of the MIP Award as have a market value sufficient to pay the income tax and National Insurance contributions that arise on exercise of the MIP Award.

For United States tax reasons, a US MIP Award will be forfeitable if the US MIP Award holder ceases employment prior to Admission.

If a MIP Award holder dies, his MIP Award (other than a US MIP Award) will, to the extent it qualifies for beneficial tax treatment under Schedule 5, lapse 12 months after death. Any US MIP Award which qualifies for beneficial tax treatment under Schedule 5 will be deemed to be exercised in full upon death, but any Ordinary Shares that are acquired may not be sold or transferred until the original vesting dates, save to the extent sufficient to pay the income tax and National Insurance contributions (or US equivalent) that arise on exercise of the US MIP Award.

**6.1.5** *Takeovers and other corporate transactions*

In the event of a corporate event such as a takeover, scheme of arrangement under Part 26 of the Companies Act 2006 being sanctioned by the court or the voluntary winding-up of the Company (but not Admission), MIP Awards (other than as set out in paragraph 6.1.3 above) may be exercised for a six month period following such event or immediately prior to such event.

The Lock-in will not apply to any Ordinary Shares acquired on exercise of the MIP Awards following or immediately prior to such corporate event.

**6.1.6** *Other MIP Award terms*

MIP Awards will be satisfied by the issue of new Ordinary Shares, the transfer of Ordinary Shares out of treasury or the transfer of Ordinary Shares from an employee benefit trust established by the Company. The trustee of such employee benefit trust may satisfy MIP Awards using new Ordinary Shares for which it will subscribe, or Ordinary Shares to be purchased in the market.

MIP Awards are not capable of transfer or assignment.

Until MIP Awards are exercised, MIP Award holders have no voting, dividend or other rights in relation to the Ordinary Shares which are subject to those MIP Awards. Ordinary Shares allotted pursuant to the exercise of a MIP Award will rank *pari passu* in all respects with the Ordinary Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of allotment. Ordinary Shares transferred on the exercise of a MIP Award shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as the Ordinary Shares are listed on AIM, the Company will use its best endeavours to procure that the Ordinary Shares issued following exercise of any MIP Awards are admitted to AIM as soon as practicable after allotment.

Benefits obtained under the MIP are not pensionable.

**6.1.7** *Adjustment of MIP Awards*

The number of Ordinary Shares which are subject to a MIP Award and their nominal value may, following Admission, be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares on the exercise of an option given to the shareholders of the Company to receive Ordinary Shares in place of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

**6.1.8** *Administration and amendment*

The MIP will, following Admission, be administered by the Remuneration Committee. The Remuneration Committee may, following Admission, amend the provisions of the MIP without requiring approval of the shareholders of the Company.

No amendment may be made to subsisting MIP Awards which will have an adverse effect on such MIP Awards except with the written consent of the MIP Award holders who hold MIP Awards over at least 75 per cent. of the total number of Ordinary Shares subject to all such affected subsisting MIP Awards, unless the amendment is a minor amendment to benefit the administration of the MIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any MIP Award holder, the Company or any subsidiary undertaking of the Company from time to time.

**6.1.9** *Termination*

The MIP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption. Termination will not affect any outstanding rights of existing MIP Award holders.

**6.2 *The OnTheMarket EMI Option Plan 2017***

**6.2.1** *Status of the EMI Plan*

The EMI Plan was adopted by the Company on 12 September 2017 and awards have been granted to Executive Directors and other employees as set out in paragraphs 3.10 and 7.4 of Part 6 of this Document.

Awards under the EMI Plan ("EMI Awards") take the form of an option to acquire Ordinary Shares for nil consideration or with an exercise price (as determined by the Board or, following Admission, the Remuneration Committee (the "Administrator")).

It is intended that (to the extent possible) EMI Awards will satisfy the requirements of Schedule 5 of ITEPA (Enterprise Management Incentives) as amended and re-enacted from time to time ("Schedule 5") and that the tax benefits potentially available under Schedule 5 will apply to the Ordinary Shares which are subject to the EMI Awards (to the maximum extent possible).

**6.2.2** *Eligibility*

Any employees or executive directors of the Company or any subsidiary of the Company may be granted EMI Awards.

**6.2.3** *Grant*

The Administrator will have absolute discretion to select employees to whom EMI Awards may be granted and, subject to the limits set out below, in determining the number of Ordinary Shares which are to be subject to an EMI Award.

Prior to Admission, EMI Awards may be granted at any time determined by the Board. Following Admission, EMI Awards may be granted during the period of 42 days commencing on: (a) adoption of the EMI Plan; (b) the date of Admission; (c) the Dealing Day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year, provided that if the Ordinary Shares are admitted to AIM at the time in question, no EMI Awards may be granted during the first three Dealing Days following the date of any such announcement; or (d) any other time determined by the Remuneration Committee where, in its discretion, circumstances are considered to be so exceptional as to justify the grant of EMI Awards. If the grant of an EMI Award on any day would be prohibited by virtue of any share dealing code adopted by the Company or any regulations governing dealing in the Ordinary Shares, then such EMI Award may be granted during the period of 40 days commencing immediately after the second Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an EMI Award.

**6.2.4** *Plan limit*

No EMI Award may be granted if, as a result, the aggregate nominal value of Ordinary Shares issued or issuable due to awards granted during the previous 10 years under the EMI Plan or any other employees' share scheme adopted by the Company would exceed ten per cent. of the nominal value of the share capital of the Company in issue on that date.

For the purposes of the limit set out above:

- any Ordinary Shares which were subject to an option or other right (whether granted under the EMI Plan or any other employees' share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limit set out above;
- any Ordinary Shares which are subject to a MIP Award will not count towards the limit set out above;
- any Ordinary Shares which are subject to an EMI Award granted prior to Admission will not count towards the limit set out above;

- Ordinary Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the relevant Award holder or any employee benefit trust established by the Company for the purposes of the EMI Plan, MIP or any other employees' share scheme operated by the Company; and
- Ordinary Shares held in treasury which are used to satisfy awards or other rights (whether under the EMI Plan, MIP or any other employees' share scheme adopted by the Company) shall be taken into account.

**6.2.5** *Individual limits*

There are no limits on EMI Awards that can be made to an individual prior to Admission. Following Admission, each individual's participation will be limited so that, in any one financial year of the Company, the aggregate market value of Ordinary Shares subject to all EMI Awards (calculated as at the date of grant of each EMI Award) granted to the individual in that financial year will not exceed 100 per cent. of the individual's basic salary at the date of grant. An EMI Award may be granted in excess of this limit, but only in circumstances which the Administrator in its absolute discretion considers to be sufficiently exceptional to justify the grant of an EMI Award in excess of such limit and any such EMI Award will not, in any circumstances, exceed 200 per cent. of the individual's basic salary at the date of grant.

**6.2.6** *Performance condition and vesting date*

The exercise of an EMI Award may (but need not) be made conditional upon the achievement of a performance condition set at the time of grant ("Performance Condition") and measured over a performance period determined by the Administrator at the time of grant, but which will not, in the case of Executive Directors, normally be less than three years ("Performance Period").

EMI Awards will be capable of exercise following a date ("Normal Vesting Date") specified at the time of grant which occurs after the expiry of the relevant Performance Period. It is intended that the Normal Vesting Date for an EMI Award granted to an Executive Director will not normally occur before the third anniversary of the date of grant. The Administrator may also determine that an EMI Award will be subject to a holding period after the Normal Vesting Date ("Holding Period"). In the case of Executive Directors, the Holding Period will not normally be less than two years.

If events occur which cause the Administrator reasonably to consider that a Performance Condition should be waived or that a different or amended condition would be a fairer measure of performance, the Administrator may waive the Performance Condition or amend the original Performance Condition in such manner as it deems fit, provided that any such amended condition is not materially more challenging to meet or achieve than the original Performance Condition.

In circumstances where an EMI Award holder is permitted to exercise an EMI Award before the end of the relevant Performance Period (as a result of cessation of employment in certain circumstances or the occurrence of certain corporate events such as a change of control of the Company), the Administrator may, in its discretion, determine that the extent to which the relevant Performance Condition applying to his EMI Award has been met may be measured by reference to the proportion of the Performance Period that has elapsed at the time of relevant event. The Administrator may make such modifications to the relevant Performance Condition as it thinks fit when applying its discretion in these circumstances, provided that the modified Performance Condition is not materially more difficult to meet or achieve than the original Performance Condition, taking into account the abbreviated period.

**6.2.7** *Dividends*

Until an EMI Award has been exercised and the Ordinary Shares which are subject to the EMI Award have been issued or transferred to the EMI Award holder, the EMI Award holder shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date of such issue or transfer.

The Administrator can, however, determine that dividend equivalents will be awarded. If dividend equivalents are awarded, whenever a dividend or other distribution is paid by the Company in respect of its Ordinary Shares during the period between the grant of an EMI Award and the first day on which the EMI Award is capable of being exercised, the number of Ordinary Shares which are subject to the EMI Award shall be increased to reflect the value of the dividend (although such additional Ordinary Shares shall not qualify for beneficial tax treatment under Schedule 5).

The number of Ordinary Shares to be added to the EMI Award ("Dividend Equivalent Shares") shall be equal to the number of Ordinary Shares that could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each Ordinary Share multiplied by the number of Ordinary Shares under the EMI Award.

To the extent that an EMI Award does not vest and become exercisable in relation to any Ordinary Shares, the EMI Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to an EMI Award shall be taken into account for the purposes of applying the EMI Plan limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

The Administrator may in its absolute discretion determine that an EMI Award holder shall, instead of receiving Dividend Equivalent Shares on exercise of the EMI Award, receive a cash payment equivalent in value to the Dividend Equivalent Shares.

**6.2.8** *Exercise and lapse of EMI Awards*

Normally, an EMI Award may only be exercised (in whole or in part) in the period commencing on the Normal Vesting Date (or, if relevant, the end of the Holding Period) and ending on the tenth anniversary of the date of grant, to the extent that the Performance Condition (if any) has been satisfied. The Administrator may determine, in its discretion, to apply a shorter exercise period at the date of grant of the EMI Award.

EMI Awards may not be exercised during any period when exercise would be in breach of any share dealing code adopted by the Company or in breach of any regulations governing dealing in the Ordinary Shares.

An EMI Award cannot be exercised more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

EMI Awards granted prior to Admission lapse on 31 March 2018 if Admission has not taken place by then.

**6.2.9** *Cessation of employment*

EMI Awards granted prior to Admission will lapse if the EMI Award holder ceases employment before Admission for any reason.

In the event of cessation of employment by reason of an EMI Award holder's death, the Administrator may, in its absolute discretion, permit his personal representatives to exercise his EMI Awards within the twelve month period immediately following his death (subject to pro-rating as described below).

If an EMI Award holder ceases to be employed within the Group prior to the Normal Vesting Date in respect of an EMI Award by reason of:

- injury, ill-health or disability (evidenced to the satisfaction of the Administrator);
- redundancy; or
- the sale or transfer out of the Group of the company or undertaking employing him,

("Good Leaver"), normally his EMI Awards may be retained and exercised within six months following the Normal Vesting Date. The Administrator may, however, in its absolute discretion permit a Good Leaver to exercise his EMI Awards during the six month period following the date the Good Leaver ceases to be an employee (subject to pro-rating as described below).

If a participant ceases employment within the Group as a Good Leaver during a Holding Period, he will be able to exercise his EMI Awards during the six month period following the date he ceases to be an employee. An EMI Award exercised during such period will not be subject to pro-rating unless the Administrator determines otherwise.

Where an EMI Award holder ceases to be employed within the Group for any other reason or gives or is given notice in respect of his employment, his EMI Awards will immediately lapse in full, unless the Administrator determines within three months of cessation of employment to treat him as a Good Leaver, in which case the Administrator can determine when and the extent to which the EMI Award can be exercised.

The maximum number of Ordinary Shares over which an EMI Award held by a participant who dies or ceases employment as a Good Leaver prior to the Normal Vesting Date is capable of exercise will be pro-rated down. This pro-rating will be made on a time apportioned basis by reference to the time that has elapsed from the grant of such EMI Award up to the cessation of employment as a proportion of the total period from the date of grant to the Normal Vesting Date. The Administrator may, however, exercise discretion not to pro-rate an EMI Award or to pro-rate on a different basis.

In any circumstance which allows for the early exercise of an EMI Award prior to the Normal Vesting Date, the EMI Award may not be exercised unless (subject to any modification of the Performance Condition in accordance with the rules of the EMI Plan) the Performance Condition, if any, to which it is subject has been satisfied unless the Administrator determines, in its discretion, not to apply the Performance Condition.

**6.2.10** *Takeovers and other corporate transactions*

Exercise of EMI Awards is possible earlier than the Normal Vesting Date or the end of a Holding Period (if applicable) in the event of a takeover, a scheme of arrangement under Part 26 of the 2006 Act being sanctioned by the court or the voluntary winding-up of the Company. Following a corporate event, EMI Awards may be exercised for a six month period following such event or immediately prior to such event.

The maximum number of Ordinary Shares over which an EMI Award held by an EMI Award holder in the case of a corporate event prior to the Normal Vesting Date is capable of exercise will be pro-rated down. This pro-rating will be made on a time apportioned basis by reference to the time that has elapsed from the grant of such EMI Award up to the date of the relevant corporate event as a proportion of the total period from the date of grant to the Normal Vesting Date. The Administrator may, however, exercise discretion not to pro-rate an EMI Award or to pro-rate on a different basis. Pro-rating will not apply to any EMI Award granted prior to Admission. Pro-rating will not apply to an EMI Award exercised during a Holding Period in connection with a corporate event, unless the Administrator determines otherwise.

In any circumstance which allows for the early exercise of an EMI Award prior to the Normal Vesting Date, the EMI Award may not be exercised unless (subject to any modification of the Performance Condition in accordance with the rules of the EMI Plan) the Performance Condition, if any, to which it is subject has been satisfied unless the Administrator determines, in its discretion, not to apply the Performance Condition.

**6.2.11** *Clawback*

The Administrator will have discretion to operate clawback in respect of an EMI Award if at any time prior to the later of the second anniversary of the Normal Vesting Date (or, if relevant, the end of the Holding Period) of such EMI Award and the publication of the second audited accounts of the Company following the Normal Vesting Date of such EMI Award (or, if relevant, the end of the Holding Period) (or any other periods as the Administrator may determine at the time of grant), the Administrator becomes aware that:

- the EMI Award holder has committed gross misconduct; or
- there has been a material misstatement and/or significant downward revision in the financial results of any Group company for any period; or
- there has been a miscalculation, misapplication or general error in relation to the extent to which an EMI Award has vested; or
- any other circumstances exist that in the sole opinion of the Administrator have (or would have if made public) a sufficiently significant impact on the reputation of any member of the Group or the business in which the EMI Award holder is employed to justify clawback applying.

If the Administrator operates clawback it will have discretion to: (a) reduce the number of Ordinary Shares which are subject to subsisting EMI Awards held by the EMI Award holder; and/or (b) reduce the number of Ordinary Shares or cash amount which may be subject to any other subsisting awards held by such EMI Award holder or may otherwise be payable to such EMI Award holder (whether pursuant to the EMI Plan or any other arrangement); and/or (c) require a repayment or other reimbursement from the EMI Award holder.

**6.2.12** *Other EMI Award terms*

EMI Awards will be satisfied by the issue of new Ordinary Shares, the transfer of Ordinary Shares out of treasury or the transfer of Ordinary Shares from an employee benefit trust established by the Company. The trustee of such employee benefit trust may satisfy EMI Awards using new Ordinary Shares for which it will subscribe, or Ordinary Shares to be purchased in the market.

Ordinary Shares must be issued or transferred to an EMI Award holder within 30 days after exercise of such EMI Award.

The Administrator has discretion to satisfy an EMI Award by a cash payment equivalent in value to the value of the EMI Award at the time of exercise of such EMI Award.

EMI Awards are not capable of transfer or assignment.

Until EMI Awards are exercised, EMI Award holders have no voting, dividend or other rights in relation to the Ordinary Shares which are subject to those EMI Awards. Ordinary Shares allotted pursuant to the exercise of an EMI Award will rank *pari passu* in all respects with the Ordinary Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of allotment. Ordinary Shares transferred on the exercise of an EMI Award shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as any Ordinary Shares are listed on AIM, the Company will use its best endeavours to procure that the Ordinary Shares issued following exercise of any EMI Awards are admitted to AIM as soon as practicable after allotment.

Benefits obtained under the EMI Plan are not pensionable.

**6.2.13** *Adjustment of EMI Awards*

The number of Ordinary Shares which are subject to an EMI Award and their nominal value may be adjusted by the Administrator in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares on the exercise of an option given to the shareholders of the Company to receive Ordinary Shares in place of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

**6.2.14** *Administration and amendment*

The EMI Plan is administered by the Administrator. The Administrator may amend the provisions of the EMI Plan without requiring approval of the shareholders of the Company.

The Board may amend the EMI Plan in such a way as it considers appropriate to facilitate the granting of EMI Awards to individuals not resident in the UK.

**6.2.15** *Termination*

The EMI Plan may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further EMI Awards can be granted after such termination. Termination will not affect any outstanding rights of existing EMI Award holders.

**6.3** ***The OnTheMarket Employee Benefit Trust ("EBT")***

The EBT was settled by the Company pursuant to a trust deed entered into between the Company and Intertrust Employee Benefit Trustee Limited ("Trustee") on 13 September 2017. The Company has the power to remove the Trustee and appoint a new trustee.

The EBT is a discretionary settlement set up for the benefit of executive directors, employees and former executive directors and employees (and their immediate dependants) of the Company and its subsidiaries, excluding any individuals who are resident in Jersey for tax purposes. The Company intends to use the EBT to satisfy awards made under the Company's employee share plans.

The Trustee may either purchase existing Ordinary Shares in the market or subscribe for new Ordinary Shares. The Company may from time to time contribute or lend funds to the EBT on such terms as it may decide.

**6.4** ***Performance Share Plan and Company Share Option Plan***

It is anticipated that following Admission, a Performance Share Plan ("PSP") will be adopted by the Company. The PSP will allow the grant of nil-cost options over Ordinary Shares on such terms as the Remuneration Committee shall consider appropriate following Admission. The PSP is intended to align Executive Directors' and senior management's interests with those of Shareholders and will reward delivery of the Company's strategy and growth in shareholder value over a multi-year period. PSP awards will be subject to malus and clawback provisions.

It is also anticipated that a Company Share Option Plan ("CSOP") will be adopted by the Company. The CSOP will allow the grant of options with an exercise price that is not less than the market value of the Ordinary Shares at the date of grant. It is intended that such options will qualify for beneficial tax treatment under Schedule 4 of ITEPA. It is proposed that the CSOP will be used to grant options to employees to incentivise them to continue to grow the Company's business.

The PSP and the CSOP will be limited to options over Ordinary Shares that represent in aggregate up to 10 per cent. of the issued share capital of the Company from time to time.

## 7. Directors' interests

**7.1** The names of the Directors, their functions within the Group and brief biographies are set out under "Directors and Senior Management" on pages 31 and 32 of this Document.

**7.2** Each of the Directors can be contacted at the Company's registered office address at PO Box 450, 155-157 High Street, Aldershot, GU11 9FZ.

**7.3** As at 24 January 2018, being the latest practicable date prior to the date of this Document, no Director (or persons connected with them) had any interest (beneficial or otherwise) in the share capital of the Company, save as set out here or in paragraph 7.4, below.

| | *As at the date of this document* | | *On Admission* | |
|---|---|---|---|---|
| | *Number of Existing Ordinary Shares* | *Percentage of Existing Ordinary Shares* | *Number of Ordinary Shares* | *Percentage of Enlarged Ordinary Share Capital* |
| I Springett | – | – | 96,969 | 0.2 |
| H Whiteley | – | – | 90,909 | 0.2 |
| C Beattie | – | – | 30,303 | 0.1 |
| C Bell | – | – | 30,303 | 0.1 |
| I Francis | – | – | – | – |

**7.4** The Directors are interested in unissued Ordinary Shares under share options held by them pursuant to the MIP and EMI Plan, all of which were granted for nil consideration, as follows:

| | *Exercise Price* | *Ordinary Shares* | *Latest exercise date/ Exercise period* |
|---|---|---|---|
| I Springett | Nil | 3,466,367 | From the Date of Grant to the day before the tenth anniversary of the Date of Grant |
| H Whiteley | Nil | 1,733,184 | From the Date of Grant to the day before the tenth anniversary of the Date of Grant |
| C Beattie | Nil | 151,515 | From the third anniversary of the Date of Grant to the day before the tenth anniversary of the Date of Grant |

**7.5** Save as disclosed above, no Director has any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of section 252 of the 2006 Act) have any such interests, whether beneficial or non-beneficial.

## 8. Additional Information on the Directors

**8.1** The Directors hold or have held the following directorships and/or been a partner in companies and partnerships (other than the Group) incorporated in the United Kingdom and overseas (as the case may be) within the five years prior to the latest practical date prior to the publication of this Document:

| *Name* | *Current Directorships/ Partnerships* | *Past Directorships/ Partnerships* |
|---|---|---|
| Clive Beattie | Hampshire Film LLP | Croft Associates Limited |
| Ian Springett | Card Fame Limited | |
| Helen Whiteley | Whiteleys Financial Services LLP | The Pearl Element Limited, HW Marketing and Consultancy Limited |

| Name | Current Directorships/ Partnerships | Past Directorships/ Partnerships |
|---|---|---|
| Christopher Bell | The Rank Group Plc, XL Media plc, TechFinancials, Inc, Gaming Realms plc, Star Tea Limited, The Royal Air Force Charitable Trust Enterprises | Betclearer Limited, Business in Sport and Leisure Limited, NRC Trading Limited, Northern Racing College, Spirit Pub Company plc (now Spirit Pub Company Limited), Quintain Estates and Development plc (now Quintain Limited) |
| Ian Francis | | Umeme Limited, Paysafe Group plc, Prepaid Services Company Limited |

**8.2** The Directors have held the following directorships in companies that have been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company:

| *Name* | *Company* | *Details* | *Approx Shortfall (£ million)** |
|---|---|---|---|
| Clive Beattie | Thruvision Limited | Dissolved on 16 April 2017 | 8.7 |
| | Thruvision Systems Limited | Dissolved on 20 February 2014 | 4.5 |
| Christopher Bell | Betclearer Limited | Dissolved on 25 May 2016 | 2.1 |

* Based on publicly available information available at Companies House

In addition, Christopher Bell was a director of The Game Group PLC until 24 March 2012. An administrator was appointed on 3 April 2012 and the company was dissolved on 1 January 2016. As part of the liquidation, claims from secured creditors and preferential creditors were paid in full. Unsecured creditors claimed a total of £29 million and received £36,437 representing 0.1272p per pound claimed.

**8.3** Save as disclosed above, no Director:

**8.3.1** has any unspent convictions in relation to indictable offences; or

**8.3.2** has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or

**8.3.3** has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or

**8.3.4** has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset: or

**8.3.5** has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or

**8.3.6** has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

**8.4** So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

**8.5** So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.

**8.6** There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director.

**8.7** No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.

**8.8** In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

**9. Substantial Shareholders**

**9.1** As at the latest practicable date prior to the publication of this Document, save as disclosed below, the Company is not aware of any person who is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

| | *Before Admission* | | *Following Admission* | |
|---|---|---|---|---|
| | *Number of Existing Ordinary Shares* | *Percentage of Existing Ordinary Shares* | *Number of Ordinary Shares* | *Percentage of Enlarged Ordinary Share Capital* |
| Schroder Investment Management | – | – | 3,636,363 | 6.0 |
| Jason Walker | – | – | 1,848,484 | 3.1 |
| Albert E Sharp LLP | – | – | 1,818,181 | 3.0 |

**9.2** None of the Company's major holders of shares listed at paragraph 9.1, above, has voting rights which are different from other holders of Ordinary Shares.

**10. Directors' service contracts**

**10.1** Ian Springett has entered into a service agreement with Agents' Mutual dated 29 April 2013 subject to termination upon not less than 12 months' notice by either party. The agreement provides for an annual salary of £170,000 and participation in an annual bonus plan and long term incentive plan, the details of which are to be determined by the Remuneration Committee following Admission.

**10.2** Helen Whiteley has entered into a service agreement with Agents' Mutual dated 20 September 2016 subject to termination upon not less than 12 months' notice by either party. The agreement provides for an annual salary of £170,000 and participation in an annual bonus plan and long term incentive plan, the details of which are to be determined by the Remuneration Committee following Admission.

**10.3** Clive Beattie has entered into a service agreement with Agents' Mutual dated 15 September 2017 subject to termination upon not less than 6 months' notice by either party. The agreement provides for an annual salary of £170,000 and participation in an annual bonus plan and long term incentive plan, the details of which are to be determined by the Remuneration Committee following Admission.

**10.4** Christopher Bell has entered into a letter of appointment with the Company commencing 5 October 2017 for a period of three years. The letter provides for an annual fee of £100,000.

**10.5** Ian Francis has entered into a letter of appointment with the Company commencing 26 October 2017 for a period of three years. The letter provides for an annual fee of £53,000.

**10.6** There are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

## 11. Corporate Governance

The Board supports the highest standards of corporate governance and bases its arrangements on the QCA Guidelines to the extent appropriate for a company of its size and nature. The following summary shows how, on Admission, the Board intends to apply the main principles set out in the QCA Guidelines.

### 11.1 *Remuneration Committee*

The Remuneration Committee comprises two independent non-executive directors of the Company. The members of the committee are:

- Christopher Bell (Chairman); and
- Ian Francis.

The committee meets at least twice per year and agrees further meetings at its discretion. The chairman of the committee has the power to call a meeting.

The chairman of the committee is appointed by the Board on the recommendation of the Nomination Committee. The quorum for the committee is two and in the absence of the Chairman, the other members present shall choose one of them to chair the meeting. The Company Secretary is the secretary of the committee.

The duties of the committee are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the chairman, executive directors and any employees that the Board delegates to it;
- determine individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits;
- determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised;
- give due regard, in determining individual packages and arrangements, to the comments and recommendations of the QCA Guidelines and the AIM Rules for Companies;
- be told of and be given the chance to advise on any major changes in employee benefit structures in the Company;
- recommend and maintain the level and structure of remuneration for senior management;
- agree the policy for authorising claims for expenses from the Directors;
- be responsible for establishing the selection criteria and then for selecting, appointing and setting the terms of reference for any remuneration consultants providing advice to the committee, at the Company's expense; and
- recommend an annual report for the Board to put to shareholders on executive remuneration compliant with relevant legal and regulatory provisions.

The committee is authorised by the Board to:

- have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance, as required; and
- obtain, at the Company's expense, outside legal or other professional advice where necessary in the course of its activities.

### 11.2 *Audit Committee*

The Group employs rigorous procedures to ensure the continued independence of the external auditor. The Audit Committee reviews each year the arrangements for safeguarding auditor objectivity and independence.

The members of the Audit Committee are:

- Ian Francis (chairman); and
- Christopher Bell.

The Audit Committee reviews the scope, results and cost-effectiveness of the external audit and has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors. The Audit Committee is responsible for satisfying itself on the independence and objectivity of external auditors. The committee reviews the operation of internal controls and will report to the Board on the annual review of the internal control and risk management.

### 11.3 *Nomination Committee*

The Nomination Committee comprises the following members:

- Christopher Bell (chairman);
- Ian Francis; and
- Ian Springett.

A majority of Nomination Committee members are Non-Executive Directors.

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for:

- identifying and nominating candidates to fill Board vacancies;
- evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly;
- reviewing the time requirements of Non-Executive Directors;
- giving full consideration to succession planning; and
- reviewing the leadership of the Group.

### 11.4 *Agent Recruitment Committee*

The Agent Recruitment Committee comprises the following members:

- any two of the Executive Directors; and
- any one of the Non-Executive Directors.

The function of the Agent Recruitment Committee is to provide appropriate oversight of any future issues of Agent Recruitment Shares. Accordingly, any proposed issue of Agent Recruitment Shares to new agents will need to be approved by the Agent Recruitment Committee.

## 12. Employees

As at 30 October 2017, the Group had 57 employees.

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

***Employees by function (full and part time)***

| | *Average monthly number of employees as at 31 January* | | |
|---|---|---|---|
| | *2015* | *2016* | *2017* |
| Senior management | 4 | 4 | 4 |
| Other employees | 26 | 57 | 60 |

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

## 13. Related party transactions

In the ordinary course of business the Group has entered into transactions with Whiteleys Chartered Certified Accountants, a company controlled by Paul Whiteley, husband of Helen Whiteley. Whiteleys Chartered Certified Accountants provides an outsourced finance function to the Group.

## 14. Placing arrangements

In connection with the Placing, the Company, the Directors and Zeus Capital entered into the Placing Agreement on 26 January 2018. The Placing Agreement is conditional on, *inter alia*, Admission occurring on 9 February 2018 or such later date as shall be agreed in writing between the Company and Zeus Capital but in any event, not later than 8.00 a.m. on 1 March 2018.

Pursuant to the Placing Agreement, Zeus Capital has agreed to use its reasonable endeavours to procure subscribers for the 18,181,818 Placing Shares at the Placing Price. The Placing Agreement provides for the Company to pay all expenses of, and incidental to, the Placing and the application for Admission. The Company has also agreed to issue a warrant to Zeus in respect of 1,513,332 Ordinary Shares (representing two and a half per cent. of the issued share capital of the Company immediately following Admission).

The Placing Agreement contains certain customary warranties given by the Company and the Directors in favour of Zeus Capital, including as to the accuracy of information contained in this Document and a customary indemnity from the Company in favour of Zeus Capital which is unlimited in time and amount. The Placing Agreement also contains customary warranties given by the Executive Directors and the Non-Executive Directors in favour of Zeus Capital.

The Directors and the Company have also given certain customary undertakings to Zeus Capital in connection with Admission and certain post-Admission matters and have entered into lock-in arrangements as summarised in paragraph 3 of Part 3 of this document.

Zeus Capital may terminate the Placing Agreement in customary specified circumstances prior to Admission, including where there is a breach or alleged breach of warranty or the occurrence of a specified *force majeure* event at any time prior to Admission.

## 15. Material contracts

In addition to the contract set out at paragraph 14 above in relation to the Placing, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries during the two years preceding the date of this Document and are or may be material:

### 15.1 *Nomad and broker agreement*

The Company and the Directors entered into a Nominated Adviser and Broker Agreement dated 26 January 2018 with Zeus Capital, pursuant to which Zeus Capital agreed to act as the Company's nominated adviser and broker for the purposes of the AIM Rules in connection with Admission and to provide ongoing services as nominated adviser and broker as required under the AIM Rules and the Company and the Directors agree to comply with their obligations under the AIM Rules. The Company will pay Zeus Capital an annual fee in respect of this contract.

### 15.2 *Lock-in agreements*

The Company has entered into separate lock-in agreements with certain Shareholders who have not signed new listing agreements with the Company as set out in Part 3 of this Document.

### 15.3 *Loan note instruments*

As part of the Reorganisation, the Company constituted three new loan note instruments in respect of the OTM Loan Notes. These loan note instruments were each in substantially the same form and each automatically converts into new Ordinary Shares immediately at the Placing Price on Admission with all interest accrued to be paid following Admission. The loan note instruments contain provisions that are typical of loan note instruments of their type and nature.

## 16. Investments

There are no investments being made by the Company or to be made in the future in respect of which firm commitments have been made.

## 17. Property, plant and equipment/environmental issues

The sole premises occupied by the Company are serviced offices at 2-6 Boundary Row, SE1 8HP.

## 18. Working capital

The Directors are of the opinion that, having made due and careful enquiry and taking into account the net proceeds of the Placing, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

## 19. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this Document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group, except as described below:

**19.1** Agents' Mutual has been party to litigation with Gascoigne Halman, an estate agent in the North West of England, in relation to an agreement between the Company and Gascoigne Halman under which Gascoigne Halman agreed to become a member of Agents' Mutual and to list certain of its properties on OnTheMarket.com (the "Agreement"). Under the Agreement, Gascoigne Halman was required (a) to list its directly instructed and available UK residential sales and letting properties on OnTheMarket.com and a maximum of one other competing portal; (b) to list its properties with OnTheMarket.com for a period of five years; and (c) to procure that all members of any group contained in or containing Gascoigne Halman comply with (a) and (b) above. Agents' Mutual brought a claim in the High Court for damages for breach of contract and successfully made an application for interim relief to compel Gascoigne Halman to comply with the Agreement. Gascoigne Halman subsequently filed a defence that the One Other Portal rule (and other clauses) of the Agreement were anticompetitive and that the Agreement was void and unenforceable. By order of 5 July 2016, the competition issues of the case were transferred to the Competition Appeal Tribunal (the "CAT") and the non-competition issues were stayed. On 5 July 2017, judgment was handed down by the CAT in favour of Agents' Mutual on all competition issues and the One Other Portal rule was upheld as lawful and enforceable. Remaining breach of contract claims (including a substantial damages claim by Agents' Mutual against Gascoigne Halman) will be heard in the High Court on a date to be fixed.

**19.2** Gascoigne Halman applied to the CAT for leave to appeal the judgment on the competition issues. Leave to appeal the judgment was refused by the CAT on 6 October 2017. On 26 October 2017, Gascoigne Halman made an application to the Court of Appeal for leave to appeal the CAT's judgment which was served on Agents' Mutual on 27 October 2017. On 20 December 2017, Gascoigne Halman Ltd was granted leave to appeal the judgment of the Competition Appeal Tribunal. A hearing date has not yet been fixed.

**19.3** Agents' Mutual has received correspondence from solicitors acting on behalf of approximately 40 agents regarding various allegations relating to the listing agreements. The claims have not been pursued with any diligence and the last correspondence was dated 10 August 2017. As at the latest practicable date prior to the publication of this Document, no further correspondence has been received.

## 20. General

**20.1** Save as disclosed in "Current Trading and Prospects" on page 31 of this Document, there has been no significant change in the financial or trading position of the Group since 31 July 2017, the date to which the last unaudited interim results of the Company were prepared.

**20.2** RSM Corporate Finance LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion in this Document of its report and references thereto and to its name in the form and context in which it appears.

**20.3** Zeus Capital, as nominated adviser and broker, has given and has not withdrawn its written consent to the inclusion in this Document of its name in the form and context in which it appears.

**20.4** The expenses of and incidental to the Placing, are estimated to amount to approximately £3 million (excluding VAT), which will be payable by the Company.

**20.5** There are no arrangements under which future dividends are waived or agreed to be waived.

**20.6** The annual accounts of Agents' Mutual have been audited in accordance with applicable law and International Standards on Auditing (UK and Ireland) for the years ended 31 January 2015, 2016 and 2017 by RSM UK Audit LLP, Chartered Accountants, of 3rd Floor, One London Square, Cross Lanes, Guildford GU1 1UN.

**20.7** The financial information set out in this Document does not constitute statutory accounts within the meaning of section 434 of the 2006 Act. Statutory accounts in respect of Agents' Mutual have been delivered to the registrar of companies for the periods ended 31 January 2015, 2016 and 2017. Auditors' reports in respect of each statutory accounts have been made under section 495 of the 2006 Act and each such report was an unqualified report and did not contain any statement under section 498(2) or (3) of the 2006 Act.

**20.8** The Company's registrar and paying agent for the payment of dividends is Link Market Services Limited, 34 Beckenham Road, Beckenham BR3 4TU.

**20.9** Except for fees payable to the professional advisers whose names are set out on page 8 of this Document and payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

Dated: 26 January 2018

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