




## How Britain has moved in the last 15 years



Rightmove is  
the UK's largest  
property portal



Our aim is to  
empower the  
UK's decisions  
around property

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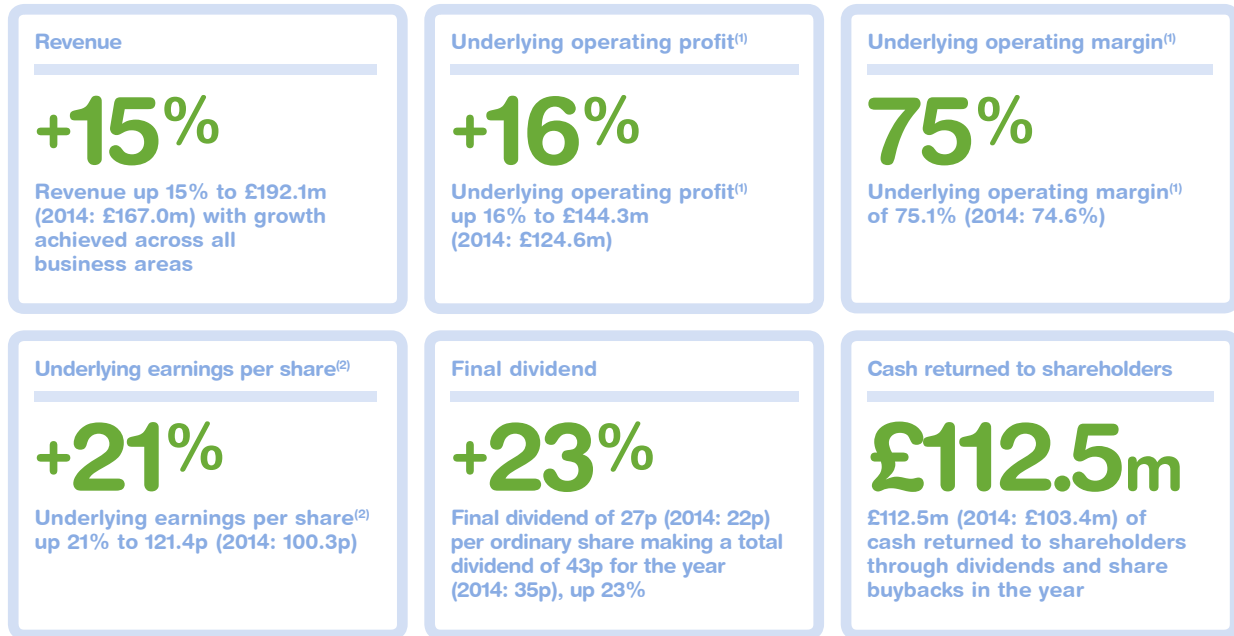
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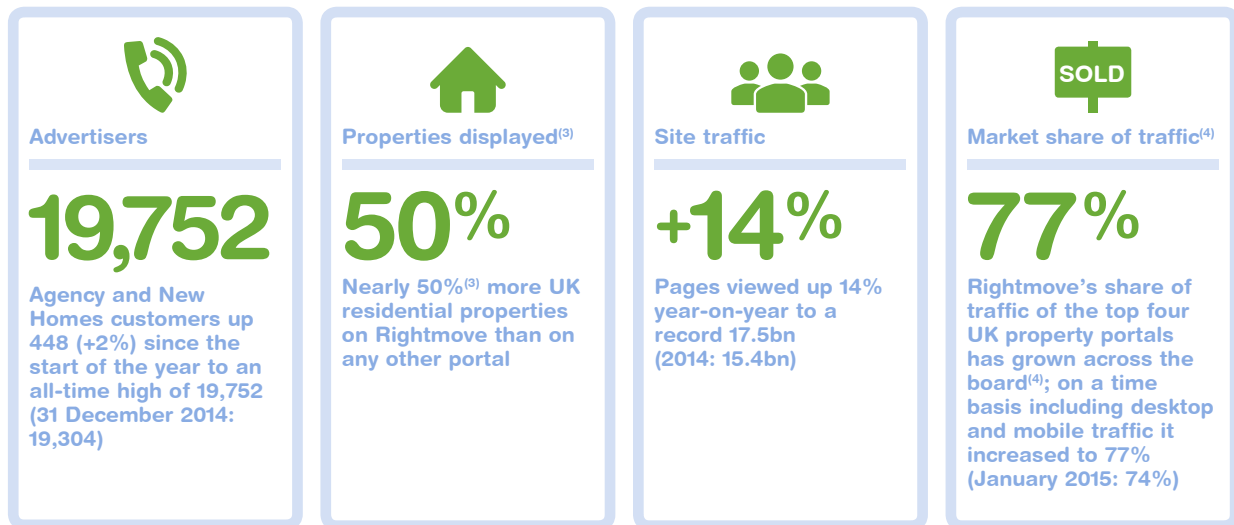
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Financial highlights



Operational highlights



(1) Before share-based payments and NI on share-based incentives  
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 (3) Source: AlphaWise, Morgan Stanley Research Jan 2016  
 (4) Source: Comscore (users, visits, pages and time measures)  
 (5) For Agency and New Homes customers



**supporting our customers**  
We provide the most significant and effective exposure for customers' brands and properties. We are the largest source of high quality leads and offer high value-adding products and packages.  
**Page 7**



**building great teams**  
We continue to build great teams and make Rightmove a great place to work.  
**Page 11**



**SCHOOL**

**continuing to innovate**  
We continue to innovate and help drive operational efficiencies and empower customer decisions through software, data and insight.  
**Page 9**



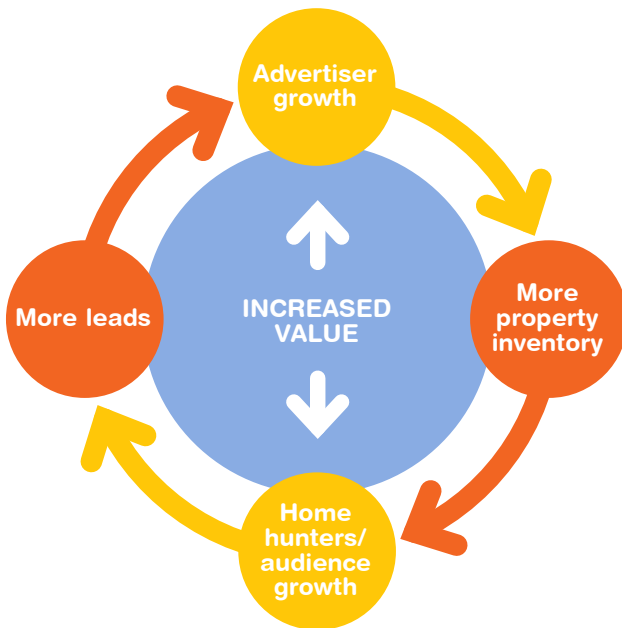
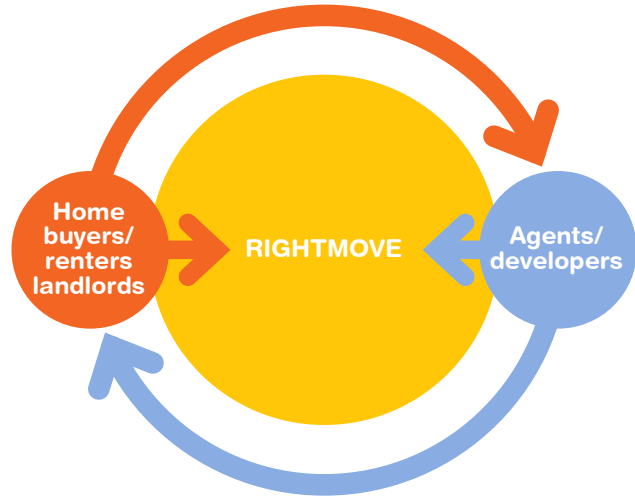
**developing our brand**  
Our strong brand recognition makes Rightmove the place that consumers turn to first and engage with most when searching and researching property.  
**Page 6**

### Our customers

Rightmove's customers are primarily estate agents, lettings agents and new homes developers.

### Our business model

Rightmove is the UK's number one property portal and operates a two-sided network. On one side we have the UK's largest and most engaged property audience and on the other side we have the largest inventory of properties.



### The Rightmove network effect

We benefit from strong network effects as our property audience and the properties our customers advertise creates a 'virtuous circle' enhancing the Rightmove value proposition.



**Scott Forbes**  
Chairman

I am pleased to present Rightmove plc's results for the year ended 31 December 2015.

As we report on our 15th consecutive year of growth, I'd like to pick up on a theme raised in the Strategic Report: 'Doing the right thing'. This uncompromising principle supports the ethos of the Group. The philosophy drives our high achieving network business and what we do for our trade customers on one side of the network and our web and mobile visiting consumers on the other side. It also extends to our focus and behaviours towards all stakeholders including our investors, analysts, employees and our Board.

The team's relentless focus and sensitive examination of our consumer experience has been the catalyst for continual improvements to site navigation and design. We aim for simplicity of use and an engaging experience. Of course our site traffic is in part a natural consequence of the best consumer proposition in the market, with almost 50% more listings than any other UK property portal, but it is in the main driven by the huge trust built up in our brand over the past 15 years. The team works diligently to maintain a site that delivers the desired information when it is wanted and in the form it is wanted and we achieved an enviable 99.997% level of site availability last year.

Our nearly 20,000 customers have benefited from our ever-growing popularity with the British home moving public. We have delivered 15 consecutive years of site traffic growth for our customers and have been consistently ranked in the top ten sites in the UK irrespective of cyclical housing

demand. Last year we attracted 200 million more consumer visits than the previous year and generated a record 50 million leads for our customers. Rightmove's popularity is showing no signs of letting up and we have already set new site traffic records this January.

Our customers have also benefitted from a continuous roll-out of additional advertising products to reach their audience of home sellers, landlords and home hunters. There is a wide range of choice and discretion to shape and reinforce brand identity on Rightmove to compete for business and market homes. There is also an increasing range of valuable tools, support and data available to our customers to assist them to operate their businesses more effectively and efficiently.

Since Rightmove's strategy does not depend on capital expenditure or M&A, the Board has a policy of distributing all of its free cash flow each year. In fact, Rightmove has returned all of its free cash flow since inception, totalling nearly £600m, through a combination of increased dividends and share buybacks. Our shareholders benefit from a predictable business model that is buoyed by our growing market leadership, together with clear and refreshingly candid communication from our executives.

Once again, the Board and I are grateful for the confidence and support of all our customers and for the talent and dedication of our employees. Together their efforts have positioned Rightmove as the essential marketplace for home hunters to find their next home and for property advertisers to reach by far the widest possible audience.

## Rightmove's popularity is showing no signs of letting up and we have already set new traffic records this January.

### Financial results

The strength of our business model and core value proposition underpin record financial results in 2015. Underlying operating profit<sup>(1)</sup> was up 16% to £144.3m (2014: £124.6m) driven by strong organic revenue growth of 15% to £192.1m (2014: £167.0m) and continued focus on cost control. Underlying basic earnings per share (EPS)<sup>(2)</sup> was up 21% to 121.4p (2014: 100.3p), even greater than the percentage increase in profits and in part attributable to £76.1m of share buybacks as part of our policy of returning cash to shareholders.

### Returns to shareholders

Our commitment to return excess cash promptly to investors continues to be as strong as ever. Cash conversion remains in excess of 100% of operating profit. In 2015, we returned a further £112.5m (2014: £103.4m) to shareholders through dividends and share buybacks.

### Dividend

The Board previously announced that it would increase the interim dividend to 16.0p (H1 2014: 13.0p) per ordinary share, which was paid on 6 November 2015. Consistent with our policy of increasing the total dividend for the year broadly in line with earnings, the Board proposes to pay a final dividend of 27.0p (2014: 22.0p) per ordinary share for a total dividend for the year of 43.0p (2014: 35.0p), an increase of 23%. The final dividend, subject to shareholder approval, will be paid on 3 June 2016 to all shareholders on the register on 6 May 2016.

### Corporate governance

One of the Board's responsibilities is ensuring that the Group applies good governance to facilitate effective management of a high growth business. As the Company's Chairman I am pleased to note that the Group is continuing to foster an environment of entrepreneurial leadership and innovation in a framework of responsible governance and risk management as set out in the Corporate Governance Report on pages 26 to 37.

### Board changes

Jonathan Agnew and Judy Vezmar both retired from the Board at the Group's Annual General Meeting in May 2015 after nine years of service. On behalf of the entire Board, I would like to thank them both for their substantial contributions to the Group, and wish them every success. Peter Williams has ably replaced Jonathan Agnew as Senior Independent Director and Remuneration Committee Chairman.

### Outlook

Our results for 2015 show us continuing to outperform expectations. Based upon strong customer numbers and traffic, and healthy growth in average spend per advertiser at the start of the year, the Board remains confident of continued success in 2016.



**Scott Forbes**  
Chairman

(1) Before share-based payments and NI on share-based incentives.

(2) Before share-based payments and NI on share-based incentives and no related adjustment for tax.



**Nick McKittrick**  
Chief Executive Officer

Rightmove celebrated its 15th birthday in 2015 and together with the support of nearly 20,000 customers, it has changed the way Britain searches and researches property.

Our property stock advantage coupled with our brand strength and innovation have substantially increased our audience size and engagement this year. We attracted 200 million more visits in 2015 as more people came to search and research the only place with a million properties for sale and to rent in the UK.

We help our customers succeed by delivering great value marketing and by helping drive business efficiencies. We have grown our customer base by 2% during 2015 to a record high and continue to build broader relationships to support customers' ambitions. We continue to break records at the start of 2016 having already generated over 9 million leads for our customers.

### **Business model**

Rightmove is the UK's number one property portal and operates a two-sided network. On one side we have the UK's largest and most engaged property audience and on the other side we have the largest inventory of properties. We benefit from strong network effects as our property audience and the properties our customers advertise create a 'virtuous circle' enhancing the Rightmove value proposition.

Rightmove is free to the consumer and is where home buyers and renters turn to first as they can see virtually the whole property market in one place. It is equally compelling to home sellers and landlords as it is where nearly all home buyers and renters are searching and researching the market.

Our customers are primarily estate agents, lettings agents and new homes developers advertising properties for sale and to rent in the UK. We offer the most significant and effective exposure for their brand and properties, the largest source of high quality leads together with best in class software providing market insight and tools that empower their decisions and help drive business efficiencies.

Our principal sources of revenue are the monthly subscription fee paid by customers to advertise all of their properties and the fee paid for additional advertising products and packages. Our additional advertising products enable

customers to promote their properties, brands and proposition more strongly and gain a competitive edge.

As the property industry becomes more digital, Rightmove's market leading audience and best in class software is becoming more valuable to customers. Our customers' spend on digital advertising is growing as the property advertising market continues to shift structurally from offline to online and also as customers choose to reinvest the savings from the business efficiencies that our platform and the internet brings. We expect that our growth will continue to come through product innovation and pricing.

We also continue to develop a number of smaller adjacent businesses focused on advertising overseas and commercial properties and property related data and valuation services.

### **15 successive years of growth**

Rightmove celebrated its 15th birthday in 2015 delivering both another record year of results and our 15th successive year of growth. Our customer base grew by 2% to reach an all-time high of nearly 20,000, our property stock advantage increased to nearly 50% more than any other UK portal, we attracted an additional 200 million visits to Rightmove, we generated 16% more leads for our customers and our underlying operating profit grew 16% to a record £144.3m.

It is remarkable how far Rightmove has come. Our progress is testament to our disciplined focus on the UK property advertising market and the huge effort Rightmovers have put in to build this business together with our industry customers. Rightmove has changed the way Britain searches and researches property and we look forward to delivering continued growth and further empowering the UK's decisions around property.

### **Our strategy**

**The place that consumers turn to first and engage with most when searching and researching property.**

For 15 years we have invested in our brand. However, it is not just the 15 years of investment that makes Rightmove so strong, it is the depth of connection that the British public has with our brand. With our focus on doing the right thing for both consumers and customers Rightmove has become a trusted and valuable source of property information.



## Rightmove celebrated its 15th birthday in 2015 delivering both another record year of results and our 15th successive year of growth.

We provide indispensable support for home movers enabling them to feel confident, inspired and more in control. This not only results in more consumers turning to Rightmove first and spending more time on Rightmove, but most importantly, generates more and better quality leads for our customers leading to better outcomes and value.

We remain relentless in our focus to deliver the fastest, easiest to use and most engaging experience for home movers. At the core of our strategy is to have the largest, most up to date and richest property content together with the best search and research tools, and the most relevant content to support home movers in their journey. We are the digital advertising market leader in the UK for every major property category: sales; rentals; new homes; overseas and most recently commercial property.

This year Rightmove has become even more compelling to consumers and customers as we strengthened our position on both sides of the network. We are the only place to search and research virtually the whole property market in the UK and consumers can view nearly 50%<sup>(1)</sup> more UK residential properties on Rightmove than on any other portal. Our property stock advantage coupled with our brand strength, innovation and expertise has substantially increased our audience size and engagement.

There were a record 1.3 billion visits to Rightmove in 2015, a year on year increase of 18%, and 17.5 billion pages of property content were viewed. With this substantial increase our share of traffic of the top four property portals has grown across the board<sup>(2)</sup>. Our audience is also compelling to people selling their homes with 85%<sup>(3)</sup> now ranking us as the most important site for marketing their properties in a recent independent survey.

Traffic to our research tools grew significantly in 2015 as sellers and landlords turned to Rightmove first to help inform their decisions. Our research tools, such as sold prices, are by far the most widely used in the UK and provide the unique benefit of access to our unrivalled catalogue of current and archived properties. Consumers viewed over 350 million pages of research content on Rightmove in 2015 which is up by a third on the previous year.

Our culture of restlessness continues to drive improvement and innovation. In addition to the hundreds of updates to our

platforms each month, our new launches in the year included our Valuation Range App, the Rightmove School Checker, mortgage content to further support home movers in their journey and we began to roll-out our new look search results pages and products based on a brand new site architecture. Looking forward, we will be pressing home our advantage with further innovation including a new 'Where can I live?' search.

We continued to invest in our brand in 2015 with our 'find your happy' advertising campaign. This campaign connects with the strong positive emotions that moving home often generates and reflects our position at the heart of it. Our brand building focused on national TV, through our 'always on' partnership with Channel 4 across their property content. We added further weight to our presence in London with more heavyweight TV advertising and through additional outdoor media across the capital. We also became the exclusive property partner with the Evening Standard in addition to our existing exclusive partnership with Time Out.

The popularity of our Overseas property site increased significantly as we launched a new mobile site, added over 500 new customers and increased the number of properties advertised by a third. We now advertise over 230,000 properties across the world with a focus on the most popular British destinations such as Spain, France, USA, Italy and Portugal. Our audience for overseas property set new records in 2015 with searches up over 20% to 98 million and leads up by nearly 50%.

Our Commercial advertising business continues to grow with 55,000 properties now advertised. It has quickly established itself as the UK's largest commercial property portal with engagement up strongly in the period as the number of commercial enquiries grew over 30% year on year.

### **Provide the most significant and effective exposure for customers' brands and properties, be the largest source of high quality leads and offer high value-adding products and packages.**

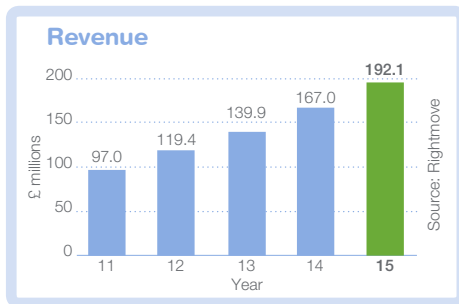
We generated nearly 50 million leads for our customers, up 16% on last year, twice as many as our nearest competitor. The better quality of our leads continues to stand out as they convert to over four times<sup>(4)</sup> as many sales and lets for our agency customers. This is the 15th successive year we have delivered increased exposure for our customers' brands and properties.

# the UK's **number one** property website

Rightmove celebrated its 15th birthday in 2015 and together with the support of nearly 20,000 customers, it has changed the way Britain searches and researches property.

## extending our market leading position

We have extended our property stock advantage and consumers can now view nearly 50% more UK residential properties on Rightmove than on any other portal.



## Product revenue now accounts for 42% of Agency and New Homes revenue.

Winning the right to sell a property is the lifeblood of agents. Over a million home movers highlighted they had a property to sell when emailing an agent about another property, creating business opportunities for our customers. We also delivered nearly 200,000 leads from people asking for a valuation on their home, for those customers who bought our Local Valuation Alert product.

From our beginnings as a simple listings business we have developed additional advertising products and now provide our customers with a range of products to promote their brands and properties more strongly to gain a competitive edge.

We launched our first product in 2007 and we now have a suite of products across three categories: display advertising, property promotion and direct response. Product revenue now accounts for 42% of Agency and New Homes revenue with the remainder coming from listing fees.

Revenue from products grew by 20% in 2015 to £73.9m. There is significant headroom to grow product revenue as we have the opportunity to increase the penetration of existing products, evolve their value and pricing, and continue to innovate and introduce new products as customers look to invest more to drive their brand exposure.

This year average monthly revenue per advertiser (ARPA) increased by 10% with around two thirds of the ARPA growth driven by customers spending more on products and packages. ARPA has grown to over £750 as customers choose to spend more online and transition away from the historic use of newspapers where ARPA peaked at circa £2,500<sup>(5)</sup> per month back in 2007.

### Help drive operational efficiencies and empower customer decisions through software, data and insight.

Over the last 15 years Rightmove has helped drive significant efficiencies within the property industry by providing our customers with training, support and a suite of software as part of their membership to help them in the day to day running of their businesses.

For example, whereas previously our customers would have manually gathered valuation and comparable data, paid for printing and postage of property or development details and paid a third party to count 'For Sale' and 'Sold' advertising boards for market share information, they can now do this electronically.

Using our software customers can:

- Easily find a range of comparable properties from over one million properties currently advertised on Rightmove and from our archive of over 35 million properties advertised on Rightmove;
- Upload a new vendor's property onto Rightmove almost immediately and in the same instant alert relevant home movers from Rightmove's database of millions of registered users;
- Easily see the level of interest in a property and provide independent market feedback to their vendors and landlords;
- Monitor their market share and ranking versus their local competition;
- Identify potential valuation opportunities faster and more efficiently;
- See a map of lead activity by street in their local area to help target potential sellers and landlords; and
- Ensure leads are dealt with effectively by using our lead reporting and call recording functionality.

The digitalisation of the property industry and the efficiencies these tools bring helps to reduce cost per office and has also enabled the growth in the number of agents. Over the last 12 months our membership base has grown by over 2%.

Our software products have become an integral part of the industry over many years of use and in a recent independent survey<sup>(6)</sup> 49% of agents said our software was 'crucial' to their business and would be hard to switch from with a further 39% saying it was 'helpful'. Over 50% of agents also cited that our software makes them more efficient not just in marketing but in other areas of their business too.

In 2015 we introduced the next wave of market share analysis tools to help our customers drive further business efficiencies and make better informed decisions. The new functionality and data, greater flexibility and unique 'whole of market' view has doubled agent use year on year. We are also delighted that the survey found that nearly 60% of agents place their trust in us and only use Rightmove portal software for their insights.

We care about our customers' business success and building strong relationships is vital to support their ambitions, especially in light of the significant digital changes taking place. To that end we are spending more time with customers than ever before by expanding our account management team and increasing the

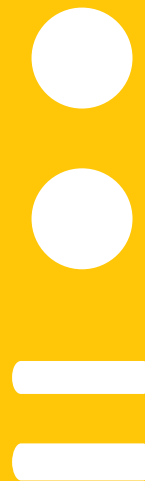
## developing our **brand**

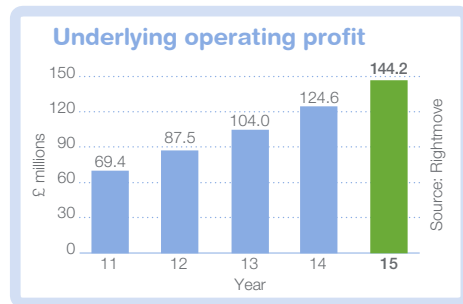
Our strong brand recognition makes Rightmove the place that consumers turn to first and engage with most when searching and researching property.



### **increasing our brand exposure**

We continued to invest in our brand in 2015 with our 'find your happy' advertising campaign. Our brand building focused on national TV, through our 'always on' partnership with Channel 4.





**Our customer base grew by 2% to reach an all-time high of nearly 20,000.**

team's efficiency through better tools. We also continued our popular agent seminar programme which covers concepts such as brand building, targeting sellers and customer service in a digital world. Over 2,000 agents attended one of the 35 seminars we ran across the UK in 2015 from Norwich to Swansea and from Truro to Inverness.

To help all agents and developers realise the full benefit from Rightmove we also set up a telephone training team and expanded our webinar offering. Our webinars provide customers with an efficient way to learn about Rightmove and our software without leaving their offices. We ran over 80 webinars in the year with 2,500 agents and developers attending with popular topics including Winning Landlords and The Ultimate Property Listing.

**Build great teams and continue to make Rightmove a great place to work.**

From the first Rightmove team of a dozen people to the current organisation of 435 we are always striving to create one team of Rightmovers with as few barriers as possible to rapid growth and innovation. We believe that this comes from a process-light, highly connected organisation with little constraining hierarchy and bureaucracy. To enable this we need every Rightmover to be both individually empowered and accountable.

To ensure we foster a highly connected organisation, we have taken care to create a physical environment that encourages open and honest discussion, including social spaces for the teams to enjoy each other's company. Our workplace is free from offices and the usual trappings of hierarchy.

We believe in sharing often and early and reinforce this through events such as 'townhalls' which share progress, successes and challenges. In June 2015 the whole Group spent a day and a night under canvas together building and reinforcing cross team connections. The culture is not solely built on these events, but also from the everyday small gestures and the authentic care Rightmovers have for one another. Everything together creates a unique, driven and quirky environment that we believe results in people feeling there's no place they'd rather be. By striving to make Rightmove a great place to work we can attract and retain the best talent and provide the best service for consumers and customers.

Great talent and passion to perform is not enough to make a great Rightmover; the way in which we behave towards each other, our customers and partners is vital. How we go about our work is central to our recruitment, feedback and personal development processes. We also have a scheme to allow the team to recognise their peers who embody the behaviours we aspire to.

The biggest influence in our restless and inquisitive culture, of course, comes from our people. Their actions and behaviours create the sense of belonging and connection and allows the business to continue to thrive and attract great people. In our 2015 'Have Your Say' people survey, again over 90% of Rightmovers think it is a great place to work. To recognise employees who have been part of the journey with Rightmove for ten years we create a gnome in their image. I'm pleased that for such a young company, over 40 gnomes have pride of place in our office.

I am proud of the vibrant culture and business we have built together, I would like to thank everyone for everything they have done to achieve this and look forward to enjoying continued success in the future.

**Current trading and outlook**

The outlook for the UK online property advertising market remains positive as consumers and customers become ever more digital and the market continues to shift from traditional advertising channels. We are well positioned to benefit from this transition and with our market leading position strengthening, average spend per advertiser continuing to grow and record January traffic numbers, the Board remains confident of making further progress in growing the business organically in 2016 and beyond.

Nick McKittrick, Chief Executive Officer  
26 February 2016

- (1) Source: AlphaWise, Morgan Stanley Research, January 2016
- (2) Source: Comscore, December 2015 (users, visits, pages and time measures)
- (3) Source: The Property Academy 2015 Home Moving Trends Survey
- (4) Source: Independent software provider to the estate agency industry
- (5) Source: Advertising Association Warc report December 2015
- (6) Source: Barclays Capital, October 2015

## continuing to **innovate**

We continue to innovate and invest in our platforms and drive operational efficiencies and empower customer decisions through developments in software, data and insight.



### **finding the right school**

Rightmove's School Checker shows school's in a local area on a map and provides easy access to inspection report data for around 30,000 schools.





**Robyn Perriss**  
Finance Director



**Revenue**

Revenue grew strongly in 2015 up 15% to £192.1m (2014: £167.0m). Our Agency business was the main contributor to the absolute revenue growth with a year on year increase of £17.5m to £147.1m (2014: £129.6m). We experienced 3% growth in Agency customer numbers, despite flat year on year transactions in the UK housing market. The majority of the revenue increase came from ARPA growth, through discretionary sales of additional advertising products together with increases to core membership prices. Agency continues to be by far our largest business contributing 77% (2014: 78%) of our total revenue.

Revenue from our New Homes business grew by 15% to £30.5m (2014: £26.4m). The majority of revenue growth was

driven by the sale of additional advertising products, including email campaigns and by increases to core membership prices. Other revenue across our data services, overseas, commercial and non-property advertising streams demonstrated healthy growth increasing by 32% to £14.5m (2014: £11.0m) and constituted 8% (2014: 7%) of our total revenue.

**Underlying operating profit**

Underlying operating profit<sup>(1)</sup> increased by 16% to £144.3m (2014: £124.6m) and underlying operating margin<sup>(1)</sup> for the year reflected further operating leverage gains, increasing to 75.1% (2014: 74.6%).

**Key performance indicators**

|   |   |  |
|---|---|--|
| <p><b>Number of advertisers</b></p> <hr/> <p><b>+2%</b></p> <p>Agency and New Homes membership at end of 2015 was 19,752 (2014: 19,304), up 2% year on year</p> | <p><b>Average revenue per advertiser</b></p> <hr/> <p><b>+10%</b></p> <p>£754 per month, up 10% (2014: £684)</p>                | <p><b>Market share</b></p> <hr/> <p><b>77%</b></p> <p>77% (January 2015: 74%) market share of the top four UK property portals by time spent<br/>85% market share of the top four UK property websites by pages viewed, up seven percentage points (December 2014: 78%)<br/>Source: Comscore</p> |
| <p><b>Properties displayed</b></p> <hr/> <p><b>1.2m</b></p> <p>1.2 million properties displayed on rightmove.co.uk at 31 December 2015 (2014: 1.1 million)</p>  | <p><b>Page impressions</b></p> <hr/> <p><b>17.5bn</b></p> <p>17.5 billion page impressions up 14% from 15.4 billion in 2014</p> | <p><b>Leads</b></p> <hr/> <p><b>49.8m</b></p> <p>49.8 million leads up 16% from 42.8 million in 2014</p>   |

## supporting our **customers**

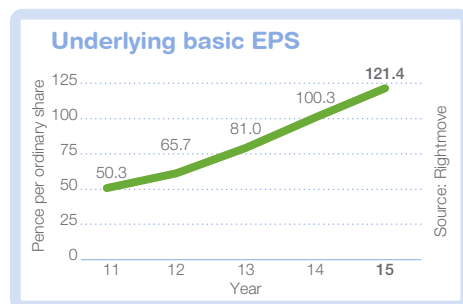
We provide the most significant and effective exposure for customers' brands and properties, the largest source of high quality leads and offer high value-adding products and packages.



### **maximise customer exposure**

We generated nearly 50 million leads for our customers, up 16% on last year. This is the 15th successive year we have delivered increased exposure for our customers' brands and properties.





This was driven by continued strong revenue growth coupled with a slightly lower percentage increase in underlying operating costs<sup>(1)</sup>. Underlying operating costs<sup>(1)</sup> increased by £5.5m to £47.9m (2014: £42.4m). £2.4m of the increase related to salary and associated costs attributable to general wage inflation and an increased average headcount of 412 (2014: 388), reflecting investment in sales, customer support and technical heads during the year and the full year impact of staff recruited during 2014. Marketing spend increased by £2.0m in the year as we continued to invest in promoting the Rightmove brand and driving home our competitive advantage.

#### Share-based payments and National Insurance (NI)

In accordance with IFRS 2, a non-cash charge of £3.8m (2014: £2.7m) is charged to income representing the amortisation of the fair value of share-based incentives granted.

NI is being accrued, where applicable, at a rate of 13.8% on the potential employee gain on share-based incentives granted. Based on a year on year increase in the closing share price from £22.48 at 31 December 2014 to £41.25 at 31 December 2015 in respect of the outstanding share-based incentives granted, together with the actual NI cost on share-based incentives exercised in the year, there was a charge of £3.3m (2014: credit of £0.2m).

#### Taxation

The consolidated tax rate for the year ended 31 December 2015 was 20.2% (2014: 21.2%). The effective tax rate was slightly lower than the UK enacted rate of 20.25% due to research and development relief claimed in relation to previous years.

We are committed to being a responsible tax payer acting in a straightforward and open manner in all tax matters. The total tax payable in respect of 2015 was £75.3m (2014: £66.2m). £29.8m (2014: £28.6m) related to corporation tax and Employer's NI borne by the Group while the remaining £45.5m (2014: £37.6m) was collected in respect of payroll taxes and VAT.

## Rightmove continues to see strong cash generation and to return all the free cash generated to shareholders.

#### Earnings per share (EPS)

Underlying basic EPS<sup>(2)</sup> increased by 21% to 121.4p (2014: 100.3p). Basic EPS increased by 17% to 114.0p (2014: 97.7p). The growth in EPS was driven by the increase in profitability in the year together with the benefit from our continued share buyback programme which reduced the weighted average number of ordinary shares in issue to 96.0m (2014: 98.4m).

#### Balance sheet

Rightmove's balance sheet at 31 December 2015 showed total equity of £6.6m (2014: £2.4m) reflecting growth in profits and retained earnings less the continued return of capital to shareholders in the form of share buybacks and dividends during the year.

In line with stronger revenue, trade receivables increased by 13% to £24.6m (2014: £21.8m). Trade and other payables increased by £4.0m to £31.6m (2014: £27.6m) primarily due to an increase in deferred revenue in line with trading and an increase in the accrual for NI charge on share-based incentives outstanding. Our deferred tax asset, representing future tax benefits from share-based incentives, is higher at £6.8m (2014: £4.5m) due to a larger potential tax benefit being recognised in relation to outstanding share-based incentives as a result of the growth in the share price during the year.

#### Cash flow

Rightmove continues to see strong cash generation and to return all the free cash generated to shareholders. Predictable cash flows reflect the subscription nature of the business coupled with low working capital requirements. Cash generated from operating activities was £143.2m (2014: £125.4m) representing an operating cash conversion in excess of 100%.

Tax payments increased to £26.9m (2014: £17.1m) and £0.2m (2014: £0.1m) was paid in relation to bank charges and facility fees resulting in net cash from operating activities of £116.1m (2014: £108.2m).

Capital expenditure of £1.8m (2014: £1.1m) reflects ongoing investment in our website infrastructure.

During the year £4.0m was placed in money market deposits in order to obtain a higher interest rate on cash balances.

Proceeds of £0.4m (2014: £0.2m) were received on the exercise of share-based incentives and £0.5m (2014: £0.9m) was applied to purchase shares to fund the Rightmove Share Incentive Plan which was introduced in January 2015.

During 2015, £76.1m was invested in the repurchase of our own shares (2014: £73.9m) whilst a further £36.5m (2014: £29.5m) was paid in dividends reflecting the increased final dividend for 2014 and the 3p increase in the interim dividend this year. This brings the total cash returned to shareholders in the year to £112.5m.

The closing Group cash and money market deposit balance at the end of the year was £12.4m (2014: £11.2m).

#### Use of cash

The Board's priorities for the use of cash continue to be: investment in the business; payment of progressive dividends; and the return of cash to shareholders via share buybacks.

The Board believes that the future working capital and capital expenditure requirements of the business will continue to be low and that the business will again be in a position to return surplus cash to shareholders during 2016 through a combination of dividends and share buybacks.



**Robyn Perriss**  
Finance Director

26 February 2016

(1) Before share-based payments charge of £3,765,000 (2014: £2,728,000) and NI charge of £3,331,000 (2014: £194,000 credit) on share-based incentives.

(2) Before share-based payments charge of £3,765,000 (2014: £2,728,000) and NI charge of £3,331,000 (2014: £194,000 credit) on share-based incentives and no related adjustment for tax.

### Approach to risk management

The Board has overall responsibility for ensuring that risk is effectively managed across the Group. The primary method by which risks are monitored and managed is through the monthly Executive Committee meetings. The subject of risk is included on each monthly agenda and any significant new risks or change in status to existing significant risks is discussed and actions taken as appropriate.

On a bi-annual basis, risk is reviewed across each business area. This review includes a detailed assessment of identified risks, the likelihood of each risk occurring and the potential impact, together with controls and mitigating procedures in place. This information is combined to form a consolidated risk register which is reported to the Executive Committee for review and challenge, ahead of final review and approval by the Board. A nominated Director has responsibility for each risk. The Board reviewed the risk register at the February 2015 and September 2015 Board meetings.

### Viability statement

In accordance with provision C.2.2. of the Code, the directors have assessed the viability of the Group over a three year period, taking into account the Group's current position and the potential impact of the principal risks and uncertainties set out on pages 17 to 18. Based upon the robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, the directors have a reasonable expectation that the Group and the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2018.

The directors have determined that a three year period to 31 December 2018 constitutes an appropriate period over which to provide its viability statement, being the period considered under the Group's current three-year strategic plan. The three-year plan is reviewed by the directors at least annually and is developed on a segment by segment basis using a bottom up model. The three-year plan makes certain assumptions about Agency and New Homes customer

### Key areas of focus

We continue to drive improvements to our risk management process and the quality of risk information generated, whilst at the same time maintaining a simple and practical approach. This year the risk management framework has been reviewed by Rightmove Assurance, our outsourced internal audit function, with a presentation to the Audit Committee on key findings including recommendations to enhance the risk management approach beyond the specific requirements of the 2014 UK Corporate Governance Code (the Code) and to implement principal risk dashboards.

numbers, ARPA growth and other ancillary revenue streams and considers the Group's profitability, cash flows and dividend cover over the period.

The plan is subject to robust downside sensitivity analysis which involves flexing a number of the main assumptions underlying the plan. Where appropriate, analysis is carried out to evaluate the potential financial impact over the period of the Group's principal risks actually occurring. Furthermore our business model is structured so that the Group is not overly reliant on a small customer base with no single customer constituting more than 3% of Group sales.

Also given our significant free cash flow, our ability to adjust our discretionary share buyback programme further provides long-term comfort around viability in the face of adverse economic or competitive conditions.

Whilst this review does not consider all the risks that the Group may face, the directors consider that this stress-testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

## Strategic report | Principal risks and uncertainties

A description of the principal risks and uncertainties faced by the Group in 2015, together with the potential impact and monitoring and mitigating activities is set out in the table below.

We recognise that the Group is exposed to risks wider than those listed, however we have disclosed those that we believe are likely to have the greatest impact on the Group delivering its strategic objectives and those that have been the subject of discussion at recent Board and Audit Committee meetings.

| Description  | Impact   | Monitoring and mitigation  | Change from prior year |
|--|--|--|------------------------|
| <b>Competitive environment</b> <ul style="list-style-type: none"> <li>Increased competition from existing competitors</li> <li>Increased competition from new entrants including OnTheMarket.com, which launched in January 2015 and requires its members to list on a maximum of only one other portal</li> </ul>           | This may impact on Rightmove's ability to grow revenue due to the potential loss of: <ul style="list-style-type: none"> <li>Audience</li> <li>Advertisers</li> <li>Demand for additional advertising products</li> </ul>                 | <ul style="list-style-type: none"> <li>Communication of the value of Rightmove membership to advertisers</li> <li>Continued investment in our account management teams to ensure we stay close to our customers and local markets and help our customers run their businesses more efficiently</li> <li>Sustained marketing investment in the Rightmove brand</li> <li>Sustained investment and innovation in serving both home hunters and our advertisers</li> </ul>   | ➔                      |
| <b>New or disruptive technologies and changing consumer behaviours</b> <ul style="list-style-type: none"> <li>Failure to innovate or adopt new technologies</li> <li>Failure to adapt to changing consumer behaviour</li> </ul>  | Under-performance and impact on Rightmove's ability to grow revenue due to the potential loss of: <ul style="list-style-type: none"> <li>Audience</li> <li>Advertisers</li> <li>Demand for additional advertising products</li> </ul>    | <ul style="list-style-type: none"> <li>Continual improvements to our platforms and product proposition</li> <li>Significant and ongoing investment in mobile and tablet platforms</li> <li>Large in-house technology team with culture of innovation</li> <li>Innovation lab to develop emerging models and technologies</li> <li>Ongoing monitoring of consumer behaviour and annual 'Hackathons' which allow employees to spend time during work hours to develop their own online property related ideas</li> </ul>   | ➔                      |
| <b>Cyber attack</b> <ul style="list-style-type: none"> <li>Unavailability of the website and other platforms</li> <li>Corruption or loss of key data as a result of a security breach</li> </ul>   | Any loss of website availability or theft or misuse of data held within the Group's databases and IT systems could have both reputational and financial implications for the Group   | <ul style="list-style-type: none"> <li>Disaster Recovery and Business Continuity Plans in place, subject to ongoing testing and regular review</li> <li>Use of three data centres to load balance and ensure optimal performance and business continuity capability</li> <li>Regular backups of key data</li> <li>Regular testing of the security of the IT systems and platforms including penetration testing and distributed denial of service attack procedures</li> <li>Ongoing monitoring of external threats through updates from external specialists and collaboration with other online organisations</li> </ul> | ➔                      |
| <b>Securing and retaining the right talent</b>   | The inability to recruit and retain talented people could impact our ability to maintain our financial performance and deliver growth<br>When key staff leave or retire, there is a risk that knowledge or competitive advantage is lost | <ul style="list-style-type: none"> <li>Ongoing succession planning and development of future leaders</li> <li>Payment of competitive reward, including a blend of short and long-term incentives for senior management and the ability for all employees to participate in the success of the Group through the SIP</li> <li>Staff communication and engagement</li> <li>Maintaining the culture of the Group, which generates significant staff loyalty</li> </ul>  | ➔                      |
| <b>UK housing market downturn</b> <ul style="list-style-type: none"> <li>Substantially fewer housing transactions than the norm may lead to a reduction in the number of Agent branches or New Homes developments</li> <li>Reduction in the size of the UK property advertising market leading to fewer customers</li> </ul> | Underperformance as the number of agents and new homes developments are a major determinant of Rightmove's revenue   | <ul style="list-style-type: none"> <li>Monitoring of housing market leading indicators and trends in Rightmove membership</li> <li>Continuing to provide the most significant and effective exposure for customers' brands and properties, be the largest source of high quality leads and offer high value-adding products and packages and help drive operational efficiencies for our customers, thereby embedding the value of our membership</li> <li>Maintaining a flexible cost base that can respond to changing conditions</li> <li>Developing revenue streams in related and adjacent markets</li> </ul>         | ➔                      |

↑ Increased risk  
 ↓ Decreased risk  
 ➔ Risk unchanged

### Our people

Our people are our most highly valued asset, they are critical to our success and growth and we are proud of the mixture of talent and experience they bring. Our open and honest cultural style comes from our people and the environment we have created together.

We strive to make Rightmove a great place to work and this enables us to attract and retain the best talent and provide the best service for both our customers and consumers.

### Recruitment

Recruiting the 'right' talent continues to be an important part of our ability to drive growth. The tightening job market, particularly in technology skills makes our working environment and benefits ever more important in attracting the right people.

Referrals from existing employees are a valuable source of new recruits, typically ensuring a higher quality candidate with a better cultural fit. 20% of new employees in 2015 were introduced to Rightmove by an existing employee.

This year we partnered with MK College and the University of Bedford to offer paid internships to design graduates for up to six months to provide graduates with valuable work experience when looking for their first job. This has proved to be a most successful partnership and Rightmove are looking to extend this into other areas of the business in 2016.

High quality recruiting is supported by long-term commitment from Rightmove employees. We are proud to now have 40 people who have celebrated ten or more years' service, which represents 10% of our employees and which we believe backs our impressive people survey results.

### People development and training

To foster our culture of highly connected and empowered employees every new employee attends two office based 'How Rightmove fits together' days to introduce them to the business and our customers. They also attend 'Nexton', an off-site residential experience to introduce them to our culture and values.

Beyond induction, Rightmove is committed to investing in our employees through extensive training and leadership programmes that are designed to equip them with the necessary skills to perform to the best of their ability and provide the best possible service to our customers and consumers.

We have also developed a suite of internal development courses for our employees covering both technical and non-technical skills to further invest in our people and in recognition of the benefit in providing continual professional and personal development for Rightmovers.

### Employee benefits

Whilst we believe that that being a great place to work helps us attract the best talent we also reward our employees with a range of additional benefits.

Rightmove contributes towards a group stakeholder pension plan. Opt out rates continue to be low and currently 91% of employees are members of the pension plan. We also offer private healthcare complimented by a cash plan scheme to all employees.

We want our people to directly benefit from the success their talent and hard work brings to Rightmove. All employees can join the Group's Save As You Earn Scheme (Sharesave), which allows employees to save money from their salary with the option to purchase shares at a discount after three years. In November 2015, the Group's seventh Sharesave contract matured allowing employees to benefit from the continued success of the Group over the last three years. 65% of our employees currently participate in the Sharesave.

In January 2015 we made a free share award of 100 shares to all qualifying employees through the Rightmove Share Incentive Plan. In December 2015 we communicated to all employees that we were making a further free share award of 50 shares to all qualifying employees in January 2016.

We also offer flexible working arrangements, supporting part time working and reduced hours to allow our employees to balance their work and family commitments.

### Engagement

We encourage employees involvement and place emphasis on keeping employees informed of the Group's activities via 'townhalls' and business performance updates with senior management and quarterly sales conferences. In 2015 to celebrate our 15th birthday, Rightmove brought the whole Group together for camping, team building and our annual summer party.

During 2015, our employee recognition scheme, which is based around the 'Rightmove behaviours' which reflect our unique blend of values and ways of working and which is an opportunity to nominate colleagues who have demonstrated these behaviours in action, continued to prove popular with up to eight awards presented every two months at our 'townhalls'.

## building great **teams**

We continue to build great teams and make Rightmove a great place to work.



### **a great place to work**

In our 2015 'Have Your Say' people survey, again over 90% of respondents think Rightmove is a great place to work.

As it is important to us to know what our employees think and having received such valuable feedback in the past, we conduct an annual 'Have your Say' people survey.

Again in 2015 we are proud of our outstanding results from the survey with highlights including:

- 91% of respondents saying Rightmove is a great place to work;
- 96% of respondents committed to making a real contribution to the success of Rightmove; and
- 92% of respondents enjoy working in their team.

Despite the outstanding results from the survey, the management team is working hard to improve the results in 2016. To recognise the importance of employees in the continuing success of Rightmove an employee engagement score will form part of the senior management bonus criteria in 2016.

### Equality and diversity

Rightmove has a firm commitment to equality of opportunity in all our employment policies, practices and procedures. Our recruitment and selection processes are geared to selecting the best candidate regardless of their age, gender, sexuality, full or part time status, disability and marital status.

We recognise that a diverse workforce will provide a wide array of perspectives that promotes innovation and business success. Drawing on what is unique about individuals adds value to the way we do business and helps us anticipate and provide what our customers want from us.

For the year ended 31 December 2015, one out of three executive directors were female. Our female representation on the Board is 25%, with two out of eight Board directors being female.

The Board continues to focus on the next level of senior management in order to develop potential within this team to step up to Board level at the appropriate time and to identify and develop potential within the wider organisation with a view to strengthening the female representation within the senior management team. In 2015, 24% (2014: 28%) of our senior management team were female.

A breakdown by gender of the number of persons who were directors of Rightmove, senior managers and other employees as at 31 December 2015, is set out below:

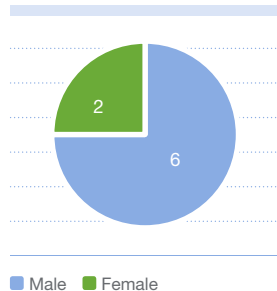
### Human rights

Whilst Rightmove does not have a specific human rights policy, it does have policies such as Equal Opportunities and an Anti-bribery policy that adhere to internationally proclaimed human rights principles. There is also a gifts and hospitality policy and an online register to record all gifts and hospitality that are accepted by employees.

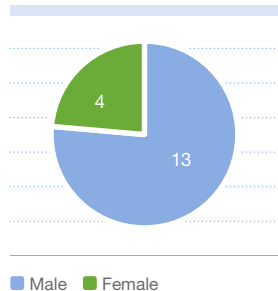
### Charitable activity

We continue to encourage all our employees to devote time and fundraising efforts to charitable causes that are of particular importance to them as individuals. During 2015, many of our staff have been active in raising money or supporting fundraising activities across a wide range of charities for which Rightmove matches the donations raised. In 2015 we contributed £56,000 to UK charities through matched funding. Our employees are also able to donate directly from their monthly salary to any charity or recognised good cause registered within the UK through the Charities Trust. This provides a tax efficient means of giving.

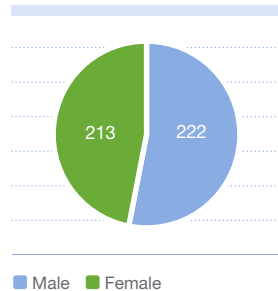
Directors



Senior management



All Rightmove employees



In 2015, we contributed £41,000 to support customer initiatives via Agents Giving, where we will contribute to the costs of the setting up of a charitable activity carried out by our customers, for example, paying for the kit to be used at a charity football match. This allows for more of the money raised by our customers to go directly to the charity through a charitable sponsorship fund we set up in 2014 in conjunction with Agents Giving. In 2015, the fundraising activities by our customers that we have supported will raise nearly £500,000 for UK charities.

## Environment

Rightmove actively considers its environmental impact and we are conscious of playing our part in tackling climate change. Rightmove reduces the need for print media and the environmental damage that goes with it. Rightmove takes care to design the layout of property particulars to reduce the total number of pages that need to be printed out in those cases where a home hunter does want a physical copy.

Enhanced information on properties also reduces the amount of time home hunters waste in visiting properties that rapidly turn out to be inappropriate. As a high proportion of viewings involve a car journey, any reduction in wasted viewings has an environmental benefit. Rightmove has worked hard to increase the number and size of photographs of each property, improved the size and added functionality to property floor plans and has introduced more comprehensive map searches and aerial photographs which help home hunters to identify the specific location of a property. Rightmove has added information on which schools are closest to the properties listed and the broadband speed for the area, all of which combined, provides high quality information about properties to reduce the carbon footprint generated by prospective buyers making wasted journeys.

The rightmove.co.uk website includes functionality for our customers to display Energy Performance Certificates which allow prospective buyers to evaluate the energy efficiency of a property they are considering buying, and to identify opportunities to improve the energy efficiency once they have purchased the property.

As an internet-based Group with most staff employed in two office locations, we believe our own environmental footprint is small. We encourage our staff to take steps to address our environmental responsibilities. For instance, we continue to operate recycling schemes which were established in consultation with local authorities and recycling partners. All waste bins were removed from the desks in our London and Milton Keynes offices, which encourages and increases the amount of recycling we do.

As an operator of an online property portal, the main environmental impact is the power usage of our data centres. Our procurement policy is to purchase hardware with the best computational performance which uses the least electrical power.

We encourage our employees to use alternatives to car travel, by promoting the use of public transport in particular when travelling between our two office locations and by encouraging participation in our Cycle to Work scheme.

In 2015, our fuel card provider, Allstar, partnered with Forest Carbon to capture the CO<sub>2</sub> emissions from our fleet of company cars and turn it into new UK woodlands, under the Allstar Ecopoint scheme. We pay an amount per month per car to capture all of the CO<sub>2</sub> from each vehicle and with that Forest Carbon plant woodlands that are quality assured by the Governments' Woodland Carbon Code to offset the emissions from each vehicle. We are provided an e-certificate annually which shows us how many trees have been planted for us, as well as their location and how much CO<sub>2</sub> they are expected to capture.

As an online business, our culture emphasises a paperless environment. We also recognise that our responsibilities do not stop with how we operate internally; we encourage all our customers, business partners and suppliers not to unnecessarily print out emails sent by us in the signature of all our emails. We also continue to focus on streamlining processes and replacing paper-based services with online services and communications, wherever possible. Steps introduced in recent years include e-communications to shareholders and online customer membership forms and product documentation.

## Greenhouse gas reporting

Since 1 October 2013, the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has required all UK quoted companies to report on their greenhouse gas (GHG) emissions, which are classified as either direct or indirect and which are divided further into Scope 1, Scope 2 and Scope 3 emissions.

Direct GHG emissions are emissions from sources that are owned or controlled by Rightmove. Indirect GHG emissions are emissions that are a consequence of the activities of the Group but that occur at sources owned or controlled by other entities.

**Scope 1 emissions:** Direct emissions controlled by the Group arising from company cars. Whilst the cars are leased, we are responsible for the emissions and therefore we report these under Scope 1.

**Scope 2 emissions:** Indirect emissions attributable to the Group due to its consumption of purchased electricity.

**Scope 3 emissions:** Other indirect emissions associated with activities that support or supply the Group's operations. We include emissions arising from our third-party-run data centres.



The Group is required to report Scope 1 and 2 emissions for its reporting year to 31 December 2015. Scope 3 is not yet mandatory, however, the Group has again chosen to report Scope 3 emissions as it relates to electricity used in data centres, in which the Group rents space to house and operate various servers, which host our website platforms.

### Rightmove emissions by Scope

| Scope        | Source                    | Tonnes CO <sub>2</sub> e <sup>(1)</sup> |              |
|--------------|---------------------------|---|--------------|
|              |                           | 2015                                    | 2014         |
| Scope 1      | Company cars              | 492                                     | 510          |
| Scope 2      | Electricity               | 342                                     | 317          |
| Scope 3      | Outsourced – data centres | 221                                     | 243          |
| <b>Total</b> |                           | <b>1,055</b>                            | <b>1,070</b> |

(1) UK emissions factors have been used for all data. All emission factors have been selected from the emissions conversion factors published annually by Defra. <https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses>.

Emissions have also been calculated using an ‘intensity metric’, which will enable the Group to monitor how well we are controlling emissions on an annual basis, independent of fluctuations in the levels of their activity. As Rightmove is a ‘people’ business, the most suitable metric is ‘Emissions per Employee’, based on the average number of employees during the year. The Group’s emissions per employee are shown in the table below.

### Emissions per employee

| Scope        | Source                    | Tonnes CO <sub>2</sub> e <sup>(1)</sup><br>per employee |            |
|--------------|---------------------------|---|------------|
|              |                           | 2015  | 2014       |
| Scope 1      | Company cars              | 1.2   | 1.3        |
| Scope 2      | Electricity               | 0.8   | 0.8        |
| Scope 3      | Outsourced – data centres | 0.6   | 0.6        |
| <b>Total</b> |                           | <b>2.6</b>  | <b>2.7</b> |

(1) Based on 412 (2014: 388) employees taken as the average number of employees in the Group throughout the year.

Emissions per employee remain broadly the same year on year. We will continue to monitor and look for ways to improve energy efficiency.

In January 2016, we submitted our first Energy Savings Opportunity Scheme (ESOS) report, a mandatory energy assessment introduced by the Government in 2015.

The report has highlighted only one area for improvement and minor potential savings in relation to sub-metering of our office air conditioning units.

### Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013. We have used the GHG’s Protocol’s Operational Control consolidation method. We do not have responsibility for any emission sources that are not included in the above information.

### Health and safety

The Group considers the effective management of health and safety to be an integral part of managing its business. During 2015, we continued our fire safety, first aid and work-place safety training. The Group’s ongoing policy on health and safety is to provide adequate control of the health and safety risks arising from work activities, through further consultation with, and training of, employees, the provision and maintenance of plant and equipment, safe handling and use of all substances and the prevention of accidents and causes of ill health.



**Scott Forbes**  
**Chairman**

**Appointment to the Board**  
13 July 2005

**Committee membership**  
Nomination (Chairman)

**Current external commitments**  
Chairman of Innasol Group Limited  
Chairman of Ascential plc

**Previous roles and relevant experience**  
Chairman of Orbitz Worldwide until September 2015. Director of NetJets Management Ltd, a subsidiary of Berkshire Hathaway until October 2009. Chief Executive of Bridge Capital Advisors Ltd. Scott has over 30 years' experience in operations, finance and mergers and acquisitions, including 15 years at Cendant Corporation, which was formerly the largest worldwide provider of residential property services. Scott established Cendant's international headquarters in London in 1999 and led this division as Group Managing Director until he joined Rightmove.



**Nick McKittrick**  
**Chief Executive Officer**

**Appointment to the Board**  
5 March 2004

**Current external commitments**  
None

**Previous roles and relevant experience**  
Nick is one of the co-founding executives and became Chief Executive Officer in April 2013, having been Chief Operating Officer since 2005 and additionally Finance Director since 2009. His prior experience is in technology consulting with Accenture.



**Peter Brooks-Johnson**  
**Chief Operating Officer**

**Appointment to the Board**  
10 January 2011

**Current external commitments**  
None

**Previous roles and relevant experience**  
Peter joined Rightmove in 2006 and became Chief Operating Officer in April 2013, having been Managing Director of rightmove.co.uk since 2011 and head of the estate agency business since 2008. Prior to joining Rightmove, Peter was a management consultant with Accenture and the Berkeley Partnership.



**Colin Kemp**  
**Non-Executive Director**

**Appointment to the Board**  
3 July 2007

**Committee membership**  
Remuneration, Nomination

**Current external commitments**  
Head of Strategic Projects for the Lloyds Banking Group, Retail Business

**Previous roles and relevant experience**  
With over 30 years' experience in high street retail banking, Colin has worked for Lloyds Banking Group companies since 1979. Between January 2005 and December 2007, Colin was Managing Director of Halifax Estate Agencies Limited. Colin is a Cranfield MBA and an Associate of the Chartered Institute of Marketing.



**Rakhi (Parekh) Goss-Custard**  
**Non-Executive Director**

**Appointment to the Board**  
28 July 2014

**Committee membership**  
Audit, Remuneration

**Current external commitments**  
Non-executive director of Intu Properties plc  
Non-executive director of Be Heard Group plc  
Non-executive director of Kingfisher plc

**Previous roles and relevant experience**  
Rakhi was previously Director of UK Media at Amazon until to June 2014. She held various other senior positions during her 11-year tenure at Amazon, including Media, Entertainment, General Merchandise and Book divisions as well as Product Development. Prior to Amazon, Rakhi advised Zappos and held strategy roles at TomTom and Oliver Wyman.



**Jenny Warburton**  
**Company Secretary**

**Appointment to the Board**  
1 July 2014

**Current external commitments**  
None

**Previous roles and relevant experience**  
Jenny joined Rightmove in 2011 as Assistant Company Secretary and was promoted to Company Secretary in 2014. She is an Associate of the Institute of Chartered Secretaries and Administrators. Prior to joining, Rightmove Jenny was the Assistant Company Secretary at Jacques Vert plc and before that, held various senior management roles within the Aurora Fashions Group and Mosaic Fashions Group.



**Robyn Perriss**  
**Finance Director**

**Appointment to the Board**

30 April 2013

**Current external commitments**

None

**Previous roles and relevant experience**

Robyn joined Rightmove in 2007 as Financial Controller with responsibility for day-to-day financial operations. She was appointed Company Secretary in April 2012 (until July 2014) and promoted to the Board as Finance Director in April 2013. Robyn qualified as a chartered accountant in South Africa with KPMG and worked in both audit and transaction services. Prior to joining Rightmove, Robyn was Group Financial Controller at the online media business, Auto Trader.



**Peter Williams**  
**Senior Independent  
Non-Executive Director**

**Appointment to the Board**

3 February 2014

**Committee membership**

Remuneration (Chairman), Audit, Nomination

**Current external commitments**

Chairman of boohoo.com plc  
Chairman of Mister Spex GmbH

Senior independent non-executive director of Sportech plc

Non-executive director of U and I plc

**Previous roles and relevant experience**

Peter was previously senior independent director of ASOS plc, Chairman of Jaeger, held non-executive director roles in Cineworld Group plc, the EMI group, Blacks Leisure Group plc, JJB Sports plc, GCap Media plc and Capital Radio Group plc. In his executive career, he was Chief Executive at Alpha Group plc and prior to that, Chief Executive of Selfridges plc where he also acted as Chief Financial Officer for over 10 years.



**Ashley Martin**  
**Non-Executive Director**

**Appointment to the Board**

11 June 2009

**Committee membership**

Audit (Chairman), Nomination

**Current external commitments**

Group Chief Financial Officer of Engine Holding LLC

**Previous roles and relevant experience**

Ashley qualified as a chartered accountant in 1981 and has a career in finance spanning 30 years. He was previously Finance Director of Rok plc, the building services group, and Group Finance Director of the media services company, Tempus plc.

**Introduction**

The following sections explain how the Company applies the main provisions set out in the 2014 UK Corporate Governance Code, (the Code) issued by the Financial Reporting Council (FRC), as required by the Listing Rules of the Financial Conduct Authority (FCA) and meets the relevant information provisions of the Disclosure and Transparency Rules of the FCA.

The statement of corporate governance covers the following areas:

- The structure and role of the Board and its committees;
- Relations with the Company’s shareholders and the Annual General Meeting (AGM); and
- The reports of the Audit Committee and Nomination Committee including Board effectiveness and evaluation.

The report of the Remuneration Committee is set out separately in the Directors’ Remuneration Report on pages 42 and 43 and 53 to 66.

The Group’s risk management and internal control framework and the principal risks and uncertainties are described on pages 17 to 18 and 35. The Directors’ Report on pages 38 to 40 also contains information required to be included in this statement of corporate governance.

**Statement of compliance**

The Code sets out the principles and provisions relating to good governance of UK listed companies. We are pleased to confirm, that for the year under review, the Group has complied fully with the principles and provisions of the Code. Further information on the Code can be found on the FRC’s website at <https://frc.org.uk>.

**The Board’s role**

The Board is collectively responsible to shareholders for the overall direction and control of the Group and has the powers and duties set out in the relevant laws of England and Wales and the Company’s Articles of Association. The Board delegates certain matters to the Board committees and delegates the detailed implementation of matters approved by the Board and the day to day operational aspects of the business to the executive directors. The Board’s main responsibilities and the key actions carried out during the year are set out below:

| Responsibility                | Specific actions during the year   |   |  |  |
|-------------------------------|--|---|--|--|
| <b>Strategy and direction</b> | Two day off-site strategy workshop, including an external consultant’s input on emerging models, consumer trends and technologies in the portal market and property industry to identify any new threats and opportunities for Rightmove | Approval of the Group’s budget for 2016 and its three year business plan to 2018                        | Meetings by the CEO and COO with global portal peers with insights shared with the Board                                 | Review of cash return policy and capital structure                                       |
| <b>Performance monitoring</b> | Received regular market updates and reports about competitor activity  | Marketing update on ‘find your happy’ campaign including particular focus on the London market          | Received presentations from senior management covering progress of businesses other than UK residential home advertising | Regular updates on business performance relative to analyst consensus forecasts and plan |
| <b>Shareholder engagement</b> | Reviewed the 2015 AGM proxy voting figures and made preparations in respect of the 2015 AGM  | Received monthly reports on shareholder composition and significant changes to the shareholder register | Feedback from the executive directors post results and investor roadshows  | Presentation by analyst on their view of Rightmove and Rightmove peer comparison         |

| Responsibility             | Specific actions during the year  |   |  |   |
|----------------------------|---|---|--|---|
| <b>Governance and risk</b> | Regular management and review of the risks appearing on the risk register including changes in significant risks affecting the business and considering potential previously unidentified risks. Presentation by Rightmove Assurance on risk management and the new viability statement | Reviewing and approving the Group's regulatory results announcements and Annual Report  | Received briefings and presentations from senior management covering a wide range of topics including cyber and security risks, corporate governance and legal update and 2016 insurance renewal programme | Active review of the risk register by the Chairman and by the Board |
| <b>People and values</b>   | September Board meeting held in Milton Keynes providing the opportunity to interact with employees and benefit from interactive presentations led by employees across a number of departments within the business   | Presentations by senior management to the Board throughout the year to ensure exposure to the Board of the breadth and depth of talent supporting business growth |  |   |

The Board has adopted a formal schedule of matters requiring specific approval. These include:

- The approval of the annual business plan;
- Review of Group strategy;
- Changes to the Group's capital structure;
- Approval of the dividend policy;
- Acquisitions and disposals;
- Appointment and removal of officers of the Company;
- Approval of annual and half-year results and shareholder communications; and
- System of internal control and risk management.

The Board normally schedules seven or eight meetings each year although meetings can be scheduled at short notice at the request of any director, if required. In addition to formal Board meetings, there is regular informal dialogue between all directors.

The Board receives meeting papers sufficiently in advance of the meetings to allow time for review and consideration of the documents beforehand. If any director has a concern about any aspect of the business conducted at any Board meeting, the Company Secretary shall discuss this with the director concerned and record their concern or comments in the Board minutes. The Board receives monthly management and financial reports on the operational and financial performance of the business setting out actual and forecast financial performance against approved budgets in addition to other key performance indicators. The Board also receives copies of broker reports and press releases relating to the Group.

### Board committees

The Board has established three principal committees, the Audit Committee, the Remuneration Committee and the Nomination Committee, to assist it in the execution of its duties. The Chairman of each Committee provides a report or update of each meeting of the respective Committee to the Board at the subsequent Board meeting.

The Committees' terms of reference are available on the Company's corporate website, [plc.rightmove.co.uk](http://plc.rightmove.co.uk) or by request from the Company Secretary.

Each of the Committees is authorised, at the Company's expense, to obtain legal or other professional advice to assist in carrying out its duties. No person other than a Committee member is entitled to attend the meetings of these Committees, except by invitation of the Chairman of that Committee.

Current membership of the Committees is shown on page 30. The composition of these Committees is reviewed regularly, taking into consideration the recommendations of the Nomination Committee.

| Committee           | Role and terms of reference  | Membership required under the terms of reference  | Minimum number of meetings per year | Committee report on pages |
|---------------------|--|---|-------------------------------------|---------------------------|
| <b>Audit</b>        | <p>Reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems, the independence and effectiveness of the external audit process and reviewing the plan, results and effectiveness of the internal audit function.</p> <p>Makes recommendations to the Board for a resolution to be put to the shareholders of the Company in relation to the appointment of the external auditors</p> | <p>At least three members</p> <p>All members should be independent non-executive directors</p>  | Three                               | 32 to 35                  |
| <b>Remuneration</b> | <p>Responsible for setting and recommending to the Board the remuneration policy and strategy to ensure that the Company's executive directors and senior management are properly incentivised and fairly rewarded for their individual contributions to the Group's overall performance, having due regard to the interests of the shareholders and to the financial and commercial health of the Group</p>                                 | <p>At least three members</p> <p>All members should be independent non-executive directors</p>  | Two                                 | 42 to 43; 53 to 66        |
| <b>Nomination</b>   | <p>Undertakes an annual review of organisation and succession planning and ensures that the membership and composition of the Board, including the balance of skills, remains appropriate.</p> <p>Makes recommendations for the membership of the Board, Audit and Remuneration Committees</p>   | <p>At least three members</p> <p>The majority should be independent non-executive directors</p> | Two                                 | 36 to 37                  |

### Board composition

The Board at the date of this report comprises three executive directors and five non-executive directors, including the Chairman. The three executive directors are Nick McKittrick (Chief Executive Officer), Peter Brooks-Johnson (Chief Operating Officer) and Robyn Perriss (Finance Director). The non-executive directors are Scott Forbes (Chairman), Peter Williams (Senior Independent Director), Ashley Martin, Colin Kemp and Rakhi (Parekh) Goss-Custard.

Biographical details of all directors at the date of this report appear on pages 24 to 25 and details of their Committee membership appear on page 30.

Consideration of the Board size and composition is kept under regular review by the Nomination Committee.

### Board changes

In May 2015, Jonathan Agnew and Judy Vezmar retired from the Board and relevant Committees both having served nine years. All other directors served throughout the year. Peter Williams became the Senior Independent Director and Chairman of the Remuneration Committee in May 2015.

## Division of responsibilities

The posts of Chairman and Chief Executive Officer are separate and there are clear written guidelines to support their division of responsibilities. The key responsibilities of the Board members are summarised below:

### Chairman

- The leadership and governance of the Board;
- Ensuring its effectiveness by creating and managing constructive relationships between the executive and non-executive directors;
- Ensures there is ongoing and effective communication between the Board and its key shareholders; and
- With the assistance of the Company Secretary, setting the Board's agenda and ensuring that adequate time is available for discussions and that the Board receives sufficient, pertinent, timely and clear information.

### Chief Executive Officer

- Responsible for the day to day management of the Group;
- Responsible for the operations and results of the Group;
- Developing the Group's objectives and strategy and following Board approval, the successful execution of strategy;
- Responsible for the effective and ongoing communication with shareholders; and
- Chairing the Executive Committee.

### Non-executive directors

- Constructively challenge the executive directors; and
- Monitor the delivery of the strategy within the risk and control framework set by the Board.

The non-executive directors bring wide and varied commercial experience and independent judgement to the Board and the Committees' deliberations.

The breadth of management, financial and listed company experience of the non-executive directors is described in the biographical details on pages 24 to 25 and demonstrates a range of business expertise that provides the right mix of skills and experience given the size of the Group.

### Senior Independent Director

- Acting in an advisory capacity to the Chairman;
- Deputising for the Chairman if required;
- Serving as an intermediary for other directors when necessary;
- Being available to shareholders if they have concerns which they have not been able to resolve through the normal channels of the Chairman and Chief Executive Officer or other executive directors for which such contact is inappropriate; and
- Conducting an annual review of the performance of the Chairman and, in the event it should be necessary, convening a meeting of the non-executive directors.

### Company Secretary

- Monitoring compliance with appropriate Board procedures;
- Advising the Board on corporate governance matters;
- Assisting the Chairman in ensuring that all the directors have full and timely access to relevant information; and
- Assisting the Chairman by organising induction and training programmes.

In addition to her duties as Company Secretary to the Board, the Company Secretary also acts as Secretary to the Audit, Remuneration and Nomination Committees.

The appointment and removal of the Company Secretary is one of the matters reserved for the Board.

### Board diversity

We are committed to a Board comprised of directors from different backgrounds, diverse and relevant experience, perspectives, skills and knowledge. We believe that diversity, including gender diversity, amongst directors contributes towards a high performing and effective Board. We strive to maintain the optimal balance.

As at 31 December 2015, 25% (2014: 25%) of Board members were female. Consequently, the Board has met its minimum target representation level to be achieved by 2015, as recommended by the Davies Review.

### Board independence

The Code provides that the Board should identify in the Annual Report each non-executive director that it considers to be independent. That is, to determine whether the director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment.

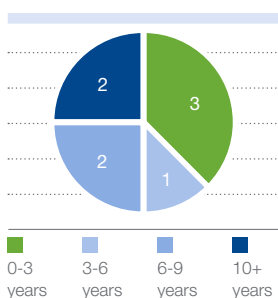
The Board reviews non-executive director independence on an annual basis taking into account such factors as their contribution to unbiased and independent debate during meetings. The Board considers that there is an appropriate balance between the executive (37.5%) and non-executive directors (62.5%) and that all non-executive directors are fully independent of management and independent in character and judgment.

To safeguard their independence, a director is not entitled to vote on any matter in which they may be conflicted or have a personal interest. Where necessary, directors are required to absent themselves from a meeting of the Board while such matters are being discussed. In cases of doubt, the Chairman of the Board is responsible for determining whether a conflict of interest exists.

The Chairman is also the Chairman of another publicly listed company. The executive directors do not hold any other non-executive directorships or commitments requiring disclosure under the Code.

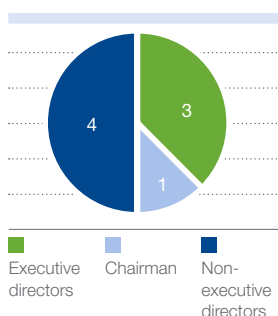
### Board tenure

as at 31 December 2015



### Balance of directors

as at 31 December 2015



### Re-election to the Board

Directors are appointed and may be removed in accordance with the Articles of Association of the Company and the provisions of the Companies Act 2006. All directors are subject to election at the first AGM following their appointment and to re-election at intervals of no more than three years in accordance with the Company's Articles of Association. However, following changes to the Code, all directors will seek re-election at the 2016 AGM, in accordance with the Code provision B.7.1.

### Board and Committee membership and attendance

The membership of the Committees of the Board and attendance at Board and Committee meetings for the year under review are set out in the table below:

|                             | Board            | Remuneration Committee | Audit Committee  | Nomination Committee |
|-----------------------------|------------------|------------------------|------------------|----------------------|
| <b>Total meetings</b>       | <b>8</b>         | <b>5</b>               | <b>5</b>         | <b>2</b>             |
| Scott Forbes                | 8                | 5 <sup>(2)</sup>       | N/A              | 2                    |
| Nick McKittrick             | 8                | N/A                    | N/A              | N/A                  |
| Peter Brooks-Johnson        | 8                | N/A                    | N/A              | N/A                  |
| Robyn Perriss               | 8                | N/A                    | N/A              | N/A                  |
| Jonathan Agnew              | 1 <sup>(1)</sup> | 2 <sup>(1)</sup>       | 1 <sup>(1)</sup> | — <sup>(1)</sup>     |
| Colin Kemp                  | 8                | 5                      | N/A              | 2                    |
| Ashley Martin               | 8                | 2 <sup>(5)</sup>       | 5                | 2 <sup>(5)</sup>     |
| Judy Vezmar                 | 1 <sup>(1)</sup> | 2 <sup>(1)</sup>       | 1 <sup>(1)</sup> | — <sup>(1)</sup>     |
| Peter Williams              | 8                | 5                      | 5 <sup>(4)</sup> | 2 <sup>(4)</sup>     |
| Rakhi (Parekh) Goss-Custard | 8                | 5 <sup>(3)</sup>       | 5 <sup>(3)</sup> | 2 <sup>(3)</sup>     |

- (1) Jonathan Agnew and Judy Vezmar retired from the Board and relevant Committees on 7 May 2015. They attended all meetings up until that date.
- (2) The Remuneration Committee Chairman has requested that the Chairman of the Board attend the Remuneration Committee meetings.
- (3) Rakhi (Parekh) Goss-Custard was appointed to the Audit Committee and Remuneration Committee in May 2015. Prior to that she attended those meetings by invitation. She was invited to attend two Nomination Committee meetings on a guest basis.
- (4) Peter Williams was appointed to the Audit Committee meetings and Nomination Committee in May 2015. Prior to that he attended the meetings by invitation.
- (5) Ashley Martin stepped down from the Remuneration Committee and was appointed to the Nomination Committee in May 2015.



In addition to the above meetings, the Chairman conducts meetings with the non-executive directors without the executive directors being present when required. Peter Williams, the Senior Independent Director, chaired a meeting of the Board at which the performance of the Chairman was also reviewed, without the presence of the Chairman.

### Indemnification of directors

The Articles of Association of the Company allow for a qualifying third-party indemnity provision between the Company and its directors and officers, which remains in force at the date of this report. The Group has also arranged directors' and officers' insurance cover in respect of legal action against the directors. Neither our indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

The Group has written policies in compliance with an internal code of securities dealings in relation to the process and timing for dealing in shares, which is equivalent to the Model Code published in the Listing Rules. The Code applies to all directors, other persons discharging managerial responsibility and other relevant employees.

### Shareholder relations

The Board is accountable to shareholders for the performance and activities of the Company and welcomes the opportunities to engage with shareholders.

Within the terms of the regulatory framework, the Company has conducted regular dialogue with institutional shareholders through ongoing meetings with institutional investors and research firms to discuss strategy, operating performance and financial performance. Contact in the UK is principally with the Chief Executive Officer and the Finance Director. The Chairman attends certain investor meetings in the UK and typically participates in the USA investor meetings. The Senior Independent Director is also available to shareholders if they wish to supplement their communication, or if contact through the normal channels is inappropriate.

The Board is kept informed of the views and opinions of those with an interest in the Company through reports from the Chief Executive Officer and the Finance Director, as well as reports from the Company's joint brokers, UBS and Numis.

Shareholders are also kept up to date with the Group's activities through the half year results statement and Annual Report and the investor relations section of its website, at [plc.rightmove.co.uk](http://plc.rightmove.co.uk), which provides details of all the directors, latest news including financial results, investor presentations and Stock Exchange announcements.

### Annual General Meeting

The AGM is an opportunity for shareholders to vote on certain aspects of the Company's business, and to ask questions of the directors, who will also be available for discussions with shareholders prior to and after the meeting. The AGM will be held on 5 May 2016 at the offices of UBS Limited at 1 Finsbury Avenue, London EC2M 2PP.

The Company will arrange for the Annual Report and related papers to be available on the Company's corporate website at [plc.rightmove.co.uk](http://plc.rightmove.co.uk) or posted to shareholders (where requested) so as to allow at least 20 working days for consideration before the AGM.

The Company also complies with the Code with the separation of all resolutions put to the vote of shareholders. The Company proactively encourages shareholders to vote at general meetings by providing electronic voting for shareholders who hold their shares through the Crest system and provides personalised proxy cards to ensure that all votes are clearly identifiable. The Company presently takes votes at general meetings on a show of hands on the grounds of practicality due to the limited number of shareholders in attendance. Votes are taken by a poll at any shareholder meeting where legally required. All proxy votes are counted and the level of proxy votes including abstentions lodged for each resolution are reported after each resolution and published on the Company's website.

**Audit Committee report**



**Ashley Martin**  
Chairman of the Audit Committee

**Dear shareholder**

I am pleased to present the 2015 report of the Audit Committee (the Committee).

The Committee is an essential part of Rightmove’s governance framework to which the Board has delegated oversight of the Group’s financial reporting, internal controls, outsourced internal audit function and the relationship with the external auditors.

The terms of reference for the Committee were reviewed during the year with the key responsibilities as follows:

|                               |  |
|-------------------------------|--|
| Financial reporting           | <ul style="list-style-type: none"> <li>• Reviewing the financial statements and results announcements and ensuring compliance with relevant regulations; and</li> <li>• Ensuring the Group’s accounting policies are appropriate, consistently applied and supported by relevant judgments and estimates.</li> </ul>   |
| Internal control and internal | <ul style="list-style-type: none"> <li>• Reviewing the processes and systems to identify and mitigate both financial and non-financial risks;</li> <li>• Approving the internal audit plan, reviewing the results and considering the effectiveness of the internal audit function; and</li> <li>• Reviewing the procedures for detecting and managing the risk of fraud.</li> </ul> |
| External audit                | <ul style="list-style-type: none"> <li>• Make recommendations to the Board on the appointment of the external auditor, overseeing the relationship and assessing the effectiveness of the external audit process.</li> </ul>   |

A significant change in the Group’s internal control framework last year was the appointment in December 2014 of PricewaterhouseCoopers LLP (PwC) to provide an outsourced internal audit function known as ‘Rightmove Assurance’. During the year we have established a Rightmove Assurance Terms of Reference and approved a plan for a two year cycle of work focusing on both core financial processes and specialist reviews of certain key risk areas. We will continue to monitor and review the effectiveness of the Group’s internal control and risk management systems with the support of this new function.

The Committee welcomes the changes to the revised UK Corporate Governance Code and the Financial Reporting Council’s Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published in September 2014. These changes apply to the Group for the first time this year and have been areas of focus for the Committee.

This report also outlines the significant accounting matters which received our particular focus during the year. It seeks to explain why the issues are considered significant and together with the external auditors’ report provides additional context for understanding the Group’s accounting policies and financial statements for the year.

In May 2015 Jonathan Agnew and Judy Vezmar retired from the Board and Committee. On behalf of the Committee, I would like to thank them for the wisdom and experience they have brought to the Committee’s deliberations over many years. We were pleased to welcome Peter Williams and Rakhi Parekh as members of the Committee from May 2015.

I will be available at the AGM to answer any questions about the work of the Committee.



**Ashley Martin**  
Chairman of the Audit Committee

**Composition and attendance at meetings**

| Committee members                          | Number of meetings attended |
|--|-----------------------------|
| Ashley Martin (Chairman of the Committee)  | 5 out of 5                  |
| Judy Vezmar <sup>(1)</sup>                 | 1 out of 1                  |
| Jonathan Agnew <sup>(1)</sup>              | 1 out of 1                  |
| Peter Williams <sup>(2)</sup>              | 4 out of 4                  |
| Rakhi (Parekh) Goss-Custard <sup>(2)</sup> | 4 out of 4                  |

(1) Judy Vezmar and Jonathan Agnew retired from the Board and the Committee on 7 May 2015.

(2) Peter Williams and Rakhi (Parekh) Goss-Custard were appointed to the Committee with effect from 7 May 2015.

The Committee is comprised entirely of independent non-executive directors, the biographical details of whom can be found on pages 24 to 25. The Board is satisfied that both Ashley Martin and Peter Williams have recent and relevant financial skills and experience. Both have professional qualifications with the Institute of Chartered Accountants of England and Wales.

The Finance Director and the Head of Finance are normally invited to attend the meetings as well as the external auditor, KPMG and the internal auditor, PwC. Other relevant people from the business are also invited to attend certain meetings in order to provide a deeper level of insight into certain key issues and developments. The Committee regularly meets separately with the external and internal auditors without others being present.

The quorum for meetings of the Committee is two members. Appointments to the Committee are for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.

The Committee Chairman briefs the Board on the matters discussed at each Committee meeting and the effectiveness of the operation of the Committee was reviewed as part of the effectiveness review of the Board and its committees in December 2015.

### Principal activities of the Committee during the year

The principal activities of the Committee through the year, and the manner in which it discharged its responsibilities are described below:

#### Financial reporting

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditor the appropriateness of the half-year results statement and the Annual Report and financial statements including, amongst other matters:

- The quality and appropriateness of accounting policies and practices;
- The clarity of the disclosures and compliance with relevant financial reporting standards and governance reporting requirements; and
- Key accounting issues or matters in which significant judgements have been applied.

At the request of the Board, the Committee was asked to consider whether the 2015 Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's performance, business model and strategy, and has concluded that this is the case.

The significant areas of judgment considered by the Committee in relation to the 2015 Annual Report and how these were addressed were:

#### Revenue recognition

The timing of revenue recognition in relation to the billing of subscription fees and additional products and services and the accounting for any membership offers to customers with discounted or free periods. This was a prime area of audit focus with KPMG performing detailed analytical procedures using computer-assisted audit techniques throughout the year on amounts billed to the two largest customer groups (Agency and New Homes), together with the billing of Overseas customers, investigating any anomalies and outliers identified and providing detailed reporting to the Committee in this regard. The Committee discussed any reported anomalies highlighted by KPMG ensuring that adequate explanations were received from management in line with their business understanding.

In addition the Committee received regular updates from management discussing current customer offers and their impact on revenue recognition.

As this area is of higher audit risk the Committee also received detailed verbal and written reporting from KPMG on this matter. The Committee was satisfied with the explanations provided and conclusions reached.

#### Share-based incentives and the related deferred tax balance

The external auditors and Committee discussed the audit plan and assessed the risks associated with share-based incentives and the related deferred tax balances and concluded that it was no longer a significant audit risk area. It remains an area of judgement for management given the technical complexity of the calculations and the assumptions around the rate at which the related deferred tax asset is likely to reverse.

#### Internal audit

The Group established an outsourced internal audit function provided by PwC during 2015 known as Rightmove Assurance. The aim of Rightmove Assurance is to provide independent and objective assurance on the effectiveness of internal control, risk management and governance processes.

During the year and in accordance with the approved internal audit plan, Rightmove Assurance has carried out reviews in respect of certain core financial processes, the robustness of the risk management framework in the context of the new Corporate Governance Code, options in relation to the provision of mortgage content on the [www.rightmove.co.uk](http://www.rightmove.co.uk) website, the identification and prevention of certain fraudulent online activities by third parties against Rightmove and the systems and controls in place to prevent the loss or malicious publication of Rightmove data. Reports setting out their principal findings and agreed management actions were discussed by the Committee.

### External audit

KPMG has been the Group's auditors since 2000. Following the 2012 revision of the UK Corporate Governance Code by the Financial Reporting Council, a decision was made by the Committee to formally tender the provision of audit and taxation services to the Group. A comprehensive tender and review process was concluded in March 2013. The Committee was satisfied that the skills and depth of industry knowledge in the team remained very strong and combined with the fresh perspective of the new audit partner decided that KPMG should be re-appointed as the Group's auditor, with Karen Wightman taking over responsibility as lead audit partner.

The EU Audit Regulations have not yet been formally enacted in the UK, however, in October 2015 the Department for Business Innovation & Skills consultation on the legislative implementation of the EU Audit Directive and Regulation, commented that a tender of an audit engagement resulting in the reappointment of the incumbent auditor for an accounting period beginning up to 10 years before the application of the new EU Audit Directive and Regulation, effective 17 June 2016 ('The EU Regulation'), should be treated as a tender for the purposes of the transitional provisions. As KPMG were reappointed in 2013 following a competitive tender process, we therefore anticipate Rightmove's next requirement to tender its audit will be for the 2023 calendar accounting year. These timeframes will also ensure compliance with the provisions of the CMA Statutory Audit Services Order 2014.

The external auditor is required to rotate the audit partner responsible for the Group audit every five years. The current lead partner, Karen Wightman, has been in place for three years.

The Committee also approved the fees of KPMG during the year.

### Effectiveness of the external audit process

The effectiveness of the external audit process is dependent on a number of matters. These include the quality, continuity, experience and training of audit personnel, business understanding, technical knowledge and the degree of rigour applied in the review processes of the work undertaken, together with appropriate audit risk identification at the start of the audit cycle.

The Committee evaluated the effectiveness of the audit process in addressing these matters together with input from management. Areas the Committee considered in this review included the quality of audit planning and execution, engagement with the Committee and management, quality of reporting and capability and experience of the audit team. For the 2015 financial year, the Committee were satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and concluded that the performance of KPMG remained efficient and effective.

### Non-audit services

The Committee also discussed its responsibilities to safeguard audit objectivity and independence as well as the needs of the business and agreed that it was practical in certain limited cases for the auditor to be assigned to other non-audit project work due to their knowledge and expertise of the business.

In November 2015 the Committee agreed a policy that management be given authority to incur permitted non-audit fees up to 50% of the annual agreed audit fee in any financial year without the prior approval of the Committee. Thereafter all additional fees will be referred to the Committee in advance, subject to a cap on permitted non-audit fees at 70% of the average audit fees over the three preceding financial years, in line with the forthcoming new EU Regulations. Permitted non-audit fees exclude those services prohibited by the EU requirements, in particular all tax services. Non-audit services required by legislation are not subject to the cap.

In 2015 the non-audit fees were £5,000 in relation to other advisory services and were £10,000 in relation to tax compliance and advice and are fully disclosed in Note 6 of the financial statements. As a result of the forthcoming EU regulations on permitted non-audit services, KPMG will no longer be able to provide tax compliance and advisory services and we have therefore appointed PwC to provide these services in 2016.

## Internal controls

The Board has overall responsibility for the Group's system of internal controls and has established a framework of financial and other controls which is periodically reviewed in accordance with the FRC Internal Control: Guidance to Directors publication for its effectiveness.

The Board has taken, and will continue to take, appropriate measures to ensure that the chances of financial irregularities occurring are reduced as far as reasonably possible by improving the quality of information at all levels in the Group, fostering an open environment and ensuring that the financial analysis is rigorously applied. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's management have established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks to the Group. These procedures have been in place for the whole of the financial year ended 31 December 2015 and up to the date of the approval of these financial statements and they are reviewed regularly. The key elements of the system of internal control are:

- Major commercial, strategic, competitive and financial risks are formally identified, quantified and assessed, discussed with the executive directors, after which they are considered by the Board;
- A comprehensive system of planning, budgeting and monitoring Group results. This includes monthly management reporting and monitoring of performance against both budgets and forecasts with explanations for all significant variances;
- An organisational structure with clearly defined lines of responsibility and delegation of authority;
- Clearly defined policies for capital expenditure and investment exist, including appropriate authorisation levels, with larger capital projects, acquisitions and disposals requiring Board approval;

- A comprehensive disaster recovery and business continuity plan based upon:
  - co-hosting of the rightmove.co.uk website across three separate locations which is regularly tested and reviewed;
  - the capability for employees to remote work from home or a third party location in the event of a loss of one of our premises which has been tested for both our London and Milton Keynes offices during the year.
- Regular testing of the security of the IT systems and platforms, regular backups of key data and ongoing threat monitoring to protect against the risk of cyber attack;
- A treasury function which manages cash flow forecasts and cash on deposit and counterparty risk and is responsible for monitoring compliance with banking agreements, where appropriate; and
- Whistleblowing and bribery policies of which all employees are made aware, to enable concerns to be raised either with line management or, if appropriate, confidentially outside the line management.

Through the procedures outlined above, the Board, with advice from the Committee, has considered all significant aspects of internal control for the year and up to the date of this Annual Report. No significant failings or weaknesses were identified during this review. However, had there been any such failings or weaknesses, the Board confirms that necessary actions would have been taken to remedy them.

**Nomination Committee report**



**Scott Forbes**  
Chairman of the Nomination Committee

**Dear shareholder**

I am pleased to present the 2015 report of the Nomination Committee (the Committee).

The Committee's role is to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace, and make recommendations to the Board with regard to any changes.

The terms of reference for the Committee were reviewed during the year with the key responsibilities as follows:

- |                                      |   |
|--------------------------------------|---|
| Board evaluation                     | <ul style="list-style-type: none"> <li>• Evaluate the performance of the Board both collectively and individually against performance criteria. Determine the level of Board effectiveness based on the assessment.</li> </ul>                |
| Organisation and succession planning | <ul style="list-style-type: none"> <li>• Give full consideration to the organisation and succession plan in order to identify the executive and non-executive resources required for the Company to meet its strategic objectives.</li> </ul> |

In 2015 the Committee reviewed the organisation and succession plans and conducted its tri-annual, externally facilitated Board evaluation and Board skills and composition review.

The external Board evaluation was conducted by Echelon Compensation Partners (Echelon) and the Board skills and composition review by Korn Ferry International (Korn Ferry). Echelon have no other connection with the Company. Korn Ferry, an executive search firm, conducted a Board review in 2012 and successfully placed Peter Williams and Rakhi (Parekh) Goss-Custard. Further details on the Board skills and composition review can be found in the section on Board effectiveness and evaluation on page 37 of my report below. Following completion of their third term of service to the Board, both Jonathan Agnew and Judy Vezmar retired from the Board and Committees after the 2015 AGM. The Board now consists of eight directors, including five non-executive directors, four of which are considered to be independent.

Peter Williams was appointed Senior Independent Director and Remuneration Committee Chairman in May 2015.

I will be available at the AGM to answer any questions about the work of the Committee.

**Scott Forbes**  
Chairman of the Nomination Committee

**Composition and attendance at meetings**

| Committee members                           | Number of meetings attended |
|---|-----------------------------|
| Scott Forbes<br>(Chairman of the Committee) | 2 out of 2                  |
| Peter Williams                              | 2 out of 2                  |
| Ashley Martin                               | 2 out of 2                  |
| Colin Kemp                                  | 2 out of 2                  |
| Rakhi (Parekh) Goss-Custard <sup>(1)</sup>  | 2 out of 2                  |

(1) During the year Rakhi (Parekh) Goss-Custard, non-executive director, attended the meetings by invitation.

**Membership**

The Committee is comprised entirely of non-executive directors, the biographical details which can be found on pages 24 to 25. As at 31 December 2015 three out of the four members of the Committee were considered by the Board to be independent. The quorum for meetings of the Committee is two members. At the request of the Committee Chairman, the Chief Executive Officer is normally invited to attend the meeting to discuss the annual organisation and succession plan.

The Chairman of the Company may not chair the Committee in connection with any discussion about the appointment of his successor to the chairmanship of the Company. In these circumstances, the Senior Independent Director will take the chair.

Appointments are for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.

**Principal activities of the Committee during 2015**

During the year the Committee has:

- Reviewed the Board composition;
- Reviewed the Board committees composition;
- Approved the plans for the organisation and succession of the executive directors and senior management;

- Agreed the process for and considered the outcome of the Board's external evaluation;
- Considered the diversity of the Board and agreed the policy regarding gender composition on the Board; and
- Conducted an annual review of its terms of reference.

### Board induction and training

All new non-executive directors joining the Board undertake a tailored induction programme to meet their individual needs. This covers for example: the operation and activities of the Group (including meeting with members of the senior management team, spending a day on the road with a sales director meeting our customers and attendance at an Agency seminar), the role of the Board and the decision making matters reserved to it, the responsibilities of the Board Committees; and the strategic challenges and opportunities facing the Group.

There are procedures in place for individual Board members to receive training and to seek the advice and services of independent professional advisers, at the Group's expense, where specific expertise or training is required in furtherance of their duties.

### Board effectiveness and evaluation

The Board is committed to undertaking annual reviews of its own performance and also the performance of its Committees and individual directors. For the past two years, the Board has undertaken an internal self-assessment. This year, Echelon, an external firm of consultants, was appointed to undertake an independent review of the performance of the Board and its Committees together with a Board skills and composition review which was undertaken by Korn Ferry.

The external Board evaluation was conducted by Echelon in the fourth quarter of 2015. The evaluation results including anonymous ratings and comments were summarised in a report and discussed by the Committee and Board in December 2015.

The evaluation concluded that the Board and Committees operate at a high degree of effectiveness with all individuals contributing with plenty of open debate and challenge from all directors. Recommendations for continued development included remaining proactive in the search for the right talent, both at the Board and executive level; further enhancing Board diversity by recruiting more female non-executives or non-executives from different ethnic backgrounds; and ensuring that the Group strategy continues to be both communicated and understood at levels beyond the executive management team.

An internally facilitated review of the performance of the Board and its Committees will again be conducted during 2016.

The Board skills and composition review involved a series of Korn Ferry independent interviews with each executive and non-executive director. Questions were intended to identify the Group's strategy and the ideal capabilities and experience required on the Board that will best support the Group's effort to achieve its strategic objectives. The Board skills and composition review also explored corporate governance requirements including compliance with the UK Corporate Governance Code, best practice and diversity policies. Priority capabilities and experience were cross-referenced against the profile of the current Board both at the present time and as of the anticipated dates that directors will retire in order to identify gaps against which the Board's recruitment policy is based.

The work of Korn Ferry was substantially complete in December 2015, with the results of the review to be distributed in a report to the Committee in early 2016. The Committee will review the report and discuss its recommendations with the Board as part of an ongoing process to ensure that the Board operates at a high level of effectiveness fortified by the most appropriate resources in support of the Group's business strategy.

Rightmove plc (the Company) is incorporated as a public limited company and is registered in England with the registered number 6426485. The Company's registered office is Turnberry House, 30 Caldecotte Lake Drive, Caldecotte, Milton Keynes MK7 8LE.

The directors submit their report together with the audited financial statements for the Company and its subsidiary companies (the Group) for the year ended 31 December 2015.

Pages 38 to 40, comprise the Directors' Report that has been drawn up and presented in accordance with English company law and the liabilities of the directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

### Strategic report

The Strategic Report can be found on pages 2 to 23. This report sets out the development and performance of the Group's business during the financial year, the position of the Company at the end of the year and a description of the principal risks and uncertainties facing the Company.

### Dividend

An interim dividend of 16.0p (2014: 13.0p) per ordinary share was paid in respect of the half year period on 6 November 2015 to shareholders on the register of members at the close of business on 9 October 2015. The directors are recommending a final dividend for the year of 27.0p (2014: 22.0p) per ordinary share, which together with the interim dividend of 16.0p, makes a total for the year of 43.0p (2014: 35.0p), amounting to £40,854,000 (2014: £33,991,000). Subject to shareholders' approval at the Annual General Meeting (AGM) on 5 May 2016, the final dividend will be paid on 3 June 2016 to shareholders on the register of members at the close of business on 6 May 2016.

### Share capital

The shares in issue including 2,322,314 shares held in treasury (2014: 2,505,430) at the year end amounted to 97,741,977 (2014: 99,993,317) ordinary shares of £0.01, with a nominal value of £977,419 (2014: £999,933). The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. Movements in the Company's share capital and reserves in the year are shown in Note 22 and Note 23 to the financial statements. Information on the Group's share-based incentive schemes is set out in Note 24 to the financial statements. Details of the share-based incentive schemes for directors are set out in the Directors' Remuneration Report on pages 42 to 66.

### Share buyback

The Company's share buyback programme continued during 2015. Of the 15% authority given by shareholders at the 2015 AGM, a total of 2,251,340 (2014: 3,122,418) ordinary shares of £0.01 each were purchased in the year to 31 December 2015, being 2.3% (2014: 3.1%) of the shares in issue (excluding shares held in treasury) at the time the authority was granted. The average price paid per share was £33.79 (2014: £23.66) with a total consideration paid (inclusive of all costs) of £76,604,000 (2014: £74,384,000). Since the introduction of the new parent company in January 2008, a total of 34,163,431 shares have been purchased, of which, 2,322,314 are held in treasury with the remainder having been cancelled. A resolution seeking to renew this authority will be put to shareholders at the AGM on 5 May 2016.

### Shares held in trust

As at 31 December 2015, 386,057 (2014: 596,499) ordinary shares of £0.01 each in the Company were held by The Rightmove Employees' Share Trust (EBT) for the benefit of Group employees. These shares had a nominal value at 31 December 2015 of £3,861 (2014: £5,965) and a market value of £15,925,000 (2014: £13,409,000). The shares held by the EBT may be used to satisfy share-based incentives for the Group's employee share plans. During the year, 184,842 (2014: 182,125) shares were transferred to Group employees following the exercise of share-based incentives. Additionally, 12,700 shares were purchased by the EBT for transfer to the Rightmove Share Incentive Plan in January 2016.

The terms of the EBT provide that dividends payable on the shares held by the EBT are waived.

As at 31 December 2015, 37,800 (2014: 38,300) ordinary shares of £0.01 each in the Company were held by The Computershare SIP Trust (SIP Trust) for the benefit of Group employees. These shares had a nominal value at 31 December 2015 of £378 (2014: £383) and a market value of £1,559,000 (2014: £863,000). The shares held by the SIP Trust were awarded as free shares to eligible employees on 1 January 2015 and are held in trust for a period of three years before an employee is entitled to take ownership of the shares. During the year, 500 (2014: nil) shares were released early from the SIP under the SIP rules.



## Substantial shareholdings

As at the date of this report, the following beneficial interests in 3% or more of the Company's issued ordinary share capital (excluding shares held in treasury) on behalf of the organisations shown in the table below, had been notified to the Company pursuant to Rule 5.1 of the Disclosure and Transparency Rules. The information provided below was correct as at the date of notification, where indicated, this was not in the current financial year. It should be noted that these holdings are likely to have changed since notification to the Company. However, notification of any change is not required until the next applicable threshold is crossed.

| Shareholder                                  | Nature of holding          | Total voting rights | % <sup>(1)</sup> |
|--|----------------------------|---------------------|------------------|
| Marathon Asset Management LLP <sup>(2)</sup> | Indirect                   | 5,930,755           | 6.2              |
| Baillie Gifford & Co <sup>(2)</sup>          | Indirect                   | 5,873,614           | 6.2              |
| Axa Investment Managers SA <sup>(2)</sup>    | Indirect                   | 5,510,468           | 5.8              |
| BlackRock Inc <sup>(2)</sup>                 | Indirect                   | 4,777,310           | 5.0              |
|  | Financial Instrument (CFD) | 644,472             | 0.7              |
| Standard Life Investments <sup>(2)</sup>     | Direct                     | 831,055             | 0.9              |
|  | Indirect                   | 4,000,946           | 4.2              |
| Caledonia (Private) Investments Pty Limited  | Direct                     | 2,905,192           | 3.1              |
| Kames Capital                                | Direct                     | 2,154,897           | 2.3              |
|  | Indirect                   | 449,532             | 0.5              |
|  | Financial Instrument (CFD) | 255,392             | 0.3              |

(1) The above percentages are based upon the voting rights share capital (being the shares in issue less shares held in treasury) of 94,990,407.

(2) Date of notification was not in the 2015 financial year.

## Directors

The directors of the Company as at the date of this report are named on pages 24 to 25 together with their profiles.

The Articles of Association of the Company require directors to submit themselves for re-appointment where they have been a director at each of the preceding two AGMs and were not appointed or re-appointed by the Company at, or since, either such meeting. Following the changes to the UK Corporate Governance Code in September 2010, all directors who have served during the year and remain a director as at 31 December 2015 will retire and offer themselves for re-election at the forthcoming AGM.

The Board is satisfied that the directors retiring and standing for re-election are qualified for re-appointment by virtue of their skills, experience and contribution to the Board. The executive directors have service agreements with the Company, which can be terminated on 12 months' notice. The appointments for the non-executive directors can be terminated on three months' notice.

The interests of the directors in the share capital of the Company as at the date of this report, the directors' total remuneration for the year and details of their service contracts and Letters of Appointment are set out in the Directors' Remuneration Report on pages 42 to 66. At the date of this report all of the executive directors were deemed to have a non-beneficial interest in 386,057 ordinary shares of £0.01 each held by the trustees of the EBT.

## Research and development

The Group undertakes research and development activity in order to develop new products and to continually improve the existing property website. Further details are disclosed in Note 2 to the financial statements on page 78.

## Political donations

During the year, the Group did not make any donations to any political party or other political organisation and did not incur any political expenditure within the meanings of sections 362 to 379 of the Companies Act 2006.

## Annual General Meeting

The AGM of the Company will be held at the offices of UBS Limited at 1 Finsbury Avenue, London, EC2M 2PP on 5 May 2016 at 10am. The Notice of Annual General Meeting will be published in March 2016.

The resolutions being proposed at the 2016 AGM are general in nature, including the renewal for a further year of the limited authority of the directors to allot the unissued share capital of the Company and to issue shares for cash other than to existing shareholders. A resolution will also be proposed to renew the directors' authority to purchase a proportion of the Company's own shares.

One of the items of special business to be addressed at this AGM relates to the requirement in the Companies (Shareholders' Rights) Regulations 2009, which came into force on 3 August 2009 that all general meetings must be held on not less than 21 clear days' notice unless shareholders approve a shorter notice period. At the 2015 AGM, a resolution was passed allowing the Company to call general meetings (other than AGMs) on not less than 14 clear days' notice. As this authority will expire at the 2016 AGM, a resolution will be proposed to renew this authority.

The Company is also seeking approval for the disapplication of pre-emption rights up to a maximum ten percent of issued ordinary share capital of the Company (excluding shares held in treasury), in line with the revised Statement of Principles of the Pre-Emption Group.

#### Auditor

KPMG LLP has confirmed its willingness to continue in office as auditor of the Group. In accordance with section 489 of the Companies Act 2006, separate resolutions for the re-appointment of KPMG LLP as auditor of the Group and for the Audit Committee to determine their remuneration will be proposed at the forthcoming AGM of the Company.

#### Audit information

So far as the directors in office at the date of signing of the report are aware, there is no relevant audit information of which the auditor is unaware and each such director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Greenhouse gas emissions

Our report of greenhouse gas emissions in line with UK mandatory reporting regulation is provided in the Corporate Responsibility section of the Strategic Report on pages 22 to 23.

#### Fair, balanced and understandable


The Board has concluded that the 2015 Annual Report is fair, balanced and understandable, and provides the necessary information for shareholders and other readers of the accounts to assess the Group's position and performance, business model and strategy.

#### Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The management report required by DTR 4.1.8R (contained in the Strategic Report and the Directors' Report) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the Group taken as a whole, together with a description of the principal risks and uncertainties they face.

Signed by the Board:



**Nick McKittrick**  
Chief Executive Officer  
26 February 2016



**Robyn Perriss**  
Finance Director

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Annual statement by the Chairman of the Remuneration Committee



**Peter Williams**  
Chairman of the Remuneration Committee

Dear Shareholder

I am pleased to present our Directors' Remuneration Report for Rightmove plc (the Company) together with its subsidiary companies (the Group) for the year ended 31 December 2015. The report is divided into two distinct sections, the Remuneration Policy Report and the Annual Report on Remuneration.

In accordance with the new regulations you were asked to vote separately on these two reports at our AGM held on 7 May 2014. The three year remuneration policy received overwhelming support. We do not propose to make any changes to this policy. For ease of reference, we present the policy on pages 43 to 52.

Our remuneration framework is designed to ensure we reward and incentivise our people to deliver our strategy with a clear emphasis on performance-related pay to reflect the culture of the Group. The overall policy provides below market levels of fixed pay but with above market levels of variable pay opportunity, subject to the achievement of challenging performance measures linked to the Group KPIs. Variable pay is biased toward long-term sustainable performance, through a high level of annual bonus deferral into shares, long-term incentive awards and share ownership guidelines. We believe that the remuneration policy which you approved in 2014 continues to remain appropriate.

As described in the Strategic Report, our 2015 results show strong organic revenue and profit growth. The increase in profit achieved this year once again demonstrates the strength of the Rightmove business model and brand and the effectiveness of our management team.

### Performance and reward

In light of the combination of strong Group and executive directors' performance during the year, the Remuneration Committee considers the remuneration paid to the executive directors to reflect fairly their performance during the year. As a result of the financial and operational results of the Group, including growth in underlying operating profit before tax<sup>(1)</sup> of 16%, the annual bonus entitlement for executive directors was 100% of the maximum for 2015. The Company consolidated its market leading position during the year despite increased and new competition and also achieved substantial growth in other revenue streams resulting in a maximum bonus becoming payable. In aggregate, the performance over the year significantly outperformed the business plan and exceeded the maximum incentive plan targets set at the start of the year and therefore the Committee were satisfied that it was appropriate to pay maximum bonuses.

With regard to the Group's longer-term performance, reflecting the successful implementation of its growth strategy over the last three financial years, the 2013 Performance Share Plan awards (measuring performance from 1 January 2013 to 31 December 2015) will vest in full in March 2016 as a result of delivering normalised EPS<sup>(2)</sup> growth of over 79% and TSR growth of 198% over the performance period, which significantly exceeded the respective growth targets set of 40% and Index +25% over the three year period. The Committee having tested the condition, determined that this result significantly outperformed the maximum incentive plan targets set at the start of the performance period placing Rightmove well into the top quartile of performance across the FTSE 250 Index, and so was satisfied that the awards should vest in full.

(1) Before share-based payments and NI on share-based incentives.

(2) Diluted underlying EPS but with a standard UK tax rate applied.

## Remuneration policy for 2016

The Committee continues to believe that the current remuneration policy of providing below market fixed pay (base salary, pension and minimal benefits) and above market variable pay opportunity (short and long-term incentives) for delivery of challenging performance targets remains appropriate for a growth orientated Group.

In summary, the key elements to the remuneration policy are as follows:

- We remain committed to a pay model of below comparative median benchmarks on fixed pay and an above median incentive opportunity.
- Executive directors are to receive inflationary adjustments to base salary levels in line with all employees. Up to 6% of base salary is contributed to the Group pension scheme.
- The annual bonus opportunity provides that 60% of any bonus earned is deferred into the Company's shares for a period of two years.
- Annual award levels under the Company's Performance Share Plan are granted at 200% of salary with challenging underlying earnings per share growth targets.
- Clawback will continue to operate in relation to both deferred annual bonus awards and Performance Share Plan awards. The mechanism through which the clawback can be implemented enables the Committee to (i) reduce the cash bonus earned in a subsequent year and/or reduce outstanding DSP/PSP share awards (i.e. withholding provisions may be used to effect a recovery) or (ii) for the Committee to require that a net of tax balancing cash payment be made to the Company.
- The existing share ownership guidelines will be 200% of base salary for the Chief Executive Officer and 100% of base salary for other executive directors.

Further details in relation to the remuneration policy, which is expected to operate for at least another year are set out on pages 43 to 52. We are committed to maintaining an open and transparent dialogue with shareholders. We have valued the engagement with, and support of shareholders and we remain focused on disclosing clearly how much our executive directors earn and how this is linked closely to performance.

In 2016 the Committee will turn its attention to the new three year remuneration policy framework to be put to a vote at the AGM in 2017.



**Peter Williams**  
Chairman of the Remuneration Committee

## Remuneration Policy Report (unaudited)

### Introduction

This report sets out the Company's policy on directors' remuneration for the forthcoming year, and so far as practicable, for subsequent years, as well as information on remuneration paid to directors for the financial year ended 31 December 2015. This report has been prepared in accordance with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (together the Act) and the 2014 UK Corporate Governance Code (the Code).

In accordance with the Act this report has been divided into two sections: a Policy Report and an Annual Report on Remuneration. The Policy Report was put to a binding shareholder vote at the 2014 AGM and received more than 98% votes in favour with an 'Effective Date' of 7 May 2014 for the purposes of complying with the Act. In practice, however, the Remuneration Committee (herein referred to as the Committee throughout this report) applied the policy detailed below from the start of 2014 and expects to apply it throughout the three year policy period that commenced from the Effective Date. For ease of reference, the Policy Report has been represented, albeit with some changes to references and with the removal of the performance scenario charts. A copy of the original report can be found on the Company website at [plc.rightmove.co.uk](http://plc.rightmove.co.uk). The Annual Report on Remuneration will be subject to an advisory vote at the 2016 AGM. The parts of the report which have been audited have been highlighted as required by the Act.

### Remuneration Policy Report (the Policy Report)

This part of the Directors' Remuneration Report sets out the remuneration policy for the Company and has been prepared in accordance with the Act. The policy has been developed after taking into account Rightmove's pay philosophy that our executives should be rewarded with demonstrably lower than market base salaries and benefits and higher than market equity rewards contingent upon the achievement of challenging performance targets in accordance with the 'best practice' principles set out in the Code and the views of our major shareholders.

The key principles of the Committee's policy are as follows:

- Remuneration arrangements should be simple to explain, understand and administer.
- Remuneration arrangements should be designed to provide executive directors with the opportunity to receive a share in the future growth and development of the Group which is regarded as fair by both other employees and shareholders. This approach should allow the Company to attract and retain the dynamic, self-motivated individuals who are critical to the success of the business.

- Executive directors should have below market levels of base salary, minimal benefits (and only benefits which are made available on the same basis to all Rightmove employees), but with above market levels of variable pay potential. This arrangement is designed to best align the interests of the executive directors with the interests of shareholders and to reflect the performance driven culture of the Company. The Company will generally review market levels of remuneration for executive directors with the assistance of external, independent remuneration consultants and with shareholder consultation every three years.
- Having reviewed executive director remuneration against the market every three years, further changes to remuneration should be made infrequently and those changes made each year should, in most instances, be directly linked to the policies applied to all employees (specifically with regard to cost of living rises in base salary and changes in benefits).
- Executive directors should be principally rewarded for the overall success of the business for which they have collective responsibility. The Group has key short-term and medium/long-term goals and executive directors should be incentivised against these goals.
- Executive directors should not be able to gain significantly from short-term successes which subsequently prove not to be consistent with growing the overall value of the business. Hence a majority of any bonus payable in relation to short-term strategic goals is required to be taken in the form of shares in the Company which are deferred for a further two years after the bonus target has been achieved.

The following table provides an overview of the Committee's remuneration policy, which has been designed to reflect the principles described above:

## Remuneration policy

| Element of remuneration | Purpose and link to strategy   | Operation  | Maximum opportunity  | Performance criteria   |
|-------------------------|--|--|--|--|
| Salary                  | To provide a base salary which will attract and retain high calibre executives to execute the Group's business strategy. | <p>Base salaries are normally reviewed annually, with changes effective from 1 January.</p> <p>When considering the executive's eligibility for a salary increase, the Committee considers the following points:</p> <ul style="list-style-type: none"> <li>• size and responsibilities of the role;</li> <li>• individual and Group performance;</li> <li>• increases awarded to the wider workforce; and</li> <li>• broader economic and inflationary conditions.</li> </ul> <p>Executive directors are benchmarked against external market data periodically (generally every three years). Relevant market comparators are selected for comparison, which include other companies of a similar size and complexity. The Committee considers benchmark data, alongside a broad review of the individual's skills and experience, performance and internal relativities.</p> | <p>The current salaries are set out on page 54.</p> <p>These salary levels will be eligible for increases during the period that the remuneration policy operates from the Effective Date.</p> <p>During this time, salaries may be increased each year (in percentage of salary terms) in line with those of the wider workforce (after taking into account the annual salary budget and performance related increases within the overall salary budget).</p> <p>Increases beyond those linked to the workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.</p> | The Committee considers both individual and Group performance in a broad context when determining base salary increases. |
| Benefits                | To provide simple, cost-effective, employee benefits which are the same as those offered to the wider workforce.         | <p>The executive directors are enrolled in the Group's private medical insurance scheme and receive life assurance cover equal to four times base salary.</p> <p>Additionally, all executive directors are members of the Group's medical cash plan.</p>   | The value of benefits may vary from year to year depending on the cost to the Company from third party providers.  | Not applicable   |
| Pension                 | To provide a basic, cost-effective, long-term retirement benefit.  | <p>The Group operates a stakeholder pension plan for employees under which the employer contributes 6% of base salary subject to the employee contributing a minimum of 3% of base salary.</p> <p>The Company does not contribute to any personal pension arrangements.</p> <p>Whilst executives are not obliged to join, the Company operates a pension salary exchange arrangement whereby executives can exchange part of their salary for Company paid pension contributions. Where executives exchange salary and this reduces the Company's National Insurance Contributions the Company credits the entire saving to the executive's pension.</p>   | Company contributions of up to 6% of base salary subject to the employee contributing a minimum of 3% of base salary.  | Not applicable   |

| Element of remuneration                                | Purpose and link to strategy  | Operation  | Maximum opportunity                         | Performance criteria   |
|--|---|--|---|--|
| Annual bonus including Deferred Share Bonus Plan (DSP) | To incentivise and recognise execution of the business strategy on an annual basis.<br>Rewards the achievement of annual financial and operational goals.                                   | The annual bonus comprises a cash award (40% of any bonus earned) and a DSP award (60% of any bonus earned).<br>Deferred shares will vest after two years and be potentially forfeitable during that period.<br>Payments under the annual bonus plan may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.  | Maximum (% salary):<br>125% of base salary. | The bonus is determined based on performance against a range of key performance indicators.<br>The primary bonus metric will be profit-based (e.g. underlying operating profit before tax) with targets set in relation to a carefully considered business plan and requiring significant out-performance of that plan to trigger maximum payments.<br>A minority of bonus will also be earned based on pre-set targets drawn from the Group's other key performance indicators relating to underlying drivers of long-term revenue growth.<br>Details of the performance measures used for the current year and the targets set for the year under review and performance against them is provided on pages 54 to 55 and 60 to 61.<br>25% of the awards vest for hitting the threshold performance target. Bonus is earned on a graduated basis from threshold to maximum performance levels. |
| Performance Share Plan (PSP)                           | To incentivise and reward executives for the achievement of superior returns to shareholders over a three year period, and to retain key individuals and align interests with shareholders. | Following shareholder approval at the 2011 AGM, the PSP was established. The PSP permits annual awards of nil cost options, contingent shares and forfeitable shares which vest after three years subject to continued service and the achievement of challenging performance conditions.<br>A dividend equivalent provision operates enabling dividends to be paid (in cash or shares) on shares at the time of vesting.<br>PSP awards may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct. | Maximum (% salary):<br>200% of base salary. | Awards vest based on three year performance against challenging financial targets for EPS and relative TSR performance.<br>Financial targets will determine vesting in relation to at least half of an award.<br>25% of the awards vest for hitting the threshold performance target.<br>The performance period for financial targets and relative TSR targets is three financial years, starting with the year in which the award is granted.   |



| Element of remuneration            | Purpose and link to strategy   | Operation   | Maximum opportunity  | Performance criteria |
|------------------------------------|--|---|--|----------------------|
| <b>All-employee Sharesave Plan</b> | Provides all employees with the opportunity to become owners in the Company on similar terms.  | <p>Executive directors are entitled to participate in the Group's Sharesave Plan on the same terms as all other employees.</p> <p>Periodic invitations are made to participate in the Sharesave Plan.</p> <p>Participants commit to a savings contract over a three year period through which a grant of share options is made (by reference to projected savings over a three year savings contract) with an exercise price set at up to a 20% discount to the share price at the date of grant. On the maturity of the savings contracts, participants can elect to:</p> <p>(i) use the accumulated savings to exercise the option; or</p> <p>(ii) request the return of their savings.</p> | Participation in the Sharesave Plan is based on HMRC rules which limit monthly savings towards share purchases under three year savings contracts to £500 per calendar month.  | None                 |
| <b>Share ownership guidelines</b>  | To provide alignment between the executives and shareholders.  | <p>Executive directors are required to retain at least half of any share awards vesting or exercised (after selling sufficient shares to meet the exercise price and to pay any tax liabilities due) until they have met the shareholding guideline.</p> <p>The Committee will regularly monitor progress towards the guideline.</p>  | <p>Shareholding guideline:</p> <ul style="list-style-type: none"> <li>• CEO – 200% of base salary;</li> <li>• COO &amp; FD – 100% of base salary.</li> </ul>   | Not applicable       |
| <b>Non-executive directors</b>     | To provide a competitive fee which will attract and retain high calibre individuals and reflects their relevant skills and experience. | <p>The fees for non-executive directors (including the Company Chairman) are reviewed periodically (generally every three to four years).</p> <p>The Remuneration Committee will consider the Chairman's fee, whilst the non-executive directors' fee is considered by the wider Board excluding the non-executives.</p> <p>Fee levels for each role are determined after considering the responsibility of the role, the skills and knowledge required and the expected time commitments.</p> <p>Periodic benchmarking against relevant market comparators, reflecting the size and complexity of the role, is used to provide context when setting fee levels.</p>                          | <p>Fees for the Chairman and non-executive directors' are set out on page 56.</p> <p>The Chairman and non-executive directors' fee increases in future years are expected to increase (in percentage terms) in line with the basic level of pay rise received by employees within the business.</p> <p>Fee increases beyond the level detailed above may take place if fee levels are considered to have become out of line with the responsibilities and time commitments of individual roles.</p> <p>Flexibility is retained to go above the above fee levels in the event that it is necessary to recruit a new Chairman or non-executive director of an appropriate calibre in future years.</p> | None                 |

(1) Before share-based payments and NI on share-based incentives.

### Discretions maintained by the Committee in operating its incentive plans

The Committee will operate the annual bonus plan, PSP and Sharesave Plan according to their respective rules and in accordance with the Listing Rules and HMRC rules where relevant.

The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These discretions include, but are not limited to, the following:

- The selection of participants in the respective plan;
- The timing of grant of an award (if any) and payments;
- The size of an award and/or a payment (with limits as described in the table above);
- The extent of vesting based on the achievement of performance targets and applicable exercise periods where relevant;
- How to deal with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group;
- Determination of a good/bad leaver for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen including the timing of the delivery of shares;
- Adjustments (if any) required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- The annual review of performance measures, targets and weightings for the annual bonus plan and PSP from year to year.

The Committee also retains the ability to adjust the targets and/or set different measures for the annual bonus plan and PSP if events occur (e.g. a material divestment or acquisition) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be detailed in the Annual Report on Remuneration and if appropriate, the subject of prior communication with the Company's major shareholders.

All previous share options, PSP, DSP and Sharesave awards that were granted but remain outstanding at 31 December 2015 (detailed on pages 62 to 64), remain eligible to vest based on their original award terms.

### Selection of performance measures and how targets are set

The performance metrics that are used for annual bonus and long-term incentive plans are a subset of the Group's key performance indicators.

For the annual bonus, underlying operating profit before tax<sup>(1)</sup> is the primary performance metric used as it is aligned to the Group's strategy of delivering profitable growth and is a key financial performance indicator used within the business. Consistent with previous years, operating profit is measured on an underlying basis, to exclude any volatility in relation to the Company's share price in connection with the IFRS 2 valuation and National Insurance charge on share-based incentives granted. The underlying operating profit<sup>(1)</sup> before tax target is set on a sliding scale based around the business plan for the year, with 25% payable for threshold performance.

The annual bonus also considers performance against other operational metrics, including a traffic market share target, Other revenue and a new employee engagement target, for a minority of the bonus, with a sliding scale used to determine performance against each measure. Market share is a measure of the size and engagement of our audience and the value which Rightmove, as a media group, brings to our customers. Therefore a challenging target to increase this audience is considered appropriate by the Committee. The Other revenue target will measure growth in revenue from businesses other than Agency and New Homes. Since some of these will be at an early stage, we consider growth in revenue rather than in operating profit to be the appropriate measure and note that this element of the bonus is only a small proportion of the total bonus opportunity.

For the PSP, awards are subject to a combination of EPS and relative TSR performance conditions. EPS is considered the most appropriate financial metric for this particular business at this stage in its development (since it is the measure of profitability that is most closely aligned with shareholders' interests and monitored on an ongoing basis within the business). The policy also recognises that relative TSR should also be a performance measure in order for there to be a clear alignment of executive and shareholder interests. EPS targets are set based on sliding scales that take account of internal financial planning and external analyst forecasts. Only 25% of the EPS element will pay out for threshold performance levels, with the maximum award requiring substantial out-performance. For TSR, the range of targets measure how successful the Company is in out-performing the FTSE 250 index (the Index within which the Company currently resides) with 25% of this part of the award vesting at the threshold performance level, through to full vesting for 25% out-performance of the Index over the three year performance period.

(1) Before share-based payments and NI on share-based incentives.

Performance targets do not apply to Sharesave awards since these awards are structured to encourage employees to become share owners, and to maintain tax-favoured status the awards must operate on a consistent basis for all employees.

#### **How the views of employees are taken into account**

The Company has not to date felt it necessary to consult directly with employees on executive remuneration matters. However, the Committee is kept aware of pay and employment conditions within the wider workforce when setting executive directors' remuneration policy.

#### **Remuneration policy for executive directors compared to other employees**

The Committee will consider the proposed salary increase budget for the whole Group when it is deciding on salary increases for executive directors specifically.

In line with the Company's strategy to keep remuneration simple and consistent, benefits and pension arrangements provided to executive directors are the same as those offered to all Group employees.

The extent to which annual bonuses are offered varies by level of employee within the Group, with the quantum and performance metrics used determined by the nature of the role and responsibilities and market rates at that level.

Long-term incentive awards, other than the all-employee Sharesave Plan, are only offered to senior management as those awards are more heavily weighted towards performance-related pay and have a stronger visibility on the value created for shareholders and the reward for participants.

#### **Shareholders' views**

The Committee considers it vitally important to maintain open and transparent communication with the Company's shareholders. The Committee will consult with major shareholders before any material change in remuneration policy is approved. The views of shareholders received at the AGM, during meetings with investors and through other contact during the year, are considered by the Committee and contribute to the development of the overall remuneration policy.

#### **Recruitment and promotion policy**

The Committee proposes an executive director's remuneration package for new appointments in line with the principles outlined in the table overleaf:

| Element of remuneration | Policy  |
|-------------------------|---|
| Base salary             | Base salary levels will be set based on the roles and responsibilities of the individual together with their relevant skills and experience, taking into account the market rates for companies of comparable size and complexity and internal Company relativities. In some circumstances (e.g. to reflect an individual's limited experience at a Plc board level) it may be considered appropriate to set initial salary levels below the perceived market competitive rate. Phased increases, potentially above inflation, may then be offered to achieve the desired market positioning over time, subject to individual's continued performance and development in the role.  |
| Benefits                | Benefits as provided to current executive directors. Where necessary the Committee may approve the payment of relocation expenses to facilitate recruitment, and flexibility is retained for the Company to pay legal fees and other costs incurred by the individual in relation to their appointment.   |
| Pension                 | A defined contribution at the level provided to current executive directors.  |
| Annual bonus            | An annual bonus would operate in the same manner as outlined for the current executives (as described above and in the Annual Report on Remuneration), although it would be pro-rated to reflect the employment period during the bonus year.<br>The bonus maximum potential would not exceed 125% of base salary.<br>It would be expected that the bonus for a new appointment would be assessed on the same performance metrics as that for the current executives on an ongoing basis. However, depending on the timing and nature of appointment it may be necessary to set tailored performance criteria for their first bonus plan.   |
| Long-term incentives    | A new appointment will be eligible to receive an award under the PSP policy outlined in the policy table. Share awards may be granted shortly after an appointment (subject to the Company not being in a close period) and would be measured against the same performance criteria as the current executives. The ongoing award maximum would not exceed 200% of base salary.<br>For an internal hire, existing awards would continue over their original vesting period and remain subject to their terms as at the date of grant.<br>The new appointment would be eligible to participate in the Sharesave Plan under the same terms as all other employees.   |
| Buy-out awards          | To facilitate an external recruitment, it may be necessary to buy-out remuneration which would be forfeited on leaving their previous employer. When determining the quantum and structure of any buy-out awards the Committee will, as a minimum, take into account the following factors: <ul style="list-style-type: none"> <li>• the form of remuneration (cash or shares);</li> <li>• timing of expected payment/vesting; and</li> <li>• expected value (i.e. taking into account the likelihood of achieving the existing performance criteria).</li> </ul> Buy-out awards, if used, will be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules. |

## Directors' service contracts and non-executive directors' terms of appointment

The Committee's policy on service agreements for executive directors is that they should provide for 12 months' notice of termination by the Company and by the executive. Any proposals for the early termination by the Company of the service agreements of directors or senior executives are considered by the Committee.

The service agreements for the executive directors allow for lawful termination of employment by making a payment in lieu of notice or by making phased payments over any remaining unexpired period of notice. The phased payments may be reduced if, and to the extent that, the executive finds an alternative remunerated position.

In addition, any statutory entitlements or sums to settle or compromise claims in connection with the termination would be paid as necessary.

For Nick McKittrick a payment in lieu of notice will be related to base salary, benefits and projected annual bonus pursuant to the Group's targets being achieved for the year (pro-rated for any unexpired period of notice where appropriate). The Committee is aware that the provision of annual bonus with a payment in lieu of notice is no longer considered in line with best practice. The provision within Nick McKittrick's contract is considered a legacy issue which would not be repeated in any future director's service contract.

For Peter Brooks-Johnson and Robyn Perriss a payment in lieu of notice will be restricted to base salary and benefits.

The treatment for share-based incentives previously granted to an executive director will be determined based on the relevant plan rules. The default treatment will be for outstanding awards to lapse on cessation of employment.

For awards granted under the PSP (approved by shareholders in 2011) 'good leaver' status may be determined, in certain prescribed circumstances, such as death, ill health, disability, redundancy, transfer or sale of the

employing company, or other circumstances at the discretion of the Committee. If defined as a good leaver, awards will remain subject to performance conditions, which will be measured over the performance period from grant to the original vesting date, unless the Committee determine to assess performance from grant to the date of cessation, and which will be reduced pro-rata to reflect the proportion of the performance period actually served. The Committee retains the discretion to disapply time pro-rating in exceptional circumstances.

For awards granted under the DSP, 'good leaver' status may be determined for reasons of death, injury, disability, redundancy, transfer or sale of the employing company or other circumstances at the discretion of the Committee. If defined as a good leaver, awards will be retained and vest on the original vesting date.

Scott Forbes' appointment may be terminated by either party giving to the other not less than three months' notice in writing. The Company may also terminate by making a payment in lieu of notice. Scott Forbes is not contractually entitled to any other benefits on termination of his contract.

The Letters of Appointment for the non-executive directors provide for a term of up to two three year periods and a possible further three year term (subject to re-election by shareholders and subject to the director remaining independent). The appointments may be terminated with a notice period of three months on either side and the Letters of Appointment set out the time commitments required to meet the expectations of their roles.

Copies are available for inspection on request to the Company Secretary.

Further details of all directors' contracts and Letters of Appointment are summarised overleaf:

|  | Date of appointment | Date of contract/<br>Letter of Appointment <sup>(1)</sup> | Notice<br>(months) | Length of service<br>at 26 February 2016 |
|--|---------------------|---|--------------------|--|
| <b>Executive directors</b>                               |                     |   |                    |  |
| Nick McKittrick (Chief Executive Officer) <sup>(2)</sup> | 5 March 2004        | 7 February 2006   | 12                 | 11 years 11 months                       |
| Peter Brooks-Johnson <sup>(3)</sup>                      | 10 January 2011     | 22 February 2011  | 12                 | 5 years 1 month                          |
| Robyn Perriss <sup>(4)</sup>                             | 30 April 2013       | 1 May 2013  | 12                 | 2 years 10 months                        |
| <b>Non-executive directors</b>                           |                     |   |                    |  |
| Scott Forbes (Chairman)                                  | 13 July 2005        | 21 February 2006  | 3                  | 10 years 7 months                        |
| Colin Kemp   | 3 July 2007         | 4 December 2007   | 3                  | 8 years 7 months                         |
| Ashley Martin  | 11 June 2009        | 9 June 2009   | 3                  | 6 years 8 months                         |
| Peter Williams   | 3 February 2014     | 3 February 2014   | 3                  | 2 years 1 month                          |
| Rakhi (Parekh) Goss-Custard                              | 28 July 2014        | 28 July 2014  | 3                  | 1 year 7 months                          |

(1) The service contracts and the Letters of Appointment for all directors appointed prior to 28 January 2008, were transferred from Rightmove Group Limited to Rightmove plc with effect from this date on completion of a Scheme of Arrangement under the Companies Act 1985.

(2) Nick McKittrick joined the Group in December 2000 and was appointed to the Board on 5 March 2004. His service with the Group at the date of this report is 15 years and 2 months.

(3) Peter Brooks-Johnson joined the Group on 9 January 2006 and was appointed to the Board on 10 January 2011. His service with the Group at the date of this report is 10 years and 1 month.

(4) Robyn Perriss joined the Group on 1 July 2007 and was appointed to the Board on 30 April 2013. Her service to the Group at the date of this report is 8 years and 8 months.

### External appointments

With the approval of the Board in each case, executive directors may accept one external appointment as a non-executive director of another listed or similar company and retain any fees received.

## Annual Report on Remuneration

### Role and membership

#### Terms of reference

The primary role of the Committee is to make recommendations to the Board as to the Company's broad policy and framework for the remuneration of the executive directors, the Chairman of the Board and the Company Secretary. The remuneration and terms of appointment of the non-executive directors are determined by the Board as a whole.

In accordance with the Code, the Committee also recommends the structure and monitors the level of remuneration for the first layer of management below Board level. The Committee is also aware of, and advises on, the employee benefit structures throughout the Group and ensures that it is kept aware of any potential business risks arising from those remuneration arrangements.

The Committee has formal terms of reference which are reviewed annually and updated as required. These are available on the Company's website at [plc.rightmove.co.uk](http://plc.rightmove.co.uk) or on request from the Company Secretary.

#### Membership

The following independent non-executive directors were members of the Committee during 2015. During 2015 the Committee met five times and attendance at the meetings is shown below:

| Committee Members   | Number of meetings attended |
|---|-----------------------------|
| Peter Williams <sup>(1)</sup> (Chairman of the Committee) | 5 out of 5                  |
| Jonathan Agnew <sup>(2)</sup>                             | 2 out of 2                  |
| Ashley Martin <sup>(3)</sup>                              | 2 out of 2                  |
| Judy Vezmar <sup>(2)</sup>                                | 2 out of 2                  |
| Colin Kemp  | 5 out of 5                  |
| Rakhi (Parekh) Goss-Custard <sup>(4)</sup>                | 5 out of 5                  |

(1) Peter Williams replaced Jonathan Agnew as the Chairman of the Committee on 7 May 2015.

(2) Jonathan Agnew and Judy Vezmar retired from the Committee and the Board at the 2015 AGM on 7 May 2015.

(3) Ashley Martin stepped down from the Committee on 7 May 2015.

(4) Rakhi (Parekh) Goss-Custard was appointed to the Committee on 7 May 2015. Prior to that she attended two Committee meetings by invitation.

The quorum for meetings of the Committee is two members. The Committee will meet at such times as may be necessary but will normally meet at least five times a year.

The Company Secretary acts as Secretary to the Committee.

Only members of the Committee have the right to attend Committee meetings. The Chairman of the Committee has requested that the Chairman of the Board attend the meetings except during discussions relating to his own remuneration. The Chief Executive Officer may also be invited to meetings and the Committee takes into consideration their recommendations regarding the remuneration of executive colleagues and the first layer of management below Board level. No executive director is involved in deciding their own remuneration.

#### External advisors

New Bridge Street (NBS), a trading name of Aon plc, which is a member of the Remuneration Consultants Group and has signed up to its Code of Conduct, has been retained as the Committee's remuneration advisor since 2011. The terms of engagement between the Company and NBS are available from the Company Secretary on request.

The total fees paid to NBS in respect of services to the Committee during the year were £27,233.

During 2015 NBS provided services to the Company in connection with the valuation of share-based incentives (as required by IFRS 2) and confirmed that, in its view, these services did not present a conflict of interest with the other services provided to the Committee.

The Committee reviews its relationship with external advisors on a regular basis and continues to believe that there are no conflicts of interest.

#### What has the Committee done during the year?

The Committee met five times during the year to consider and where appropriate, approve key remuneration items including the following:

### Pay and incentive plan reviews

- Annual review and approval of executive directors' base salaries and benefits;
- Reviewed year end business performance against relevant performance targets to determine annual bonus payouts and vesting of long-term incentives;
- Reviewed and approved overall remuneration policy for executive directors for 2016, including appropriate benchmarks and performance measures for the annual performance related bonus and 2016 PSP awards to ensure measures are aligned with strategy and that targets are appropriately stretching;
- Ongoing monitoring of senior management remuneration structures;
- Approval of share awards granted under the Deferred Share Bonus Plan (DSP) and the Rightmove Performance Share Plan (PSP); and
- Reviewed and approved an increase in the Chairman's fee following an appropriate benchmarking exercise.

### Governance

- Reviewed and approved the 2015 Directors' Remuneration Report;
- Reviewed the 2015 AGM voting and feedback from institutional investors;
- Evaluated the Committee's performance during the year; and
- Reviewed the Committee's terms of reference.

### Application of policy for year ending 31 December 2016

#### Salaries

The executive directors' salaries for the 2016 financial year are set out in the table below:

|                            | Salary<br>1 January 2016 | Salary<br>31 December 2015 | Change |
|----------------------------|--------------------------|----------------------------|--------|
| <b>Executive directors</b> |                          |                            |        |
| Nick McKittrick            | £424,320                 | £408,000                   | 4%     |
| Peter Brooks-Johnson       | £355,368                 | £341,700                   | 4%     |
| Robyn Perriss              | £281,112                 | £270,300                   | 4%     |

The 4% increase in executive directors' salaries is in line with the average workforce increase for 2016 across the Group.

### Pension and other benefits

The Group operates a stakeholder pension plan for employees under which the employer contributes 6% of base salary, subject to the employee contributing a minimum of 3% of base salary. Nick McKittrick has chosen not to participate in this arrangement. The Company does not contribute to any personal pension arrangements.

The executive directors are enrolled in the Group's private medical insurance scheme and receive life assurance cover equal to four times base salary. Additionally, the executive directors are members of the Group's medical cash plan.

### Annual bonus

The annual bonus for the 2016 financial year will be consistent with the policy detailed on page 46 of the remuneration policy section of this report in terms of maximum bonus opportunity, deferral and clawback provisions. The mechanism through which the clawback can be implemented (enabling both the recovery and withholding of incentive pay) enables the Committee to (i) reduce the cash bonus earned in a subsequent year and/or reduce outstanding DSP/PSP share awards (i.e. withholding provisions may be used to effect a recovery) or (ii) for the Committee to require that a net of tax balancing cash payment be made to the Company. The measures have been selected to reflect a range of financial and strategic targets that support the key objectives of the Group

The performance measures and weightings will be as follows:

| Measure   | As a % of maximum bonus opportunity |
|---|-------------------------------------|
| <b>Financial targets</b>                              |                                     |
| Underlying operating profit before tax <sup>(1)</sup> | 65%                                 |
| <b>Strategic targets</b>                              |                                     |
| Traffic market share                                  | 15%                                 |
| Other revenue <sup>(2)</sup>                          | 15%                                 |
| Employee engagement <sup>(3)</sup>                    | 5%                                  |

(1) Operating profit before share-based payments and NI on share-based incentives.

(2) Revenue excluding Agency and New Homes.

(3) Based on the results of the annual employee survey.



In relation to the financial target a challenging sliding scale will operate with 25% of the maximum bonus opportunity payable at the threshold underlying operating profit target relative to 2016 business plan through to 100% becoming payable for significant outperformance relative to the plan. A greater proportion of the award will be paid for exceeding on-target performance. The weighting of this performance measure has been reduced to 65% (2014: 70%) to allow for a new 5% employee engagement performance measure, introduced this year, which has been introduced as Rightmove recognises that the engagement and commitment of our employees is considered a key contributor to the Group's financial success. The other target weightings are unchanged from 2014 at 15% traffic market share and 15% Other revenue.

The targets themselves, as they relate to the 2016 financial year, are deemed to be commercially sensitive. However, retrospective disclosure of the targets and performance against them will be provided in next year's Annual Report on Remuneration to the extent that they do not remain commercially sensitive at the time.

### Long-term incentives

To ensure that the Company's total remuneration is competitive overall, following a wide reaching shareholder pre-consultation exercise, subject to achieving demanding performance targets, the award levels under the PSP were increased to 200% of base salary for all executive directors from 2014.

Consistent with current market practice and previous years, awards to the executive directors under the PSP in 2016 will be subject to a mixture of EPS (75% of awards) and relative TSR (25% of the awards) performance conditions. The 2016 targets are as follows:

#### EPS condition

The Group's EPS growth will be measured over the period of three financial years (2016 to 2018). The EPS figure used will be equivalent to the Group's basic underlying EPS (before share-based payments, National Insurance on share-based incentives and no related adjustment for tax). With a view to ensuring appropriately stretching but achievable targets are set in light of market expectations for the Group, the following range of targets will apply to the 2016 awards:

| Underlying basic EPS growth from 2016 to 2018 <sup>(1)</sup> | % of award vesting (maximum 75%) |
|--|----------------------------------|
| Less than 25%  | 0%                               |
| 25%  | 18.75%                           |
| 55%  | 75%                              |
| Between 25% and 55%  | Straight-line vesting            |

(1) The benchmark underlying basic EPS for the financial year 2015 from which these targets will be measured is 121.4p.

As in prior years, the targets that are intended to operate for the 2016 PSP awards were set to be appropriately demanding in light of the Group's internal planning, external market expectations for future growth and the record high base point from which growth would be measured. In the current trading environment, the targets are considered to provide a realistic incentive at the lower end of the performance range but require exceptional performance to achieve full vesting. On this basis, the Committee is satisfied that the range of targets are appropriately demanding, and no less challenging to the range of targets set for 2015 awards.

#### Relative TSR condition

The vesting schedule for the relative TSR element of executive directors' 2016 PSP awards is set out below. For previous awards, relative TSR has been assessed against the FTSE 250 Index, reflecting that the Company was, and continues to be, a constituent of this Index and towards the middle or top half of the Index in terms of market capitalisation when the awards were granted. The Company is now positioned well into the top quartile of the FTSE 250 Index in terms of market capitalisation and therefore to ensure that the comparator group remains reflective of companies of a comparable size for the 2016 grant, it was felt that it was more appropriate to compare the Company's performance relative to the FTSE 350 Index. Performance will continue to be measured over three financial years.

| TSR performance of the Company relative to the FTSE 350 Index <sup>(1)</sup> | % of award vesting (maximum 25%) |
|--|----------------------------------|
| Less than the Index  | 0%                               |
| Equal to the Index   | 6.25%                            |
| 25% higher than the Index  | 25%                              |
| Intermediate performance   | Straight-line vesting            |

(1) If the FTSE 350 Index's TSR was 50% over the three year performance period, then the Company's TSR would have to be at least 75% for all 25% of the PSP shares to vest.

### Chairman and non-executive directors' fees

The Chairman and non-executive fees were last reviewed in a market context in 2009 with no increases beyond the default policy level of a cost of living increase in line with the basic level of pay rise received by employees within the business. Therefore it was considered appropriate to ask NBS to carry out a benchmarking exercise in 2015 to ensure that the Chairman and non-executive director remuneration at Rightmove took due account of the continued growth of the Group, current market rates and reflected the current time commitment of the Chairman and non-executives in light of increased responsibilities due to regulatory changes. It was also considered necessary to revise fees so that the Company would be able to recruit a Chairman or non-executive directors of the appropriate calibre in the future allowing for the current size of the Group. Having assessed these factors, revised fees were approved.

The basic non-executive fee has been set at £50,000 (2015: £46,817) with an additional £10,000 (2015: £5,852) fee per annum paid for the chairing of the Audit and Remuneration Committees and a further £5,000 (2015: £5,852) fee paid to the Senior Independent Director as detailed in the table below.

No further increases are anticipated for a minimum of three years.

|                               | Annual fee<br>1 January 2016 | Annual fee<br>31 December 2015 |
|-------------------------------|------------------------------|--------------------------------|
| Scott Forbes (Chairman)       | <b>£170,000</b>              | £117,042                       |
| Colin Kemp                    | <b>£50,000</b>               | £46,817                        |
| Ashley Martin                 | <b>£60,000</b>               | £52,669                        |
| Peter Williams <sup>(1)</sup> | <b>£65,000</b>               | £54,410                        |
| Rakhi (Parekh) Goss-Custard   | <b>£50,000</b>               | £46,817                        |

(1) Peter Williams became the Chairman of the Remuneration Committee and the Senior Independent Director on 7 May 2015 as Jonathan Agnew stepped down. The fees for 2015 reflect the pro-rated increased fee from that date.

### Statement of shareholder voting at AGM

At the AGM on 7 May 2015, 94.62% of shareholders voted in favour of the Directors' Remuneration Report. The Committee believes this illustrates the strong level of shareholder support for the remuneration framework. The table below shows full details of the voting outcomes for the Directors' Remuneration Report:

|                                | Votes<br>for | % Votes<br>for | Votes<br>against | % Votes<br>against | Votes<br>withheld <sup>(1)</sup> |
|--------------------------------|--------------|----------------|------------------|--------------------|----------------------------------|
| Directors' Remuneration Report | 72,049,364   | 94.62          | 4,098,699        | 5.38               | 203,592                          |

(1) A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

In line with the Company's commitment to ongoing dialogue with its shareholders, meetings are offered, where appropriate, to understand the reasons for any potential or actual opposition to the Company's remuneration policy. Changes are made to our policy where it is considered appropriate to do so.

### Review of past performance

#### Share price performance

In 2015, the Company's share price ended the year at £41.25 up 83% year on year (the FTSE 250 Index was up 8.36%). On a three year basis the share price has increased by 198% and has continued to outperform the FTSE 250 Index over that period as shown in the graphs on page 57.

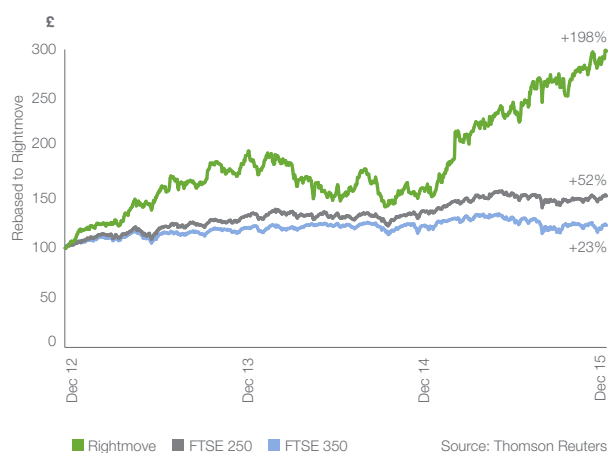
#### Total shareholder return (TSR)

The first graph on the next page compares the TSR of Rightmove's shares against the FTSE 250 Index and the FTSE 350 Index for the period from 1 January 2013 to 31 December 2015. TSR is the product of movements in the share price plus dividends reinvested on the ex-dividend date. TSR provides a useful, widely used benchmark to illustrate the Company's performance over the last three years. Specifically, it illustrates the value of £100 invested in Rightmove's shares and in the FTSE 250 Index and the FTSE 350 Index over that period.

As required by the Act, the Company's TSR performance is required to be shown against a recognised broad-based share index. The FTSE 250 Index was previously chosen as the comparator because Rightmove was, and continues to be, a constituent of this Index and it was therefore also the Index used for the purposes of measuring relative performance for PSP awards. As Rightmove is currently ranked towards the top of that Index in terms of market capitalisation, it is now felt to be more appropriate to use the FTSE 350 Index for the purpose of comparing TSR performance against the 2016 PSP awards and therefore this will be used as the criteria applied to 25% of the PSP awards to be granted in March 2016.

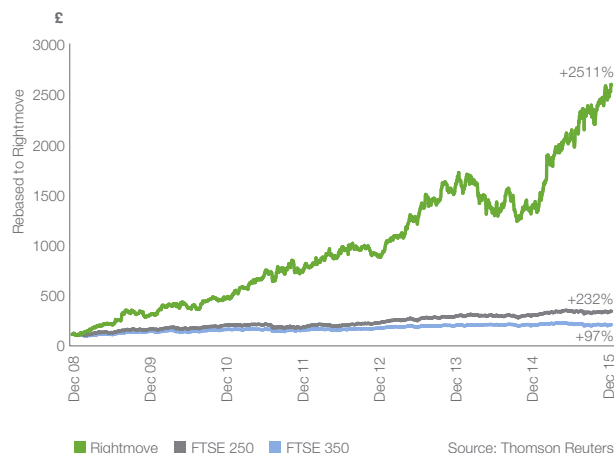
The graphs on the next page illustrate, for statutory purposes, the TSR of Rightmove's shares against the FTSE 250 Index and the FTSE 350 Index for the three and seven years to 31 December 2015.

TSR graph – three years



This graph shows the value by 31 December 2015, of £100 invested in Rightmove on 31 December 2012, compared to the value of £100 invested in the FTSE 250 Index and FTSE 350 Index, on a daily basis.

TSR graph – seven years



This graph shows the value by 31 December 2015, of £100 invested in Rightmove on 31 December 2008, compared to the value of £100 invested in the FTSE 250 Index and FTSE 350 Index on a daily basis.

### Total remuneration for the Chief Executive Officer

The table below shows the total remuneration figure for the Chief Executive Officer over a seven year performance period. The total remuneration figure includes the annual bonus and long-term incentive awards which vested based on performance in those years:

| Year | Executive                  | Total single figure<br>£ | Annual<br>bonus outturn<br>(% of maximum) | Long-term<br>incentive outturn<br>(% of maximum) |
|------|----------------------------|--------------------------|---|--|
| 2015 | Nick McKittrick            | 2,300,349                | 100%                                      | 100%   |
| 2014 | Nick McKittrick            | 1,599,610                | 70%                                       | 92.35%   |
| 2013 | Nick McKittrick            | 2,199,335                | 85%                                       | 100%   |
|      | Ed Williams <sup>(1)</sup> | 1,531,515                | n/a                                       | 100%   |
| 2012 | Ed Williams                | 2,219,882                | 90%                                       | 100%   |
| 2011 | Ed Williams                | 4,934,942                | 100%                                      | 100%   |
| 2010 | Ed Williams                | 652,800                  | 100%                                      | — <sup>(2)</sup>                                 |
| 2009 | Ed Williams                | 627,641                  | 100%                                      | — <sup>(2)</sup>                                 |

(1) Ed Williams was Chief Executive Officer until his retirement on 30 April 2013. Nick McKittrick was appointed Chief Executive Officer at this time.

(2) The table above includes share-based incentive awards in the period that the associated performance conditions, excluding service conditions are satisfied. Certain pre-float share option awards prior to 2006, which had only service conditions and no performance conditions would have been included in the single figure remuneration table in the year of grant in accordance with Schedule 8 of the Act. The table above therefore excludes £2,026,674 and £4,151,532 of awards with no performance conditions, which vested in 2009 and 2010 respectively.

**Directors' remuneration (audited)**

The information included below up to and including page 65 is audited.

The remuneration of the directors of the Company during the year for time served as a director is as follows:

|                                | Fixed pay             |                              |              | Performance related pay |                                  |   | Total remuneration in 2015<br>£ |                                       |
|--------------------------------|-----------------------|------------------------------|--------------|-------------------------|----------------------------------|---|---------------------------------|---------------------------------------|
|                                | Salary/Fee<br>£       | Benefits <sup>(1)</sup><br>£ | Pension<br>£ | Fixed pay subtotal<br>£ | Annual bonus <sup>(2)</sup><br>£ | Long-term incentives (PSPs) <sup>(3)</sup><br>£ |                                 | Performance related pay subtotal<br>£ |
| <b>Executive directors</b>     |                       |                              |              |                         |                                  |   |                                 |                                       |
| Nick McKittrick                | 408,000               | 1,931                        | –            | 409,931                 | 510,000                          | 1,380,418                                       | 1,890,418                       | <b>2,300,349</b>                      |
| Peter Brooks-Johnson           | 341,700               | 1,835                        | 22,860       | 366,395                 | 427,125                          | 1,035,345                                       | 1,462,470                       | <b>1,828,865</b>                      |
| Robyn Perriss                  | 270,300               | 1,834                        | 21,816       | 293,950                 | 337,875                          | 638,399 <sup>(6)</sup>                          | 976,274                         | <b>1,270,224</b>                      |
| <b>Non-executive directors</b> |                       |                              |              |                         |                                  |   |                                 |                                       |
| Scott Forbes                   | 117,042               | –                            | –            | 117,042                 | –                                | –   | –                               | <b>117,042</b>                        |
| Jonathan Agnew                 | 20,632 <sup>(4)</sup> | –                            | –            | 20,632                  | –                                | –   | –                               | <b>20,632</b>                         |
| Colin Kemp                     | 46,817                | –                            | –            | 46,817                  | –                                | –   | –                               | <b>46,817</b>                         |
| Ashley Martin                  | 52,669                | –                            | –            | 52,669                  | –                                | –   | –                               | <b>52,669</b>                         |
| Judy Vezmar                    | 16,506 <sup>(4)</sup> | –                            | –            | 16,506                  | –                                | –   | –                               | <b>16,506</b>                         |
| Peter Williams                 | 54,410 <sup>(5)</sup> | –                            | –            | 54,410                  | –                                | –   | –                               | <b>54,410</b>                         |
| Rakhi (Parekh) Goss-Custard    | 46,817                | –                            | –            | 46,817                  | –                                | –   | –                               | <b>46,817</b>                         |

(1) Benefits in kind for the executive directors relate to private medical insurance and the medical cash plan.

(2) The annual bonus amount relates to the accrued payment in respect of the full year results for the year ended 31 December 2015 including the deferred element of 60%.

(3) The value of the nil cost PSPs vesting is calculated by taking the number of nil cost options expected to vest in March 2016 (including dividend roll up), which are dependent on the three year performance period ended 31 December 2015 and multiplying by the year end closing share price of £41.25.

(4) Fee for the year up to retirement from the Board and Committees at the AGM on 7 May 2015.

(5) Fee includes a pro-rated increase from 7 May 2015 for appointment to Remuneration Committee Chairman and Senior Independent Director.

(6) These relate to nil cost PSPs granted to Robyn Perriss prior to her appointment as director.

The remuneration of the directors of the Company during 2014 for time served as a director was:

|                                | Fixed pay              |                              |              | Performance related pay    |                                     |   | Total remuneration in 2014<br>£ |   |
|--------------------------------|------------------------|------------------------------|--------------|----------------------------|-------------------------------------|---|---------------------------------|---|
|                                | Salary/Fee<br>£        | Benefits <sup>(1)</sup><br>£ | Pension<br>£ | Fixed pay<br>subtotal<br>£ | Annual<br>bonus <sup>(2)</sup><br>£ | Long-term<br>incentives<br>(PSPs) <sup>(3)</sup><br>£ |                                 | Performance<br>related pay<br>subtotal<br>£ |
| <b>Executive directors</b>     |                        |                              |              |                            |                                     |   |                                 |   |
| Nick McKittrick                | 400,000                | 2,055                        | –            | 402,055                    | 350,000                             | 847,555   | 1,197,555                       | <b>1,599,610</b>                            |
| Peter Brooks-Johnson           | 335,000                | 1,734                        | 25,383       | 362,117                    | 293,125                             | 559,279   | 852,404                         | <b>1,214,521</b>                            |
| Robyn Perriss                  | 265,000 <sup>(2)</sup> | 1,715                        | 20,309       | 287,024                    | 231,875                             | 109,678 <sup>(6)</sup>                                | 341,553                         | <b>628,577</b>                              |
| <b>Non-executive directors</b> |                        |                              |              |                            |                                     |   |                                 |   |
| Scott Forbes                   | 114,747                | –                            | –            | 114,747                    | –                                   | –   | –                               | <b>114,747</b>                              |
| Jonathan Agnew                 | 57,373                 | –                            | –            | 57,373                     | –                                   | –   | –                               | <b>57,373</b>                               |
| Colin Kemp                     | 45,899                 | –                            | –            | 45,899                     | –                                   | –   | –                               | <b>45,899</b>                               |
| Ashley Martin                  | 51,636                 | –                            | –            | 51,636                     | –                                   | –   | –                               | <b>51,636</b>                               |
| Judy Vezmar                    | 45,899                 | –                            | –            | 45,899                     | –                                   | –   | –                               | <b>45,899</b>                               |
| Peter Williams                 | 42,074 <sup>(4)</sup>  | –                            | –            | 42,074                     | –                                   | –   | –                               | <b>42,074</b>                               |
| Rakhi (Parekh) Goss-Custard    | 19,831 <sup>(5)</sup>  | –                            | –            | 19,831                     | –                                   | –   | –                               | <b>19,831</b>                               |

(1) Benefits in kind for the executive directors relate to private medical insurance and the medical cash plan.

(2) The annual bonus amounts relate to the cash amount paid in respect of the full year results for the year ended 31 December 2014 and the nil cost deferred shares granted in March 2015, which have been valued using the share price at grant date of £27.83.

(3) The value of the nil cost PSPs vesting is calculated by taking the number of nil cost options of which 92.35% vested in March 2015 (including dividend roll up), which were dependent on the three year performance period ended 31 December 2014 and multiplying by the December 2014 closing share price of £22.48.

(4) Fee pro-rated from appointment on 3 February 2014.

(5) Fee pro-rated from appointment on 28 July 2014.

(6) These relate to nil cost PSPs granted to Robyn Perriss prior to her appointment as director.

### Defined contribution pension

The Group operates a stakeholder pension plan for employees under which the employer contributes 6% of base salary, subject to the employee contributing a minimum of 3% of base salary. Nick McKittrick chose not to participate in this arrangement. Peter Brooks-Johnson and Robyn Perriss are members of the stakeholder pension plan and during 2015 the Company contributed £22,860 and £21,816 per annum respectively. The Company does not contribute to any personal pension arrangements.

### How was pay linked to performance in 2015?

#### Annual bonus plan

The incentive for the financial year ended 31 December 2015 was in the form of a cash bonus of up to 50% of salary and a DSP bonus of up to 75% of salary (i.e. 125% in total). The bonus (both cash and DSP elements) was determined by a mixture of underlying operating profit performance (70%) and key performance indicators (30%) relating to underlying drivers of long-term revenue growth.

When comparing performance against the 2015 bonus targets set, the Committee determined that 100% of the maximum achievable cash and DSP bonus should be paid to the executive directors. Accordingly, a cash bonus of 50% of base salary will be paid to the executives and 75% of base salary will be granted to the executives under the DSP, which will be deferred until March 2018. More details are provided in the table below:

| Measure   | Hurdle  | As a % of maximum bonus opportunity | Actual performance achieved   | Resulting bonus % achieved |
|---|---|-------------------------------------|---|----------------------------|
| <b>Financial targets</b>                              |   |                                     |   |                            |
| Underlying operating profit before tax <sup>(1)</sup> | Actual targets:<br>£132.6m: 25% payout<br>£141.6m: 100% payout  | 70%                                 | Underlying operating profit achieved:<br>£144.3m<br><br>The 2015 profit represented growth of 16% on 2014 | 70%                        |
| <b>Strategic targets</b>                              |   |                                     |   |                            |
| Traffic market share                                  | Growth in absolute visits on 2014 compared to competitors:<br>Same absolute growth: 25% payout<br>50% higher absolute growth: 100% payout | 15%                                 | Growth in absolute visits of greater than 50%   | 15%                        |
| Other revenue <sup>(2)</sup>                          | Growth of 20%: 25% payout<br>Growth of 30%: 100% payout   | 15%                                 | Revenue increased from £11.0m to £14.5m, an increase of 32%   | 15%                        |
| <b>Total</b>  |   | <b>100%</b>                         |   | <b>100%</b>                |

(1) Operating profit before share-based payments and NI on share-based incentives.

(2) The targets relate to all revenue streams except Agency and New Homes.

#### Long-term incentives

The PSP awards granted in March 2013 were subject to EPS (75% of the awards) and relative TSR (25% of the awards) performance conditions which related to the three year period ended 31 December 2015.

The vesting schedule for the relative TSR element of executive directors' 2013 PSP awards is set out below:

| Relative TSR condition    | % of award vesting (maximum 25%) |
|---------------------------|----------------------------------|
| Less than the Index       | 0%                               |
| Equal to the Index        | 6.25%                            |
| 25% higher than the Index | 25%                              |
| Intermediate performance  | Straight-line vesting            |

At the end of the performance period, Rightmove's TSR was 198.0% compared to 52% for the FTSE 250 Index. As this level of outperformance is more than 25%, these options will vest in full from 8 March 2016.

Rightmove's EPS growth is measured over a period of three financial years (2013 to 2015). The EPS figure used is equivalent to Rightmove's reported diluted underlying EPS but with a standard UK tax rate applied (Normalised EPS) and the vesting schedule is set out opposite:

| Normalised EPS growth from 2013 to 2015 | % of award vesting (maximum 75%) |
|---|----------------------------------|
| Less than 22.5%                         | 0%                               |
| 22.5%                                   | 18.75%                           |
| 40%                                     | 75%                              |
| Between 22.5% and 40%                   | Straight-line vesting            |

At the end of the performance period, Normalised EPS was 112.9p which from a Normalised EPS base of 63.1p results in growth of 79%, exceeding the maximum 40% EPS growth target and will result in full vesting of this part of the award (maximum of 75%) from 8 March 2016.

In aggregate, the performance over the year was considered exceptional by the Committee who were satisfied that paying maximum bonuses was appropriate.

### Share awards granted during the year

On 2 March 2015 Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded shares under the PSP, which vest in March 2018, and are subject to a mixture of EPS (75% of the awards) and relative TSR (25% of the awards) performance with the greater weighting on EPS to reflect its particular relevance to the performance of the business.

| Executive            | Basis of grant      | Number of shares | Face value of award <sup>(1)</sup> |
|----------------------|---------------------|------------------|------------------------------------|
| Nick McKittrick      | 200% of base salary | 29,321           | £816,003                           |
| Peter Brooks-Johnson | 200% of base salary | 24,556           | £683,393                           |
| Robyn Perriss        | 200% of base salary | 19,425           | £540,598                           |

(1) Based on the average mid market share price for the three consecutive days prior to grant, taken from the Daily Official List, of £27.83.

The vesting schedule for the relative TSR element of executive directors' 2015 PSP awards is set out below. It is consistent with the TSR condition used for previous grants under the share option scheme. Performance will be measured over three financial years.

| Relative TSR condition    | % of award vesting (maximum 25%) |
|---------------------------|----------------------------------|
| Less than the Index       | 0%                               |
| Equal to the Index        | 6.25%                            |
| 25% higher than the Index | 25%                              |
| Intermediate performance  | Straight-line vesting            |

Rightmove's EPS growth will be measured over a period of three financial years (2015-2017). The EPS figure used will be equivalent to the Group's underlying basic EPS (before share-based payments, NI on share-based incentives and no related adjustments for tax).

The following vesting schedule will apply for executive directors' awards granted in 2015:

| Underlying basic EPS growth from 2015 to 2017 | % of award vesting (maximum 75%) |
|---|----------------------------------|
| Less than 30%                                 | 0%                               |
| Equal to 30%                                  | 18.75%                           |
| Equal to or greater than 60%                  | 75%                              |
| Between 30% and 60%                           | Straight-line vesting            |

The benchmark underlying basic EPS for the financial year 2014 from which these targets will be measured is 100.3p.

Share-based incentives held by the directors and not exercised as at 31 December 2015

|                            | Date granted             | Share-based incentives held 1 January 2015 | Granted/ (lapsed) in year | Exercise price | Exercised in year       | Average share price at date of exercise | Share-based incentives held at 31 December 2015 | Vesting date | Expiry date |
|----------------------------|--------------------------|--|---------------------------|----------------|-------------------------|---|---|--------------|-------------|
| <b>Executive directors</b> |                          |  |                           |                |                         |   |   |              |             |
| Nick McKittrick            | 5/3/2009<br>(Unapproved) | 279,755                                    | –                         | £2.24          | –                       | –                                       | <b>279,755</b>                                  | 5/3/2012     | 4/3/2019    |
|                            | 5/3/2010<br>(Unapproved) | 114,165                                    | –                         | £6.66          | (114,165)               | £37.39                                  | –   | 5/3/2013     | 4/3/2020    |
|                            | 4/5/2011<br>(PSP)        | 49,289                                     | –                         | £0.00          | (49,289) <sup>(1)</sup> | £37.39                                  | –   | 4/3/2014     | 3/3/2016    |
|                            | 2/3/2012<br>(PSP)        | 39,303                                     | (3,007)                   | £0.00          | (36,296) <sup>(2)</sup> | £37.39                                  | –   | 2/3/2014     | 1/3/2015    |
|                            | 1/10/2012<br>(Sharesave) | 694  | –                         | £12.95         | –                       | –                                       | <b>694</b>                                      | 1/11/2015    | 30/4/2016   |
|                            | 8/3/2013<br>(DSP)        | 15,184                                     | –                         | £0.00          | (15,184) <sup>(3)</sup> | £37.34                                  | –   | 8/3/2015     | 7/3/2016    |
|                            | 8/3/2013<br>(PSP)        | 32,279                                     | –                         | £0.00          | –                       | –                                       | <b>32,279</b>                                   | 8/3/2016     | 7/3/2018    |
|                            | 3/3/2014<br>(DSP)        | 9,224                                      | –                         | £0.00          | –                       | –                                       | <b>9,224</b>                                    | 3/3/2016     | 2/3/2017    |
|                            | 3/3/2014<br>(PSP)        | 30,018                                     | –                         | £0.00          | –                       | –                                       | <b>30,018</b>                                   | 3/3/2017     | 2/3/2019    |
|                            | 1/10/2014<br>(Sharesave) | 456  | –                         | £19.72         | –                       | –                                       | <b>456</b>                                      | 1/11/2017    | 30/4/2018   |
|                            | 2/3/2015<br>(DSP)        | –  | 7,546 <sup>(4)</sup>      | £0.00          | –                       | –                                       | <b>7,546</b>                                    | 2/3/2017     | 1/3/2018    |
|                            | 2/3/2015<br>(PSP)        | –  | 29,321                    | £0.00          | –                       | –                                       | <b>29,321</b>                                   | 2/3/2018     | 1/3/2020    |
|                            | 1/10/2015<br>(Sharesave) | –  | 304                       | £29.60         | –                       | –                                       | <b>304</b>                                      | 1/11/2018    | 30/4/2019   |
| <b>Total</b>               |                          | <b>570,367</b>                             | <b>34,164</b>             |                | <b>(214,934)</b>        |   | <b>389,597</b>                                  |              |             |



## Share-based incentives held by the directors and not exercised as at 31 December 2015 continued

|                            | Date granted            | Share-based incentives held 1 January 2015 | Granted/ (lapsed) in year | Exercise price | Exercised in year       | Average share price at date of exercise | Share-based incentives held at 31 December 2015 | Vesting date                  | Expiry date |
|----------------------------|-------------------------|--|---------------------------|----------------|-------------------------|---|---|-------------------------------|-------------|
| <b>Executive directors</b> |                         |  |                           |                |                         |   |   |                               |             |
| Peter Brooks-Johnson       | 14/3/2006 (Approved)    | 2,439                                      | –                         | £4.10          | (2,439)                 | £37.39                                  | –   | Between 14/3/2009 & 14/3/2011 | 13/3/2016   |
|                            | 10/10/2007 (Unapproved) | 75,000                                     | –                         | £5.22          | –                       | –                                       | <b>75,000</b>                                   | 15/3/2011                     | 9/10/2017   |
|                            | 5/3/2009 (Unapproved)   | 139,286                                    | –                         | £2.24          | –                       | –                                       | <b>139,286</b>                                  | 5/3/2012                      | 4/3/2019    |
|                            | 5/3/2010 (Unapproved)   | 52,553                                     | –                         | £6.66          | –                       | –                                       | <b>52,553</b>                                   | 5/3/2013                      | 4/3/2020    |
|                            | 4/5/2011 (PSP)          | 23,697                                     | –                         | £0.00          | (23,697) <sup>(1)</sup> | £37.34                                  | –   | 4/3/2014                      | 3/3/2016    |
|                            | 2/3/2012 (PSP)          | 25,935                                     | (1,984)                   | £0.00          | –                       | –                                       | <b>23,951</b>                                   | 2/3/2015                      | 1/3/2017    |
|                            | 1/10/2012 (Sharesave)   | 694  | –                         | £12.95         | (694)                   | –                                       | –   | 1/11/2015                     | 30/4/2016   |
|                            | 8/3/2013 (DSP)          | 11,689                                     | –                         | £0.00          | (11,689) <sup>(3)</sup> | £30.82                                  | –   | 8/3/2015                      | 7/3/2016    |
|                            | 8/3/2013 (PSP)          | 24,210                                     | –                         | £0.00          | –                       | –                                       | <b>24,210</b>                                   | 8/3/2016                      | 7/3/2018    |
|                            | 3/3/2014 (DSP)          | 6,918                                      | –                         | £0.00          | –                       | –                                       | <b>6,918</b>                                    | 3/3/2016                      | 2/3/2017    |
|                            | 3/3/2014 (PSP)          | 25,140                                     | –                         | £19.72         | –                       | –                                       | <b>25,140</b>                                   | 3/3/2017                      | 2/3/2019    |
|                            | 1/10/2014 (Sharesave)   | 456  | –                         | £19.72         | –                       | –                                       | <b>456</b>                                      | 1/11/2017                     | 30/4/2018   |
|                            | 2/3/2015 (DSP)          | –  | 6,320 <sup>(4)</sup>      | £0.00          | –                       | –                                       | <b>6,320</b>                                    | 2/3/2017                      | 1/3/2018    |
|                            | 2/3/2015 (PSP)          | –  | 24,556 <sup>(5)</sup>     | £0.00          | –                       | –                                       | <b>24,556</b>                                   | 2/3/2018                      | 1/3/2020    |
|                            | 1/10/2015 (Sharesave)   | –  | 304                       | £29.60         | –                       | –                                       | <b>304</b>                                      | 1/11/2018                     | 30/4/2019   |
| <b>Total</b>               |                         | <b>388,017</b>                             | <b>29,196</b>             |                | <b>(38,519)</b>         |   | <b>378,694</b>                                  |                               |             |

## Share-based incentives held by the directors and not exercised as at 31 December 2015 continued

|                            | Date granted          | Share-based incentives held 1 January 2015 | Granted/ (lapsed) in year | Exercise price | Exercised in year      | Average share price at date of exercise | Share-based incentives held at 31 December 2015 | Vesting date | Expiry date |
|----------------------------|-----------------------|--|---------------------------|----------------|------------------------|---|---|--------------|-------------|
| <b>Executive directors</b> |                       |  |                           |                |                        |   |   |              |             |
| Robyn Perriss              | 4/5/2011 (PSP)        | 5,972                                      | –                         | £0.00          | (5,972) <sup>(1)</sup> | £32.00                                  | –   | 4/3/2014     | 3/3/2016    |
|                            | 3/10/2011 (Sharesave) | 910  | –                         | £9.88          | (910) <sup>(6)</sup>   | –                                       | –   | 1/11/2014    | 30/4/2015   |
|                            | 2/3/2012 (PSP)        | 5,086                                      | (389)                     | £0.00          | (4,697) <sup>(2)</sup> | £32.00                                  | –   | 2/3/2015     | 1/3/2017    |
|                            | 8/3/2013 (DSP)        | 2,172                                      | –                         | £0.00          | (2,172) <sup>(3)</sup> | £32.00                                  | –   | 8/3/2015     | 7/3/2016    |
|                            | 8/3/2013 (PSP)        | 14,928                                     | –                         | £0.00          | –                      | –                                       | <b>14,928</b>                                   | 8/3/2016     | 7/3/2018    |
|                            | 3/3/2014 (DSP)        | 4,353                                      | –                         | £0.00          | –                      | –                                       | <b>4,353</b>                                    | 3/3/2016     | 2/3/2018    |
|                            | 3/3/2014 (PSP)        | 19,887                                     | –                         | £0.00          | –                      | –                                       | <b>19,887</b>                                   | 3/3/2017     | 2/3/2019    |
|                            | 1/10/2014 (Sharesave) | 912  | –                         | £19.72         | –                      | –                                       | <b>912</b>                                      | 1/11/2017    | 30/4/2018   |
|                            | 2/3/2015 (DSP)        | –  | 4,999 <sup>(4)</sup>      | £0.00          | –                      | –                                       | <b>4,999</b>                                    | 2/3/2017     | 1/3/2018    |
|                            | 2/3/2015 (PSP)        | –  | 19,425 <sup>(5)</sup>     | £0.00          | –                      | –                                       | <b>19,425</b>                                   | 2/3/2018     | 1/3/2020    |
| <b>Total</b>               |                       | <b>54,220</b>                              | <b>24,035</b>             |                | <b>(13,751)</b>        |   | <b>64,504</b>                                   |              |             |

(1) On 4 May 2011, the executive directors were awarded nil cost options under the PSP, which vested in full in 2014 and were subject to a mixture of EPS and relative TSR performance which was met in full. Robyn Perriss exercised 6,201 performance shares (which included a dividend roll up of 229 shares) in April 2015, sold 4,558 shares immediately upon exercise at a market value of £32.00 per share and retained 1,643 shares. Nick McKittrick exercised 51,178 performance shares (which included a dividend roll up of 1,889 shares) in September 2015 and sold all the shares immediately upon exercise at a market value of £37.39 per share. Peter Brooks-Johnson exercised 24,605 performance shares (which included a dividend roll up of 908 shares) in September 2015, sold 11,588 shares upon exercise at a market value of £37.34 per share and retained 13,017 shares.

(2) On 2 March 2012, the executive directors were awarded nil cost options under the PSP, of which 92.35% vested in 2015 and were subject to a mixture of EPS performance which vested at 75% and relative TSR performance which vested at 17.35% out of a maximum possible 25%. Robyn Perriss exercised 4,879 performance shares (which consisted of 4,697 shares representing 389 lapsed shares from the original 5,086 shares awarded and a dividend roll up of 182 shares) in April 2015, sold 3,586 shares immediately upon exercise at a market value of £32.00 per share and retained 1,293 shares. Nick McKittrick exercised 37,702 performance shares (which consisted of 36,296 shares representing the original 39,303 shares awarded less 3,007 lapsed shares and a dividend roll up of 1,406 shares) in September 2015 and sold all the shares immediately upon exercise at a market value of £37.39 per share.

(3) The nil cost deferred shares granted under the DSP on 8 March 2013, were exercisable from 8 March 2015 subject to annual bonus targets which were met in full. Robyn Perriss exercised 2,172 shares in April 2015, subsequently sold 1,596 shares at a market value of £32.00 per share and retained 576 shares. Peter Brooks-Johnson exercised 11,689 shares in April 2015 and sold all the shares immediately upon exercise at a market value of £30.82 per share. Nick McKittrick exercised 15,184 shares in September 2015 and sold all the shares immediately upon exercise at a market value of £37.34 per share.

(4) On 2 March 2015 Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded 7,546, 6,320 and 4,999 nil cost deferred shares respectively under the DSP, which vest in 2017. The average mid market share price for the three consecutive preceding days taken from the Daily Official List and used to calculate the number of shares awarded was £27.83.

(5) On 2 March 2015 Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded 29,321, 24,556 and 19,425 nil cost shares respectively under the PSP, which vest in 2018, further details are described on page 61.

(6) In October 2011 prior to her appointment as Finance Director, Robyn Perriss was granted 910 Sharesave options. The options vested in 2014 and have an exercise price of £9.88. In April 2015, Robyn Perriss exercised 910 Sharesave options and retained the shares.

## Dilution

All existing executive share-based incentives can be satisfied from shares held in the Rightmove Employees' Share Trust (EBT) and shares held in treasury. It is intended that the 2016 share-based incentive awards will also be settled from shares currently held in the EBT or from shares held in treasury without any requirement to issue further shares.

## Directors' interests in shares

The interests (both beneficial and family interests) of the directors in office at the date of this report in the share capital of the Company were as follows:

|                                | Interests in ordinary shares of £0.01 |                   | Interests in share-based incentives     |                                |  |
|--------------------------------|---------------------------------------|-------------------|---|--------------------------------|--|
|                                | At 31 December 2015                   | At 1 January 2015 | Outstanding PSP & DSP awards (unvested) | Outstanding options (unvested) | Outstanding options (vested but unexercised) |
| <b>Executive directors</b>     |                                       |                   |   |                                |  |
| Nick McKittrick                | 141,027                               | 141,027           | 108,388                                 | 760                            | 280,449                                      |
| Peter Brooks-Johnson           | 38,358                                | 22,483            | 87,144                                  | 760                            | 290,790                                      |
| Robyn Perriss                  | 5,833                                 | 1,411             | 63,592                                  | 912                            | –  |
| <b>Non-executive directors</b> |                                       |                   |   |                                |  |
| Scott Forbes                   | 319,300                               | 319,300           | –                                       | –                              | –  |
| Jonathan Agnew                 | –                                     | 5,000             | –                                       | –                              | –  |
| Ashley Martin                  | 2,060                                 | 2,060             | –                                       | –                              | –  |
| Judy Vezmar                    | –                                     | 16,343            | –                                       | –                              | –  |
| Peter Williams                 | 3,728                                 | 3,728             | –                                       | –                              | –  |
| Colin Kemp                     | 2,500                                 | 1,000             | –                                       | –                              | –  |
| Rakhi (Parekh) Goss-Custard    | –                                     | –                 | –                                       | –                              | –  |
| <b>Total</b>                   | <b>512,806</b>                        | <b>512,352</b>    | <b>259,124</b>                          | <b>2,432</b>                   | <b>571,239</b>                               |

- The Company's shares in issue (including 2,322,314 shares held in treasury) as at 31 December 2015 comprised 97,741,977 (2014: 99,993,317) ordinary shares of £0.01 each.
- The closing share price of the Company was £41.25 as at 31 December 2015 (the last day of trading in 2015). The lowest and highest share prices during the year were £21.21 and £41.80 respectively.
- The executive directors are regarded as being interested, for the purposes of the Companies Act 2006, in 386,057 (2014: 596,499) ordinary shares of £0.01 each in the Company currently held by the EBT as they are, together with other employees, potential beneficiaries of the EBT.
- The directors' beneficial holdings represent 0.5% of the Company's shares in issue as at 31 December 2015 (2014: 0.5%) (excluding shares held in treasury).
- There have been no changes to the above interests between the year end and the date of this report.

Executive director share ownership guidelines are set out in the Policy Report on page 47. The interests of the executive directors in office at 31 December 2015 in the share capital of the Company as a percentage of base salary were as follows:

|                            | Base salary<br>1 January 2016 | Number of<br>shares held at<br>31 December 2015 | Value of shares at<br>31 December 2015 | Value of<br>shares as a %<br>of base salary |
|----------------------------|-------------------------------|---|--|---|
| <b>Executive directors</b> |                               |   |  |   |
| Nick McKittrick            | £424,320                      | 141,027   | £5,817,363                             | 1371%                                       |
| Peter Brooks-Johnson       | £355,368                      | 38,358  | £1,582,268                             | 445%  |
| Robyn Perriss              | £281,112                      | 5,833   | £240,611                               | 86%   |

### Percentage increase in the remuneration of the Chief Executive Officer

The table below shows the movement in the salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared to that of the total amounts for all employees of the Group for each of these elements of pay.

The CEO's salary increased by 2%, being the same inflationary increase as awarded to all eligible Rightmove employees. The annual bonus of the CEO increased as a result of the maximum bonus being achieved in relation to the 2015 bonus targets, compared with a payout of 70% in 2014.

The average salary and annual bonus for all employees shows a small year on year decline due to a mix effect with the investment in new heads in 2015 primarily being in customer facing roles at lower average salary levels than other Rightmove employees.

Benefit costs have fallen for the CEO and all employees following the renegotiation of our health insurance supply contract on improved terms.

|                                 | 2015<br>£ | 2014<br>£ | % change |
|---------------------------------|-----------|-----------|----------|
| <b>Chief Executive Officer</b>  |           |           |          |
| Salary                          | 408,000   | 400,000   | 2.0%     |
| Benefits                        | 1,931     | 2,055     | (6.0)%   |
| Annual bonus                    | 510,000   | 350,000   | 45.7%    |
| <b>Average of all employees</b> |           |           |          |
| Salary                          | 42,883    | 42,983    | (0.2)%   |
| Benefits                        | 734       | 749       | (2.0)%   |
| Annual bonus                    | 2,364     | 3,546     | (33.3)%  |

### Relative importance of the spend on pay

The table below shows the total pay for all of Rightmove's employees compared to other key financial indicators. Additional information on the number of employees, total revenue and underlying operating profit has been provided for context.

|  | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 | % change |
|--|--------------------------------|--------------------------------|----------|
| Employee costs (refer Note 7)              | £23,464,000                    | £21,647,000                    | 8%       |
| Dividends to shareholders (refer Note 12)  | £36,469,000                    | £29,490,000                    | 24%      |
| Purchase of own shares (refer Note 23)     | £76,071,000                    | £73,867,000                    | 3%       |
| Income tax (refer Note 10)                 | £27,636,000                    | £25,857,000                    | 7%       |
| Average number of employees (refer Note 7) | 412                            | 388                            | 6%       |
| Revenue                                    | £192,129,000                   | £167,012,000                   | 15%      |
| Underlying operating profit <sup>(1)</sup> | £144,271,000                   | £124,592,000                   | 16%      |

(1) Before share-based payments and NI on share-based incentives.

### External directorships

No executive directors held any non-executive roles during the year.

## Opinions and conclusions arising from our audit

### 1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Rightmove plc for the year ended 31 December 2015 set out on pages 70 to 107. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

### 2. Our assessment of risks of material misstatement

We summarise below the risks of material misstatement that had the greatest effect on our audit, our key audit procedures to address those risks and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the financial statements.

#### Revenue recognition (£192,129,000)

Refer to page 33 (Corporate governance report), page 81 (accounting policy) and pages 84 to 85 (financial disclosures)

- **The risk:** Revenue primarily consists of subscription fees and customer spend on additional advertising products in respect of properties listed on rightmove.co.uk and is recognised over the period of subscription or as additional advertising products are used. Individual contracts exist with each customer, which include a variety of differing terms

and conditions. Given the variety of individual contract terms and that revenue is the most material figure in the financial statements, we consider a significant risk exists in relation to revenue recognition; specifically that the billing of customers is not in line with the contract terms, with resulting revenue not being recognised appropriately.

- **Our response:** Our audit procedures included testing the design, implementation and operating effectiveness of the Group's controls over the billing of customers in line with contract terms and product usage. For Agency, New Homes and Overseas, which cover 95% of revenue recognised in the year, we performed detailed procedures using computer assisted audit techniques to analyse the amounts billed to customers by product in order to identify and investigate any anomalies and outliers. We considered whether amounts billed had been recognised as revenue in the correct accounting period by comparing the period of subscription or usage of additional advertising products to the timing of revenue recognition. We inspected significant contracts signed in the year on a sample basis, to assess whether revenue has been recognised in accordance with the specific contract terms and conditions and relevant accounting standards. We assessed the appropriateness of deferred revenue at the period end with reference to subscription fee billings in December and specific product deferrals, where amounts are billed in advance but revenue recognition deferred until use or expiry. We also considered the adequacy of the Group's accounting policy and disclosures (see Notes 1, 2 and 5) in respect of revenue recognition, and whether disclosures properly reflect the risks inherent in recognising revenue.
- **Our findings:** Our testing did not identify weaknesses in the design and operation of controls that would have required us to expand the extent of our planned detailed testing. Our computer assisted audit techniques did not reveal any differences for which we were unable to appropriate explanation and we found that revenue was recognised in line with the period of subscription or usage of additional products. We found that revenue was recognised in respect of the significant contracts selected for testing in line with the underlying contractual terms and we found no errors in the Group's calculation of deferred revenue at the year end. We found the group's disclosures to be proportionate in their description of the assumptions and estimates made by the group.

We continue to perform audit procedures over risk of misstatement of share-based incentives charge and related deferred tax charge and asset. However, as there are no complex new schemes and the underlying assumptions used, and the Group's model for quantifying the expense, are now better established, we have not assessed this as one of the risks that had the greatest effect on our audit and, therefore, it is not separately identified in our report this year.

### 3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £6.7m, determined with reference to a benchmark of Group profit before tax of which it represents 4.9%.

We report to the Audit Committee any uncorrected identified misstatements exceeding £0.34m, in addition to other identified misstatements that warranted reporting on qualitative grounds. We report misstatements corrected by management where we believe these will assist the audit committee in fulfilling its governance responsibilities.

The Group audit team also audits the single wholly owned subsidiary, Rightmove Group Limited with a component materiality of £5.0m. The Group procedures covered all of the operations of the Group, and accordingly 100% of total Group revenue; 100% of Group profit before taxation and 100% of total Group assets were audited.

### 4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- information given in the Corporate Governance Statement set out on page 35 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

### 5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' viability statement on page 17, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group continuing in operation over the three years to 31 December 2018; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

### 6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy; or
- the Audit Committee report does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

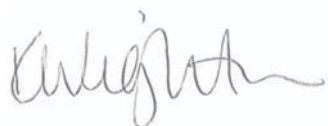
Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 17 and 77 in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 26 to 31 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

### Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 41, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate). This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at [www.kpmg.com/uk/auditscopeukco2014b](http://www.kpmg.com/uk/auditscopeukco2014b), which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.



**Karen Wightman (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE  
26 February 2016

## Consolidated statement of comprehensive income for the year ended 31 December 2015

|  | Note | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|--|------|--|--|
| <b>Revenue</b>   | 5    | <b>192,129</b>                         | 167,012                                |
| Administrative expenses  |      | (54,954)                               | (44,954)                               |
| <b>Operating profit before share-based payments and NI on share-based incentives</b> |      | <b>144,271</b>                         | 124,592                                |
| Share-based payments   | 24   | (3,765)                                | (2,728)                                |
| NI on share-based incentives   | 24   | (3,331)                                | 194                                    |
| <b>Operating profit</b>  | 6    | <b>137,175</b>                         | 122,058                                |
| Financial income   | 8    | 112                                    | 109                                    |
| Financial expenses   | 9    | (183)                                  | (129)                                  |
| <b>Net financial expense</b>   |      | <b>(71)</b>                            | (20)                                   |
| <b>Profit before tax</b>   |      | <b>137,104</b>                         | 122,038                                |
| Income tax expense   | 10   | (27,636)                               | (25,857)                               |
| <b>Profit for the year being total comprehensive income</b>                          |      | <b>109,468</b>                         | 96,181                                 |
| <b>Attributable to:</b>  |      |  |  |
| Equity holders of the parent   |      | 109,468                                | 96,181                                 |
| <b>Earnings per share (pence)</b>  |      |  |  |
| Basic  | 11   | 114.01                                 | 97.70                                  |
| Diluted  | 11   | 112.74                                 | 96.62                                  |
| <b>Dividends per share (pence)</b>   | 12   | <b>38.00</b>                           | 30.00                                  |
| <b>Total dividends</b>   | 12   | <b>36,469</b>                          | 29,490                                 |



## Consolidated statement of financial position as at 31 December 2015

|  | Note   | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|--|--------|--------------------------|--------------------------|
| <b>Non-current assets</b>  |        |                          |                          |
| Property, plant and equipment  | 13     | 2,239                    | 1,580                    |
| Intangible assets  | 14     | 1,383                    | 1,565                    |
| Deferred tax assets  | 16     | 6,791                    | 4,503                    |
| <b>Total non-current assets</b>                                      |        | <b>10,413</b>            | 7,648                    |
| <b>Current assets</b>  |        |                          |                          |
| Trade and other receivables  | 17     | 27,523                   | 24,298                   |
| Money market deposits  | 18     | 4,000                    | –                        |
| Cash and cash equivalents  | 18     | 8,418                    | 11,205                   |
| <b>Total current assets</b>  |        | <b>39,941</b>            | 35,503                   |
| <b>Total assets</b>  |        | <b>50,354</b>            | 43,151                   |
| <b>Current liabilities</b>   |        |                          |                          |
| Trade and other payables   | 19     | (31,618)                 | (27,560)                 |
| Income tax payable   |        | (11,863)                 | (12,943)                 |
| <b>Total current liabilities</b>                                     |        | <b>(43,481)</b>          | (40,503)                 |
| <b>Non-current liabilities</b>                                       |        |                          |                          |
| Provisions   | 21     | (236)                    | (200)                    |
| <b>Total non-current liabilities</b>                                 |        | <b>(236)</b>             | (200)                    |
| <b>Total liabilities</b>   |        | <b>(43,717)</b>          | (40,703)                 |
| <b>Net assets</b>  |        | <b>6,637</b>             | 2,448                    |
| <b>Equity</b>  |        |                          |                          |
| Share capital  | 22, 23 | 977                      | 1,000                    |
| Other reserves   | 23     | 455                      | 432                      |
| Retained earnings  | 23     | 5,205                    | 1,016                    |
| <b>Total equity attributable to the equity holders of the parent</b> | 23     | <b>6,637</b>             | 2,448                    |

The financial statements were approved by the Board of directors on 26 February 2016 and were signed on its behalf by:



Nick McKittrick  
Director



Robyn Perriss  
Director

## Company statement of financial position as at 31 December 2015

|  | Note   | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|--|--------|--------------------------|--------------------------|
| <b>Non-current assets</b>  |        |                          |                          |
| Investments  | 15     | 544,464                  | 542,804                  |
| Deferred tax assets  | 16     | 3,581                    | 2,667                    |
| <b>Total non-current assets</b>                                      |        | <b>548,045</b>           | <b>545,471</b>           |
| <b>Total assets</b>  |        | <b>548,045</b>           | <b>545,471</b>           |
| <b>Current liabilities</b>   |        |                          |                          |
| Trade and other payables   | 19     | (36,629)                 | (50,123)                 |
| <b>Total current liabilities</b>                                     |        | <b>(36,629)</b>          | <b>(50,123)</b>          |
| <b>Net assets</b>  |        | <b>511,416</b>           | <b>495,348</b>           |
| <b>Equity</b>  |        |                          |                          |
| Share capital  | 22, 23 | 977                      | 1,000                    |
| Other reserves   | 23     | 109,631                  | 109,608                  |
| Retained earnings  | 23     | 400,808                  | 384,740                  |
| <b>Total equity attributable to the equity holders of the parent</b> | 23     | <b>511,416</b>           | <b>495,348</b>           |

The financial statements were approved by the Board of directors on 26 February 2016 and were signed on its behalf by:



**Nick McKittrick**  
Director



**Robyn Perriss**  
Director

## Consolidated statement of cash flows for the year ended 31 December 2015

|  | Note | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|--|------|--|--|
| <b>Cash flows from operating activities</b>                  |      |  |  |
| Profit for the year  |      | 109,468                                | 96,181                                 |
| Adjustments for:   |      |  |  |
| Depreciation charges   | 13   | 934                                    | 825                                    |
| Amortisation charges   | 14   | 361                                    | 368                                    |
| Loss on disposal of property, plant and equipment            | 6    | –                                      | 1                                      |
| Loss on disposal of intangible assets                        | 6    | –                                      | 3                                      |
| Financial income   | 8    | (112)                                  | (109)                                  |
| Financial expenses   | 9    | 183                                    | 129                                    |
| Share-based payments   | 24   | 3,765                                  | 2,728                                  |
| Income tax expense   | 10   | 27,636                                 | 25,857                                 |
| <b>Operating cash flow before changes in working capital</b> |      | <b>142,235</b>                         | <b>125,983</b>                         |
| Increase in trade and other receivables                      |      | (3,230)                                | (3,151)                                |
| Increase in trade and other payables                         |      | 4,140                                  | 2,522                                  |
| Increase in provisions                                       | 21   | 36                                     | 36                                     |
| <b>Cash generated from operating activities</b>              |      | <b>143,181</b>                         | <b>125,390</b>                         |
| Financial expenses paid                                      |      | (183)                                  | (129)                                  |
| Income taxes paid  |      | (26,869)                               | (17,070)                               |
| <b>Net cash from operating activities</b>                    |      | <b>116,129</b>                         | <b>108,191</b>                         |
| <b>Cash flows from investing activities</b>                  |      |  |  |
| Interest received  |      | 117                                    | 133                                    |
| Acquisition of property, plant and equipment                 | 13   | (1,593)                                | (727)                                  |
| Acquisition of intangible assets                             | 14   | (179)                                  | (343)                                  |
| Deferred consideration received                              |      | –                                      | 1,667                                  |
| Money market deposits  | 18   | (4,000)                                | –                                      |
| <b>Net cash (used)/received in investing activities</b>      |      | <b>(5,655)</b>                         | <b>730</b>                             |
| <b>Cash flows from financing activities</b>                  |      |  |  |
| Dividends paid   | 12   | (36,469)                               | (29,490)                               |
| Purchase of own shares for cancellation                      | 23   | (76,071)                               | (73,867)                               |
| Purchase of own shares for share incentive plans             | 23   | (507)                                  | (863)                                  |
| Share-related expenses                                       | 23   | (615)                                  | (472)                                  |
| Proceeds on exercise of share-based incentives               | 23   | 401                                    | 177                                    |
| <b>Net cash used in financing activities</b>                 |      | <b>(113,261)</b>                       | <b>(104,515)</b>                       |
| Net (decrease)/increase in cash and cash equivalents         |      | (2,787)                                | 4,406                                  |
| Cash and cash equivalents at 1 January                       |      | 11,205                                 | 6,799                                  |
| <b>Cash and cash equivalents at 31 December</b>              | 18   | <b>8,418</b>                           | <b>11,205</b>                          |

## Company statement of cash flows for the year ended 31 December 2015

|  | Note | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|--|------|--|--|
| <b>Cash flows from operating activities</b>                  |      |  |  |
| Profit for the year  | 23   | 123,757                                | 76,732                                 |
| Adjustments for:   |      |  |  |
| Financial income   | 27   | (130,263)                              | (80,228)                               |
| Financial expenses   | 27   | 547                                    | 536                                    |
| Share-based payments   | 24   | 2,105                                  | 1,644                                  |
| Income tax credit  |      | (1,465)                                | (799)                                  |
| <b>Operating cash flow before changes in working capital</b> |      | <b>(5,319)</b>                         | <b>(2,115)</b>                         |
| Increase in trade and other payables                         | 19   | 118,474                                | 105,944                                |
| <b>Cash generated from operating activities</b>              |      | <b>113,155</b>                         | <b>103,829</b>                         |
| <b>Cash flows from financing activities</b>                  |      |  |  |
| Dividends paid   | 12   | (36,469)                               | (29,490)                               |
| Purchase of own shares for cancellation                      | 23   | (76,071)                               | (73,867)                               |
| Share-related expenses                                       | 23   | (615)                                  | (472)                                  |
| <b>Net cash used in financing activities</b>                 |      | <b>(113,155)</b>                       | <b>(103,829)</b>                       |
| Net decrease in cash and cash equivalents                    |      | –                                      | –                                      |
| Cash and cash equivalents at 1 January                       |      | –                                      | –                                      |
| <b>Cash and cash equivalents at 31 December</b>              | 18   | <b>–</b>                               | <b>–</b>                               |

## Consolidated statement of changes in shareholders' equity for the year ended 31 December 2015

|   | Note | Share capital<br>£000 | EBT shares reserve<br>£000 | SIP shares reserve<br>£000 | Treasury shares<br>£000 | Other reserves<br>£000 | Reverse acquisition reserve<br>£000 | Retained earnings<br>£000 | Total equity<br>£000 |
|---|------|-----------------------|----------------------------|----------------------------|-------------------------|------------------------|-------------------------------------|---------------------------|----------------------|
| At 1 January 2014   |      | 1,031                 | (2,418)                    | –                          | (11,917)                | 263                    | 138                                 | 21,818                    | 8,915                |
| <b>Total comprehensive income</b>   |      |                       |                            |                            |                         |                        |                                     |                           |                      |
| Profit for the year   |      | –                     | –                          | –                          | –                       | –                      | –                                   | 96,181                    | 96,181               |
| <b>Transactions with owners recorded directly in equity</b>                   |      |                       |                            |                            |                         |                        |                                     |                           |                      |
| Share-based payments  | 24   | –                     | –                          | –                          | –                       | –                      | –                                   | 2,728                     | 2,728                |
| Tax debit in respect of share-based incentives recognised directly in equity  | 10   | –                     | –                          | –                          | –                       | –                      | –                                   | (816)                     | (816)                |
| Dividends to shareholders   | 12   | –                     | –                          | –                          | –                       | –                      | –                                   | (29,490)                  | (29,490)             |
| Exercise of share-based incentives  | 23   | –                     | 375                        | –                          | –                       | –                      | –                                   | (198)                     | 177                  |
| Purchase of shares for SIP  | 23   | –                     | (863)                      | –                          | –                       | –                      | –                                   | –                         | (863)                |
| Cancellation of own shares  | 23   | (31)                  | –                          | –                          | –                       | 31                     | –                                   | (73,867)                  | (73,867)             |
| Share-related expenses  | 23   | –                     | –                          | –                          | –                       | –                      | –                                   | (517)                     | (517)                |
| At 31 December 2014   |      | 1,000                 | (2,906)                    | –                          | (11,917)                | 294                    | 138                                 | 15,839                    | 2,448                |
| <b>At 1 January 2015</b>  |      | <b>1,000</b>          | <b>(2,906)</b>             | <b>–</b>                   | <b>(11,917)</b>         | <b>294</b>             | <b>138</b>                          | <b>15,839</b>             | <b>2,448</b>         |
| <b>Total comprehensive income</b>   |      |                       |                            |                            |                         |                        |                                     |                           |                      |
| Profit for the year   |      | –                     | –                          | –                          | –                       | –                      | –                                   | 109,468                   | 109,468              |
| <b>Transactions with owners recorded directly in equity</b>                   |      |                       |                            |                            |                         |                        |                                     |                           |                      |
| Share-based payments  | 24   | –                     | –                          | –                          | –                       | –                      | –                                   | 3,765                     | 3,765                |
| Tax credit in respect of share-based incentives recognised directly in equity | 10   | –                     | –                          | –                          | –                       | –                      | –                                   | 4,135                     | 4,135                |
| Dividends to shareholders   | 12   | –                     | –                          | –                          | –                       | –                      | –                                   | (36,469)                  | (36,469)             |
| Transfer of shares to SIP   |      | –                     | 863                        | (863)                      | –                       | –                      | –                                   | –                         | –                    |
| Exercise of share-based incentives  | 23   | –                     | 385                        | 11                         | 872                     | –                      | –                                   | (867)                     | 401                  |
| Purchase of shares for SIP  | 23   | –                     | (507)                      | –                          | –                       | –                      | –                                   | –                         | (507)                |
| Cancellation of own shares  | 23   | (23)                  | –                          | –                          | –                       | 23                     | –                                   | (76,071)                  | (76,071)             |
| Share-related expenses  | 23   | –                     | –                          | –                          | –                       | –                      | –                                   | (533)                     | (533)                |
| At 31 December 2015   |      | <b>977</b>            | <b>(2,165)</b>             | <b>(852)</b>               | <b>(11,045)</b>         | <b>317</b>             | <b>138</b>                          | <b>19,267</b>             | <b>6,637</b>         |

## Company statement of changes in shareholders' equity for the year ended 31 December 2015

|  | Note | Share capital<br>£000 | SIP<br>shares<br>reserve<br>£000 | Treasury<br>shares<br>£000 | Other<br>reserves<br>£000 | Reverse<br>acquisition<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>equity<br>£000 |
|--|------|-----------------------|----------------------------------|----------------------------|---------------------------|---|------------------------------|-------------------------|
| At 1 January 2014  |      | 1,031                 | –                                | (11,917)                   | 4,973                     | 103,520                                   | 422,671                      | 520,278                 |
| <b>Total comprehensive income</b>  |      |                       |                                  |                            |                           |   |                              |                         |
| Profit for the year  |      | –                     | –                                | –                          | –                         | –   | 76,732                       | 76,732                  |
| <b>Transactions with owners<br/>recorded directly in equity</b>                  |      |                       |                                  |                            |                           |   |                              |                         |
| Share-based payments   | 24   | –                     | –                                | –                          | –                         | –   | 1,644                        | 1,644                   |
| Tax debit in respect of share-based incentives<br>recognised directly in equity  | 10   | –                     | –                                | –                          | –                         | –   | (516)                        | (516)                   |
| Capital contribution   | 23   | –                     | –                                | –                          | 1,084                     | –   | –                            | 1,084                   |
| Dividends to shareholders  | 12   | –                     | –                                | –                          | –                         | –   | (29,490)                     | (29,490)                |
| Cancellation of own shares   | 23   | (31)                  | –                                | –                          | 31                        | –   | (73,867)                     | (73,867)                |
| Share-related expenses   | 23   | –                     | –                                | –                          | –                         | –   | (517)                        | (517)                   |
| At 31 December 2014  |      | 1,000                 | –                                | (11,917)                   | 6,088                     | 103,520                                   | 396,657                      | 495,348                 |
| <b>At 1 January 2015</b>   |      | <b>1,000</b>          | <b>–</b>                         | <b>(11,917)</b>            | <b>6,088</b>              | <b>103,520</b>                            | <b>396,657</b>               | <b>495,348</b>          |
| <b>Total comprehensive income</b>  |      |                       |                                  |                            |                           |   |                              |                         |
| Profit for the year  |      | –                     | –                                | –                          | –                         | –   | 123,757                      | 123,757                 |
| <b>Transactions with owners<br/>recorded directly in equity</b>                  |      |                       |                                  |                            |                           |   |                              |                         |
| Share-based payments   | 24   | –                     | –                                | –                          | –                         | –   | 2,105                        | 2,105                   |
| Tax credit in respect of share-based incentives<br>recognised directly in equity | 10   | –                     | –                                | –                          | –                         | –   | 2,482                        | 2,482                   |
| Capital contribution   | 23   | –                     | –                                | –                          | 1,660                     | –   | –                            | 1,660                   |
| Dividends to shareholders  | 12   | –                     | –                                | –                          | –                         | –   | (36,469)                     | (36,469)                |
| Transfer of shares to SIP  |      | –                     | (863)                            | –                          | –                         | –   | –                            | (863)                   |
| Exercise of share-based incentives   |      | –                     | 11                               | 872                        | –                         | –   | (883)                        | –                       |
| Cancellation of own shares   | 23   | (23)                  | –                                | –                          | 23                        | –   | (76,071)                     | (76,071)                |
| Share-related expenses   | 23   | –                     | –                                | –                          | –                         | –   | (533)                        | (533)                   |
| At 31 December 2015  |      | <b>977</b>            | <b>(852)</b>                     | <b>(11,045)</b>            | <b>7,771</b>              | <b>103,520</b>                            | <b>411,045</b>               | <b>511,416</b>          |

## 1 General information

Rightmove plc (the Company) is a company registered in England (Company no. 6426485) domiciled in the United Kingdom (UK). The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its interest in its subsidiaries (together referred to as the Group). Its principal business is the operation of the rightmove.co.uk website, which has the largest audience of any UK property website (as measured by page impressions).

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 are available upon request to the Company Secretary from the Company's registered office at Turnberry House, 30 Caldecotte Lake Drive, Caldecotte, Milton Keynes MK7 8LE or are available on the corporate website at [plc.rightmove.co.uk](http://plc.rightmove.co.uk)

### Statement of compliance

The Group and Company financial statements have been prepared and approved by the Board of directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (Adopted IFRSs).

The consolidated financial statements were authorised for issue by the Board of directors on 26 February 2016.

### Basis of preparation

On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

The accounting policies set out below have been consistently applied to both years presented, unless otherwise stated.

The financial statements have been prepared on an historical cost basis.

### Changes in accounting policies

The accounting policies applied by the Group in these consolidated financial statements are in accordance with Adopted IFRSs and are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

### Going concern

Throughout 2015, the Group was debt free and has continued to generate significant cash. The Group had net cash balances of £8,418,000 at 31 December 2015 (2014: £11,205,000). The Group also had £4,000,000 (2014: £nil) of money market deposits (2014: nil).

The Group agreed to extend a 12 month agreement with HSBC for a £10,000,000 committed revolving loan facility. This agreement will expire on 9 February 2017. To date, no amount has been drawn under this facility.

During the year, £112,540,000 (2014: £103,357,000) of cash was returned to shareholders via dividends and discretionary share buy backs.

The Board of directors is confident that with the existing cash resources and banking facilities in place, coupled with the strength of the underlying business model, that the Group and the Company will remain cash positive and will have adequate resources to continue in operational existence for a period of 12 months from the date of signing these accounts.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 23. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 13 to 16. In addition Note 4 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

### Capital structure

The Company was incorporated and registered in England and Wales on 14 November 2007 under the Companies Act 1985 as a private company limited by shares with the name Rightmove Group Limited, registered no. 6426485. The Company was re-registered as a public limited company under the name Rightmove Group plc on 29 November 2007. On 28 January 2008, the Company became the holding company of Rightmove Group Limited (formerly Rightmove plc, Company no. 3997679) and its subsidiaries pursuant to a Scheme of Arrangement under s425 of the Companies Act 1985. The shares in the Company were admitted to trading on the Official List of the London Stock Exchange on 28 January 2008 and the Company immediately changed its name to Rightmove plc. Details of the share capital of the Company are disclosed in Note 22.

### 1 General information continued

#### Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### Judgements and estimates

The preparation of the consolidated and Company financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods, if applicable.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and Company financial statements is included in the following notes:

- Note 2 (j) Revenue recognition, specifically regarding the period to which services relate and the recognition of revenue from membership offers including discounted or free periods.
- Notes 16 and 24 The choice of valuation methodology and the inputs and assumptions used to calculate the initial fair value for new share-based incentives granted and the rate at which the related deferred tax asset is measured. The key estimates used in calculating the fair value of the options are the fair value of the Company's shares at the grant date, expected share price volatility, risk-free interest rate, expected dividends, and weighted average expected life of the instrument. In respect of share-based incentives granted to employees, the number of share-based incentives that are expected to vest is based upon estimates of the number of employees that will forfeit their awards through leaving the Group and the likelihood of any non-market performance conditions being satisfied. Management regularly performs a true-up of the estimate of the number of shares that are expected to vest; this is dependent on the anticipated number of leavers.

### 2 Significant accounting policies

#### (a) Investments

Investments in subsidiaries are held at cost less any provision for impairment in the parent Company financial statements.

#### (b) Intangible assets

##### (i) Research and development

The Group undertakes research and development expenditure in view of developing new products and improving the existing platforms. Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of a new product or substantially enhanced website, is capitalised if the new product or the enhanced website is technically and commercially feasible, the Group has sufficient resources to complete development, future economic benefits are probable and the Group can measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalised includes subcontractors and direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.



**(ii) Computer software and licences**

Computer software and externally acquired software licences are capitalised and stated at cost less accumulated amortisation and impairment losses. Amortisation is charged from the date the asset is available for use. Amortisation is provided to write off the cost less the estimated residual value of the computer software or licence by equal annual instalments over its estimated useful economic life as follows:

|                   |                         |
|-------------------|-------------------------|
| Computer software | 20.0% – 33.3% per annum |
| Software licences | 20.0% – 33.3% per annum |

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal annual instalments over their estimated useful economic lives as follows:

|   |                             |
|---|-----------------------------|
| Office equipment, fixtures and fittings | 20.0% per annum             |
| Computer equipment                      | 20.0% – 33.3% per annum     |
| Leasehold improvements                  | remaining life of the lease |

**(d) Impairment**

The carrying value of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are tested for impairment annually and whenever there is an indication that they might be impaired. An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount.

Investments are assessed for possible impairment when there is an indication that the fair value of the investments may be below the Company's carrying value. When such a condition is deemed to be other than temporary, the carrying value of the investment is written down to its fair value and the amount written off is included in profit or loss. In making the determination as to whether a decline is other than temporary, the Company considers such factors as the duration and extent of the decline, the investee's financial performance and the Company's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value.

**(e) Financial instruments**

Trade receivables do not carry any interest and are initially recognised at fair value and subsequently measured at amortised cost less any impairment loss. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the receivables' original terms.

Trade payables are not interest bearing and are initially recognised at fair value and subsequently measured at amortised cost. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Money market deposits are recorded initially at fair value and subsequently measured at amortised cost. They represent deposits with a maturity of over three months.

Inter-group balances and transactions, and any unrealised income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements.

## 2 Significant accounting policies continued

### (f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

### (g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

A provision is maintained in respect of lease dilapidations based on an estimated cost to make good per square foot multiplied by the floor area of each premise.

### (h) Employee benefits

#### (i) Pensions

The Group provides access to a stakeholder pension scheme (a defined contribution pension plan) into which employees may elect to contribute via salary exchange. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are incurred.

#### (ii) Employee share schemes

The Group provides share-based incentive plans allowing executive directors and other employees to acquire shares in the Company. An expense is recognised in profit or loss, with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to acquire equity settled share-based incentives.

Fair value at the grant date is measured using either the Monte Carlo or Black Scholes pricing model as is most appropriate for each scheme. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option behaviour), expected dividends, and risk-free interest rates (based on government bonds). Service and non-market performance conditions attached to the awards are not taken into account in determining the fair value.

For share-based incentive awards with non-vesting conditions, the grant date fair value of the share-based incentives is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. When either the employee or the Company chooses not to meet the non-vesting condition, the failure to meet the non-vesting condition is treated as a cancellation and the cost that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

#### (iii) Own shares held by The Rightmove Employees' Share Trust (EBT)

The EBT is treated as an agent of Rightmove Group Limited and, as such EBT transactions are treated as being those of Rightmove Group Limited and are therefore reflected in the Group's consolidated financial statements. In particular, at a consolidated level, the EBT's purchases of shares in the Company are charged directly to equity.

#### (iv) Own shares held by The Rightmove Share Incentive Plan Trust (SIP)

The SIP is treated as an agent of Rightmove plc and, as such SIP transactions are treated as being those of Rightmove plc and are therefore reflected in the Group's consolidated financial statements. In particular, at a consolidated level, the SIP's purchases of shares in the Company are charged directly to equity.

#### (v) National Insurance (NI) on share-based incentives

Employer's NI is accrued, where applicable, at a rate of 13.8%, which management expects to be the prevailing rate when share-based incentives are exercised. In the case of share options, it is provided on the difference between the share price at the reporting date and the average exercise price of share options. In the case of nil cost performance shares and deferred shares, it is provided based on the share price at the reporting date.

### (i) Treasury shares and shares purchased for cancellation

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are either held in treasury or cancelled.

## (j) Revenue

Revenue principally represents the amounts receivable from customers in respect of membership to the rightmove.co.uk website. Agency, New Homes, Overseas and Commercial revenue comprises subscriptions for core listing fees and amounts paid for additional advertising products. Contracts for these services are per branch or branch equivalent for Agency and per development for New Homes. They vary in length from one month to five years, but are typically for periods of six to 12 months. Revenue is recognised over the period of the contract or as advertising products are used. Membership offers take place from time to time and may include discounted products and free periods. These are recognised on a monthly basis over the contract term.

Agency, Overseas and Commercial services are typically billed in advance with revenue deferred until the service commencement date. New Homes developers are billed monthly in arrears. Where invoices are raised on other than a monthly basis, the amounts are recognised as deferred or accrued revenue and released to the profit or loss on a monthly basis in line with the provision of services as stipulated in the contract terms.

Data Services revenue relates to fees generated for data and valuation services under a variety of contractual arrangements. Revenue is recognised when the service has been provided. Third party advertising revenue represents amounts paid in respect of non-property advertising on the rightmove.co.uk website and is recognised in the month in which the service is provided. Consumer Services revenue principally relates to payment for leads and is recognised when the lead is generated. Data Services, third party advertising and Consumer Services revenue is typically billed in arrears.

## (k) Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

## (l) Leases

Operating lease rentals are charged to profit or loss on a straight-line basis over the period of the lease. Where cash is received in exchange for entering into a lease with rates above market value, this upfront payment is deferred and released on a straight-line basis over the lease term.

## (m) Financial income and expenses

Financial income comprises interest receivable on cash balances, deposits and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established.

Financial expenses comprise banking facility fees and bank charges and the unwinding of the discount on provisions.

## (n) Taxation

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period net of any charge or credit posted directly to equity, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

In accordance with IAS 12, the Group policy in relation to the recognition of deferred tax on share-based incentives is to include the income tax effect of the tax deduction in profit or loss to the value of the income tax charge on the cumulative IFRS 2 charge. The remainder of the income tax effect of the tax deduction is recognised in equity.

## 2 Significant accounting policies continued

### (o) Dividends

Dividends unpaid at the reporting date are only recognised as a liability (and deduction to equity) at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### (p) Earnings per share

The Group presents basic, diluted and underlying earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potential dilutive instruments, which comprise share-based incentives granted to employees. The calculation of underlying EPS is disclosed in Note 11.

## 3 IFRSs not yet applied

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2015 and have not been applied in preparing these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers was issued in 2014, although not yet endorsed in the EU, and an exercise is underway to assess the impact that this will have on revenue recognition.

IFRS 16 Operating Leases has been issued in January 2016, although not yet endorsed in the EU, and an exercise is underway to assess the impact that this will have on the Group's assets and liabilities.

## 4 Risk and capital management

### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The primary method by which risks are monitored and managed by the Group is through the monthly Executive Management Board, where any significant new risks or change in status to existing risks will be discussed and actions taken as appropriate.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's internal controls and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group provides credit to customers in the normal course of business. The Group provides its services to a wide range of customers in the UK and overseas and therefore believes it has no material concentration of credit risk.

More than 90.0% (2014: 90.0%) of the Group's Agency and New Homes customers pay via monthly direct debit, minimising the risk of non-payment. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables based on individually identified loss exposures.

The Group's treasury policy is to monitor cash and deposit balances on a daily basis to ensure that no more than £30,000,000 is held with any single institution.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's revenue model is largely subscription-based, which results in a regular level of cash conversion allowing it to service working capital requirements.

The Group and Company ensure that they have sufficient cash on demand to meet expected operational expenses excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Throughout the year, the Group typically had sufficient cash on demand to meet operational expenses, before financing activities, for a period of 137 days (2014: 105 days).

The Group agreed to extend a 12 month agreement with HSBC for a £10,000,000 committed revolving loan facility. This agreement will expire on 9 February 2017. To date, no amount has been drawn under this facility.

#### Market risk

Market risk is the risk that changes in market prices such as foreign exchange and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

##### (i) Currency risk

All of the Group's sales and more than 95.0% (2014: 95.0%) of the Group's purchases are Sterling denominated, accordingly, it has no significant currency risk.

##### (ii) Interest rate risk

The Group and Company have no interest bearing financial liabilities. The Group is exposed to interest rate risk on cash and deposit balances.

#### Capital management

The Board of directors' policy is to maintain an efficient statement of financial position so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors considers that the future working capital and capital expenditure requirements of the Group will continue to be low and accordingly, return on capital measures are not key performance targets. The Board of directors monitors the spread of the Company's shareholders as well as underlying basic earnings per share. The Board of directors has a progressive dividend policy in line with underlying earnings growth and also monitors the level of dividends to ordinary shareholders in relation to growth in profit before tax. The Board's policy is to return surplus capital to shareholders through a combination of dividends and share buybacks.

The Company purchases its own shares in the market; the timing of these purchases depends on market conditions. In 2015, 2,251,340 (2014: 3,122,418) shares were bought back and were cancelled at an average price of £33.79 (2014: £23.66).

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

#### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;

#### 4 Risk and capital management continued

- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for reporting of operational losses and proposed remedial action;
- development and regular testing of business continuity and disaster recovery plans;
- training and professional development; and
- risk mitigation, including insurance where this is effective.

#### 5 Operating segments

The Group determines and presents operating segments based on internal information that is provided to the Chief Executive Officer, who is the Group's Chief Operating Decision Maker.

The Group's reportable segments are as follows:

- The **Agency** segment which provides resale and lettings property advertising services on [www.rightmove.co.uk](http://www.rightmove.co.uk); and
- The **New Homes** segment which provides property advertising services to new home developers and housing associations on [www.rightmove.co.uk](http://www.rightmove.co.uk)

The **Other** segment which represents activities under the reportable segments threshold, comprises overseas and commercial property advertising services and non-property advertising services which include our third party and consumer services as well as data and valuation services. Management monitors the business segments at a revenue and trade receivables level separately for the purpose of making decisions about resources to be allocated and of assessing performance. All revenues in both years are derived from third parties and there are no inter-segment revenues.

Operating costs, financial income, financial expenses and income taxes in relation to the Agency, New Homes and the Other segment are managed on a centralised basis at a Rightmove Group Limited level and as there are no internal measures of individual segment profitability, relevant disclosures have been shown under the heading of Central in the table below.

The Company has no reportable segments.

|                                    | Agency<br>£000 | New<br>Homes<br>£000 | Subtotal<br>£000 | Other<br>£000 | Central<br>£000 | Adjustments<br>£000      | Total<br>£000 |
|------------------------------------|----------------|----------------------|------------------|---------------|-----------------|--------------------------|---------------|
| <b>Year ended 31 December 2015</b> |                |                      |                  |               |                 |                          |               |
| Revenue                            | 147,102        | 30,475               | 177,577          | 14,552        | –               | –                        | 192,129       |
| Operating profit <sup>(1)</sup>    | –              | –                    | –                | –             | 144,271         | (7,096) <sup>(2)</sup>   | 137,175       |
| Depreciation and amortisation      | –              | –                    | –                | –             | (1,295)         | –                        | (1,295)       |
| Financial income                   | –              | –                    | –                | –             | 112             | –                        | 112           |
| Financial expenses                 | –              | –                    | –                | –             | (183)           | –                        | (183)         |
| Trade receivables <sup>(3)</sup>   | 17,184         | 5,626                | 22,810           | 1,654         | –               | 145 <sup>(4)</sup>       | 24,609        |
| Other segment assets               | –              | –                    | –                | –             | 25,742          | 3 <sup>(5)</sup>         | 25,745        |
| Segment liabilities                | –              | –                    | –                | –             | (43,569)        | (148) <sup>(4) (5)</sup> | (43,717)      |
| Capital expenditure                | –              | –                    | –                | –             | 1,772           | –                        | 1,772         |
| <b>Year ended 31 December 2014</b> |                |                      |                  |               |                 |                          |               |
| Revenue                            | 129,590        | 26,407               | 155,997          | 11,015        | –               | –                        | 167,012       |
| Operating profit <sup>(1)</sup>    | –              | –                    | –                | –             | 124,592         | (2,534) <sup>(2)</sup>   | 122,058       |
| Depreciation and amortisation      | –              | –                    | –                | –             | (1,193)         | –                        | (1,193)       |
| Financial income                   | –              | –                    | –                | –             | 109             | –                        | 109           |
| Financial expenses                 | –              | –                    | –                | –             | (129)           | –                        | (129)         |
| Trade receivables <sup>(3)</sup>   | 15,107         | 5,122                | 20,229           | 1,491         | –               | 81 <sup>(4)</sup>        | 21,801        |
| Other segment assets               | –              | –                    | –                | –             | 21,333          | 17 <sup>(5)</sup>        | 21,350        |
| Segment liabilities                | –              | –                    | –                | –             | (40,605)        | (98) <sup>(4) (5)</sup>  | (40,703)      |
| Capital expenditure                | –              | –                    | –                | –             | 1,070           | –                        | 1,070         |

- (1) Operating profit is stated after the charge for depreciation and amortisation.  
 (2) Operating profit does not include share-based payments charge of £3,765,000 (2014: £2,728,000) and NI on share-based incentives charge of £3,331,000 (2014: credit £194,000).  
 (3) The only segment assets that are separately monitored by the Chief Operating Decision Maker relate to trade receivables net of any associated provision for impairment. All other segment assets are reported on a centralised basis.  
 (4) The adjustments column reflects the reclassification of credit balances in accounts receivable made on consolidation for statutory accounts purposes.  
 (5) The adjustments column reflects the reclassification of debit balances in accounts payable made on consolidation for statutory accounts purposes.

### Geographic information

In presenting information on the basis of geography, revenue and assets are based on the geographical location of customers.

| Group             | Year ended 31 December 2015 |                           | Year ended 31 December 2014 |                           |
|-------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|                   | Revenue<br>£000             | Trade receivables<br>£000 | Revenue<br>£000             | Trade receivables<br>£000 |
| UK                | 188,102                     | 24,220                    | 164,382                     | 21,594                    |
| Rest of the world | 4,027                       | 389                       | 2,630                       | 207                       |
|                   | 192,129                     | 24,609                    | 167,012                     | 21,801                    |

## 6 Operating profit

|   | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|---|--|--|
| <b>Operating profit is stated after charging:</b> |  |  |
| Employee benefit expense                          | 23,464                                 | 21,647                                 |
| Depreciation of property, plant and equipment     | 934                                    | 825                                    |
| Amortisation of computer software                 | 361                                    | 368                                    |
| Loss on disposal of property, plant and equipment | –                                      | 1                                      |
| Loss on disposal of intangible assets             | –                                      | 3                                      |
| Bad debt impairment charge                        | 365                                    | 341                                    |
| <b>Operating lease rentals</b>                    |  |  |
| Land and buildings                                | 874                                    | 896                                    |
| Other   | 537                                    | 569                                    |

### Auditor's remuneration

|   | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|---|--|--|
| <b>Fees payable to the Company's auditor in respect of the audit</b>                  |  |  |
| Audit of the Company's financial statements   | 15                                     | 15                                     |
| Audit of the Company's subsidiaries pursuant to legislation                           | 105                                    | 105                                    |
| <b>Total audit remuneration</b>   | 120                                    | 120                                    |
| <b>Fees payable to the Company's auditor in respect of non-audit related services</b> |  |  |
| Tax compliance services and advisory  | 10                                     | 11                                     |
| All other services  | 5                                      | 7                                      |
| <b>Total non-audit remuneration</b>   | 15                                     | 18                                     |

## 7 Employee numbers and costs

The average number of persons employed (including executive directors) during the year, analysed by category, was as follows:

|                | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 |
|----------------|--------------------------------|--------------------------------|
|                | Number of<br>employees         | Number of<br>employees         |
| Administration | 391                            | 368                            |
| Management     | 21                             | 20                             |
|                | <b>412</b>                     | <b>388</b>                     |

The aggregate payroll costs of these persons were as follows:

|                       | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 |
|-----------------------|--------------------------------|--------------------------------|
|                       | £000                           | £000                           |
| Wages and salaries    | 20,313                         | 18,621                         |
| Social security costs | 2,398                          | 2,276                          |
| Pension costs         | 753                            | 750                            |
|                       | <b>23,464</b>                  | <b>21,647</b>                  |

Social security costs do not include a charge of £3,331,000 (2014: credit £194,000) relating to NI on share-based incentives which has been disclosed in the Statement of Comprehensive Income.

## 8 Financial income

|   | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 |
|---|--------------------------------|--------------------------------|
|   | £000                           | £000                           |
| Interest income on cash and money market balances | 112                            | 106                            |
| Interest income on amounts held in Escrow         | –                              | 3                              |
|   | <b>112</b>                     | <b>109</b>                     |

## 9 Financial expenses

|                          | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 |
|--------------------------|--------------------------------|--------------------------------|
|                          | £000                           | £000                           |
| Other financial expenses | 183                            | 129                            |



## 10 Income tax expense

|   | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|---|--|--|
| <b>Current tax expense</b>                                  |  |  |
| Current year  | 27,922                                 | 26,575                                 |
| Adjustment to current tax charge in respect of prior years  | (257)                                  | (499)                                  |
|   | 27,665                                 | 26,076                                 |
| <b>Deferred tax charge</b>                                  |  |  |
| Origination and reversal of temporary differences           | (105)                                  | (228)                                  |
| Adjustment to deferred tax charge in respect of prior years | (1)                                    | 9                                      |
| Reduction in tax rate                                       | 77                                     | –                                      |
|   | (29)                                   | (219)                                  |
| <b>Total income tax expense</b>                             | <b>27,636</b>                          | <b>25,857</b>                          |

### Income tax (credit)/debit recognised directly in equity

|  | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|--|--|--|
| <b>Current tax</b>   |  |  |
| Share-based incentives   | (1,876)                                | (535)                                  |
| <b>Deferred tax</b>  |  |  |
| Share-based incentives (refer Note 16)                               | (2,408)                                | 1,351                                  |
| Reduction in tax rate  | 149                                    | –                                      |
|  | (2,259)                                | 1,351                                  |
| <b>Total income tax (credit)/debit recognised directly in equity</b> | <b>(4,135)</b>                         | <b>816</b>                             |

Total income tax recognised directly in equity in respect of the Company was a credit of £2,482,000 (2014: £516,000 debit).

### Reconciliation of effective tax rate

The Group's income tax expense for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.3% (2014: 21.5%). The differences are explained below:

|   | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|---|--|--|
| Profit for the year   | 109,468                                | 96,181                                 |
| Total income tax expense                                    | 27,636                                 | 25,857                                 |
| Profit before tax   | 137,104                                | 122,038                                |
| Current tax at 20.3% (2014: 21.5%)                          | 27,764                                 | 26,238                                 |
| Reduction in tax rate                                       | 77                                     | –                                      |
| Non-deductible expenses                                     | 46                                     | 92                                     |
| Share-based incentives                                      | 7                                      | 17                                     |
| Adjustment to current tax charge in respect of prior years  | (257)                                  | (499)                                  |
| Adjustment to deferred tax charge in respect of prior years | (1)                                    | 9                                      |
|   | 27,636                                 | 25,857                                 |

The Group's consolidated effective tax rate on the profit of £137,104,000 for the year ended 31 December 2015 is 20.2% (2014: 21.2%).

## 10 Income tax expense continued

The difference between the standard rate and effective rate at 31 December 2015 is primarily attributable to a prior year adjustment of 0.2% (2014: 0.4%), offset by disallowable expenditure and a reduction in the rate at which the deferred tax asset is recognised of 0.1% (2014: 0.1%).

## 11 Earnings per share (EPS)

|                                    | Weighted average<br>number of<br>ordinary shares | Total<br>earnings<br>£000 | Pence<br>per share |
|------------------------------------|--|---------------------------|--------------------|
| <b>Year ended 31 December 2015</b> |  |                           |                    |
| Basic EPS                          | 96,014,753                                       | 109,468                   | 114.01             |
| Diluted EPS                        | 97,097,566                                       | 109,468                   | 112.74             |
| Underlying basic EPS               | 96,014,753                                       | 116,564                   | 121.40             |
| Underlying diluted EPS             | 97,097,566                                       | 116,564                   | 120.05             |
| <b>Year ended 31 December 2014</b> |  |                           |                    |
| Basic EPS                          | 98,444,757                                       | 96,181                    | 97.70              |
| Diluted EPS                        | 99,550,632                                       | 96,181                    | 96.62              |
| Underlying basic EPS               | 98,444,757                                       | 98,715                    | 100.28             |
| Underlying diluted EPS             | 99,550,632                                       | 98,715                    | 99.16              |

### Weighted average number of ordinary shares (basic)

|  | Year ended<br>31 December 2015<br>Number of shares | Year ended<br>31 December 2014<br>Number of shares |
|--|--|--|
| Issued ordinary shares at 1 January less ordinary shares held by the EBT | 99,396,818   | 102,375,411  |
| Less own shares held in treasury at the beginning of the year            | (2,505,430)  | (2,505,430)  |
| Effect of own shares purchased for cancellation                          | (1,034,666)  | (1,485,561)  |
| Effect of share-based incentives exercised                               | 158,344  | 60,337   |
| Effect of shares purchased by the EBT                                    | (313)  | –  |
|  | <b>96,014,753</b>                                  | 98,444,757   |

### Weighted average number of ordinary shares (diluted)

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive shares. The Group's potential dilutive instruments are in respect of share-based incentives granted to employees, which will be settled by ordinary shares held by the EBT, the SIP and shares held in treasury.

|   | Year ended<br>31 December 2015<br>Number of shares | Year ended<br>31 December 2014<br>Number of shares |
|---|--|--|
| Weighted average number of ordinary shares (basic)    | 96,014,753   | 98,444,757   |
| Dilutive impact of share-based incentives outstanding | 1,082,813  | 1,105,875  |
|   | <b>97,097,566</b>                                  | 99,550,632   |

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

## Underlying EPS

Underlying EPS is calculated before the charge for share-based payments and the charge/(credit) for NI on share-based incentives but without any adjustment to the tax charge in respect of these items. A reconciliation of the basic earnings for the year to the underlying earnings is presented below:

|                                  | Year ended<br>31 December 2015<br>£000 | Year ended<br>31 December 2014<br>£000 |
|----------------------------------|--|--|
| Basic earnings for the year      | 109,468                                | 96,181                                 |
| Share-based payments             | 3,765                                  | 2,728                                  |
| NI on share-based incentives     | 3,331                                  | (194)                                  |
| Underlying earnings for the year | 116,564                                | 98,715                                 |

## 12 Dividends

Dividends declared and paid by the Company were as follows:

|                            | 2015            |        | 2014            |        |
|----------------------------|-----------------|--------|-----------------|--------|
|                            | Pence per share | £000   | Pence per share | £000   |
| 2013 final dividend paid   | –               | –      | 17.0            | 16,768 |
| 2014 interim dividend paid | –               | –      | 13.0            | 12,722 |
| 2014 final dividend paid   | 22.0            | 21,162 | –               | –      |
| 2015 interim dividend paid | 16.0            | 15,307 | –               | –      |
|                            | 38.0            | 36,469 | 30.0            | 29,490 |

After the reporting date a final dividend of 27.0p (2014: 22.0p) per qualifying ordinary share being £25,547,000 (2014: £21,269,000) was proposed by the Board of directors.

The 2014 final dividend paid on 5 June 2015 was £21,162,000 being a difference of £107,000 compared to that reported in the 2014 Annual Report, which was due to a decrease in the ordinary shares entitled to a dividend between 31 December 2014 and the final dividend record date of 8 May 2015.

The 2015 interim dividend paid on 6 November 2015 was £15,307,000 being a difference of £46,000 compared to that reported in the 2015 Half Year Report, which was due to a decrease in the ordinary shares entitled to a dividend between 30 June 2015 and the interim dividend record date of 9 October 2015.

The terms of the EBT provide that dividends payable on the ordinary shares held by the EBT are waived. No provision was made for the final dividend in either year and there are no income tax consequences.

## 13 Property, plant and equipment

| Group                      | Office equipment,<br>fixtures & fittings<br>£000 | Computer<br>equipment<br>£000 | Leasehold<br>improvements<br>£000 | Total<br>£000 |
|----------------------------|--|-------------------------------|-----------------------------------|---------------|
| <b>Cost</b>                |  |                               |                                   |               |
| At 1 January 2015          | 713  | 4,286                         | 451                               | 5,450         |
| Additions                  | 56   | 1,537                         | –                                 | 1,593         |
| At 31 December 2015        | 769  | 5,823                         | 451                               | 7,043         |
| <b>Depreciation</b>        |  |                               |                                   |               |
| At 1 January 2015          | (506)  | (3,214)                       | (150)                             | (3,870)       |
| Charge for year            | (80)   | (796)                         | (58)                              | (934)         |
| At 31 December 2015        | (586)  | (4,010)                       | (208)                             | (4,804)       |
| <b>Net book value</b>      |  |                               |                                   |               |
| <b>At 31 December 2015</b> | <b>183</b>                                       | <b>1,813</b>                  | <b>243</b>                        | <b>2,239</b>  |
| At 1 January 2015          | 207  | 1,072                         | 301                               | 1,580         |

| Group                      | Office equipment,<br>fixtures & fittings<br>£000 | Computer<br>equipment<br>£000 | Leasehold<br>improvements<br>£000 | Total<br>£000 |
|----------------------------|--|-------------------------------|-----------------------------------|---------------|
| <b>Cost</b>                |  |                               |                                   |               |
| At 1 January 2014          | 687  | 3,865                         | 451                               | 5,003         |
| Additions                  | 64   | 663                           | –                                 | 727           |
| Disposals                  | (38)   | (242)                         | –                                 | (280)         |
| At 31 December 2014        | 713  | 4,286                         | 451                               | 5,450         |
| <b>Depreciation</b>        |  |                               |                                   |               |
| At 1 January 2014          | (471)  | (2,760)                       | (93)                              | (3,324)       |
| Charge for year            | (73)   | (695)                         | (57)                              | (825)         |
| Disposals                  | 38   | 241                           | –                                 | 279           |
| At 31 December 2014        | (506)  | (3,214)                       | (150)                             | (3,870)       |
| <b>Net book value</b>      |  |                               |                                   |               |
| <b>At 31 December 2014</b> | <b>207</b>                                       | <b>1,072</b>                  | <b>301</b>                        | <b>1,580</b>  |
| At 1 January 2014          | 216  | 1,105                         | 358                               | 1,679         |

The Company had no property, plant or equipment in either year.

## 14 Intangible assets

| Group                      | Goodwill<br>£000 | Computer<br>software<br>£000 | Total<br>£000 |
|----------------------------|------------------|------------------------------|---------------|
| <b>Cost</b>                |                  |                              |               |
| At 1 January 2015          | 732              | 4,185                        | 4,917         |
| Additions                  | –                | 179                          | 179           |
| At 31 December 2015        | 732              | 4,364                        | 5,096         |
| <b>Amortisation</b>        |                  |                              |               |
| At 1 January 2015          | –                | (3,352)                      | (3,352)       |
| Charge for year            | –                | (361)                        | (361)         |
| At 31 December 2015        | –                | (3,713)                      | (3,713)       |
| <b>Net book value</b>      |                  |                              |               |
| <b>At 31 December 2015</b> | <b>732</b>       | <b>651</b>                   | <b>1,383</b>  |
| At 1 January 2015          | 732              | 833                          | 1,565         |
| <b>Cost</b>                |                  |                              |               |
| At 1 January 2014          | 732              | 4,069                        | 4,801         |
| Additions                  | –                | 343                          | 343           |
| Disposals                  | –                | (227)                        | (227)         |
| At 31 December 2014        | 732              | 4,185                        | 4,917         |
| <b>Amortisation</b>        |                  |                              |               |
| At 1 January 2014          | –                | (3,208)                      | (3,208)       |
| Charge for year            | –                | (368)                        | (368)         |
| Disposals                  | –                | 224                          | 224           |
| At 31 December 2014        | –                | (3,352)                      | (3,352)       |
| <b>Net book value</b>      |                  |                              |               |
| <b>At 31 December 2014</b> | <b>732</b>       | <b>833</b>                   | <b>1,565</b>  |
| At 1 January 2014          | 732              | 861                          | 1,593         |

The Company had no intangible assets in either year.

## 14 Intangible assets continued

### Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operations which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in Note 5.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

|        | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|--------|--------------------------|--------------------------|
| Agency | 732                      | 732                      |

The carrying value of the £732,000 purchased goodwill in Agency, arising pre-transition to IFRS, is reviewed annually for impairment. Due to its low level of significance, the disclosures as required by IAS 36 Impairment of Assets have not been made.

## 15 Investments

The subsidiaries of the Group as at 31 December 2015 are as follows:

| Company                                  | Nature of business          | Country of incorporation | Holding | Class of shares |
|--|-----------------------------|--------------------------|---------|-----------------|
| Rightmove Group Limited                  | Online property advertising | England and Wales        | 100%    | Ordinary        |
| Rightmove.co.uk Limited                  | Dormant                     | England and Wales        | 100%    | Ordinary        |
| Rightmove Home Information Packs Limited | Dormant                     | England and Wales        | 100%    | Ordinary        |

All the above subsidiaries are included in the Group consolidated financial statements.

| Company  | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|--|--------------------------|--------------------------|
| <b>Investment in subsidiary undertakings</b>                       |                          |                          |
| At 1 January   | 542,804                  | 541,720                  |
| Additions – subsidiary share-based payments charge (refer Note 24) | 1,660                    | 1,084                    |
| <b>At 31 December</b>  | <b>544,464</b>           | 542,804                  |

In 2008, the Company became the holding company of Rightmove Group Limited (formerly Rightmove plc, Company no. 3997679) and its subsidiaries pursuant to a Scheme of Arrangement under s425 of the Companies Act 1985 by way of a share-for-share exchange. Following the Scheme of Arrangement, the Company underwent a court-approved capital reduction. The consolidated assets and liabilities of the Group immediately after the Scheme were substantially the same as the consolidated assets and liabilities of the Group immediately prior to the Scheme.

Following the capital reconstruction in 2008, all employees' share-based incentives were transferred to the new holding company, Rightmove plc. In addition, certain directors' contracts of employment were transferred from Rightmove Group Limited to Rightmove plc, whilst all other employees remained employed by Rightmove Group Limited. Accordingly, the share-based payments charge has been split between the Company and Rightmove Group Limited, with £1,660,000 (2014: £1,084,000) being recognised in the Company accounts as a capital contribution to its subsidiary.

## 16 Deferred tax assets

Deferred tax assets are attributable to the following:

| Group                         | Assets                   |                          |
|-------------------------------|--------------------------|--------------------------|
|                               | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
| Share-based incentives        | 6,509                    | 4,224                    |
| Property, plant and equipment | 179                      | 197                      |
| Provisions                    | 103                      | 82                       |
| Deferred tax assets           | <b>6,791</b>             | 4,503                    |

The increase in the deferred tax asset relating to share-based incentives at 31 December 2015 is due to the rise in the Company's year end share price from £22.48 to £41.25, and the impact of new share awards in the year, partly offset by the exercise of share-based incentives.

| Company  | Assets                   |                          |
|--|--------------------------|--------------------------|
|  | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
| Share-based incentives being deferred tax assets | 3,581                    | 2,667                    |

The increase in the deferred tax asset is due to the rise in the Company's year end share price from £22.48 to £41.25, and the impact of new share awards in the year, partly offset by the exercise of share-based incentives.

Movement in deferred tax during the year:

| Group                         | 1 January 2015<br>£000 | Recognised<br>in income<br>£000 | Recognised<br>directly in equity<br>£000 | 31 December 2015<br>£000 |
|-------------------------------|------------------------|---------------------------------|--|--------------------------|
| Share-based incentives        | 4,224                  | 26                              | 2,259                                    | 6,509                    |
| Property, plant and equipment | 197                    | (18)                            | –  | 179                      |
| Provisions                    | 82                     | 21                              | –  | 103                      |
|                               | 4,503                  | 29                              | 2,259                                    | 6,791                    |

| Company                | 1 January 2015<br>£000 | Recognised<br>in income<br>£000 | Recognised<br>directly in equity<br>£000 | 31 December 2015<br>£000 |
|------------------------|------------------------|---------------------------------|--|--------------------------|
| Share-based incentives | 2,667                  | (86)                            | 1,000                                    | 3,581                    |

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Group's future tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated at the rate of 19% which represents the average expected rate at which this asset will reverse in the future.

Movement in deferred tax during the prior year:

| Group                         | 1 January 2014<br>£000 | Recognised<br>in income<br>£000 | Recognised<br>directly in equity<br>£000 | 31 December 2014<br>£000 |
|-------------------------------|------------------------|---------------------------------|--|--------------------------|
| Share-based incentives        | 5,338                  | (237)                           | (1,351)                                  | 4,224                    |
| Property, plant and equipment | 213                    | (16)                            | –  | 197                      |
| Provisions                    | 84                     | (2)                             | –  | 82                       |
|                               | 5,635                  | (219)                           | (1,351)                                  | 4,503                    |

The deferred tax asset arising on equity settled share-based incentives in both years was recognised in profit or loss to the extent that the related equity settled share-based incentives charge was recognised in profit or loss.

| Company                | 1 January 2014<br>£000 | Recognised<br>in income<br>£000 | Recognised<br>directly in equity<br>£000 | 31 December 2014<br>£000 |
|------------------------|------------------------|---------------------------------|--|--------------------------|
| Share-based incentives | 3,357                  | (690)                           | –  | 2,667                    |

## 17 Trade and other receivables

| Group  | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
|  | £000             | £000             |
| Trade receivables                                  | 25,055           | 22,291           |
| Less provision for impairment of trade receivables | (446)            | (490)            |
| Net trade receivables                              | 24,609           | 21,801           |
| Prepayments  | 2,529            | 2,231            |
| Accrued income                                     | 301              | 171              |
| Interest receivable                                | 25               | 30               |
| Other debtors                                      | 59               | 65               |
|  | 27,523           | 24,298           |

Exposure to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in Note 28.

The Company has no trade and other receivables in either year.

## 18 Cash and deposits

| Group                     | 31 December 2015 | 31 December 2014 |
|---------------------------|------------------|------------------|
|                           | £000             | £000             |
| Cash and cash equivalents | 8,418            | 11,205           |
| Money market deposits     | 4,000            | –                |
|                           | 12,418           | 11,205           |

Cash balances with an original maturity of less than three months were held in current accounts during the year and attracted interest at a weighted average rate of 0.5% (2014: 0.6%).

The cash at bank balance includes £2,227,000 which is restricted to use in accordance with the deeds of the EBT.

Money market deposits with an original maturity of more than three months and less than a year, attracted interest at a weighted average rate of 0.8%.

The Company had cash and cash equivalent balances at 31 December 2015 of £148 (2014: £180).

## 19 Trade and other payables

|                                    | Group            |                  | Company          |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
|                                    | £000             | £000             | £000             | £000             |
| Trade payables                     | 592              | 461              | –                | –                |
| Trade accruals                     | 7,336            | 5,163            | 4,721            | 3,126            |
| Other creditors                    | 69               | 304              | –                | –                |
| Other taxation and social security | 7,428            | 6,983            | –                | –                |
| Deferred revenue                   | 16,193           | 14,649           | –                | –                |
| Inter-group payables               | –                | –                | 31,908           | 46,997           |
|                                    | 31,618           | 27,560           | 36,629           | 50,123           |



Exposure to currency and liquidity risk relating to trade and other payables is disclosed in Note 28.

The Company movement in trade and other payables during the year is reconciled as follows:

| Company  | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|--|--------------------------|--------------------------|
| Trade payables at 1 January  | 50,123                   | 24,799                   |
| Inter-group dividend settled via reduction in inter-group loan balance | (129,400)                | (80,228)                 |
| Group relief settled via reduction in inter-group loan balance         | (3,033)                  | (973)                    |
| Inter-group interest (refer Note 27)                                   | 547                      | 536                      |
| Stamp duty on share buybacks accrued to equity                         | (82)                     | 45                       |
| Movement in working capital in statement of cash flows                 | 118,474                  | 105,944                  |
|  | <b>36,629</b>            | 50,123                   |

## 20 Loans and borrowings

The Group agreed to extend a 12 month agreement with HSBC for a £10,000,000 committed revolving loan facility. This agreement will expire on 9 February 2017. To date, no amount has been drawn under this facility.

The Company had no loans and borrowings in either year.

## 21 Provisions

The Group recorded a provision for lease dilapidations of £36,000 (2014: £36,000) during the year bringing the lease dilapidations provision to £236,000 (2014: £200,000). The provision is charged throughout the lives of the leases and is based on an estimated cost to make good per square foot multiplied by the floor area of each of the premises.

The Company had no provisions in either year.

## 22 Share capital

|   | Ordinary shares<br>of £0.01 each     |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 31 December 2015<br>Number of shares | 31 December 2014<br>Number of shares |
| <b>In issue</b>                         |                                      |                                      |
| At 1 January                            | 99,993,317                           | 103,115,735                          |
| Purchase and cancellation of own shares | (2,251,340)                          | (3,122,418)                          |
| At 31 December                          | <b>97,741,977</b>                    | 99,993,317                           |
| Authorised – par value £0.01 each       | <b>300,000,000</b>                   | 300,000,000                          |

During 2015, 2,251,340 (2014: 3,122,418) ordinary shares were bought back by the Company and were subsequently cancelled. Further details are disclosed in Note 23.

All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at general meetings of the Company.

Included within shares in issue at 31 December 2015 are 386,057 ordinary shares (2014: 596,499) held by the EBT, 37,800 (2014: nil) held by the SIP and 2,322,314 (2014: 2,505,430) held in treasury.

## 23 Reconciliation of movement in capital and reserves

| Group   | Share capital<br>£000 | EBT shares reserve<br>£000 | SIP shares reserve<br>£000 | Treasury shares<br>£000 | Other reserves<br>£000 | Reverse acquisition reserve<br>£000 | Retained earnings<br>£000 | Total equity<br>£000 |
|---|-----------------------|----------------------------|----------------------------|-------------------------|------------------------|-------------------------------------|---------------------------|----------------------|
| At 1 January 2014   | 1,031                 | (2,418)                    | –                          | (11,917)                | 263                    | 138                                 | 21,818                    | 8,915                |
| Profit for the year   | –                     | –                          | –                          | –                       | –                      | –                                   | 96,181                    | 96,181               |
| Share-based payments  | –                     | –                          | –                          | –                       | –                      | –                                   | 2,728                     | 2,728                |
| Tax debit in respect of share-based incentives recognised directly in equity  | –                     | –                          | –                          | –                       | –                      | –                                   | (816)                     | (816)                |
| Dividends to shareholders   | –                     | –                          | –                          | –                       | –                      | –                                   | (29,490)                  | (29,490)             |
| Exercise of share-based incentives  | –                     | 375                        | –                          | –                       | –                      | –                                   | (198)                     | 177                  |
| Purchase of shares for SIP  | –                     | (863)                      | –                          | –                       | –                      | –                                   | –                         | (863)                |
| Cancellation of own shares  | (31)                  | –                          | –                          | –                       | 31                     | –                                   | (73,867)                  | (73,867)             |
| Share-related expenses  | –                     | –                          | –                          | –                       | –                      | –                                   | (517)                     | (517)                |
| At 31 December 2014   | 1,000                 | (2,906)                    | –                          | (11,917)                | 294                    | 138                                 | 15,839                    | 2,448                |
| <b>At 1 January 2015</b>  | <b>1,000</b>          | <b>(2,906)</b>             | <b>–</b>                   | <b>(11,917)</b>         | <b>294</b>             | <b>138</b>                          | <b>15,839</b>             | <b>2,448</b>         |
| Profit for the year   | –                     | –                          | –                          | –                       | –                      | –                                   | 109,468                   | 109,468              |
| Share-based payments  | –                     | –                          | –                          | –                       | –                      | –                                   | 3,765                     | 3,765                |
| Tax credit in respect of share-based incentives recognised directly in equity | –                     | –                          | –                          | –                       | –                      | –                                   | 4,135                     | 4,135                |
| Dividends to shareholders   | –                     | –                          | –                          | –                       | –                      | –                                   | (36,469)                  | (36,469)             |
| Transfer of shares to SIP   | –                     | 863                        | (863)                      | –                       | –                      | –                                   | –                         | –                    |
| Exercise of share-based incentives  | –                     | 385                        | 11                         | 872                     | –                      | –                                   | (867)                     | 401                  |
| Purchase of shares for SIP  | –                     | (507)                      | –                          | –                       | –                      | –                                   | –                         | (507)                |
| Cancellation of own shares  | (23)                  | –                          | –                          | –                       | 23                     | –                                   | (76,071)                  | (76,071)             |
| Share-related expenses  | –                     | –                          | –                          | –                       | –                      | –                                   | (533)                     | (533)                |
| <b>At 31 December 2015</b>  | <b>977</b>            | <b>(2,165)</b>             | <b>(852)</b>               | <b>(11,045)</b>         | <b>317</b>             | <b>138</b>                          | <b>19,267</b>             | <b>6,637</b>         |

## Share buyback

In June 2007, the Company commenced a share buyback programme to purchase its own ordinary shares. The total number of shares bought back in 2015 was 2,251,340 (2014: 3,122,418) representing 2.4% (2014: 3.1%) of the ordinary shares in issue (excluding shares held in treasury). All of the shares bought back in both years were cancelled. The shares were acquired on the open market at a total consideration (excluding costs) of £76,071,000 (2014: £73,867,000). The maximum and minimum prices paid were £41.44 (2014: £27.88) and £21.18 (2014: £19.38) per share respectively.

## EBT shares reserve

This reserve represents the carrying value of own shares held by the EBT. An additional 3,290 shares were issued as a result of rolled up dividend payments in relation to performance shares. On 22 December 2015, the EBT used surplus cash held by the EBT to purchase 12,700 shares for use by the SIP. These shares will be transferred to the SIP in 2016.

At 31 December 2015, the EBT held 386,057 (2014: 596,499) ordinary shares in the Company of £0.01 each, representing 0.4% (2014: 0.6%) of the ordinary shares in issue (excluding shares held in treasury). The market value of the shares held in the EBT at 31 December 2015 was £15,925,000 (2014: £13,409,000).

|   | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 |
|---|--------------------------------|--------------------------------|
|   | Number of shares               | Number of shares               |
| Shares held in EBT at 1 January   | 596,499                        | 740,324                        |
| Shares purchased for SIP  | 12,700                         | 38,300                         |
| Shares transferred to SIP   | (38,300)                       | –                              |
| Share-based incentives exercised in year                                    | (181,552)                      | (185,187)                      |
| Reduction in shares released from EBT due to net settlement (refer Note 24) | –                              | 5,913                          |
| Increase in shares released from EBT due to rolled up dividend payments     | (3,290)                        | (2,851)                        |
| Shares held in EBT at 31 December   | 386,057                        | 596,499                        |

### SIP shares reserve (Group and Company)

In November 2014, the Company established the Rightmove Share Incentive Plan Trust (SIP). This reserve represents the cost of acquiring shares less any exercises or releases of SIP awards. Employees of the Group were offered 50 free shares (2014: 100), subject to a three year service period, with effect from 4 January 2016 (1 January 2015). 500 shares were released by the SIP during the year in relation to good leavers and retirees.

At 31 December 2015 the SIP held 37,800 ordinary shares in the Company of £0.01 each, representing 0.04% of the ordinary shares in issue (excluding shares held in treasury). The market value of the shares held in the SIP at 31 December 2015 was £1,559,000.

|                                      | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 |
|--------------------------------------|--------------------------------|--------------------------------|
|                                      | Number of shares               | Number of shares               |
| Shares held in SIP at 1 January      | –                              | –                              |
| Shares transferred into SIP from EBT | 38,300                         | –                              |
| SIP releases in the year             | (500)                          | –                              |
| Shares held in SIP at 31 December    | 37,800                         | –                              |

### Treasury shares (Group and Company)

This represents the cost of acquiring shares held in treasury less any exercises of share-based incentives. These shares were bought back in 2008 at an average price of £4.76 and may be used to satisfy certain share-based incentive awards.

|  | Year ended<br>31 December 2015 | Year ended<br>31 December 2014 |
|--|--------------------------------|--------------------------------|
|  | Number of shares               | Number of shares               |
| Shares at 1 January  | 2,505,430                      | 2,505,430                      |
| Share-based incentives exercised in year                           | (199,751)                      | –                              |
| Reduction in shares released due to net settlement (refer Note 24) | 19,930                         | –                              |
| Increase in shares released due to rolled up dividend payments     | (3,295)                        | –                              |
| Shares at 31 December  | 2,322,314                      | 2,505,430                      |

### Other reserves

This represents the Capital Redemption Reserve in respect of own shares bought back and cancelled. The movement of £23,000 (2014: £31,000) is the nominal value of ordinary shares cancelled during the year.

### Retained earnings

The loss on the exercise of share-based incentives is the difference between the value that the shares held by the EBT, SIP and treasury shares were originally acquired at and the exercise price at which share-based incentives were exercised or released during the year.

## 23 Reconciliation of movement in capital and reserves continued

| Company  | Share capital<br>£000 | SIP<br>shares<br>reserve<br>£000 | Treasury<br>shares<br>£000 | Other<br>reserves<br>£000 | Reverse<br>acquisition<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>equity<br>£000 |
|--|-----------------------|----------------------------------|----------------------------|---------------------------|---|------------------------------|-------------------------|
| At 1 January 2014  | 1,031                 | –                                | (11,917)                   | 4,973                     | 103,520                                   | 422,671                      | 520,278                 |
| Profit for the year  | –                     | –                                | –                          | –                         | –   | 76,732                       | 76,732                  |
| Dividends to shareholders  | –                     | –                                | –                          | –                         | –   | (29,490)                     | (29,490)                |
| Share-based payments   | –                     | –                                | –                          | –                         | –   | 1,644                        | 1,644                   |
| Tax debit in respect of share-based<br>incentives recognised directly in equity  | –                     | –                                | –                          | –                         | –   | (516)                        | (516)                   |
| Capital contribution   | –                     | –                                | –                          | 1,084                     | –   | –                            | 1,084                   |
| Cancellation of own shares   | (31)                  | –                                | –                          | 31                        | –   | (73,867)                     | (73,867)                |
| Share-related expenses   | –                     | –                                | –                          | –                         | –   | (517)                        | (517)                   |
| At 31 December 2014  | 1,000                 | –                                | (11,917)                   | 6,088                     | 103,520                                   | 396,657                      | 495,348                 |
| <b>At 1 January 2015</b>   | <b>1,000</b>          | <b>–</b>                         | <b>(11,917)</b>            | <b>6,088</b>              | <b>103,520</b>                            | <b>396,657</b>               | <b>495,348</b>          |
| Profit for the year  | –                     | –                                | –                          | –                         | –   | 123,757                      | 123,757                 |
| Dividends to shareholders  | –                     | –                                | –                          | –                         | –   | (36,469)                     | (36,469)                |
| Share-based payments   | –                     | –                                | –                          | –                         | –   | 2,105                        | 2,105                   |
| Transfer of shares to SIP  | –                     | (863)                            | –                          | –                         | –   | –                            | (863)                   |
| Exercise of share-based incentives   | –                     | 11                               | 872                        | –                         | –   | (883)                        | –                       |
| Tax credit in respect of share-based<br>incentives recognised directly in equity | –                     | –                                | –                          | –                         | –   | 2,482                        | 2,482                   |
| Capital contribution   | –                     | –                                | –                          | 1,660                     | –   | –                            | 1,660                   |
| Cancellation of own shares   | (23)                  | –                                | –                          | 23                        | –   | (76,071)                     | (76,071)                |
| Share-related expenses   | –                     | –                                | –                          | –                         | –   | (533)                        | (533)                   |
| <b>At 31 December 2015</b>   | <b>977</b>            | <b>(852)</b>                     | <b>(11,045)</b>            | <b>7,771</b>              | <b>103,520</b>                            | <b>411,045</b>               | <b>511,416</b>          |

**Reverse acquisition reserve**

This reserve resulted from the acquisition of Rightmove Group Limited by the Company and represents the difference between the value of the shares acquired at 28 January 2008 and the nominal value of the shares issued.

**Other reserves**

Awards relating to share-based incentives made to Rightmove Group Limited employees have been treated as a deemed capital contribution. The principal movement in other reserves for the year comprises £1,660,000 (2014: £1,084,000) in respect of the share-based incentives charge for employees of Rightmove Group Limited.

In addition, other reserves include £317,000 (2014: £294,000) of Capital Redemption Reserve. A movement of £23,000 (2014: £31,000) has been recorded in relation to the nominal value of ordinary shares cancelled during the year.

## 24 Share-based payments

The Group and Company operate share-based incentive schemes for executive directors and employees. Since flotation, the Company has awarded share options under the Rightmove Unapproved Executive Share Option Plan (Unapproved Plan) and the Rightmove Approved Executive Share Option Plan (Approved Plan). The Group also operates a Savings Related Share Option Scheme (Sharesave Plan), a Deferred Share Bonus Plan (DSP) and Performance Share Plan (PSP) and, in January 2015, the Rightmove Share Incentive Plan (SIP) was introduced.

All share-based incentives are subject to a service condition. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. The estimate of the fair value of the share-based incentives is measured using either the Monte Carlo or Black Scholes pricing model as is most appropriate for each scheme.

During 2013, the Group amended the rules of the Unapproved Plan to enable such awards to be net settled whereby the number of shares released and sold to satisfy the award is equivalent to the gain due to the option holder. Consequently no proceeds are received on exercise of unapproved share options.

The total share-based payments charge for the year relating to all share-based incentive plans was £3,765,000 (2014: £2,728,000).

A 2% reduction or increase in the employee leaver assumption (excluding executive directors) for the DSP and the PSP would have increased/decreased the share-based payments charge in the year by £49,000 (2014: £23,000).

The Company charge for the year was £2,105,000 (2014: £1,644,000).

NI is being accrued, where applicable, at a rate of 13.8%, which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. NI for the year ended 31 December 2015 relating to all awards was a charge of £3,331,000 compared to a credit of £194,000 in the prior year, due to an increase in the share price from £22.48 at 31 December 2014 to £41.25 at 31 December 2015.

The Company NI charge for the year was £2,605,000 (2014: credit £301,000).

### Approved and Unapproved Plans

There has been no award of share options since 5 March 2010 and there has been no share-based incentive charge in either year.

The Group has 546,527 (2014: 663,131) Approved and Unapproved share options outstanding which have vested and are exercisable.

| Group                      | 2015      |   | 2014     |   |
|----------------------------|-----------|---|----------|---|
|                            | Number    | Weighted average exercise price (pence) | Number   | Weighted average exercise price (pence) |
| Outstanding at 1 January   | 663,131   | 369.53                                  | 684,040  | 378.56                                  |
| Exercised                  | (116,604) | 660.65                                  | (20,909) | 666.00                                  |
| Outstanding at 31 December | 546,527   | 307.42                                  | 663,131  | 369.53                                  |
| Exercisable at 31 December | 546,527   | 307.42                                  | 663,131  | 369.53                                  |

The weighted average market value per ordinary share for options exercised in 2015 was £37.39 (2014: £23.73).

The options outstanding at 31 December 2015 have an exercise price in the range of £2.24 to £6.66 in both years and a weighted average contractual life of 3.1 years (2014: 4.3 years).

## 24 Share-based payments continued

## Sharesave Plan

The Group operates an HMRC Approved Sharesave Plan under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options. The assumptions used in the measurement of the fair value at grant date of the Sharesave Plan are as follows:

| Grant date     | Share price at grant date (pence) | Exercise price (pence) | Expected volatility (%) | Option life (years) | Risk free rate (%) | Dividend yield (%) | Employee turnover before vesting/ non-vesting condition (%) | Fair value per option (pence) |
|----------------|-----------------------------------|------------------------|-------------------------|---------------------|--------------------|--------------------|---|-------------------------------|
| 1 October 2012 | 1577.00                           | 1295.00                | 34.8                    | 3.0                 | 0.5                | 1.3                | 25.0  | 475.00                        |
| 1 October 2013 | 2371.00                           | 1896.00                | 27.3                    | 3.0                 | 0.7                | 1.1                | 25.0  | 659.00                        |
| 1 October 2014 | 2144.00                           | 1972.00                | 25.3                    | 3.0                 | 1.0                | 1.4                | 25.0  | 430.00                        |
| 1 October 2015 | 3639.00                           | 2960.00                | 24.7                    | 3.0                 | 0.8                | 1.0                | 25.0  | 933.00                        |

Expected volatility is estimated by considering historic average share price volatility at the grant date.

The requirement that an employee has to save in order to purchase shares under the Sharesave Plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black Scholes pricing model. The discount has been determined by estimating the probability that the employee will stop saving based on expected future trends in the share price and past employee behaviour.

| Group                      | 2015     |   | 2014     |   |
|----------------------------|----------|---|----------|---|
|                            | Number   | Weighted average exercise price (pence) | Number   | Weighted average exercise price (pence) |
| Outstanding at 1 January   | 116,032  | 1733.49                                 | 97,620   | 1446.19                                 |
| Granted                    | 35,794   | 2960.00                                 | 51,929   | 1972.00                                 |
| Forfeited                  | (16,406) | 1932.63                                 | (15,124) | 1633.11                                 |
| Exercised                  | (31,401) | 1244.84                                 | (18,393) | 963.46                                  |
| Outstanding at 31 December | 104,019  | 2273.13                                 | 116,032  | 1733.49                                 |
| Exercisable at 31 December | 2,211    | 1295.00                                 | 5,131    | 988.00                                  |

The weighted average market value per ordinary share for Sharesave options exercised in 2015 was £37.27 (2014: £21.77).

The Sharesave options outstanding at 31 December 2015 have an exercise price in the range of £12.95 to £29.60 (2014: £9.98 to £19.72) and a weighted average contractual life of 2.4 years (2014: 2.3 years).

The share-based payments charge for Sharesave options for the year ended 31 December 2015 is £157,000 (2014: £148,000).

The Company charge for the year was £5,000 (2014: £3,000).

## Performance Share Plan (PSP)

The PSP permits awards of nil cost options or contingent shares, which will only vest in the event of prior satisfaction of a performance condition.

129,645 PSP awards were made on 2 March 2015 (the Grant Date) subject to EPS and TSR performance. Performance will be measured over three financial years (1 January 2015 to 31 December 2017). The vesting in March 2018 (Vesting Date) of 25% of the 2015 PSP award will be dependent on a relative TSR performance condition measured over a three year performance period and the vesting of the 75% of the 2015 PSP award will be dependent on the satisfaction of an EPS growth target measured over a three year performance period. PSP award holders are entitled to receive dividends accruing between the Grant Date and the Vesting Date and this value will be delivered in shares.

The PSP awards have been valued using the Monte Carlo model for the TSR element and the Black Scholes model for the EPS element and the resulting share-based payments charge is being spread evenly over the period between the Grant Date and the Vesting Date.

| Grant date                                      | Share price<br>at grant date<br>(pence) | Exercise<br>price<br>(pence) | Expected<br>volatility<br>(%) | Option<br>life<br>(years) | Risk free<br>rate<br>(%) | Dividend<br>yield<br>(%) | Employee turnover                                  | Fair value<br>per option<br>(pence) |
|---|---|------------------------------|-------------------------------|---------------------------|--------------------------|--------------------------|--|-------------------------------------|
|   |   |                              |                               |                           |                          |                          | before vesting/<br>non-vesting<br>condition<br>(%) |                                     |
| 2 March 2012 (TSR dependent) <sup>(1)</sup>     | 1391.00                                 | nil                          | 34.8                          | 3.0                       | 0.5                      | 0.0                      | 3.7  | 708.00                              |
| 2 March 2012 (EPS dependent) <sup>(1)</sup>     | 1391.00                                 | nil                          | n/a                           | 3.0                       | 0.5                      | 0.0                      | 3.7  | 1391.00                             |
| 8 March 2013 (TSR dependent) <sup>(1) (2)</sup> | 1781.00                                 | nil                          | 27.3                          | 3.0                       | 0.4                      | 0.0                      | 4.8  | 1003.00                             |
| 8 March 2013 (EPS dependent) <sup>(1) (2)</sup> | 1781.00                                 | nil                          | n/a                           | 3.0                       | 0.4                      | 0.0                      | 4.8  | 1781.00                             |
| 3 March 2014 (TSR dependent) <sup>(1)</sup>     | 2688.00                                 | nil                          | 25.3                          | 3.0                       | 1.0                      | 0.0                      | 4.8  | 1219.00                             |
| 3 March 2014 (EPS dependent) <sup>(1)</sup>     | 2688.00                                 | nil                          | n/a                           | 3.0                       | 1.0                      | 0.0                      | 4.8  | 2688.00                             |
| 2 March 2015 (TSR dependent) <sup>(1)</sup>     | 3044.00                                 | nil                          | 24.7                          | 3.0                       | 0.8                      | 0.0                      | 5.2  | 2258.00                             |
| 2 March 2015 (EPS dependent) <sup>(1)</sup>     | 3044.00                                 | nil                          | n/a                           | 3.0                       | 0.8                      | 0.0                      | 5.2  | 3044.00                             |

(1) For details of TSR and EPS performance conditions refer to the Directors' Remuneration Report on pages 42 to 66.

(2) Both the TSR and EPS performance conditions for PSPs with a grant date of 8 March 2013 have been met in full, and 100% of the awards are expected to vest.

Expected volatility is estimated by considering historic average share price volatility at the Grant Date.

| Group                             | 2015<br>Number | 2014<br>Number |
|-----------------------------------|----------------|----------------|
| Outstanding at 1 January          | 438,365        | 391,057        |
| Granted                           | 129,645        | 140,618        |
| Forfeited                         | –              | (18,924)       |
| Exercised                         | (180,008)      | (74,386)       |
| <b>Outstanding at 31 December</b> | <b>388,002</b> | 438,365        |
| <b>Exercisable at 31 December</b> | <b>23,953</b>  | 84,408         |

The weighted average market value per ordinary share for options exercised in 2015 was £35.19 (2014: £23.50). The weighted average exercise price was nil in both years.

The PSP awards outstanding at 31 December 2015 have a weighted average contractual life of 3.1 years (2014: 2.9 years).

The share-based payments charge for the year ended 31 December 2015 is £2,553,000 (2014: £1,903,000).

The Company charge for the year was £1,580,000 (2014: £1,224,000).

## 24 Share-based payments continued

### Deferred Share Bonus Plan (DSP)

In March 2009 a DSP was established which allows executive directors and other selected senior management the opportunity to earn a bonus determined as a percentage of base salary settled in nil cost deferred shares. The award of shares under the plan is contingent on the satisfaction of pre-set internal targets relating to underlying drivers of long-term revenue growth (the Performance Period). The right to the shares is deferred for two years from the date of the award (the Vesting Period) and potentially forfeitable during that period should the employee leave employment. The deferred share awards have been valued using the Black Scholes model and the resulting share-based payments charge is being spread evenly over the combined Performance Period and Vesting Period of the shares, being three years.

The assumptions used in the measurement of the fair value of the deferred share awards are calculated at the date on which the potential DSP bonus is communicated to directors and senior management (the Grant Date) as follows:

| Grant date   | Award date                  | Share price at grant date (pence) | Exercise price (pence) | Expected term (years) | Risk free rate (%) | Dividend yield (%) | Employee turnover before vesting/ non-vesting condition (%) | Fair value per share (pence) |
|--------------|-----------------------------|-----------------------------------|------------------------|-----------------------|--------------------|--------------------|---|------------------------------|
| 2 March 2012 | 8 March 2013 <sup>(1)</sup> | 1391.00                           | nil                    | 3.0                   | 0.5                | 1.3                | 4.1   | 1338.00                      |
| 8 March 2013 | 3 March 2014 <sup>(2)</sup> | 1781.00                           | nil                    | 3.0                   | 0.4                | 1.4                | 5.3   | 1708.00                      |
| 3 March 2014 | 2 March 2015 <sup>(3)</sup> | 2688.00                           | nil                    | 3.0                   | 1.0                | 1.0                | 5.6   | 2605.00                      |
| 2 March 2015 | – <sup>(4)</sup>            | 3044.00                           | nil                    | 3.0                   | 0.8                | 1.2                | 6.0   | 2941.00                      |

(1) Following the achievement of 90% of the 2012 internal performance targets, 63,331 nil cost deferred shares were awarded to executives and senior management on 8 March 2013 (the Award Date) with the right to the release of the shares deferred until March 2015.

(2) Following the achievement of 85% of the 2013 internal performance targets, 34,878 nil cost deferred shares were awarded to executives and senior management on 3 March 2014 (the Award Date) with the right to the release of the shares deferred until March 2016.

(3) Following the achievement of 70% of the 2014 internal performance targets, 33,864 nil cost deferred shares were awarded to executives and senior management on 2 March 2015 (the Award Date) with the right to the release of the shares deferred until March 2017.

(4) Based on the 2015 internal performance targets, the Remuneration Committee determined that 100% of the maximum award in respect of the year will be made in March 2016. The number of shares to be awarded will be determined based on the share price at the Award Date in March 2016.

| Group                             | 2015 Number   | 2014 Number   |
|-----------------------------------|---------------|---------------|
| Outstanding at 1 January          | 90,909        | 133,933       |
| Awarded                           | 33,864        | 34,878        |
| Forfeited                         | –             | (6,403)       |
| Exercised                         | (56,464)      | (71,499)      |
| <b>Outstanding at 31 December</b> | <b>68,309</b> | <b>90,909</b> |
| <b>Exercisable at 31 December</b> | <b>–</b>      | <b>2,435</b>  |

The weighted average market value per ordinary share for deferred shares exercised in 2015 was £32.42 (2014: £23.43). The weighted average exercise price was nil in both years.

The DSP awards outstanding at 31 December 2015 have a weighted average contractual life of 0.7 years (2014: 0.5 years).

The share-based payments charge for the year ended 31 December 2015 is £917,000 (2014: £677,000).

The Company charge for the year was £519,000 (2014: £417,000).



### Share Incentive Plan

In November 2014, the Group established the Rightmove Share Incentive Plan Trust (SIP). Employees were offered 50 shares (2014: 100) as a gift, subject to a three year service period (the Vesting Period), with effect from 4 January 2016 (2014: 1 January 2015). The SIP awards have been valued using the Black Scholes model and the resulting share-based payments charge spread evenly over the Vesting Period of three years. The SIP shareholders are entitled to dividends paid in cash over the Vesting Period. No performance criteria are applied to the exercise of SIP options. The assumptions used in the measurement of the fair value at Grant Date of the SIP awards are as follows:

| Grant date     | Share price<br>at grant date<br>(pence) | Exercise<br>price<br>(pence) | Expected<br>volatility<br>(%) | Option<br>life<br>(years) | Risk free<br>rate<br>(%) | Dividend<br>yield<br>(%) | Employee turnover<br>before vesting/<br>non-vesting<br>condition |     | Fair value<br>per option<br>(pence) |
|----------------|---|------------------------------|-------------------------------|---------------------------|--------------------------|--------------------------|--|-----|-------------------------------------|
|                |   |                              |                               |                           |                          |                          |  | (%) |                                     |
| 1 January 2015 | 2245.00                                 | nil                          | 24.7                          | 3                         | 0.8                      | nil                      | 45.0   |     | 2245.00                             |

Expected volatility is estimated by considering historic average share price volatility at the Grant Date.

| Group                             | 2015<br>Number | 2014<br>Number |
|-----------------------------------|----------------|----------------|
| Outstanding at 1 January          | –              | –              |
| Granted                           | 38,300         | –              |
| Forfeited                         | (7,600)        | –              |
| Released                          | (500)          | –              |
| <b>Outstanding at 31 December</b> | <b>30,200</b>  | –              |
| <b>Exercisable at 31 December</b> | <b>–</b>       | –              |

The weighted average market value per ordinary share for SIP awards released in 2015 was £34.45. The weighted average exercise price in 2015 was nil.

The SIP shares released relate to good leavers and retirements from the SIP, in accordance with the terms of the Trust.

The SIP options outstanding at 31 December 2015 have a weighted average contractual life of 2.0 years.

The share-based payments charge for SIP options for the year ended 31 December 2015 is £138,000.

The Company charge for the year was £1,000.

## 25 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

| Group                      | 31 December 2015          |                          |               | 31 December 2014          |                          |               |
|----------------------------|---------------------------|--------------------------|---------------|---------------------------|--------------------------|---------------|
|                            | Plant & machinery<br>£000 | Land & buildings<br>£000 | Total<br>£000 | Plant & machinery<br>£000 | Land & buildings<br>£000 | Total<br>£000 |
| Less than one year         | 359                       | 949                      | 1,308         | 339                       | 949                      | 1,288         |
| Between one and five years | 165                       | 1,370                    | 1,535         | 308                       | 2,026                    | 2,334         |
| More than five years       | –                         | 296                      | 296           | –                         | 589                      | 589           |
|                            | 524                       | 2,615                    | 3,139         | 647                       | 3,564                    | 4,211         |

The Company had no operating lease commitments in either year.

## 26 Capital commitments

The Group and the Company had no capital commitments in either year.

## 27 Related party disclosures

### Inter-group transactions with subsidiaries

During the year, the Company was charged interest of £547,000 (2014: £536,000) by Rightmove Group Limited in respect of balances owing under the inter-group loan agreement dated 30 January 2008.

As at 31 December 2015, the balance owing under this agreement was £31,908,000 (2014: £46,983,000) including capitalised interest (refer Note 19).

On 31 May 2015, Rightmove Group Limited declared an interim dividend of 55p per ordinary share to the Company. Additionally, on 18 December 2015, Rightmove Group Limited declared a further interim dividend of 45p per ordinary share to the Company. The dividends of £129,400,000 (2014: £80,228,000) were settled via a reduction in the inter-group loan balance owed by Rightmove plc to Rightmove Group Limited. Rightmove Group Limited also declared a dividend in specie of £863,000, representing the cost of the SIP shares transferred from the EBT to the SIP.

### Directors' transactions

There were no transactions with directors in either year other than those disclosed in the Directors' Remuneration Report. Information on the emoluments of the directors who served during the year, together with information regarding the beneficial interest of the directors in the ordinary shares of the Company is included in the Directors' Remuneration Report on pages 42 to 66.

During the year, the directors in office in total had gains of £9,263,000 (2014: £858,000) arising on the exercise of share-based incentive awards.

### Key management personnel

No other Rightmove employees are considered to meet the definition of key management personnel other than those disclosed in the Directors' Remuneration Report on pages 42 to 66.

## 28 Financial instruments

### Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| Group                       | Note | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|-----------------------------|------|--------------------------|--------------------------|
| Net trade receivables       | 17   | 24,609                   | 21,801                   |
| Accrued interest receivable | 17   | 25                       | 30                       |
| Other debtors               | 17   | 59                       | 65                       |
| Cash and cash equivalents   | 18   | 8,418                    | 11,205                   |
| Money market deposits       | 18   | 4,000                    | –                        |
|                             |      | <b>37,111</b>            | <b>33,101</b>            |

The Company had no exposure to credit risk in either year.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

| Group             | Note | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|-------------------|------|--------------------------|--------------------------|
| UK                |      | 24,220                   | 21,594                   |
| Rest of the world |      | 389                      | 207                      |
|                   | 17   | <b>24,609</b>            | <b>21,801</b>            |

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

| Group                | Note | 31 December 2015<br>£000 | 31 December 2014<br>£000 |
|----------------------|------|--------------------------|--------------------------|
| Property advertisers |      | 23,055                   | 20,827                   |
| Other                |      | 1,554                    | 974                      |
|                      | 17   | <b>24,609</b>            | <b>21,801</b>            |

The Group's most significant customer accounts for £1,305,000 (2014: £1,154,000) of the trade receivables carrying amount.

28 Financial instruments continued

Impairment losses

The ageing of trade receivables at the reporting date was:

| Group               | 31 December 2015 |                    | 31 December 2014 |                    |
|---------------------|------------------|--------------------|------------------|--------------------|
|                     | Gross<br>£000    | Impairment<br>£000 | Gross<br>£000    | Impairment<br>£000 |
| Not past due        | 21,227           | (5)                | 14,362           | (49)               |
| Past due 0–30 days  | 2,654            | (55)               | 4,776            | (61)               |
| Past due 30–60 days | 593              | (19)               | 2,371            | (28)               |
| Past due 60–90 days | 104              | (7)                | 425              | (76)               |
| Past due older      | 477              | (360)              | 357              | (276)              |
|                     | <b>25,055</b>    | <b>(446)</b>       | 22,291           | (490)              |

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| Group                    | 31 December 2015 | 31 December 2014 |
|--------------------------|------------------|------------------|
|                          | £000             | £000             |
| At 1 January             | 490              | 436              |
| Charged during the year  | 365              | 341              |
| Utilised during the year | (409)            | (287)            |
| At 31 December           | <b>446</b>       | 490              |

The Group has identified specific balances for which it has provided an impairment allowance on a line by line basis across all ledgers, in both years. No general impairment allowance has been provided in either year.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

**Liquidity risk**

The following are the contractual maturities of undiscounted financial liabilities, including undiscounted estimated interest payments:

| Group   | Carrying amount<br>£000 | Contractual cash flows<br>£000 | 6 months or less<br>£000 |
|---|-------------------------|--------------------------------|--------------------------|
| <b>At 31 December 2015</b>                                |                         |                                |                          |
| Trade payables being non-derivative financial liabilities | 592                     | (592)                          | (592)                    |
| <b>At 31 December 2014</b>                                |                         |                                |                          |
| Trade payables being non-derivative financial liabilities | 461                     | (461)                          | (461)                    |

The Company had no non-derivative financial liabilities in either year.

It is not expected that the cash flows included in the maturity analysis could occur earlier or at significantly different amounts and all payables are due within six months of the balance sheet date.

**Currency risk**

During 2015, all the Group's sales and more than 95.0% (2014: 95.0%) of the Group's purchases were Sterling denominated and, accordingly it has no significant currency risk.

**Interest rate risk**

The Group has exposure to interest rate risk on its cash and money market deposit balances. As at 31 December 2015, the Group had total cash of £8,418,000 (2014: £11,205,000) and money market deposits of £4,000,000 (2014: £nil).

**Fair values**

The fair values of all financial instruments in both years are equal to the carrying values.

**29 Contingent liabilities**

The Group and the Company had no contingent liabilities in either year.

**30 Subsequent events**

There have been no subsequent events having a material impact on the financial statements between 31 December 2015 and the reporting date.

## Advisers and shareholder information

### Contacts

Chief Executive Officer: Nick McKittrick  
Chief Operating Officer: Peter Brooks-Johnson  
Finance Director: Robyn Perriss  
Company Secretary: Jenny Warburton  
Website: [www.rightmove.co.uk](http://www.rightmove.co.uk)

### Registered office

Rightmove plc  
Turnberry House  
30 Caldecotte Lake Drive  
Milton Keynes  
MK7 8LE  
Registered in  
England no. 6426485

### Corporate advisers

**Financial adviser**  
UBS Investment Bank

**Joint brokers**  
UBS Limited  
Numis Securities Limited

**Auditor**  
KPMG LLP

**Bankers**  
Barclays Bank Plc  
HSBC Bank plc  
Santander UK Plc

**Solicitors**  
Slaughter and May  
Pinsent Masons

**Registrar**  
Capita Asset Services\*

### Financial calendar 2016

|                            |                  |
|----------------------------|------------------|
| 2015 full year results     | 26 February 2016 |
| Annual General Meeting     | 5 May 2016       |
| Final dividend record date | 6 May 2016       |
| Final dividend payment     | 3 June 2016      |
| Half year results          | 27 July 2016     |
| Interim dividend           | 6 November 2016  |

### \*Shareholder enquiries

The Company's registrar is Capita Asset Services. They will be pleased to deal with any questions regarding your shareholding or dividends. Please notify them of your change of address or other personal information. Their address details are:

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Capita Asset Services is a trading name of Capita Registrars Limited.

Capita shareholder helpline: 0871 664 0300 (calls cost 10p per minute plus network extras) (Overseas: +44 20 8639 3399)  
Email: [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)  
Share portal: [www.capitashareportal.com](http://www.capitashareportal.com)

Through the website of our registrar, Capita Asset Services, shareholders are able to manage their shareholding online and facilities include electronic communications, account enquiries, amendment of address and dividend mandate instructions.





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Turnberry House  
30 Caldecotte Lake Drive  
Caldecotte, Milton Keynes  
MK7 8LE

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