INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018
30 JULY 2018

Foxtons Group plc, London's leading estate agent, today announces its financial results for the half year ended 30 June 2018.

Half year ended 30 June	**2018**	2017
Group revenue	**£53.0m**	£58.5m
Group Adjusted EBITDA[1]	**£0.1m**	£7.1m
(Loss)/Profit before tax	**(£2.5m)**	£3.8m
Net cash (outflow)/ inflow from operating activities	**(£4.5m)**	£3.8m
Net free cash (outflow)/inflow[2]	**(£6.0m)**	£2.1m
Basic (loss)/earnings per share	**(1.1p)**	1.2p
Interim dividend per share – ordinary	**Nil**	0.43p

Financial summary:

- Group revenue declined by 9% as a resilient lettings performance was offset by ongoing weakness in the London sales market.
- Adjusted EBITDA £0.1m (2017: £7.1m). Loss before tax £2.5m (2017: Profit before tax £3.8m).
- Decline in profitability was driven by lower revenue in the sales business and additional planned investments in people, brand and technology.
- The lettings business continues to demonstrate resilience, with revenue of £31.7m down 1% versus prior year and with improving Q2 performance.
- Sales revenue was £17.2m, down 23%, reflecting continued market weakness due to lower sales transactions.
- Alexander Hall mortgage revenue £4.1m, down 3%. A solid performance driven by re-mortgages.
- Strong balance sheet maintained with no debt and cash balance of £11.8m at 30 June 2018.
- There will be no interim dividend in this financial period in line with our policy.

Operational highlights:

- Strong single brand, clear proposition and exceptional service continues to drive listings. Maintained No 1 market listings position in both sales and lettings.
- Ongoing improvements to My Foxtons including tenants' issue tracker and app have been well received.
- Focus on efficiency with marketing spend refocused towards digital channels, reducing cost of acquisition.

Commenting on the results, Nic Budden, CEO, said:

"As expected the weak sales market impacted our performance in the first half of 2018. After a slow start to the year, performance in our lettings business improved throughout the period delivering another consistent result for the first six months.

The property sales market in London is undergoing a sustained period of very low activity levels with longer and less visible transaction outcomes, which clearly impacts our business. We continue, however, to achieve market leading share of listings giving us confidence that our service led, results based model remains highly relevant to consumers. Going forward we will continue to invest in our proposition to enable us to maintain our differentiation in the minds of buyers, sellers, landlords and tenants.

Looking ahead, availability of mortgage finance, absorption of stamp duty costs, and the return of confidence to the market will, amongst other factors, determine the timing and rate of increased activity levels.

London though remains an important global city. Our franchise is well known and we remain debt free. Our ability continuously to improve quality, adapt our business models to underlying shifts - such as the expansion of digital capability and institutional investment in the private rented sector - and keep a tight focus on operating costs puts us in a strong position to benefit both from the momentum in our lettings business and to capitalise on increased sales activity as it returns. We remain confident of our long term prospects."

For further information, please contact:

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The Company will host a conference call today at 10am for analysts and investors - dial in details: UK - +44 (0)330 336 9411, US - +1 323 994 2093, Confirmation code: 3508627. There will also be a replay of the call: UK - +44 (0)207 660 0134. US: +1 719 457 0820 or +1 888-203-1112.

1 Adjusted EBITDA is defined by the Group as profit before tax, depreciation, amortisation, finance costs, finance income, other gains, Adjusted items, profit on disposal of assets, and share based payments.

2 Net free cash flow is defined as net cash from operating activities less net cash used in investing activities.

3. A number of alternative performance measures are used by the Board as they provide additional understanding of the underlying operations of the Group. See Financial Review.

Performance at a Glance

Six months ended 30 June	H1 2018	H1 2017	
Income statement			
Revenue	£53.0m	£58.5m	(9%)
Adjusted EBITDA	£0.1m	£7.1m	(99%)
Adjusted EBITDA margin	0.1%	12.2%	
(Loss)/Profit before tax	(£2.5m)	£3.8m	(166%)
Earnings per share			
Basic and fully diluted (loss)/earnings per share	(1.1p)	1.2p	
Dividends			
Interim proposed	-	0.43p	
Special	-	-	
Total Dividend for the period	**-**	**0.43p**	
Cash flow			
Operating cash conversion[1]	-	45.1%	
Net free cash (outflow)/inflow	(£6.0m)	£2.1m	
Net free cash flow as a percentage of Adjusted EBITDA	-	29.5%	
Period end cash balance	£11.8m	£10.6m	
KPIs			
Sales revenue	£17.2m	£22.2m	
Sales units	1,188	1,544	
Revenue per sales unit	£14,450	£14,412	
Lettings revenue	£31.7m	£32.1m	
Lettings units	9,430	9,435	
Average revenue per lettings unit	£3,365	£3,399	
Mortgage broking revenue	£4.1m	£4.2m	
Units	2,120	1,992	
Average revenue per broking unit	£1,929	£2,119	

Definitions:

[1]Operating cash conversion is computed as Adjusted operating cash flow/Adjusted EBITDA. Adjusted operating cash flow is defined as the summation of Adjusted EBITDA, change in working capital and net capital spend.

CHIEF EXECUTIVE'S REVIEW

Summary

Business performance in the first half of 2018 was impacted by a further deterioration in the London sales market since the same period last year. First half Group revenue was £53.0 million (2017: £58.5 million) of which sales revenue was £17.2 million (2017: £22.2 million), lettings revenue was £31.7 million (2017: £32.1 million) and mortgage broking revenue was £4.1 million (2017: £4.2 million).

Sales revenue fell 23%, due to lower levels of sales transactions in the period. Average revenue per unit increased marginally to £14,450 (2017: £14,412). Sales revenue was down 27% in Q1 versus prior year, and by 19% in the second quarter versus prior year. In addition, the under-offer pipeline has improved substantially compared to the beginning of the year, resulting in a closing level broadly in line with the prior year. The lettings market continues to be extremely competitive but is a stable and reliable business for the Group and now represents 60% of our revenues. Lettings revenue was down 1% on the prior year, driven by 2% lower year on year rents in Q1, a trend which had flattened by the end of Q2. Alexander Hall, our mortgage broker, was down 3% with a 6% increase in deal volumes offset by a greater proportion of lower margin re-mortgage business. This was a solid performance given the sales market backdrop.

Group Adjusted EBITDA reduced to £0.1 million (2017: £7.1 million) driven principally by lower revenue in the sales business and our planned investments in brand, people and technology. These targeted investments impact profitability in the short term but are designed to enhance our differentiated model. We continue to review our cost base to reflect market conditions.

The Group has a strong balance sheet with a cash balance of £11.8m at the period end (2017: £10.6m).

Property sales market

The London sales market remains very subdued with transaction levels now well below historic averages. This is due to a number of factors including higher stamp duty affecting buyers of more expensive properties; second home owners and buy to let investors; plus ongoing affordability concerns which are particularly acute in London.

Our listings share remains at consistent levels and we are confident that our unique proposition is even more relevant in today's challenging markets.

In the medium term we believe transaction levels will improve because London has strong fundamentals as a global hub, a growing population and structural demand driven by limited housing stock. We will continue to manage the business such that we are ready to benefit from any change in market conditions.

Lettings market

Lettings continues to deliver a consistent and stable revenue stream for the Group. It's a market with good long-term fundamentals, particularly in London where more than one million households now rent. In the near term we believe we have a good opportunity to do more with existing landlords and have introduced enhanced dedicated account management to help target this group. In addition, we continue to upgrade My Foxtons with the latest version, launched in Q2, incorporating the tenants' issue tracker and app which enables tenants to log their property issues effectively and efficiently, and provides landlords with more visibility.

During the period the portfolio remained broadly flat at the same level as at the beginning of the year and the proportion of actively managed properties in the portfolio increased in the period, to 34% (2017: 32%).

Whilst demand for rental properties remains high, the first half of the year saw broadly flat average rental prices representing a stabilisation versus the prior year as the supply of rental properties has returned to more normal levels.

As the lettings market grows, landlords are faced with increased regulatory risk and want an agent that can navigate this complexity, maximise the value of their property and secure high quality tenants. Foxtons reach, covering all of London and professional offering positions us well, over the longer term, to benefit from these trends. We anticipate the implementation of the Tenant Fees Bill in 2019. Though at this stage it is unclear exactly what the legislation will look like, we are exploring ways to mitigate the impact.

Investing for future growth

As per the plans we laid out earlier in the year we are shifting investment away from branch roll out into other areas of our business including our brand. Foxtons is the most recognised estate agent in London but we feel our proposition – of excellent service which delivers results – is both highly relevant in today's market and not as well understood as it could be. To address this we will, in the coming months, embark on a series of brand building initiatives to reinforce our proposition amongst potential customers, buyers and tenants.

Maintaining our leadership in technology is vital as it will play an increasingly important role in enabling us to deliver exceptional service to our customers. As part of our strategy to identify future growth areas within residential real estate, Foxtons regularly considers partnerships with companies that potentially offer diversified income streams, complementary technology, and access to new customer segments. In the first half of this year, we made a £1m investment in Propoly, a young company providing business to business white label digital estate agency software services, currently focused on lettings. This investment gives us access to nascent technology, which we may potentially leverage in the future.

Outlook

Looking ahead the outlook is mixed. Whilst our sales pipeline has recovered to a similar level to the same time last year, the sales market remains very subdued with less visibility on exchanges proceeding. There is momentum in the lettings business and we go into the peak summer period with an enhanced offering and better resourced than last year and so consequently are confident that we can capitalise on demand.

We continue to review our cost base to reflect market conditions. In the longer term we remain well placed with a strong balance sheet and leading market position in London, one of the world's most desirable cities and dynamic property markets.

Nic Budden
Chief Executive Officer

Financial review

Overview

The sales market remains very subdued, whilst the lettings market continues to provide a consistent revenue stream despite intense competition. Total revenue fell by 9% during the period and whilst our cost base remains under constant review, we made a number of planned investments in key areas during the period. These included increased targeted spend in marketing and branding; a new negotiator pay scheme to improve the incentivisation and retention of our best people; and specific investments to enhance our Lettings customer service offering. Each of these investments will enhance the long term prospects of the business, however the net impact was to increase our cost base in the short term. Administrative expenses in the period were £1.0m higher than prior year with £2.0m of new investments and £1.0m of general cost inflation, being partially offset by £1.0m underlying cost savings, £0.5m lower commissions and £0.5m lower depreciation. Taken together with the lower sales revenue achieved in the period, this led to a £7.0m fall in EBITDA. The Group remains profitable at the EBITDA level and remains debt-free with £11.8million cash as at 30 June 2018 (31 December 2017: £18.6 million). The loss before tax was £2.5m (2017: £3.8m Profit before tax).

Summary income statement

Half year ended 30 June	**2018**	2017	% change
Group revenue	**£53.0m**	£58.5m	(9%)
Group Adjusted EBITDA	**£0.1m**	£7.1m	(99%)
(Loss)/Profit before tax	**(£2.5m)**	£3.8m	-
Net cash (outflow)/inflow from operating activities	**(£4.5m)**	£3.8m	-
Net free cash (outflow)/inflow	**(£6.0m)**	£2.1m	-
Basic (loss)/earnings per share	**(1.1p)**	1.2p	-
Interim dividend per share	**Nil**	0.43p	-

In reporting financial information the Group presents Alternative Performance Measures (APMs) such as Adjusted EBITDA, Contribution and Net Free Cash Flow which are not defined or specified under the requirements of IFRS. The Group believes that the presentation of APMs provides stakeholders with additional helpful information on the performance of the business, but does not consider them to be a substitute for or superior to IFRS measures. Our APMs are aligned to our strategy and together are used to measure the performance of the business and form the basis of the performance measures for remuneration. Adjusted results exclude certain items because if included, these items could distort the understanding of our performance for the year and the comparability between periods.

Revenue

The Foxtons Group comprises three business segments: Sales, Lettings and Mortgage broking. The majority of operations are in the London area with two branches in the adjacent area of Surrey.

£m	**H1 2018**	H1 2017	% variance
Sales	**17.2**	22.2	(23%)
Lettings	**31.7**	32.1	(1%)
Mortgage broking	**4.1**	4.2	(3%)
Total revenue	**53.0**	**58.5**	(9%)

Sales

The London property sales market worsened year on year as continued market weakness caused lower transaction volumes. Revenues fell by 23% versus the prior year, reflecting a 23% fall in volumes. "Average revenue per transaction" increased marginally versus the prior year to £14.5k. The increase was a reflection of a combination of factors with a slightly higher proportion of higher value transactions in the period being offset by lower overall prices. The average price of a Foxtons property sale was £582k (2017: £589k)

Lettings

The Lettings segment continues to provide a consistent recurring revenue stream which comprises over half of group revenues. Lettings revenue was down 1% versus prior year driven by marginally lower rental rates in the first quarter alongside broadly flat deal volumes. The Lettings business is seasonal with the peak period occurring in the second half of the year.

Mortgage broking

Revenue at our Mortgage business, Alexander Hall, fell by 3%. In the context of the wider London Sales market, this was a solid performance driven by a higher proportion of re-mortgage deals which typically attract a lower margin.

Balanced business

A key strategic priority for the Company is to maintain a balanced business. This balance across the Sales and Lettings segments enables the Group to withstand fluctuations in the property market.

% of total revenue	**H1 2018**	H1 2017
Sales	**32%**	38%
Lettings	**60%**	55%
Mortgage broking	**8%**	7%
Total revenue	**100%**	100%

Segmental Contribution and Adjusted EBITDA

A key metric for management is the contribution generated by the three business segments. Contribution is defined as revenue less direct salary costs of front office staff and costs of bad debt. The Group contribution margin was lower than in the prior year mainly due to the fall in sales revenue. We maintained headcount levels in the period in order to re-build our under offer sales pipeline with a view to increasing sales exchanges in the second half of the year. Our front office headcount remains under constant review.

Contribution	**2018 £m**	**2018 margin**	2017 £m	2017 margin
Sales	**8.8**	**51.2%**	13.6	61.1%
Lettings	**22.9**	**72.0%**	23.4	73.0%
Mortgage broking	**1.9**	**47.1%**	2.1	49.2%
Group contribution	**33.6**	**63.3%**	39.1	66.8%

Adjusted EBITDA comprises contribution less shared costs and before Adjusted items:

Adjusted EBITDA	**2018 £m**	**2018 margin**	2017 £m	2017 margin
Sales	**(3.6)**	**(21.0%)**	1.4	6.5%
Lettings	**3.0**	**9.5%**	4.9	15.4%
Mortgage broking	**0.7**	**16.4%**	0.8	18.1%
Group Adjusted EBITDA	**0.1**	**0.1%**	7.1	12.2%

The integrated nature of the business model means that a relatively large proportion of the cost base is shared between the sales and lettings segments.

Sales Adjusted EBITDA and margin reduced versus prior year driven primarily by lower revenue.

Lettings Adjusted EBITDA and margin reduced versus prior year driven primarily by lower revenue, and an increased apportionment of shared costs, which for the purposes of segmental reporting are allocated between the sales and lettings segments according to headcount. As 2018 headcount was higher in the lettings business than in the sales business, a higher proportion of shared cost has been allocated to Lettings than in the prior year. A full reconciliation of these items to Profit before tax is included in note 3.

Loss/Profit before tax (PBT)

The Loss before tax in the period was £2.5 million (2017: Profit before tax £3.8 million) and was after charging:

- Direct salary costs of front office staff of £19.4 million (2017: £19.4 million)
- Shared costs of £33.5 million (2017: £32.0 million)
- Depreciation and amortisation £2.2 million (2017: £2.6 million)
- Share based payment charge of £0.7 million (2017: £0.5 million)
- Other gains (£0.3m) (2017: £nil)
- Net finance costs £nil (2017: £nil)

The Loss before tax arose due to lower Group revenue and specific long term investments in marketing, people and brand, which were partially offset by underlying cost savings.

Taxation

The Group has a low risk approach to its tax affairs. All business activities of Foxtons operate within the UK and are UK tax registered and fully compliant. The Group does not have any complex tax structures in place and does not engage in any aggressive tax planning or tax avoidance schemes. Foxtons always sets out to be transparent, open and honest in its dealings with tax authorities. Foxtons effective tax rate for the period was -17.1% (2017: 11.4%). This compares to the statutory blended corporation tax rate of 19.0% (2017: 19.25%).

The main drivers leading to a taxable income on a forecasted loss and the effect on the tax expense are depreciation on leasehold improvements that are non-qualifying for capital allowance purposes and share option charges.

Tax payments during the first half of the year totalled £1.4 million (2017: £1.1 million). The 2017 figure included a £0.4m refund in respect of prior years.

Earnings per share (EPS)

Basic and fully diluted (loss)/earnings per share was (1.1p) (2017: 1.2p) driven by reduced profitability.

Cash flow

The operating cash inflow before movements in working capital in the period was £0.1m (2017: £7.1m). A normal working capital outflow of £2.5m, £0.7m payments in respect of prior year Adjusted Items and income taxes paid of £1.4m in the period, gave rise to a net cash outflow from operating activities of £4.5m (2017: £3.8m inflow). After deducting £0.5m net capital expenditure and the £1.0m investment in associate, the net free cash outflow for the period was £6.0m (2017: £2.1 million inflow). The reduction versus prior year of £8.1 million was due to reduced cash generated by operations of £8.0 million, and £0.3 million higher tax payments, partially offset by £0.2 million lower capital spend.

The Group held net cash of £11.8m as at the period end (31 December 2017: £18.6m), and has a £10 million Revolving Working Capital Facility which remains undrawn. The facility expires in July 2019. The Group will seek to re-finance the facility during the second half of the year.

Dividends

The Board's priorities for free cash flow are to fund investment in the future development of the business, maintain a strong balance sheet and to return excess cash to shareholders.

Our immediate priorities are to maintain the strength of our balance sheet and invest in the business to enhance our offer. We have a policy of returning 35% to 40% of profit after tax as an ordinary dividend but as the company did not make a profit this period the board has taken the decision to not pay an interim dividend.

Share buy-backs

No share buy-backs were undertaken during the period (2017: £nil).

Post balance sheet events

There are no post balance sheet events to report.

Treasury policies and objectives

The Group’s treasury policy is designed to reduce financial risk.

Financial risk for the Group is low as:

- The Group is debt-free;
- The Group is entirely UK-based with no foreign currency risks; and
- Surplus cash balances are held with major UK based banks.

As a consequence of the above, the Group has not had to enter into any financial instruments to protect against risk.

Pensions

The Group does not have any defined benefit schemes in place but is subject to the provisions of auto-enrolment which require the Company to make certain defined contribution payments for our employees.

Mark Berry

Chief Financial Officer

Principal risks

PRINCIPAL RISKS

Risk management

The Board is responsible for establishing and maintaining the Group's system of risk management and internal control, with the aim of protecting its employees and customers and safeguarding the interests of the Company and its Shareholders in the constantly changing environment in which it operates. The Board regularly reviews the principal risks facing the Company together with the relevant mitigating controls and undertakes a robust assessment. In reviewing the principal risks the Board considers emerging risks and significant changes to existing risk ratings. In addition the Board has set guidelines for risk appetite as part of the risk management process against which risks are monitored.

The identification of risk in the Group is undertaken by specific executive risk committees which analyse overall corporate risk, information technology risk and mortgage broking risk. Other committees exist below this level to focus on specific areas such as anti-money laundering. A common risk register is used across the Group to monitor gross and residual risk with the results being assessed by the Board. The Compliance department constantly reviews operations to ensure that any non-standard transactions have been properly authorised and that procedures are being properly adhered to across the branch network. The Audit Committee monitors the effectiveness of the risk management system through regular updates originating from the various executive risk committees.

The principal risks table below sets out the risks facing the business at the date of this Report analysed between external and internal factors. These risks do not comprise all of the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management or deemed to be less material at the date of this Report may also have an adverse effect on the Group. A full assessment of the Group's principle risks and risk management framework is set out on pages 26 to 30 of the 2017 Annual Report and Accounts.

External factors

Risk	Impact on Company
Market risk	Continuous high property price inflation may impact affordability which in turn may reduce transaction levels in the market. The market may also be affected by a reduction in London's standing as a major financial city caused by the macro-economic and political environment, including the UK's decision to leave the EU. The market is also reliant on the availability of mortgage finance, a deterioration in which may adversely affect Foxtons. The market may also be impacted by any changes in government policy such as increases in stamp duty taxes or increased regulation in the lettings market.
Competitor challenge	Foxtons operates in a highly competitive marketplace. New or existing competitors could develop new services or methods of working including online and hybrid agents which could give them a competitive advantage over Foxtons.
Compliance with the legal and regulatory environment	Breaches of laws or regulations could lead to financial penalties and reputational damage. The Mortgage broking division is authorised and regulated by the FCA and could be subject to sanction for non-compliance.

Internal factors

Risk	Impact on Company
IT systems and cyber risk	Foxtons business operations are dependent on sophisticated IT systems which could fail or be deliberately targeted by cyber-attacks leading to interruption of service or corruption of data, or the loss or theft of customer data.
People	There is a risk that Foxtons may not be able to recruit and retain sufficient people to satisfy its organic expansion plans. In addition, senior staff may be recruited by competitors.

Forward looking statements:
This preliminary announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Foxtons Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements are based on the Directors' current views and information known to them at 30 July 2018. The Directors do not make any undertakings to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this statement should be construed as a profit forecast.

Statement of Directors' responsibilities

We confirm that to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Chief Executive Officer
Nic Budden
30 July 2018

Chief Financial Officer
Mark Berry
30 July 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2018

Continuing operations	Notes	**Six months to 30 June 2018 (Unaudited) £'000**	Six months to 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Revenue	3	**52,993**	58,541	117,648
Administrative expenses		**(55,769)**	(54,727)	(111,055)
Operating (Loss)/Profit		**(2,776)**	3,814	6,593
Other gains		**257**	-	-
Finance income		**31**	(3)	1
Finance costs		**(29)**	(40)	(70)
(Loss)/Profit before tax		**(2,517)**	3,771	6,524
Tax	5	**(430)**	(431)	(1,175)
(Loss)/Profit and total comprehensive income for the year		**(2,947)**	3,340	5,349
Earnings per share				
Basic and diluted (pence per share)	7	**(1.1)**	1.2	1.9
Adjusted (pence per share)[1]	7	**(1.1)**	1.2	2.6

1. Adjusted earnings per share is defined as earnings per share excluding Adjusted Items.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 (unaudited) £'000**	30 June 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Non-current assets				
Goodwill	10	**19,168**	19,168	19,168
Other intangible assets		**101,250**	100,625	100,975
Property, plant and equipment		**22,131**	26,450	24,009
Interest in associate	4	**1,039**	-	-
Deferred tax assets		**763**	909	1,015
		144,351	147,152	145,167
Current assets				
Trade and other receivables		**12,040**	11,700	7,082
Current tax assets		**61**	-	-
Prepayments		**5,865**	5,729	6,341
Cash and cash equivalents	8	**11,818**	10,634	18,630
		29,784	28,063	32,053
Total assets		**174,135**	175,215	177,220
Current liabilities				
Trade and other payables		**(13,419)**	(13,204)	(12,634)
Current tax liabilities		**-**	(943)	(1,003)
Provisions		**(1,109)**	(305)	(1,307)
Deferred revenue and lettings refund liability		**(4,937)**	(4,353)	(4,524)
		(19,465)	(18,805)	(19,468)
Net current assets		**10,319**	9,258	12,585
Non-current liabilities				
Deferred tax liabilities		**(16,830)**	(16,830)	(16,830)
		(16,830)	(16,830)	(16,830)
Total liabilities		**(36,295)**	(35,635)	(36,298)
Net assets		**137,840**	139,580	140,922
Equity				
Share capital		**2,751**	2,751	2,751
Own shares held		**(720)**	(720)	(720)
Other capital reserve		**2,582**	2,582	2,582
Capital redemption reserve		**71**	71	71
Retained earnings		**133,156**	134,896	136,238
Total equity		**137,840**	139,580	140,922

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2018

	Notes	Share capital £'000	Own shares held £'000	Other capital reserve £'000	Capital redemption reserve £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018		**2,751**	**(720)**	**2,582**	**71**	**-**	**136,238**	**140,922**
Total comprehensive loss for the year		-	-	-	-	-	**(2,947)**	**(2,947)**
Dividends	**6**	-	-	-	-	-	**(742)**	**(742)**
Credit to equity for share based payments		-	-	-	-	-	**607**	**607**
Balance at 30 June 2018 (unaudited)		**2,751**	**(720)**	**2,582**	**71**	**-**	**133,156**	**137,840**

		Share capital £'000	Own shares held £'000	Other capital reserve £'000	Capital redemption reserve £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017		2,751	(1,540)	2,582	71	-	132,777	136,641
Total comprehensive income for the period		-	-	-	-	-	3,340	3,340
Dividends	6	-	-	-	-	-	(908)	(908)
Exercise of shares from EBT		-	820	-	-	-	(820)	-
Credit to equity for share based payments		-	-	-	-	-	507	507
Balance at 30 June 2017 (unaudited)		2,751	(720)	2,582	71	-	134,896	139,580

		Share capital £'000	Own shares held £'000	Other capital reserve £'000	Capital redemption reserve £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017		2,751	(1,540)	2,582	71	-	132,777	136,641
Total comprehensive income for the year		-	-	-	-	-	5,349	5,349
Dividends	6	-	-	-	-	-	(2,089)	(2,089)
Exercise of shares from EBT		-	820	-	-	-	(820)	-
Credit to equity for share based payments		-	-	-	-	-	1,021	1,021
Balance at 31 December 2017		2,751	(720)	2,582	71	-	136,238	140,922

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2018

	Notes	**Six months to 30 June 2018 (unaudited) £'000**	Six months to 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Operating activities				
Operating (loss)/profit		**(2,776)**	**3,814**	6,593
Adjustments for:				
Depreciation of property, plant and equipment		**2,172**	**2,512**	4,847
Loss on adjusted items		**-**	**-**	447
Other gains		**257**	**-**	-
(Gain)/loss on disposal of property, plant and equipment		**(125)**	**230**	(59)
Amortisation of intangibles		**75**	**51**	101
(Decrease)/Increase in provisions		**(198)**	**17**	1,021
Share based payment charges		**715**	**535**	1,292
Operating cash flows before movements in working capital		**120**	**7,159**	14,242
(Increase)/Decrease in receivables		**(4,482)**	**(3,994)**	11
Increase in payables		**1,229**	**1,742**	1,334
Cash generated by operations		**(3,133)**	**4,907**	15,587
Income taxes paid		**(1,380)**	**(1,112)**	(2,136)
Net cash (absorbed by)/ from operating activities		**(4,513)**	**3,795**	13,451
Investing activities				
Interest received		**31**	**(3)**	1
Proceeds on disposal of property, plant and equipment		**314**	**20**	340
Purchases of property, plant and equipment		**(484)**	**(1,134)**	(1,507)
Purchases of intangibles		**(350)**	**(572)**	(972)
Purchases of investments		**(1,039)**	**-**	-
Net cash used in investing activities		**(1,528)**	**(1,689)**	(2,138)
Financing activities				
Dividends paid	6	**(742)**	**(908)**	(2,089)
Interest paid		**(29)**	**(40)**	(70)
Net cash used in financing activities		**(771)**	**(948)**	(2,159)
Net (Decrease)/ Increase in cash and cash equivalents		**(6,812)**	**1,158**	9,154
Cash and cash equivalents at beginning of year		**18,630**	**9,476**	9,476
Cash and cash equivalents at end of year		**11,818**	**10,634**	18,630

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

1. General information

Foxtons Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the Company's registered office is Building One, Chiswick Park, 566 Chiswick High Road, London W4 5BE. The principal activity of the Company and its subsidiaries (collectively, the "Group") is the provision of services to the residential property market in the UK.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

2. Significant accounting policies

The consolidated preliminary results of the Company for the half year ended 30 June 2018 comprise the Company and its subsidiaries.

The annual financial statements of Foxtons Group plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

These condensed financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Reviews. The Financial Review also includes a summary of the Group's financial position and its cash flows.

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, having considered the Group and Company forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty. Accordingly, they have adopted the going concern basis in preparing the financial statements.

The financial information for the half year ended 30 June 2018 does not constitute statutory accounts as defined in sections 435 (1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Company's Annual General Meeting convened for 17 May 2018. The auditor has reported on these accounts; their report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The accounting policies applied by the Group in these consolidated preliminary results are the same as those applied by the Group in the Foxtons Group plc annual financial statements for the year ended 31 December 2017, with the exception of certain new standards and interpretations adopted in the current period which had no significant effect on the Group's results, unless stated herein and specifically within note 4.

Seasonality of the business is discussed in the financial review section.

3. Business and geographical segments

Products and services from which reportable segments derive their revenues

Management has determined the operating segments based on the monthly management pack reviewed by the Directors, which is used to assess both the performance of the business and to allocate resources within the entity. Management has identified that the Directors are the chief operating decision-makers in accordance with the requirements of IFRS 8 'Operating segments'.

The operating and reportable segments of the Group are (i) Sales, (ii) Lettings and (iii) Mortgage Broking.

The Sales segment generates commission on sales of residential property. The Lettings segment earns fees from the letting and management of residential properties and income from interest earned on tenants' deposits. As these two segments operate out of the same premises and share support services, a significant proportion of costs have to be apportioned between the segments. The basis of apportionment used is headcount in each segment.

The Mortgage Broking segment receives commission from the arrangement of mortgages and related products under contracts with financial service providers and receives administration fees from clients.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Adjusted EBITDA represents the profit before tax for the period earned by each segment before allocation of finance costs, finance income, other gains, depreciation, amortisation, profit on disposal of fixed assets, share based payments and Adjusted items. This is the measure reported to the Directors for the purpose of resource allocation and assessment of segment performance.

Adjusted items include costs or revenues which due to their size, incidence and departure from the Group's strategy require disclosure in the financial statements to give a true representation of the underlying performance of the Group and allow comparability of performance from one period to another.

All revenue for the Group is generated from within the UK and there is no intra-group revenue.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment for the half year ended 30 June 2018:

	Notes	Sales £'000	Lettings £'000	Mortgage Broking £'000	Consolidated £'000
Revenue		**17,167**	**31,736**	**4,090**	**52,993**
Contribution[1]		**8,787**	**22,853**	**1,927**	**33,567**
Contribution margin[2]		**51.2%**	**72.0%**	**47.1%**	**63.3%**
Adjusted EBITDA		**(3,612)**	**3,002**	**671**	**61**
Adjusted EBITDA *margin*		**(21.0%)**	**9.5%**	**16.4%**	**0.1%**
Depreciation					**(2,172)**
Amortisation					**(75)**
Profit on disposal of property, plant and equipment					**125**
Other gains					**257**
Finance income					**31**
Finance cost					**(29)**
Share based payment charge					**(715)**
Loss before tax					**(2,517)**

1. Contribution is defined as revenue less directly attributable salary costs and bad debts in each business unit.
2. Contribution margin is defined as Contribution divided by revenue.

3. Segment assets and liabilities, including depreciation, amortisation and additions to non-current assets, are not reported to the Directors on a segmental basis and are therefore not disclosed.

The following is an analysis of the Group's revenue and results by reportable segment for the half year ended 30 June 2017:

	Sales £'000	Lettings £'000	Mortgage Broking £'000	Consolidated £'000
Revenue	22,252	32,069	4,220	58,541
Contribution[1]	13,593	23,424	2,077	39,094
Contribution margin[2]	61.1%	73.0%	49.2%	66.8%
Adjusted EBITDA	1,452	4,926	763	7,141
Adjusted EBITDA *margin*	6.5%	15.4%	18.1%	12.2%
Depreciation				(2,512)
Amortisation				(51)
Profit on disposal of property, plant and equipment				(230)
Finance income				(3)
Finance cost				(40)
Share based payment charge				(534)
Profit before tax				3,771

1. Contribution is defined as revenue less directly attributable salary costs and bad debts in each business unit.
2. Contribution margin is defined as Contribution divided by revenue.
3. Segment assets and liabilities, including depreciation, amortisation and additions to non-current assets, are not reported to the Directors on a segmental basis and are therefore not disclosed.

4. Interest in Associate

During the period, the company acquired an interest in an associate as follows:

Name	Country of incorporation	**2018 £'000**	2017 £'000
Propoly Limited	United Kingdom	**1,039**	-

	2018 £'000	2017 £'000
Opening balance	**-**	-
Additions	**1,039**	-
Share of results	**-**	-
Closing balance	**1,039**	-

The company has a seat on the board of directors and can exercise significant influence over the business and as such will equity account its interest.

5. Tax

	Six months to 30 June 2018 (unaudited) £'000	Six months to 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Current tax			
Current tax charge	**316**	872	1,955
Deferred tax (credit)/charge	**114**	(441)	(780)
Tax on profit on ordinary activities	**430**	431	1,175

From 1 April 2017, the UK corporate tax rate fell to 19% and there will be a further reduction in the UK corporation tax rate to 17% from April 2020. The effective corporation tax rate for the year ended 31 December 2018 is likely to be circa -20% (year ended 31 December 2017: 17%) of the estimated loss for the period.

6. Dividends

	Six months to 30 June 2018 (unaudited) £'000	Six months to 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Amounts recognised as distributions to equity holders in the period:			
Final and special dividends year ended 31 Dec 2016: 0.33p (2015: 6.23p) per ordinary share	**-**	908	908
Interim dividends year ended 31 Dec 2017: 0.43p (2016: 1.67p) per ordinary share	**-**	-	1,181
Final and special dividends year ended 31 Dec 2017: 0.27p (2016: 0.33p) per ordinary share	**742**	-	
	742	908	2,089

As the company did not make a profit this period at the profit after tax level, in line with policy, the Board has taken the decision to not pay an interim dividend.

7. Earnings per share

	Six months to 30 June 2018 (unaudited) £'000	**Six months to 30 June 2017 (unaudited) £'000**	Year ended 31 December 2017 (audited) £'000
Earnings for the purposes of basic and diluted earnings per share being profit for the half year	**(2,947)**	3,340	5,349
Adjusted for:			
Adjusted items[1]	-	-	1,909
Adjusted earnings	**(2,947)**	3,340	7,258
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**274,870,477**	274,710,237	274,791,016
Effect of dilutive potential ordinary shares	**899,373**	525,366	727,703
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**275,769,850**	275,235,603	275,518,719
Basic and diluted earnings per share (in pence per share)	**(1.1)**	1.2	1.9
Adjusted earnings per share (in pence per share)	**(1.1)**	1.2	2.6

[1] Adjusted items totalling £2,277k, less associated tax of £368k, resulting in an after tax cost of £1,909k

8. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents excludes client monies. See note 12.

9. Financial instruments

The Group does not hold any financial instruments categorised as level 1, 2 or 3 as detailed by IFRS 13.

Management considers that the book value of financial assets and liabilities recorded at amortised cost and their fair value are approximately equal.

The book value and fair value of the Group's financial assets and liabilities are as follows:

	Six months to 30 June 2018 (unaudited) £'000	Six months to 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Cash and cash equivalents	**11,818**	10,634	18,630
Trade and other receivables	**12,040**	11,700	7,082
Trade and other payables	**(13,419)**	(13,204)	(12,634)

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents exclude client monies. See note 12.

10. Goodwill

Impairment review

Goodwill of £19,168k as at 30 June 2018 and 30 June 2017 has been allocated to segments as follows: Sales £9,819k, Lettings £9,349k and mortgage broking (£nil). The brand intangible asset as at 30 June 2018 and 30 June 2017 is £99,000k and relates to the Sales and Lettings business combined.

As set out in the Chief Executive's Review, the sales market has remained very subdued during the first half of 2018, principally as a result of declining transaction volumes, where sales revenue fell 23% compared to the first half of 2017. The subdued market and further decline in performance from 2017, together with the performance of sales against forecast in the first half, is considered to represent an impairment indicator and therefore management has undertaken a full impairment review at 30 June in respect of the Group's intangible assets.

Management has historically assessed the Group's intangible assets for impairment using the Group's three year business plan. However, given the extended nature of the current downturn and the associated macro political environment, the length of the forecast period has been extended from 3 to 5 years, so as to recognise the potentially prolonged nature of the expected sales market recovery.

The impairment review has been undertaken using cash flow projections from formally approved budgets and forecasts covering a five-year period for each cash generating unit (CGU). The key assumptions in determining the cash flows are expected changes in sales and lettings volumes throughout the forecast period, together with likely changes to associated direct costs to be incurred during the forecast period. These assumptions are based upon a combination of past experience of recently observable trends and expectations of future changes in the market.

To evaluate the recoverable amount of each CGU, a terminal value has been assumed after the fifth year and includes a growth rate in the cash flows of 2.0% (2017:2.0%) into perpetuity. The discount rates used reflect the risks specific to the CGUs. The pre-tax rate used to discount cash flows from Sales is 9.9% (2017: 9.9%), from Lettings is 9.4 % (2017: 9.4%) and from the aggregation of Sales and Lettings is 9.7% (2017: 9.7%).

10. Goodwill (continued)

The brand asset has been tested for impairment by aggregating the value in use amounts computed in the goodwill impairment test for Sales and Lettings. This grouping of CGUs represents the lowest level at which management monitors the brand internally, and reflects the way in which the brand asset is viewed as relating to the Sales and Lettings segments as a whole, rather than being allocated to each segment on an arbitrary basis.

It remains management's view that given the relative stability of the Lettings CGU, the significant uncertainty over the extent and timing of the recovery in the Sales CGU represents the key judgement and the impairment assessment is highly sensitive to these assumptions. Assuming a reduction in sales revenue against forecast of 10% per annum, and including appropriate controllable cost mitigations, the headroom over the Sales goodwill is reduced to nil. The headroom over the brand asset reduces to nil if sales revenue reduces by 21% per annum against forecast, including appropriate controllable cost mitigations.

As set out in the Chief Executive's Review, the short term outlook is mixed, and whilst our under offer sales pipeline has recovered to a similar level to last year, there is less visibility on exchanges proceeding. However, in the medium term we believe transaction levels will improve because London has strong fundamentals, not least an underlying structural demand driven by limited housing stock, although there remains uncertainty over the timing of this recovery.

11. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions
During the period, no Group companies entered into transactions with related parties who are not members of the Group.

12. Client monies

At 30 June 2018, client monies (all held by Foxtons Limited) in approved bank and building society accounts amounted to £92.5 million (30 June 2017: £90.5 million). Neither this amount nor the matching liabilities to the clients concerned are included in the consolidated balance sheet. Foxtons Limited's terms and conditions provide that interest income on these deposits accrues to the Company.

Client funds are protected by the Financial Services Compensation Scheme (FSCS) under which the government guarantees amounts up to £85,000 each. This guarantee applies to each individual client's deposit monies, not the sum total on deposit.

13. Operating cash conversion and net free cash flow

The Group utilises two key performance indicators for cash, namely:

- Operating cash conversion; and
- Net free cash flow

Operating cash conversion is defined as the ratio of Adjusted operating cash to Adjusted EBITDA. Adjusted operating cash is defined as Adjusted EBITDA less the movement in working capital and net capital spend.

	Six months to 30 June 2018 (unaudited) £'000	Six months to 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Adjusted EBITDA	**61**	**7,141**	15,051
(Increase)/Decrease in receivables	**(4,482)**	**(3,994)**	11
Other gains included in receivables	**257**	**-**	-
Increase in payables	**1,927**	**1,770**	1,334
Adjusted items included in payables and provisions	**(730)**	**-**	(1,467)
(Decrease)/Increase in provisions	**(198)**	**18**	1,021
Purchases of property, plant and equipment	**(484)**	**(1,134)**	(1,507)
Less NI on share based payment	**32**	**(28)**	-
Purchases of intangibles	**(350)**	**(572)**	(972)
Purchases of investments	**(1,039)**	**-**	-
Proceeds on disposal of property, plant and equipment	**314**	**20**	340
Adjusted operating cash	**(4,692)**	**3,221**	13,811
Operating cash conversion	**-**	**45.1%**	91.8%

Net free cash flow is used as a measure of financial performance. It is defined as net cash from operating activities less net cash used in investing activities exclusive of exceptional items.

	Six months to 30 June 2018 (unaudited) £'000	Six months to 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Net cash from operating activities	**(4,513)**	**3,795**	13,451
Investing activities			
Interest received	**31**	**(3)**	1
Proceeds on disposal of property, plant and equipment	**314**	**20**	340
Purchases of property, plant and equipment[1]	**(484)**	**(1,134)**	(1,507)
Purchases of investments	**(1,039)**	**-**	-
Purchases of intangibles	**(350)**	**(572)**	(972)
Net cash used in investing activities	**(1,528)**	**(1,689)**	(2,138)
Net free cash flow	**(6,041)**	**2,106**	11,313

INDEPENDENT REVIEW REPORT TO FOXTONS GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor

London, United Kingdom

30 July 2018