



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

Rightmove is the UK's largest property portal

Our aim is to create a more
transparent and efficient
property marketplace and
to make home moving easier
in the UK

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Financial highlights

“Rightmove continues to be the place that home movers turn to first, with nearly 1.5 billion visits in 2016, up 10% on last year. Home movers spent nearly a billion minutes every month searching and researching homes on Rightmove, the only place you can see almost the entire UK property market.” **Nick McKittrick** Chief Executive Officer

<p>Revenue</p> <p>+15%</p> <p>Revenue up 15% year on year to £220.0m (2015: £192.1m) with growth across all business areas</p>	<p>Underlying operating profit⁽¹⁾</p> <p>+15%</p> <p>Underlying operating profit⁽¹⁾ up 15% to £166.2m (2015: £144.3m)</p>	<p>Operating profit</p> <p>+18%</p> <p>Operating profit up 18% to £161.6m (2015: £137.2m)</p>
<p>Basic earnings per share</p> <p>+21%</p> <p>Basic earnings per share up 21% to 137.9p (2015: 114.0p)</p>	<p>Underlying basic earnings per share⁽²⁾</p> <p>+18%</p> <p>Underlying basic earnings per share⁽²⁾ up 18% to 142.8p (2015: 121.4p)</p>	<p>Final dividend</p> <p>+19%</p> <p>Final dividend of 32.0p (2015: 27.0p) per ordinary share making a total dividend of 51.0p (2015: 43.0p), up 19%</p>

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

Operational highlights

“Our continued innovation and audience growth is delivering even greater exposure for our customers’ brands and properties. We are adding further value through our data, advertising products and productivity tools and by building closer relationships with customers to support their ambitions. Our customer numbers grew by 2% to reach an all-time high of over 20,100 and with customers spending more on our products, our revenue increased by 15%. With consumers and customers becoming increasingly digital our clear market leadership coupled with the value of our products and data positions us well for the future.” **Nick McKittrick** Chief Executive Officer

<p>Customer numbers</p> <p>20,121</p> <p>Record customer numbers with Agency and New Homes customers up 2% to 20,121 (2015: 19,752)</p>	<p>Properties advertised</p> <p>1 million</p> <p>1 million UK residential properties advertised on Rightmove which is a third⁽¹⁾ more than on any other portal</p>	<p>Traffic: visits</p> <p>+10%</p> <p>Visits up 10% averaging over 120 million visits per month⁽²⁾</p>
<p>Traffic: time on site</p> <p>1 billion</p> <p>Time on site up 5% to nearly 1 billion minutes per month⁽²⁾</p>	<p>Average revenue per advertiser⁽³⁾</p> <p>£842</p> <p>Average revenue per advertiser up a record £88 to £842 per month (2015: £754)</p>	<p>Employee engagement</p> <p>95%</p> <p>95% of employee respondents think Rightmove is a great place to work</p>

(1) Source: AlphaWise, Morgan Stanley Research January 2017.
 (2) Source: Google Analytics.
 (3) For Agency and New Homes customers.



Developing our brand

Our marketing connects with the strong positive emotions that moving home often generates and reflects our position at the heart of it.

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Continuing to innovate

We continue to innovate our products, develop our platforms, help drive operational efficiencies and inform customer decisions through software, data and insight.

Page 16



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.

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Building great teams

We focus on building great teams and making Rightmove a great place to work.

Page 20

Our customers

Rightmove’s customers are primarily estate agents, lettings agents and new homes developers advertising properties for sale and to rent in the UK.

Our business model

Rightmove is the UK’s number one property portal and the UK’s largest property marketplace. 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 almost the entire UK property market in one place. It is equally compelling to home sellers and landlords to ensure their properties are advertised on Rightmove, 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 help to drive their businesses by offering the most significant and effective exposure for their brand and properties resulting in the largest source of high quality leads. We also provide

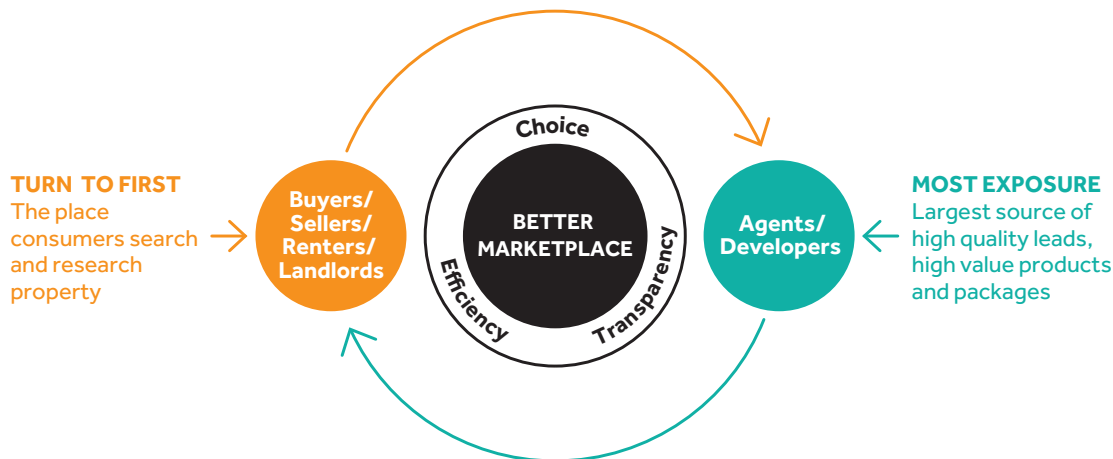
best in class software, delivering data, market insight and tools that inform their decisions and help drive business efficiencies.

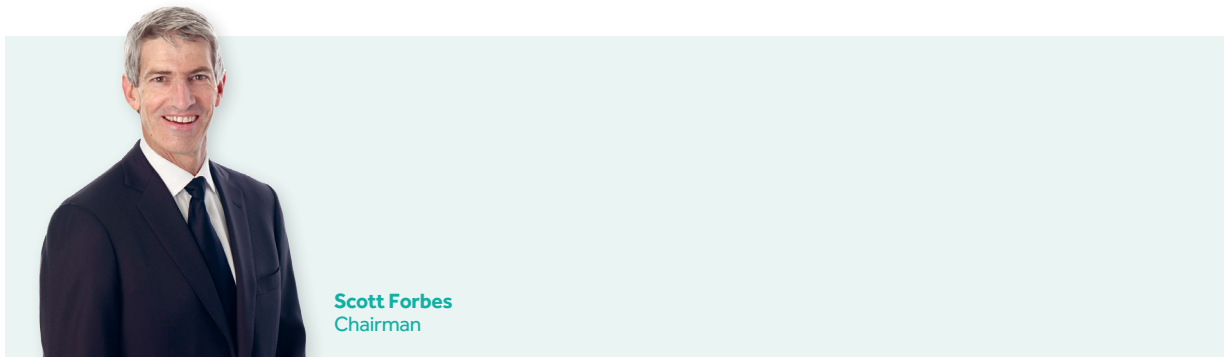
Our principal sources of revenue are the monthly subscription fees paid by customers to advertise all of their properties and the fees paid for our additional advertising products and packages. Our additional advertising products increase a customer’s share of voice and competitiveness. These are critical factors for our customers and particularly for an agent to help to win the instruction opportunity to sell or rent a home, which remains the lifeblood of their business.

As the property industry becomes more digital, Rightmove’s market leading audience and best in class software is becoming even more valuable to customers. We expect that the majority of our growth will continue to come through product penetration, pricing and innovation. We also continue to develop a number of smaller adjacent businesses such as advertising overseas and commercial properties and providing property related data and valuation services.

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 2016.

Amid the attention devoted to economic and political events on both a local and world stage this past year, we are proud to say that Rightmove has once again delivered a set of outstanding results.

We are not insensitive to the macro-environment, however we continue to be confident in the strength of our business. Our confidence is derived from an in-depth knowledge of the market in which we operate together with the power of our subscription-based business model, which benefits from strong network effects, and a relentless focus on continual improvement for both our customers and consumers.

Our approach has further cemented our position as the UK's number one property portal with customer numbers reaching a record high of over 20,100 and our unrivalled audience reaching new highs too. We are in an enviable position to fulfil our aim of creating a more transparent and efficient property marketplace and ultimately making home moving easier in the UK.

Our audience, best in class platforms and significant property inventory advantage coupled with our focus on innovation at the core of our business drives our value proposition for the benefit of both our trade customers and consumers. Property data has always been at the core of what we do and we are excited about continuing to harness the power of our data to drive further transparency and efficiency in the property market, predict market opportunities and drive success for our customers and consumers.

We are still a relatively young organisation, but during our progression over the last 16 years we have remained steadfast in our commitment to serving the housing market and this has consistently delivered strong results. We are committed to continue that focused path in a manner that is appropriate for all of our stakeholders.

Financial results

The strength of our business model and core value proposition underpin record financial results in 2016. Underlying operating profit⁽¹⁾ was up 15% to £166.2m (2015: £144.3m) driven by strong organic revenue growth of 15% to £220.0m (2015: £192.1m) and continued focus on cost control. Underlying basic earnings per share⁽²⁾ was up 18% to 142.8p (2015: 121.4p), even greater than the percentage increase in profits and in part attributable to 2.2m shares bought back during the year at a cost of £88.1m 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 2016, we returned a further £131.3m (2015: £112.5m) to shareholders through dividends and share buybacks bringing our total cash returned to shareholders since our flotation in March 2006 to over £725.0m. We have now bought back 39.7m shares since we commenced our share buyback programme in 2007 reducing our share capital by 30%.

(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.

We are proud to say that Rightmove has once again delivered a set of outstanding results.

Dividend

The Board previously announced that it would increase the interim dividend to 19p (H1 2015: 16.0p) per ordinary share, which was paid on 6 November 2016. 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 32.0p (2015: 27.0p) per ordinary share for a total dividend for the year of 51.0p (2015: 43.0p), an increase of 19%. The final dividend, subject to shareholder approval, will be paid on 2 June 2017 to all shareholders on the register on 5 May 2017.

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 30 to 42.

Board changes and Chief Executive Officer succession

After 16 years of leadership, as remarkable for his success as with the modest way he has achieved it, Nick McKittrick has decided to retire as Chief Executive Officer and as a Board director at the forthcoming AGM on 9 May 2017. Nick will remain in the Company until 30 June 2017 to ensure a smooth transition process.

I speak on behalf of the Board and Rightmove employees when I say that we will miss Nick on both a personal and professional level. We have greatly appreciated his contribution to Rightmove's success and we wish him the very best for the future.

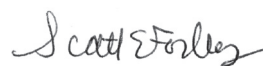
Nick will pass the baton to Peter Brooks-Johnson, our Chief Operating Officer and Board director since 2011. The Board always has a focus on long-term succession plans and in Peter we have a strong, experienced and ready successor who has held positions of responsibility for nearly every functional area within Rightmove.

Having completed three full terms, Colin Kemp will retire from the Board in May 2017. I am grateful for his valuable contribution and insights over the past nine years, in particular his championing of the voice of the customer and we wish him well in his next venture.

On 30 December 2016 Jacqueline de Rojas joined us as a non-executive director. Jacqueline is currently Managing Director UKI-Northern Europe for The Sage Group plc and is a recognised technology leader in the UK and a passionate advocate for increased opportunities for women and diversity in both the boardroom and technology workplace. We look forward to Jacqueline's support in our continuous quest to deliver innovation to our customers as they seek to reach the UK's largest home moving audience.

Outlook

The Board and I are grateful for the confidence and support of all our customers and for the talent and dedication of our employees. We are clear that our goal is to continue to work together to position Rightmove as the essential marketplace for home hunters and for property advertisers to reach by far the widest possible audience. The Board is confident of continued success in 2017.



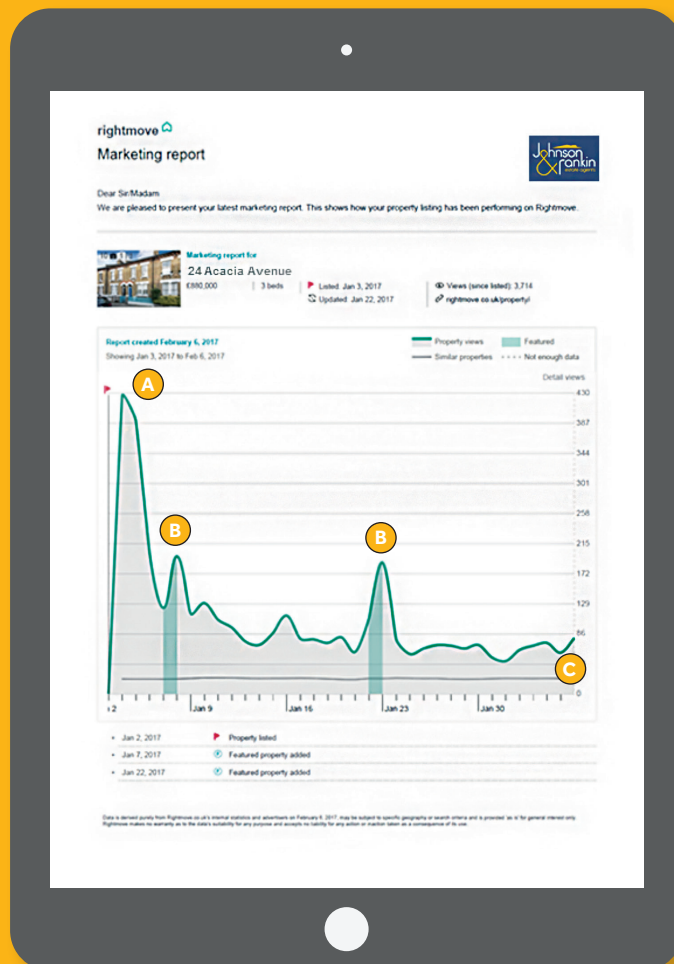
Scott Forbes
Chairman

The power of data

Rightmove has been described as a restless innovator and during the course of this year we made over 4,000 changes to our platforms both large and small. During 2016 we were delighted to be ranked as the world's most innovative growth company by Forbes. Our innovation is focused on the core business and as we successfully innovate we find even more reasons to believe in the wealth of opportunities ahead.

The power of data

Data driving market efficiencies and transparency



Rightmove's research shows that when selling their homes most vendors want to be updated on the progress of the sale at least once a week. The Marketing Report Tool delivers this update to vendors by showing not only the interest their property has received on the UK's largest property marketplace, but also by comparing that interest to similar properties nearby.

The tool also enables agents to clearly demonstrate their marketing efforts and expertise to a vendor.

It is especially powerful for highlighting when a property is over-priced or would benefit from a higher profile by purchasing an advertising product on Rightmove.

"This tool is already being used on 100,000 properties each month."

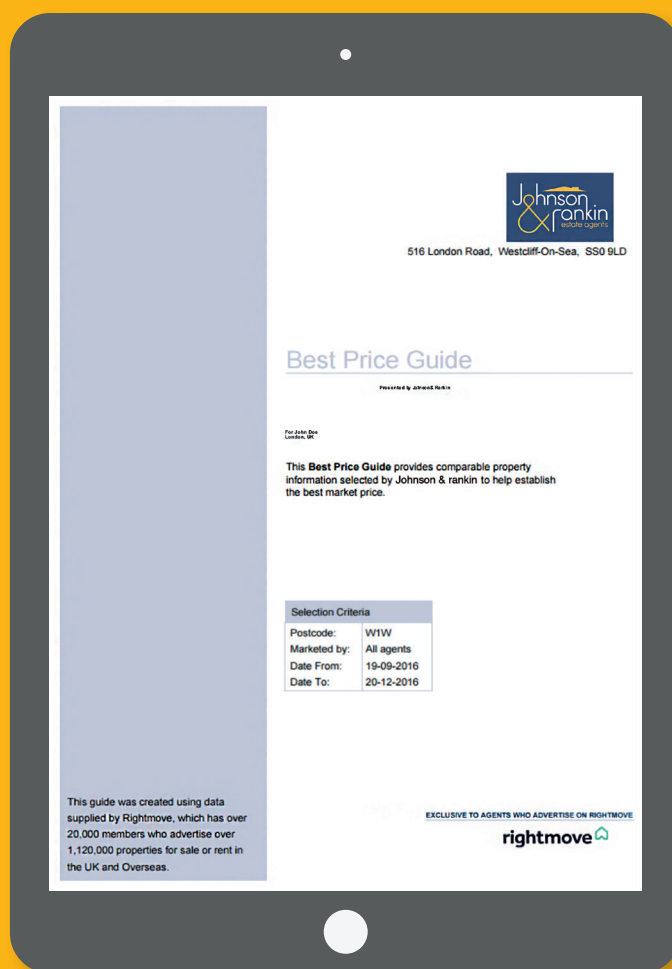
- A** Property first listed
- B** Featured Property product applied
- C** Average interest of similar properties

Rightmove's Data Services business provides insight, analysis and risk assessment tools to businesses which are making decisions around property, particularly in relation to valuation and investment. Our property comparison and background check toolset is now the de facto standard for valuers in the surveying industry. All our tools and services are based on the bedrock of our uniquely powerful property dataset, providing our customers with constantly updated property insight and information across the UK.

Our Best Price Guide Report helps an agent justify their valuation to a potential vendor. Using our software agents can access our unrivalled database of current property listings advertised on Rightmove together with our archive of over 35 million properties and build a co-branded report to support their valuation.

In 2016 agents generated an average of 620,000 Best Price Guide Reports per month.

By providing customers with an increasingly powerful online marketplace at the same time as building closer relationships with them, we can help customers to innovate and empower their business models to ultimately make home moving easier. We are enabling our agents to be more efficient and lower their overheads and adapt in a digital marketplace.



“A property is 40% more likely to be sold by the agent who first marketed it if it is priced in line with our Automated Valuation Model.”

The power of data

The power of data to predict

The data generated from our whole of market view allied to artificial intelligence techniques enables us to identify patterns and trends in consumer behaviour.

Winning the right to sell a property is the lifeblood of an estate agent's business. Less than 2% of saleable properties are on the market at any time making it very difficult for agents to target their marketing at those homeowners who might be thinking of selling. This challenge leads to big inefficiencies in an agent's marketing spend.

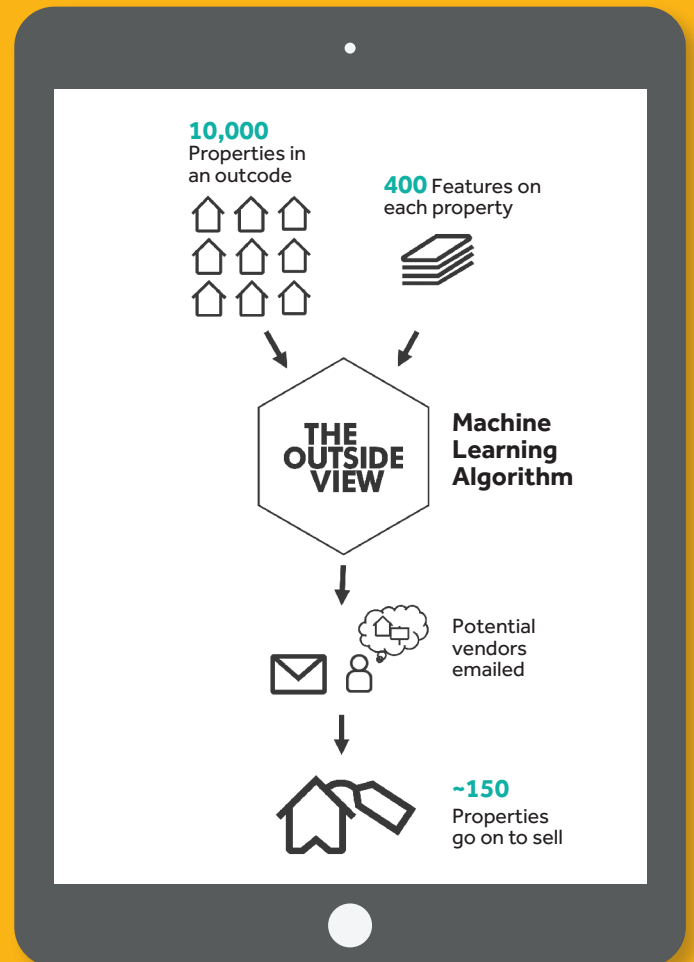
In May 2016 we acquired the Outside View, a predictive analytics business which had developed an algorithm that identifies the properties most likely to come to market in a local area. Using our combined knowhow together with Rightmove's whole of market view we have developed the algorithm into a product to help agents market more efficiently by targeting their efforts at those potential vendors.

In a typical outcode (the first portion of a postcode) there are around 10,000 properties, and in a six-month period, approximately 150 of those

properties may come to market. The Outside View machine learning algorithm assesses nearly 400 features of each of the properties in the outcode to determine which are the most likely to come to market in the next six-month period. Targeting those addresses that are most likely to come to the market, the platform then generates and sends a series of co-branded personalised emails on behalf of an agent, inviting the owner to contact the agent for a property valuation. Using this method we enable our customers to market to potential vendors as efficiently as possible.

Trials of the product have produced encouraging results and we expect to launch a full version in the second half of 2017. In the medium term we believe this will be as successful as our popular Local Valuation Alert Product.

"Our data enables us to see recurring patterns in house buying and selling habits to help make the marketplace more efficient."



We've only just begun

We've helped the UK's property marketplace become more efficient and transparent by aggregating nearly every property for sale and to rent in the UK, engaging nearly every UK home mover and by providing our customers with innovative advertising products and productivity tools. Our relentless focus is to build on our market leading position, help our customers compete and succeed and keep innovating to make home moving easier for consumers and customers alike.



Average revenue per advertiser (ARPA) growth will continue to be driven by increased product penetration, pricing and innovation and is underpinned by the value of our unrivalled audience and data, our

substantial product inventory and our culture and track record of innovation.

To put the immediate advertising opportunity into context, the ARPA for newspapers in 2007 was circa

£2,500⁽¹⁾ per month compared to our 2016 ARPA of £842 per month and this is before we consider further growth in marketing spend and the business efficiencies that customers gain from using Rightmove.

(1) Source: Advertising Association Warc Report December 2015.



Nick McKittrick
Chief Executive Officer

Rightmove, the UK's number one property portal, has delivered another year of record results. Visits from home movers increased by 10% and they spent nearly a billion minutes on Rightmove every month in 2016. Our number of advertisers grew by 2% to reach an all-time high of over 20,100 and with advertisers spending more on our products, data and services, our revenue increased by 15% to £220.0m with underlying operating profit⁽¹⁾ up 15% to £166.2m and operating profit up 18% to £161.6m.

Our progress is testament to our disciplined focus on the UK property advertising market and the huge effort 'Rightmovers' have made to build this business together with our industry customers. We look forward to delivering further growth as we continue to shape the UK property market.

Our Strategy

The place consumers 'turn to first' and engage with most

At the core of our strategy is a relentless focus on continual improvement and innovation to create the most compelling experience for consumers so that they turn to us first. We will continue to achieve this by providing consumers with the most up to date, engaging and comprehensive property content together with the best search, research and home moving tools to support their home moving journey.

To that end we launched new search technology in the first half of the year, leading the way and setting the standard for the fastest, simplest and richest search experience with more images, larger images, simplified filtering options and a fully responsive design ensuring the best possible presentation of content across all devices. The future is also exciting with our next search innovation, 'Where can I live', launching in early 2017. This search identifies the commutable areas home hunters can afford, and then shows them the properties available in those areas.

We continued to invest in our brand in 2016 with an updated look and feel and through 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 partnership with Channel 4 and broke new ground as we delivered contextual adverts which gave live information on available properties in locations referred to in Channel 4's property content. We also continued to add further weight to our presence in London with TV advertising, additional outdoor media and our exclusive partnerships with the Evening Standard and Time Out.

More consumers than ever turned to Rightmove in 2016 with nearly 1.5 billion visits across all our platforms, a 10% increase on the previous year. The growth was driven by mobile and of the nearly 12 billion minutes that consumers spent on Rightmove, two thirds of time spent was on mobile devices. Our market share of traffic across both desktop and mobile was 77%⁽²⁾ with the mobile component even higher at 81%⁽²⁾.

Traffic to our research tools also grew significantly in 2016 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 catalogue of 1 million current properties and 40 million historic property records. Consumers spent over 350 million minutes using our research tools in 2016 which is up by over 20% on the previous year.

Traffic to our Overseas property site increased in 2016 suggesting the dream of owning a property abroad for many of the British public continues to be a popular one. Our overseas site attracted 1.6 million more unique visitors compared to 2015 and surpassed 100 million searches for the first time. We now have a record number of both overseas estate agent and developer customers advertising more than a quarter of a million properties across the world with over half of the properties located in the two most popular countries for British buyers, namely Spain and France.

Our Commercial property advertising business continues to gain momentum with over 40 million visits in 2016, and an 86% market share of visits among the top three commercial property portals in the UK. As a result, more and more commercial agents and landlords are choosing to advertise with us.

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

(2) Source: Comscore, December 2016.

More consumers than ever turned to Rightmove in 2016 with nearly 1.5 billion visits across all our platforms.

Unrivalled exposure, leads and products for our customers

With traffic to our platforms growing for the 16th consecutive year we continued to increase the exposure for our customers' brands and properties. This record exposure generated nearly 47 million leads for our customers, six percent down on 2015 as the result of less activity in the housing market post the result of the EU referendum, although still nine percent higher than 2014.

Our long-established focus on the quality of our leads continues to stand us in good stead as they convert far more often to outcomes for our customers. In fact, we generate six⁽³⁾ times as many sales and lets for our Agency customers as our nearest competitor. No wonder, when home sellers and landlords are so much more likely to find their buyer or tenant on Rightmove compared to any other portal, that 85%⁽⁴⁾ of people selling their home rank Rightmove as the most important site for marketing their property.

Winning the right to an instruction to sell or let a property is critical to an agent's success. Over a million of the email leads sent by home movers to agents highlighted that they had a property to sell, each one creating an instruction opportunity for a customer. These were in addition to the instruction opportunities that came via our phone leads, which accounted for two-thirds of all leads. 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.

We have continued to innovate our products alongside the development of our new search technology to further increase the value we deliver to customers. Our property products, Featured Property and Premium Listings are attracting more attention following their redesign which focused on making them larger and more premium. The Featured Agent branding product now gains more visibility as a larger creative space in the search results that gives our customers more flexibility to better communicate their message to the largest home hunting audience in the UK.

There is significant headroom to grow product revenue as we leverage data 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 and gain market share. This year ARPA increased by 12% to £842 driven by customers spending more on products and packages.

Innovation to create a better marketplace

Combining our software and whole of market dataset whilst supported by our dedicated account management teams, we help customers drive operational efficiencies and inform their business decisions. Our focus is on the areas our customers value most, which in the case of our agents is winning and retaining business.

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 with our software – all included as part of their membership of Rightmove.

We introduced the next wave of market share analysis tools within our popular market intelligence software 'Rightmove Intel' along with the capability for multi-branch agents to easily see metrics at branch and area levels. We also changed the way that we report on the performance of properties by moving to the more complete measure of 'detailed views'. This takes into account all consumer interactions with properties on all Rightmove platforms and allows us to better highlight the performance of our additional products to both customers and consumers.

Our new Marketing Report is based on this new measure and is proving extremely popular as our customers are already using the report on over 100,000 properties each month. The overall engagement and value of our 'Rightmove Intel' software keeps growing with usage up over 30% year on year. The digitalisation of the property industry and the efficiencies our software and tools bring help to reduce the cost per office and have also enabled the growth in the number of

(3) Source: Independent software provider to the estate agency industry.

(4) Source: The Property Academy 2015 Home Moving Trends Survey.

a new identity that's clean and fresh



our brand refresh

When it comes to property first impressions count. That's why we've refreshed our brand with a new logo that looks great on all devices and is cleaner and bolder. Our 'house and arrow' design is familiar to home hunters everywhere and will ensure Rightmove continues to be the place people visit first.

There is significant headroom to grow product revenue as we leverage data to increase the penetration of existing products, evolve their value and pricing, and continue to innovate.

customers. Over the last 12 months our membership base has grown by 2% to over 20,100 customers.

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 and making sure that more of our conversations lead to recommendations that our customers truly value.

In 2017 we plan to evolve our event programme with the introduction of 'Rightmove Live'. These events will include speakers from a range of industries covering content applicable to all small and medium-sized businesses, with an objective of inspiring and motivating the industry. In keeping with an online culture these events will be filmed and hosted on an 'on demand' platform, meaning our customers can benefit from this content irrespective of whether they are able to attend on the day.

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

We strive 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. It is about selecting the right people, giving them the freedom and authority to innovate and lead with very simple measures, and then guiding them to succeed. We need every Rightmover to be both individually empowered and accountable.

We believe in sharing often and early and reinforce this through events such as 'townhalls', stand-ups, team away days and company days which all share progress, successes and challenges. The culture is not solely built on events like these, but also from the everyday small gestures and the 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 Rightmovers 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 allow the business to continue to thrive and attract great people. In our 2016 'Have Your Say' people survey, 95% of Rightmovers think 'Rightmove 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 50 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 watching Rightmove's continued success in the future.

Current trading and outlook

We believe the outlook for the UK online property advertising market remains positive, despite the uncertainties stemming from the result of the EU referendum. Consumers and customers are becoming increasingly digital and therefore spend continues to transition from traditional advertising channels.

Our clear market leadership coupled with the value of our products and data positions us well for the future. With average revenue per advertiser continuing to grow the Board remains confident of making further progress in 2017 and beyond.

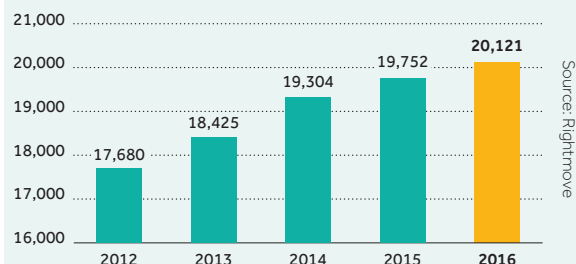


Nick McKittrick
Chief Executive Officer

24 February 2017

We use the metrics set out below to track our operational performance.

Number of advertisers



Source: Rightmove

Definition

The total number of paid for UK estate and lettings Agency branches and New Home developments advertising properties on Rightmove

Strategic link

The place consumers 'turn to first' and engage with most; and innovation to create a better marketplace

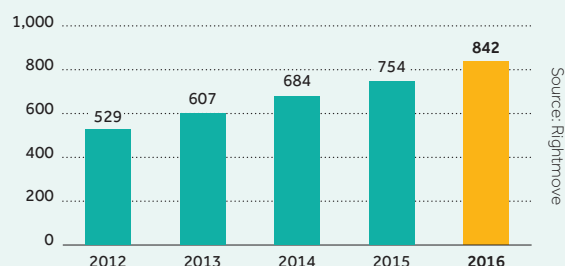
Risks

- 1
- 2
- 3

2016 performance

+2%

Average revenue per advertiser (ARPA in £ per month)



Source: Rightmove

Definition

Revenue from Agency and New Home advertisers in a given month divided by the total number of advertisers during the month, measured as a monthly average over the year

Strategic link

Unrivalled exposure, leads and products for our customers

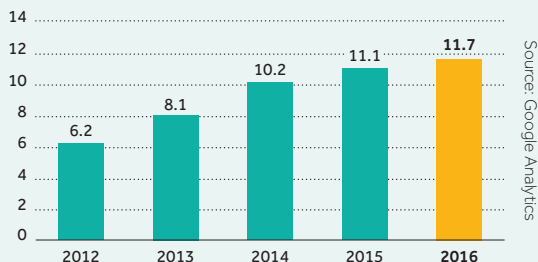
Risks

- 1
- 2
- 3

2016 performance

+12%

Traffic (time on site measured in billions of minutes)



Source: Google Analytics

Definition

Total time measured in billions of minutes spent on Rightmove platforms during the year

Strategic link

The place consumers 'turn to first' and engage with most

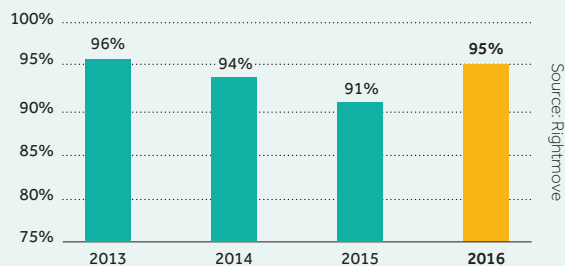
Risks

- 2
- 3
- 4

2016 performance

+5%

Employee engagement⁽¹⁾ – 'Rightmove is a great place to work'



Source: Rightmove

Definition

Based on number of respondents selecting 'agree' or 'strongly agree' in answer to this question in the annual employee survey

Strategic link

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

Risks

- 5

2016 performance

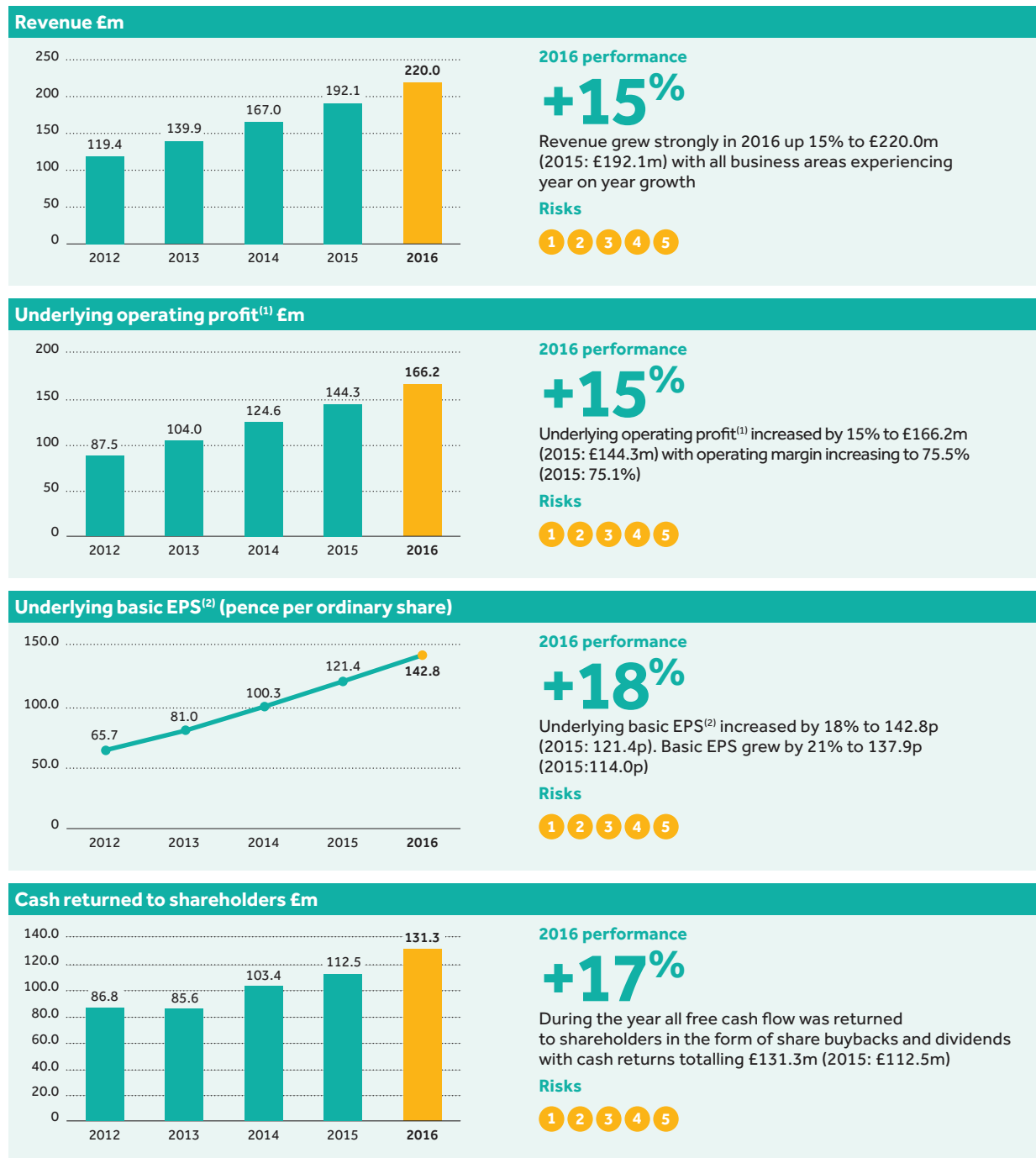
+4 percentage points

(1) The employee engagement survey was first conducted in 2013, hence only four years of data is presented in the chart.

Risks relevant to our KPIs (read more on pages 21 to 22)

- 1 Macro-economic risk – UK housing market downturn
- 2 Competitive environment
- 3 New or disruptive technologies and changing consumer behaviours
- 4 Cyber security and IT systems
- 5 Securing and retaining the right talent

We use the metrics set out below to track our financial performance.



(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.

property searches that can take you even further



searching faster than ever before

We launched our new search technology in 2016, leading the way and setting the standard for the fastest, simplest and richest search experience with more images, larger images, simplified filters and a fully responsive design across all platforms.



Robyn Perriss
Finance Director

Revenue

We have experienced another strong year of revenue growth delivering record revenues of £220.0m.

	2016 £m	2015 £m	Change
Agency	168.3	147.1	14%
New Homes	33.9	30.5	11%
Other	17.8	14.5	23%
Total revenue	220.0	192.1	15%

Our Agency business was the main contributor to the overall revenue growth increasing by 14% to £168.3m (2015: £147.1m). Agency continues to be our largest business contributing 77% (2015: 77%) of our total revenue.

The majority of the revenue increase came from ARPA growth as a result of the further adoption of additional advertising products together with increases to core membership prices. Spending by agents increased across our range of additional advertising products with healthy adoption of our Optimiser package which provides the highest value to our customers.

Revenue from our New Homes business grew by 11% to £33.9m (2015: £30.5m) driven by the sale of additional advertising products, including email campaigns, and by increases to core membership prices, together with healthy growth in development numbers, up 10% year on year to 2,659 developments (2015: 2,416).

During 2016 we continued to leverage our brand strength beyond the main UK residential property business generating strong growth in our Data Services, Overseas, Commercial and non-property advertising businesses with year on year revenue up 23% to £17.8m (2015: £14.5m).

Underlying operating profit

	2016 £m	2015 £m	Change
Revenue	220.0	192.1	15%
Underlying operating costs	(53.8)	(47.8)	13%
Underlying operating profit	166.2	144.3	15%
Share-based payments	(4.1)	(3.8)	8%
NI on share-based incentives	(0.5)	(3.3)	(85%)
Operating profit	161.6	137.2	18%

Underlying operating profit⁽¹⁾ increased by 15% to £166.2m (2015: £144.3m) and underlying operating margin⁽¹⁾ increased to 75.5% (2015: 75.1%). This was driven by continued strong revenue growth coupled with a slightly lower percentage increase in underlying operating costs⁽¹⁾.

Underlying operating costs⁽¹⁾ increased by 13% or £6m to £53.8m (2015: £47.8m). Of the increase £4m related to salary and associated costs attributable to general wage inflation and an increased average headcount of 469 (2015: 412), reflecting investment in sales, customer support and technical heads during the year and the full year impact of staff recruited during 2015. Technology costs increased by £0.7m in the year due to our investment in new site search functionality and increased licensing costs associated with better customer sales and support platforms.

Underlying operating profit is reported before share-based payments, which are a significant non-cash charge driven by a valuation model, and NI on share-based incentives, which is driven by reference to the Rightmove plc share price and so subject to volatility, rather than operational activity. The directors therefore consider underlying operating profit to be the most appropriate indicator of the performance of the business and year on year trends.

(1) Before share-based payments charge of £4.1m (2015: £3.8m) and NI charge of £0.5m (2015: £3.3m) on share-based incentives.

(2) Before share-based payments charge of £4.1m (2015: £3.8m) and NI charge of £0.5m (2015: £3.3m) on share-based incentives and no related adjustment for tax.

lightbulb moments that give our customers the edge



inspiring our customers with information

We help our customers drive operational efficiencies and inform their business decisions by combining our software and whole of market dataset with dedicated account management teams.

Share-based payments and National Insurance (NI)

In accordance with IFRS 2, a non-cash charge of £4.1m (2015: £3.8m) is reflected in the income statement 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 decrease in the closing share price from £41.25 at 31 December 2015 to £39.03 at 31 December 2016 in respect of the outstanding share-based incentives granted, together with the realised NI cost on share-based incentives exercised in the year, there was a charge of £0.5m (2015: £3.3m).

Taxation

The consolidated tax rate for the year ended 31 December 2016 was 19.8% (2015: 20.2%). The effective tax rate was slightly lower than the UK enacted rate of 20.0% 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 2016 was £78.5m (2015: £75.3m). £31.6m (2015: £29.8m) related to corporation tax and Employer's NI borne by the Group while the remaining £46.9m (2015: £45.5m) was collected in respect of payroll taxes and VAT. The Company currently has no open tax authority enquiries in respect of any tax and there are no known material tax risks based on the positions adopted. The Company has therefore not recognised any uncertain liabilities in relation to estimates of additional tax which may be due in relation to enquiries.

Earnings per share (EPS)

Underlying basic EPS⁽²⁾ increased by 18% to 142.8p (2015: 121.4p). Basic EPS increased by 21% to 137.9p (2015: 114.0p). The growth in EPS was mainly 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 94.0m (2015: 96.0m).

Balance sheet

Rightmove's balance sheet at 31 December 2016 showed total equity of £8.0m (2015: £6.6m) 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.

Reflecting both revenue growth and strong cash collections, trade receivables increased by 8% to £26.6m (2015: £24.6m). Trade and other payables increased by £4.2m to £35.8m (2015: £31.6m) due to an increase in deferred revenue in line with trading. Our deferred tax asset, representing the future tax benefits from share-based incentives, is marginally higher at £6.9m (2015: £6.8m).

Cash flow

Rightmove continues to see strong cash generation and to return all 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 up 18% to £169.2m (2015: £143.2m) and operating cash conversion was once again in excess of 100%.

Tax payments increased to £27.8m (2015: £26.9m) and £0.2m (2015: £0.2m) was paid in relation to bank charges and bank facility fees resulting in net cash from operating activities of £141.2m (2015: £116.1m).

Capital expenditure of £1.8m (2015: £1.8m) includes investment in new load balancers to optimise the performance of our platforms and an upgrade to customer facing software tools used by our Data Services business. On 31 May 2016 we acquired 100% of The Outside View Analytics Ltd, a predictive analytics company, for net cash consideration of £2.0m.

Proceeds of £0.4m (2015: £0.4m) were received on the exercise of share-based incentives and £0.8m (2015: £0.5m) was applied to purchase shares to fund the Rightmove Share Incentive Plan.

During 2016, £88.1m was invested in the repurchase of our own shares (2015: £76.1m) whilst a further £43.2m (2015: £36.5m) was paid in dividends reflecting the increased final dividend for 2015 and the 3p increase in the interim dividend this year. This brings the total cash returned to shareholders in the year to £131.3m (2015: £112.5m).

The closing Group cash and money market deposit balance at the end of the year was £17.8m (2015: £12.4m).

Dividends

Consistent with our policy of growing the dividend broadly in line with the increase in underlying earnings per share, the directors are recommending a final dividend of 32.0p (2015: 27.0p) per ordinary share, which together with the interim dividend makes a total dividend for the year of 51.0p (2015: 43.0p), an increase of 19%. We are proud to have delivered 10 years of successive dividend growth since Rightmove listed in 2006 and the final dividend, subject to shareholder approval, will be paid on 2 June 2017 to all shareholders on the register on 5 May 2017.



Robyn Perriss
Finance Director

24 February 2017

**a place
where
everyone
has the
space to
grow**



personal growth

We continue to build empowered teams and make Rightmove a great place to work. We attract and retain top talent to provide the best service for consumers and customers. Our restless and inquisitive culture allows both our business and our people to thrive.

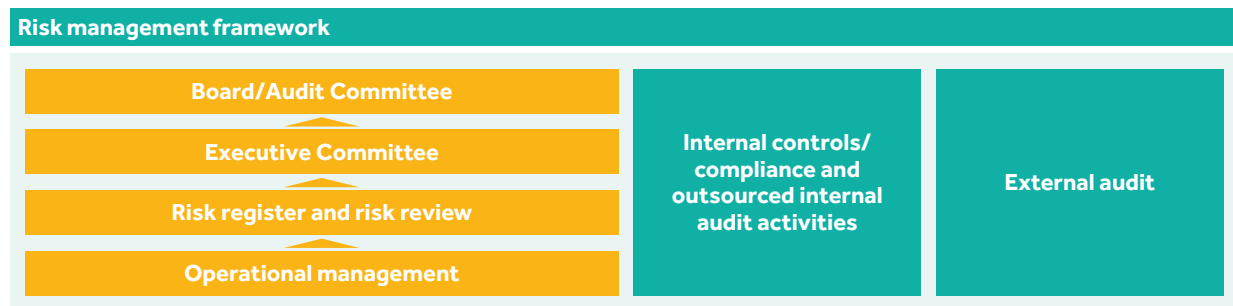
Approach to risk management

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 by operational management 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 both the February 2016 and September 2016 Board meetings.

Risk management is reinforced by the Group's continuous process to design and embed strong internal controls across the business as we grow, particularly in relation to smaller breadth business areas. The Audit Committee also receives and analyses regular reports from management and the outsourced internal audit function on matters related to risk and control and reviews the timeliness and effectiveness of corrective action taken by management. The Audit Committee on behalf of the Board also considers the findings and recommendations of its external auditor throughout the year to design and implement effective financial controls.



Strategic report | Principal risks and uncertainties

A description of the principal risks and uncertainties faced by the Group in 2016, together with the potential impact and monitoring and mitigating activities is set out in the table below.

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.

We recognise that the Group is exposed to risks wider than those listed, however we have disclosed those that we believe

Key risk and description	Impact	Monitoring and mitigation	Change from prior year
<p>1 Macroeconomic environment</p> <p>The macroeconomic environment significantly impacts confidence in the UK housing market, impacting transaction levels.</p> <ul style="list-style-type: none"> Substantially fewer housing transactions than the norm may lead to a reduction in the number of Agent branches or New Home developments In addition, a contraction in the volume of transactions in the UK housing market could lead to a reduction in advertisers' marketing budgets which could reduce the demand for the Group's property advertising products <p>The potential impact of the result of the EU referendum is further discussed on page 23</p>	<p>Underperformance as the number of Agents and New Home developments are a major determinant of Rightmove's revenue</p>	<ul style="list-style-type: none"> Monitoring of housing market leading indicators and trends in Rightmove membership Continuing to provide the most significant and effective exposure for customers' brands and properties, be the largest source of high quality leads and offer value-adding products and packages and help drive operational efficiencies for our customers, thereby embedding the value of our membership Communicating the effectiveness of digital media versus alternative mediums such as print Maintaining a flexible cost base that can respond to changing conditions 	<p>↑</p>

Key risk and description	Impact	Monitoring and mitigation	Change from prior year
<p>2 Competitive environment Increased competition from existing competitors or new entrants targeting the Group's primary revenue markets</p>	<p>This may impact on Rightmove's ability to grow revenue due to the potential loss of:</p> <ul style="list-style-type: none"> • Audience • Advertisers • Demand for additional advertising products 	<ul style="list-style-type: none"> • Communication of the value of Rightmove membership to advertisers • 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 • Sustained marketing investment in the Rightmove brand • Sustained investment and innovation in serving both home hunters and our advertisers 	
<p>3 New or disruptive technologies and changing consumer behaviours Rightmove operates in a fast-moving online marketplace. Failure to innovate or adopt new technologies or failure to adapt to changing customer business models and evolving consumer behaviour may impact the Group's ability to offer the best products and services to its advertisers and the best consumer experience</p>	<p>Under-performance and impact on Rightmove's ability to grow revenue due to the potential loss of:</p> <ul style="list-style-type: none"> • Audience engagement • Advertisers • Demand for additional advertising products 	<ul style="list-style-type: none"> • Continual improvements to our platforms • Developing our product proposition to meet our customers' needs and evolving business models • Significant and ongoing investment in mobile and tablet platforms • Large in-house technology team with culture of innovation • Innovation lab to develop emerging models and technologies • 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 	
<p>4 Cyber security and IT systems</p> <ul style="list-style-type: none"> • Unavailability of the website and other platforms • Corruption or loss of key data as a result of a security breach 	<p>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</p>	<ul style="list-style-type: none"> • Disaster Recovery and Business Continuity Plans in place, subject to regular review and testing • Use of three data centres to load balance and ensure optimal performance and business continuity capability • Regular backups of key data • Regular testing of the security of the IT systems and platforms including penetration testing and distributed denial of service attack procedures • Ongoing monitoring of external threats through updates from external specialists and collaboration with other online organisations 	
<p>5 Securing and retaining the right talent Our continued success is dependent on our ability to attract, recruit, retain and motivate our highly skilled workforce</p>	<p>The inability to recruit and retain talented people could impact our ability to maintain our financial performance and deliver growth</p> <p>When key staff leave or retire, there is a risk that knowledge or competitive advantage is lost</p>	<ul style="list-style-type: none"> • Ongoing succession planning and development of future leaders • 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 • Regular staff communication and engagement • Maintaining the culture of the Group, which generates significant staff loyalty 	

 **Increased risk**
 **Decreased risk**
 **Risk unchanged**

The result of the UK's EU referendum has increased the level of macroeconomic uncertainty and could increase the likelihood of the housing market macroeconomic risks set out on page 21.

In considering the potential implications of the referendum result on the business the directors considered the following:

- The Rightmove business is largely subscription based and is therefore less susceptible to short-term shocks or variations in the property market or wider economy;
- around two-thirds of our estate agency customers also provide lettings services which may mitigate the impact of any downturn in the property market on their business; and

- A reduction in housing market activity increases the propensity for advertisers to evaluate their marketing spend both offline and on other portals and we remain confident in the strength of the Rightmove value proposition.

The directors believe that our strong market position and relationships with our customers, and the value embedded in our membership continue to position us well providing that housing transaction volumes do not take a sharp downward turn.

Strategic report | 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 21 to 22. 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 2019.

The directors have determined that a three-year period to 31 December 2019 constitutes an appropriate period over which to provide its viability statement, as the Group operates within the online digital marketplace, and projections looking out further than three years become significantly less meaningful in the context of the fast moving nature of the market. Three years is also 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 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 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.

Our people

Our people are our most valued asset, they are vital to Rightmove's 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. All new vacancies are communicated internally to give our colleagues an opportunity to apply or recommend someone. In 2016 10% of new employees were introduced to Rightmove by an existing employee.

We continued our successful partnership with MK College and the University of Bedford which offers paid internships to design students for up to six months and provides graduates with valuable work experience in marketing or design. Five out of six interns who joined us in 2015 became permanent employees during the year and a further four interns joined Rightmove in 2016, of whom two are now permanent. Our intern programme will continue to run in 2017 and so far we have eight new interns including three from our involvement with the Prince's Trust, details of which can be found in the charitable activities section on page 25.

The high quality of our recruiting, supported by long-term commitment from Rightmove employees is key to the success of our culture. We are proud to have 51 people who have celebrated ten or more years' service, which represents over 10% of our employees and which we believe backs up our impressive people survey results.

People development and training

To support 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 employees 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. In 2016, a new set of customer-focused training was rolled out, including how to communicate effectively by email and telephone.

Employee benefits

Whilst we believe 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 90% of employees are members of the pension plan. We also offer private healthcare complemented by a cash plan scheme for all employees.

We want our people to directly benefit from their contribution to the success of 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 2016, the Group's eighth Sharesave contract matured allowing employees to benefit from the continued success of the Group over the last three years. 66% of our employees currently participate in Sharesave.

Following the launch of the Rightmove Share Incentive Plan (SIP) and initial award of shares in 2015, in January 2016 we made a further free share award of 50 shares to all qualifying employees. We have also made a free share award of 50 shares to all qualifying employees in January 2017.

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 through 'townhalls' and business performance updates with senior management and quarterly sales conferences.

Our employee recognition scheme is based around the 'Rightmove behaviours', which reflect our unique blend of values and ways of working. It is an opportunity to nominate colleagues who have demonstrated these behaviours in action and during 2016 it continued to prove popular with up to eight awards presented every two months at our 'townhalls'.

As it is important to know what our employees think, and having received much valuable feedback in the past, we conduct an annual 'Have your Say' people survey. We are proud of another set of outstanding results from the survey with highlights including:

- 90% of respondents think that Rightmove is run on strong values and principles;
- 95% of respondents think this is a great place to work and are proud to work for Rightmove; and
- 97% of respondents are committed to making a real contribution to the success of Rightmove.

Despite the outstanding results, the management team is never complacent and works hard to improve the employee experience at Rightmove. An employee engagement score will again form part of the senior management bonus criteria in 2017, demonstrating the importance of employees to the continuing success of Rightmove.

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 range 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 and what the home hunters want from the Rightmove platforms.

As at 31 December 2016, our female representation on the Board was 33% with three out of nine Board directors being female. Following the retirement of Colin Kemp and Nick McKittrick in May 2017, this will rise to 43% with 50:50 representation at executive director level.

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. It is also important to identify and develop potential within the wider organisation with a view to strengthening the female representation within the senior management team. In 2016, 18% (2015: 24%) of our senior management team were female. Rightmove has a small senior management team and therefore the loss of just one female manager can have a big impact on female representation in this group. We are proud that the rest of our workforce now equally represents men and women.

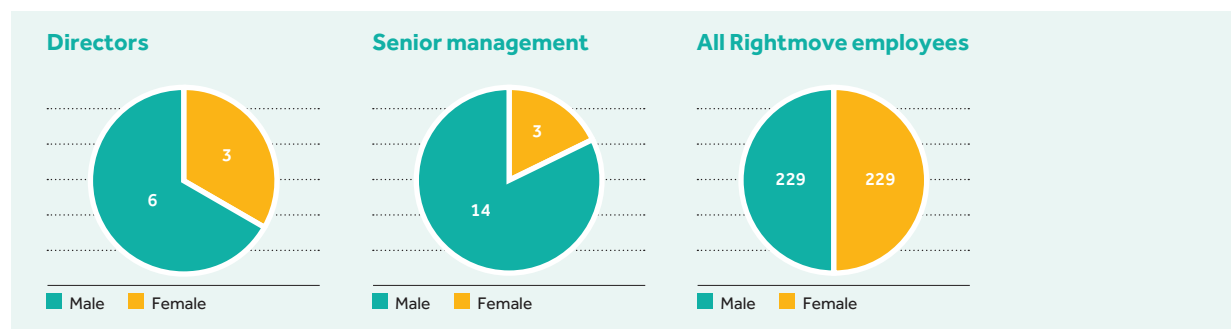
A breakdown by gender of the number of persons who were directors of Rightmove, senior managers and all other employees as at 31 December 2016, is set out below.

Human rights

Whilst Rightmove does not have a specific human rights policy, it does have policies covering Equal Opportunities, Anti-slavery and Anti-bribery 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. This register is reviewed by the Audit Committee annually.

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 2016 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 2016 we contributed £18,000 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.

In 2016, we contributed £49,000 to support customer initiatives via Agents Giving, where we contribute to the costs of setting up a charitable activity carried out by our customers, for example paying for the kit to be used by participants in a charity run or cycling event. 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 with Agents Giving in 2014. We were delighted that during 2016, Agents Giving achieved the milestone of raising over £1 million for a number of charitable initiatives supported by our customers.

In November 2016, we invited ten young people from the Prince's Trust to attend four weeks' work experience at Rightmove to learn about the business and the career opportunities on offer. The experience was very rewarding for the young people who enjoyed the lively family atmosphere and for the many Rightmovers who were involved in organising and delivering the work experience. The collaboration has resulted in three young individuals being offered a three-month internship within Rightmove. During the year Rightmove contributed £25,000 to the Prince's Trust.

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 platforms include 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 2016, we also introduced the option for staff entitled to a company car to select hybrid electric cars as an alternative to petrol or diesel engines.

In 2016, our fuel card provider, Allstar, again partnered with Forest Carbon to capture the CO₂ 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 the CO₂ from each vehicle and with that Forest Carbon plant woodlands that are quality assured by the Government's Woodland Carbon Code to offset the emissions from each vehicle. We are provided with an e-certificate annually which shows us how many trees have been planted for us, as well as their location and how much CO₂ 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

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires 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 2016. 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 ₂ e ⁽¹⁾ 2016	Tonnes CO ₂ e ⁽¹⁾ 2015
Scope 1	Company cars	486	492
Scope 2	Electricity	323	342
Scope 3	Outsourced – data centres	298	221
Total		1,107	1,055

(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>.

The increase in emissions from our outsourced data centres was due to a new, larger facility coming online during the year.

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 next table.

Emissions per Employee

Scope	Source	Tonnes CO ₂ e per employee ⁽¹⁾ 2016	Tonnes CO ₂ e per employee ⁽¹⁾ 2015
Scope 1	Company cars	1.0	1.2
Scope 2	Electricity	0.7	0.8
Scope 3	Outsourced – data centres	0.7	0.6
Total		2.4	2.6

(1) Based on 469 (2015: 412) employees taken as the average number of employees in the Group throughout the year.

Emissions per employee have declined year on year due to an increase in headcount in areas which have not had a proportionate impact on emissions, such as the use of company cars or running the outsourced data centres. We will continue to monitor and look for ways to improve energy efficiency.

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 2016, 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. This is delivered 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 Ascential plc
Non-executive director of Travelport Worldwide Ltd
Chairman of Innasol Group Ltd

Previous roles and relevant experience

Chairman of Orbitz Worldwide until September 2015 and a director of NetJets Management Ltd, a subsidiary of Berkshire Hathaway until October 2009. Scott has over 35 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 of Rightmove 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 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

Non-executive director of Ellis Whittam (Holdings) Limited

Previous roles and relevant experience

With over 30 years' experience in high street retail banking, Colin worked for Lloyds Banking Group companies since 1979 including two and a half years on the bank's Retail Executive Committee, before retiring in July 2016. Between January 2005 and December 2007, he was Managing Director of Halifax Estate Agencies Limited. Colin is a Cranfield MBA, an Associate of the Chartered Institute of Marketing and a Visiting Fellow at Cranfield University.



Rakhi Goss-Custard

Non-Executive Director

Appointment to the Board

28 July 2014

Committee membership

Audit, Remuneration

Current external commitments

Non-executive director of Kingfisher plc
Non-executive director of Schroders plc
Non-executive director of Intu Properties plc
Non-executive director of Be Heard Group plc

Previous roles and relevant experience

Rakhi was previously Director of UK Media at Amazon 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 previously advised Zappos and held strategy roles at TomTom and Oliver Wyman.



Jacqueline de Rojas

Non-Executive Director

Appointment to the Board

30 December 2016

Current external commitments

Managing Director UKI – Northern Europe of The Sage Group plc
President of techUK

Previous roles and relevant experience

Jacqueline has been employed throughout her career by global blue-chip software companies. Before joining Sage in 2016, she held senior positions at Citrix, CA Technologies, McAfee and Ascential Software. She was a non-executive director of Home Retail Group plc from 2012 to 2016. Jacqueline is an advisor to the Digital Leaders Technology Group and a passionate advocate for diversity in the workplace.



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 and was promoted to the Board as Finance Director in April 2013. She was also Company Secretary from April 2012 to July 2014 and from June to October 2016. 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
Non-executive director of U and I plc

Previous roles and relevant experience
Peter was previously senior independent director of ASOS plc and Sportech 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, Peter 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 ten years.



Ashley Martin
Non-Executive Director

Appointment to the Board

11 June 2009
Committee membership
Audit (Chairman), Nomination

Current external commitments
Non-executive director of Zegona Communications plc

Previous roles and relevant experience
Ashley qualified as a chartered accountant in 1981 and has a career in finance spanning 35 years. He was previously Global Chief Financial Officer of Engine Holding LLC and Group Finance Director of Rok plc, the building services group, and Group Finance Director of the media services company, Tempus plc.



Sandra Odell
Company Secretary

Appointment as officer to the Board
1 November 2016

Current external commitments
None

Previous roles and relevant experience
Sandra is a Fellow of the Institute of Chartered Secretaries and Administrators. Prior to joining Rightmove, Sandra was Company Secretary of Quintain, the London property developer, and before that held various senior company secretarial positions in listed financial services companies.

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 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 47 to 48.

The Group's risk management and internal control framework and the principal risks and uncertainties are described on pages 21 to 22. The Directors' Report on pages 43 to 45 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 and can be found on the FRC's website at <https://frc.org.uk>.

We are pleased to confirm that, for the year under review, the Company has complied fully with the principles and provisions of the Code.

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 Companies Act and the Company's Articles of Association. The Board delegates certain matters to the Board committees and delegates the day to day operational aspects of the business to the executive directors.

During the year, the Board has adopted an updated schedule of matters requiring Board approval. These include approval of:

- Rightmove's business strategy;
- the annual business plan;
- changes to the Group's capital structure;
- the capital management and dividend policies;
- the annual and half year results and shareholder communications;
- major acquisitions and disposals;
- appointment and removal of officers of the Company; and
- the system of internal control and risk management.

The key responsibilities and actions carried out by the Board during the year are set out below:

Responsibility	Specific actions and information received during the year		
Strategy and direction	The June Board meeting was devoted to Rightmove's strategy and included a discussion of the potential influences, threats and opportunities to Rightmove's business model arising from economic, regulatory and other market changes. Priority strategic initiatives are featured for monitoring, analysis and discussion at every Board meeting throughout the year	Approved the Group's budget for 2017 and its three-year business plan to 2019	Presentation from a media analyst on the online classifieds marketplace and global peer benchmarking
Performance monitoring	Regular market updates and reports about competitive landscape including new business models and innovation	Regular updates on business performance relative to analyst consensus forecasts and business plan	Presentations from senior management providing an update on Agency and New Homes business performance and progress against the Rightmove customer value equation Housing market updates

Responsibility	Specific actions and information received during the year			
Shareholder engagement	Investor feedback received via the executive directors throughout the year, particularly post results and investor roadshows	Received monthly reports on shareholder composition and analysis of significant changes to the shareholder register	Presentation from UBS, Rightmove's corporate broker explaining the key drivers of the Group's valuation	Investor Consultation eliciting feedback on the proposed Remuneration Policy received via the Remuneration Committee
Governance and risk	Reviewed key risks appearing on the risk register. Discussed changes in significant risks affecting the business and considered emerging risks Received reports from the Audit Committee on the findings of Rightmove Assurance	Reviewed and approved the Group's regulatory results announcements and Annual Report	Briefings and presentations from senior management covering a wide range of topics including cyber and information security risks, corporate governance and 2017 insurance renewal programme	Consideration of Board Strategy Review externally facilitated by Korn Ferry including analysis of relevant experience and skills on the Board to best support the Group's achievement of its strategic objectives
People and values	Presentations by senior managers throughout the year to ensure the Board's exposure to the breadth and depth of talent supporting business growth	The Audit Committee reported on Rightmove Assurance's review of employee incentivisation arrangements	The Remuneration Committee reported on the proposed executive Remuneration Policy	Monitoring of Group employee satisfaction scores across a range of criteria

There are usually seven or eight scheduled Board meetings each year including one meeting or away day devoted to consideration of the Group's strategy. Additional meetings can be arranged at short notice at the request of any director, if required. In addition to scheduled Board meetings, there is regular informal dialogue between all directors.

Directors receive Board papers well in advance of meetings to allow sufficient time for review and consideration. If any director raises a concern or challenges any aspect of the business conducted at a Board meeting, the Company Secretary will ensure their comments are appropriately recorded in the Board minutes. In addition to formal Board papers, directors receive monthly management and financial reports on the operational and financial performance of the business setting out actual and forecast financial performance against approved budgets and 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 reports on the respective Committee's activities at the subsequent Board meeting.

The Committees' terms of reference are available on the Company's corporate website, 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 34. 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
Audit	<p>Reviews and reports to the Board on:</p> <ul style="list-style-type: none"> • Group financial reporting; • the system of internal control and risk management; • independence and effectiveness of the external audit process; and • the internal audit plan, results and effectiveness of Rightmove Assurance, the outsourced internal audit function. <p>Recommends the appointment of the external auditors to the Board for approval by shareholders</p>	At least three members who should be independent non-executive directors	Three	36 to 40
Remuneration	<p>Makes recommendations to the Board on:</p> <ul style="list-style-type: none"> • the Remuneration Policy and strategy for executive directors and senior managers; • long-term incentive arrangements; • the design and determination of targets under any performance-related pay scheme; and • any major changes in employee benefit structures <p>with the objective of ensuring that directors and employees are incentivised and fairly rewarded for their individual contributions to the Group's overall performance. Careful consideration is given to the interests of the shareholders and to the financial and commercial health of the Group</p>	At least three members who should be independent non-executive directors	Two	47 to 48; 60 to 74
Nomination	<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>	At least three members, the majority of whom should be independent non-executive directors	Two	41 to 42

Board composition

The Board at the date of this report comprises three executive directors and six 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, Rakhi Goss-Custard and Jacqueline de Rojas.

Biographical details of all directors at the date of this report appear on pages 28 to 29 and details of Committee membership appear on page 34.

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

Board changes

As part of the organisational changes announced on 24 February 2017, Nick McKittrick, Chief Executive Officer, will retire from the Board at the next AGM being 9 May 2017, and Peter Brooks-Johnson (currently Chief Operating Officer) will become the Chief Executive Officer from that date. Nick McKittrick will remain with the Company through to 30 June 2017 to ensure a smooth transition process.

Colin Kemp will also retire from the Board and relevant Committees with effect from the AGM date, having served nine years as a non-executive director.

Jacqueline de Rojas joined the Board on 30 December 2016. All other directors served throughout the year.

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	<p>Responsible for the leadership and governance of the Board, including:</p> <ul style="list-style-type: none"> ensuring its effectiveness by creating and managing constructive relationships between the executive and non-executive directors; ensuring 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 discussion and effective decision making, and that directors receive sufficient, pertinent, timely and clear information.
Chief Executive Officer	<p>Responsible for the day to day management of the Group, including:</p> <ul style="list-style-type: none"> the operational and financial performance of the Group; developing the Group's objectives and strategy and following Board approval, the successful execution of strategy; effective and ongoing communication with shareholders; and chairing the Executive Committee.
Non-executive directors	<p>The role of the non-executive directors is to:</p> <ul style="list-style-type: none"> constructively challenge the executive directors; and monitor the delivery of the strategy within the risk and control framework set by the Board. <p>The non-executive directors bring wide and varied commercial experience and independent judgement to the Board and the Committees' deliberations.</p> <p>The breadth of management, financial and listed company experience of the non-executive directors is described in the biographical details on pages 28 to 29 and demonstrates a range of business expertise that provides the right mix of skills and experience given the size of the Group.</p>
Senior Independent Director	<p>The role of the Senior Independent Director is to:</p> <ul style="list-style-type: none"> act in an advisory capacity to the Chairman; deputise for the Chairman if required; serve as an intermediary for other directors when necessary; be 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 conduct 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	<p>The Company Secretary:</p> <ul style="list-style-type: none"> monitors compliance with appropriate Board procedures; advises the Board on corporate governance matters; assists the Chairman in ensuring that all the directors have full and timely access to relevant information; and assists the Chairman by organising directors' induction and training programmes. <p>The Company Secretary also acts as Secretary to the Audit, Remuneration and Nomination Committees.</p> <p>The appointment and removal of the Company Secretary is a matter for Board approval.</p>

Board diversity

We are committed to a Board comprised of directors from different backgrounds with 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 and business, so we strive to maintain the optimal balance. We endorse both a meritocratic Board appointment process and balanced gender

representation on the Board. As at 31 December 2016, 33% of Board members were female and following the retirement of Nick McKittrick and Colin Kemp in May 2017, this will rise to 43% with 50:50 representation at an executive director level. We remain committed to recruiting the best people and appropriate talent for the business and will seek to recruit qualified directors with an ideal of achieving as near equivalent gender balance on the Board as possible.

Board independence

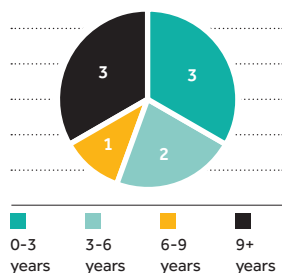
The Code provides that the Board should identify in the Annual Report each non-executive director that it considers to be independent. That is, to determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect,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

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 and non-executive directors and that all non-executive directors are fully independent of management and independent in character and judgement. Colin Kemp completed nine years' service as a non-executive director in July 2016 and will retire following the 2017 AGM. The Board does not believe that the period from his nine-year anniversary to his retirement date will impair Colin Kemp's independence in character or judgement.

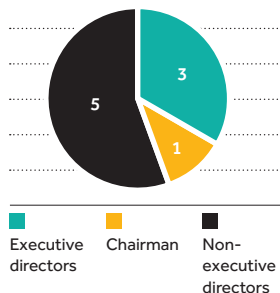
To safeguard their independence, a director is not entitled to vote on any matter in which they may be conflicted or have a personal interest. Where necessary, directors are required to absent themselves from a meeting of the Board while such matters are being discussed. In cases of doubt, the Chairman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

The Chairman is also the Chairman of another publically 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 2016



Balance of directors
as at 31 December 2016



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. All directors are subject to election at the first AGM following their appointment and in accordance with the Code, all directors will seek re-election at the 2017 AGM with the exception of Nick McKittrick and Colin Kemp, who have notified the Company of their retirement from the Board as at this date.

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:

	Remuneration Board	Remuneration Committee	Audit Committee	Nomination Committee
Total meetings	7	6	5	2
Scott Forbes	7	4 ⁽¹⁾	–	2
Nick McKittrick	7	–	–	–
Peter Brooks-Johnson	7	–	–	–
Robyn Perriss	7	–	–	–
Colin Kemp	7	6	–	2
Ashley Martin	7	1 ⁽²⁾	5	2
Peter Williams	7	6	5	2
Rakhi Goss-Custard	7	6	5	2 ⁽³⁾

- (1) The Remuneration Committee Chairman invited the Chairman of the Board to attend all Remuneration Committee meetings.
- (2) The Remuneration Committee Chairman invited Ashley Martin to attend one Remuneration Committee meeting as a guest for consideration of bonus and long-term incentive plan performance targets.
- (3) Rakhi Goss-Custard was invited to attend two Nomination Committee meetings on a guest basis.

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 non-executive directors 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 a Dealing Code setting out the process and timing for dealing in shares, which is compliant with the Market Abuse Regulation. The Dealing Code applies to all directors, who are persons discharging managerial responsibility, and other insiders.

Shareholder relations

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

Within the terms of the regulatory framework, the directors have conducted regular dialogue with shareholders through ongoing meetings with institutional investors and research firms to discuss strategy and operational and financial performance. Contact in the UK is principally with the Chief Executive Officer and the Finance Director. The Chairman attends selected investor meetings in the UK and the USA. 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's investors 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, which provides details of all the directors, the financial calendar, latest news including financial results, investor presentations and Stock Exchange announcements.

Annual General Meeting

The AGM provides an opportunity for shareholders to vote on aspects of the Company's business, meet the directors and ask them questions. The AGM will be held on 9 May 2017 at the offices of UBS Limited at 5 Broadgate, London EC2M 2QS.

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 or posted to shareholders (where requested) at least 20 working days before the AGM.

The Company continues to comply with the Code with the separation of all resolutions put to shareholders. The Company proactively encourages shareholders to vote at general meetings by providing electronic voting for shareholders who wish to vote online and personalised proxy cards to all shareholders, ensuring that all votes are clearly identifiable. The Company presently takes votes at general meetings on a show of hands on the grounds of practicality, owing to the limited number of shareholders in attendance. 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 2016 report of the Audit Committee (the Committee).

This report provides an overview of the principal activities of the Committee and details how it has discharged its responsibilities during the year.

The Committee is an essential part of Rightmove's governance framework to which the Board has delegated oversight of the accounting, financial reporting and internal control processes, the outsourced internal audit function and the relationship with the external auditors. The key responsibilities are set out on page 32 of the Corporate Governance Report.

The Committee has completed a detailed programme of work in 2016 in relation to its remit, including challenge and debate in relation to the outsourced risk and assurance programme delivered by PricewaterhouseCoopers LLP (PwC), known as Rightmove Assurance, and ensuring it is embedded throughout the business.

The Committee has also considered a number of new and emerging business risks and regulatory requirements. These included a review of the potential impact on Rightmove of changes in the housing market environment following the UK's decision to leave the EU, and a review of the requirements of the Finance Bill 2016 in relation to the Group's tax strategy together with compliance with the Senior Accounting Officer Regime, and the reporting requirements under the Modern Slavery Act 2015.

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.

We were delighted to receive communication from the Financial Reporting Council (FRC) that following a review of our 2015 Annual Report and financial statements, there were no queries or issues arising.

Looking forward to the next 12 months, the Committee will continue to focus on the audit, assurance and risk processes within the Group, including specific reviews in relation to cyber security risk, quality of member data and data privacy.

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

A copy of the terms of reference of the Committee can be found on the Company's website at: plc.rightmove.co.uk.



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
Peter Williams	5
Rakhi Goss-Custard	5

The Committee consists entirely of independent non-executive directors, the biographical details of whom can be found on pages 28 to 29. There has been no change to the composition of the Committee during the year. 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. We consider that every member of the Committee has competence relevant to Rightmove's business and the sector in which we operate.

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 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 Committee Chairman briefs the Board on the matters discussed at each meeting and minutes of the Committee meetings are circulated to the Board once approved. The effectiveness of the operation of the Committee was reviewed as part of the effectiveness review of the Board and its committees in December 2016, details of which can be found in the Nomination Committee report on page 42. Each Board member responded to key questions on Board performance and commented generally on the performance of Board Committees. The Board received positive feedback on the Committee's performance, in particular, noting the improved engagement between Rightmove Assurance and the business during the year.

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with the assistance of both management and the external auditor the half year results statement and the Annual Report and financial statements relating to the Group's financial performance.

The key significant area of judgement considered by the Committee in relation to the 2016 Annual Report is revenue recognition; details of how this was addressed by the Committee are provided below.

Revenue recognition

The key area of judgement is 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, including 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. KPMG investigated anomalies and outliers identified and provided 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. A separate review of billing and controls within the non-core revenue streams was also undertaken by Rightmove Assurance. In addition, the Committee received regular updates from management discussing current customer offers and their impact on revenue recognition.

The Committee was satisfied with the explanations provided and conclusions reached.

Fair balanced and understandable

At the request of the Board, the Committee was asked to consider whether the 2016 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.

The Committee was provided with an early draft of the Annual Report in order to assess the strategic direction and key messages being communicated. Feedback was provided by the Committee in advance of the February Board meeting, highlighting any areas where the Committee believed further clarity was required. The draft report was then amended to incorporate this feedback prior to being tabled at the Board meeting for final comment and approval.

When forming its opinion, the Committee reflected on the information it had received and its discussions throughout the year. In particular, the Committee considered:

Is the report fair?

- Is the whole story presented and has any sensitive material been omitted which should have been included?
- Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting?
- Is the reporting on the business areas in the narrative reporting consistent with the financial reporting in the financial statements?

Is the report balanced?

- Do you get the same messages when reading the front end and back end of the Annual Report independently?
- Are the alternative performance measures explained clearly with appropriate prominence?
- Are the key judgements referred to in the narrative reporting and significant issues reported in this Committee Report consistent with disclosures of key estimation uncertainties and critical judgements set out in the financial statements?
- How do these compare with the risks that KPMG are planning to include in their Auditors' Report?

Is the report understandable?

- Is there a clear and cohesive framework for the Annual Report?
- Are the important messages highlighted appropriately throughout the Annual Report?
- Is the Annual Report written in easy to understand language and are the key messages clearly drawn out?
- Is the Annual Report free of unnecessary clutter?

Following its review, the Committee is of the opinion that the 2016 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Financial Reporting Council

During the year, Rightmove received a letter from the FRC to confirm that the Annual Report for the year ended 31 December 2015 had been subject to review by its Conduct Committee, which is responsible for reviewing and investigating the annual accounts, directors' and strategic reports of UK public companies. The letter from the FRC communicated that following this review, no questions or queries have been raised. The FRC noted that its role was not to verify information, but to consider compliance with reporting requirements, and it did not take responsibility for reliance on its letter by any party.

Internal audit

The Group established an internal audit function during 2015 known as Rightmove Assurance which is outsourced to PwC. The aim of Rightmove Assurance is to provide independent and objective assurance on the effectiveness of internal control, risk management and governance processes. This includes assurance that underlying controls and processes are working effectively, as well as specialist reviews that focus on emerging risks in new and evolving areas of the business.

During the year and in accordance with the approved internal audit plan, Rightmove Assurance carried out work in the following areas:

- financial controls: review of the risks and controls in relation to the revenue and billing processes within our other revenue streams, being all business units other than Agency and New Homes;
- business continuity planning and Crisis Response: a comprehensive review and update of plans for the Milton Keynes and London offices, and testing of business continuity readiness;
- review of non-financial reporting KPIs: including comparisons with public reporting by other quoted peers;
- reward and incentivisation: an assessment of the structure and philosophy of reward within the Group for employees excluding directors; and
- Senior Accounting Officer (SAO) regime: review of Rightmove's tax risk framework in advance of Rightmove entering the SAO regime in 2017.

Reports setting out the principal findings of the Rightmove Assurance reviews and agreed management actions were discussed by the Committee.

Effectiveness of the internal audit process

The work of Rightmove Assurance has provided a key additional source of assurance and support to management and the Audit Committee on the effectiveness of internal controls as well as providing guidance and recommendations to further enhance the internal control environment, and provide specialist insight into areas of change in the business.

The first review by the Committee of the effectiveness of the Rightmove Assurance function took place in early 2016. The evaluation was led by the Committee Chairman and included consideration of stakeholder feedback on the quality of Rightmove Assurance activity, including from PwC themselves. The evaluation concluded that Rightmove Assurance had added value to the business in its first year in providing further assurance on financial controls and increasing the robustness of the risk review process. It was also seen as helpful in setting priorities for management and allowing access to specialist input that Rightmove does not have in-house. The evaluation had a number of recommendations for PwC and Rightmove that were incorporated into the 2016 Rightmove Assurance plan.

External audit

The Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor.

KPMG LLP was re-appointed as the Group's auditor in 2013 following an audit tender and, in accordance with the EU Audit Directive implemented in 2016, the Group will be required to put the external audit contract out to tender by 2023. 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 four years, and therefore the Committee and management will work with KPMG to ensure a smooth transition to a new audit partner, commencing during the 2017 audit process.

The Committee approved the fees of KPMG for the year as set out in Note 6 of the financial statements.

Effectiveness of the external audit process

The effectiveness of the external audit process is dependent on a number of factors. 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 2016 financial year, the Committee was 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 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.

The Committee approved an updated non-audit fee policy in November 2015 in advance of the EU Audit Directive implemented in June 2016, and adopted by the FRC in its Revised Ethical Standard 2016. Following the introduction of updated FRC guidelines, the non-audit fee policy has been updated to give management the authority to incur permitted non-audit fees of up to £15,000 in any financial year without 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 of 70% of the average audit fees over the three preceding financial years. Permitted non-audit services are any services which are not identified as prohibited services in the FRC Revised Ethical Standard 2016.

The level of non-audit fees as a proportion of the audit fee has typically been very low at Rightmove. The non-audit services provided by KPMG have historically related to tax advisory services which are now prohibited, and as a result, PwC were appointed as Rightmove's tax advisors in 2016. Details of the non-audit fee services provided by KPMG can be found in Note 6 of the financial statements.

Additional areas of focus of the Committee during 2016

The Committee considers new and emerging risks as the business and regulatory environment evolves. This resulted in the following items being discussed by the Committee during 2016:

- housing market: consideration of the potential impact on Rightmove of the greater level of uncertainty in the housing market following the vote to leave the EU;
- data protection, and use of consumer personal data;
- Modern Slavery Act 2015: review of the proposed steps to be taken prior to the publication of a Modern Slavery Act statement and approval of the draft statement; and
- consideration of the adoption of IFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

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 financial analysis is rigorously undertaken. 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 has 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 2016 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 and 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, 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 platforms across three separate locations which is regularly tested and reviewed; and
 - 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 the Milton Keynes office 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
- 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 their 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 2016 report of the Nomination Committee (the Committee).

The Committee's role is to regularly review the structure, size and composition of the Board with the objective of matching the evolving skills, knowledge and experience required by the business. The Committee seeks to optimise the Board's performance and ensure the continued ability of the Group to compete effectively in the marketplace, and make recommendations to the Board with regard to any changes.

A copy of the terms of reference of the Committee can be found on the Company's website at: plc.rightmove.co.uk. These were updated during the year with the key responsibilities as follows:

Board composition and appointments	<ul style="list-style-type: none"> Review the structure, size and composition of the Board and make recommendations on any changes Identify and nominate suitable candidates to fill Board vacancies Recommend the membership of the Audit and Remuneration Committees
Organisation and succession planning	<ul style="list-style-type: none"> Review the organisation and succession plan in order to identify skills and expertise for the Group to meet its strategic objectives Make recommendations to the Board concerning plans for succession for both executive and non-executive directors and, in particular, for the key roles of Chairman and Chief Executive Officer
Board evaluation	<ul style="list-style-type: none"> Evaluate the performance of the Board both collectively and individually against agreed performance criteria Determine the level of Board effectiveness based on the assessment and recommend any actions to improve performance

In 2016 the Committee reviewed the organisation and succession plans, recommended the appointment of a new non-executive director and conducted an internal Board and Committee evaluation. Further details of the Board evaluation can be found on page 42 of this report.

Jacqueline de Rojas was appointed as a non-executive director on 30 December 2016, following an external search by Korn Ferry International (Korn Ferry). The Board currently consists of nine directors including six non-executive directors, five of which are considered to be independent. Following the retirement of Nick McKittrick (Chief Executive Officer) and Colin Kemp (non-executive director) at the 2017 AGM, the Board will comprise seven directors (two executive directors and five non-executive directors).

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

The following non-executive directors are members of the Committee. The Committee met twice during the year and attendance at the meetings is shown below:

Committee members	Number of meetings attended
Scott Forbes (Chairman of the Committee)	2
Peter Williams	2
Ashley Martin	2
Colin Kemp	2

Rakhi Goss-Custard and Nick McKittrick attended both meetings by invitation.

Membership

The Committee is comprised entirely of non-executive directors, whose biographical details can be found on pages 28 to 29. As at 31 December 2016 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. 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 Committee members continue to be independent.

Principal activities of the Committee during 2016

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 actions based upon the findings of the Board evaluation;
- recommended the appointment of a non-executive director;
- considered the diversity of the Board and updated the policy regarding gender diversity 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 strategic challenges and opportunities facing the Group, financial performance, operational activities (including meeting with members of the senior management team and spending a day on the road with a sales director meeting our customers), the role of the Board including the matters reserved to it for approval, and the responsibilities of the Board Committees. New directors receive a comprehensive induction pack of corporate information and a briefing from the Company Secretary covering corporate governance, Group policies and relevant regulations.

Individual Board members have access to training and can seek the advice from 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.

The Committee considered the conclusions of the Board Strategy Review externally facilitated by Korn Ferry in 2015, and agreed a candidate profile for a new non-executive director to join the Board in advance of Colin Kemp's retirement following the 2017 AGM. The Committee recommended the appointment of Jacqueline de Rojas as a recognised technology leader with relevant customer engagement experience and an advocate for increased opportunities for women and diversity in both the boardroom and technology workplace. The Committee has also agreed a candidate profile and initiated a search by Korn Ferry for a non-executive director with suitable skills and experience to replace Ashley Martin, when he retires from the Board and as Audit Committee Chairman in May 2018.

The Board has undertaken an internal self-assessment during 2016. Directors were invited to provide feedback via the Company Secretary on Board and Committee performance and answer key questions relating to the Board's strengths, improvements during the year and which business risks and development opportunities should receive more focus. The Committee and Board discussed the feedback at the Committee meeting in December 2016 and recommended a number of actions and areas of focus for the Board during 2017. It was agreed that the Board has benefited from access to members of senior management and such interaction should continue at future board meetings. Additionally, the Board seeks more opportunities to enhance its understanding of the customer perspective.

The evaluation concluded that the Board and its Committees continue to operate effectively with strong individual contributions from executive directors, open, constructive debate and a good balance of support and challenge from the non-executive directors.

An internally facilitated review of the performance of the Board and its Committees will again be conducted during 2017.

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 2016.

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

Pages 43 to 45, 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 1 to 27. This report sets out the development and performance of the Group's business during the financial year, the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group.

Dividend

An interim dividend of 19.0p (2015: 16.0p) per ordinary share was paid in respect of the half year period on 4 November 2016, to shareholders on the register of members at the close of business on 7 October 2016. The directors are recommending a final dividend for the year of 32.0p (2015: 27.0p) per ordinary share, which together with the interim dividend, makes a total for the year of 51.0p (2015: 43.0p), amounting to £29,696,000 (2015: £25,547,000). Subject to shareholders' approval at the Annual General Meeting (AGM) on 9 May 2017, the final dividend will be paid on 2 June 2017 to shareholders on the register of members at the close of business on 5 May 2017.

Share capital

The shares in issue, including 2,271,725 shares held in treasury (2015: 2,322,314) at the year-end amounted to 95,490,266 (2015: 97,741,977) ordinary shares of £0.01, with a nominal value of £954,902 (2015: £977,419). 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 47 to 74.

Share buyback

The Company's share buyback programme continued during 2016. Of the 15% authority given by shareholders at the 2016 AGM, a total of 2,251,711 (2015: 2,251,340) ordinary shares of

£0.01 each were purchased in the year to 31 December 2016, being 2.4% (2015: 2.3%) of the shares in issue (excluding shares held in treasury) at the time the authority was granted. The average price paid per share was £39.12 (2015: £33.79) with a total consideration paid (excluding all costs) of £88,083,000 (2015: £76,071,000). Since the introduction of the new parent company in January 2008, a total of 36,415,142 shares have been purchased of which 2,271,725 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 9 May 2017.

Shares held in trust

As at 31 December 2016, 343,275 (2015: 386,057) 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 2016 of £3,433 (2015: £3,861) and a market value of £13,398,000 (2015: £15,925,000). The shares held by the EBT may be used to satisfy share-based incentives for the Group's employee share plans. During the year, 50,082 (2015: 184,842) shares were transferred to Group employees following the exercise of share-based incentives. Additionally, 20,250 shares were purchased by the EBT for transfer to the Rightmove Share Incentive Plan Trust (SIP). The terms of the EBT provide that dividends payable on the shares held by the EBT are waived.

As at 31 December 2016, 50,150 (2015: 37,800) ordinary shares of £0.01 each in the Company were held by the SIP for the benefit of Group employees. These shares had a nominal value at 31 December 2016 of £502 (2015: £378) and a market value of £1,957,000 (2015: £1,559,000). The shares held by the SIP are awarded as free shares to eligible employees in January of each year 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, 600 (2015: 500) shares were released early from the SIP in relation to good leavers and retirees 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 Guidance 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 notified 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	% ⁽¹⁾
BlackRock Inc ⁽²⁾	Indirect	7,761,241	8.3%
	Contracts for difference (CFD)	1,844,685	2.0%
	Stock lending	702,740	0.8%
Marathon Asset Management LLP ⁽³⁾	Indirect	5,930,755	6.4%
Baillie Gifford & Co ⁽³⁾	Indirect	5,873,614	6.3%
Axa Investment Managers SA ⁽³⁾	Indirect	5,510,468	5.9%
	Direct	831,055	0.9%
Standard Life Investments ⁽³⁾	Direct	4,000,946	4.3%
	Indirect		
Caledonia (Private) Investments Pty Limited ⁽³⁾	Direct	2,905,192	3.1%

(1) The above percentages are based upon the total voting rights share capital (being the shares in issue less shares held in treasury) of 93,119,831 as at 24 February 2017.

(2) Date of notification was 13 February 2017.

(3) Date of notification preceded the 2016 financial year.

Directors

The directors of the Company as at the date of this report are named on pages 28 to 29 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 provisions of the UK Corporate Governance Code, all directors who have served during the year and remain a director as at 31 December 2016 will retire and offer themselves for re-election at the forthcoming AGM with the exception of Nick McKittrick and Colin Kemp, who have notified the Company of their retirement from the Board as at this date.

Jacqueline de Rojas will offer herself for election, this being her first AGM following her appointment to the Board as non-executive director on 30 December 2016.

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 contracts 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 47 to 74. At the date of this report all of the executive directors were deemed to have a non-beneficial interest in 343,275 ordinary shares of £0.01 each held by 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 platforms. Further details are disclosed in Note 2 to the financial statements on page 87.

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 5 Broadgate, London, EC2M 2QS on 9 May 2017 at 10am. The Notice of Annual General Meeting will be published in March 2017.

The resolutions being proposed at the 2017 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 (in line with the Pre-Emption Group's Statement of Principles). A resolution will also be proposed to renew the directors' authority to purchase a proportion of the Company's own shares. The Company will again seek shareholder approval to hold general meetings (other than AGMs) at 14 days' notice. Resolutions will be proposed to renew these authorities, which would otherwise expire at the 2017 AGM.

Additional items of special business for the 2017 AGM are resolutions seeking shareholder approval for the Rightmove 2017 Deferred Share Bonus Plan (DSP), and amendment and renewal of the Rightmove 2008 Sharesave Plan (Sharesave). The DSP has operated since 2009 as an incentive for executive directors and certain senior employees, using shares purchased by the EBT in the market. Shareholder approval is required to allow the use of Treasury or new issue shares. The Sharesave has operated since 2008 and enables all Rightmove employees to save for three years and purchase shares in the Company at a discounted price under HMRC approved rules. Shareholder approval is required to amend and renew the Sharesave for a further ten years.

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 the auditor's remuneration will be proposed at the 2017 AGM.

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 page 27.

Fair, balanced and understandable

The Board has concluded that the 2016 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 on behalf of the Board:



Nick McKittrick
Chief Executive Officer



Robyn Perriss
Finance Director

24 February 2017

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 (the Company) together with its subsidiary companies (the Group) for the year ended 31 December 2016.

The report is divided into two sections, the Remuneration Policy Report and the Annual Report on Remuneration. As required by the remuneration regulations, you will be asked to vote separately on these two reports at our AGM on 9 May 2017. The Remuneration Policy, which has been subject to review this year by the Remuneration Committee (the Committee) and consultation with our shareholders, is set out on pages 50 to 59. This year we have introduced a section called 'Remuneration at a glance', to provide our shareholders with a summary of the Company's performance for 2016 and proposed remuneration arrangements for 2017.

Performance and reward

The Committee considers that the remuneration of the executive directors appropriately and fairly reflects the performance of the Group. As described in the Strategic Report, our 2016 results show another year of strong growth in organic revenue and underlying operating profit⁽¹⁾. The increase in underlying operating profit⁽¹⁾ achieved this year is particularly strong in light of uncertainties influencing the general market place and once again demonstrates the strength of the Rightmove business model and brand and the effectiveness of our management team.

In accordance with the Remuneration Policy, the Committee has reviewed achievement against the bonus plan objectives for 2016 and recommended an annual bonus payment of 92%. This echoes the strong growth in revenue and

underlying operating profit⁽¹⁾ of 15%, our continued market leadership in audience and encouraging growth in Other revenue, albeit not at the maximum opportunity. We were also delighted that the employee engagement target was met in full. Overall, performance for the year significantly outperformed the business plan and the Committee was therefore satisfied that it was appropriate to pay 92% of the maximum bonus.

Turning to the Group's longer term performance, which continues to reflect the successful implementation of its growth strategy over the last three financial years, the 2014 Performance Share Plan awards (measuring performance from 1 January 2014 to 31 December 2016) will vest in full in March 2017 as a result of delivering underlying basic EPS⁽²⁾ growth of 76% and TSR growth of 53% over the performance period, which exceeded the respective growth targets set of 70% and FTSE 250 Index +25% over the three-year period. The Committee tested the performance conditions, which were set at the beginning of the performance period, and determined that the Group had outperformed the maximum targets. It was therefore satisfied that the awards should vest in full

Remuneration policy

In 2016, the Committee conducted a full review of the executive Remuneration Policy, which was last approved by shareholders in 2014.

The review indicated that the overall policy, which provides below market fixed pay (base salary, pension and benefits) and above market variable pay opportunity (short and long-term incentives) for outstanding performance, remains fit for purpose in this dynamic, growth-orientated business. However, this policy has resulted in levels of fixed pay falling further below market

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

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

levels than the Committee felt was appropriate and, as a consequence, longer-term incentives which are broadly in line with the market as a percentage of salary, have also fallen below market norms. The Committee therefore considers that an adjustment to levels of fixed pay is appropriate to ensure that the current policy continues to effectively reward and incentivise our executive directors and senior management team to deliver sustainable performance in a growth-orientated business.

The Committee consulted the Company's major shareholders, together holding over 50% of Rightmove shares, for their views on the new policy, including salary proposals for 2017. Our shareholders were overwhelmingly supportive of the proposed changes, subject to some useful constructive feedback, which has been incorporated into the proposed policy. The key elements of the Remuneration Policy are summarised in 'Remuneration at a glance' on page 49 and detailed in the Remuneration Policy Report on pages 50 to 59.

Details of the changes to the salaries of the executive directors are set out on page 61. In summary, increases of 3% in excess of the average of Rightmove's employees were awarded to the CEO and COO and an increase of 11.8% above that of the workforce was awarded to the Finance Director. These increases were introduced in January 2017 and reflect the increase in size and complexity of each role and, in the case of the Finance Director, that on appointment her salary was set significantly below the Committee's assessment of an appropriate rate for the role and the performance and capability that she has demonstrated as she has gained experience in the role.

The proposed Remuneration Policy will also incorporate some minor modifications to bring it in line with current market and best practice and is expected to operate for three-years from shareholder approval in May 2017.

The Committee's objective is to retain a remuneration framework that rewards and incentivises our management team to deliver Rightmove's longer term strategy with a clear emphasis on performance-related pay to reflect the culture of the Group. Following the proposed changes, the Remuneration Policy will continue to provide below market levels of fixed pay with above market levels of variable pay opportunity, subject to the achievement of challenging performance measures linked to the Group KPIs. Variable pay is geared toward long-term sustainable performance, with a high level of annual bonus deferral into shares, long-term incentive awards and higher share ownership guidelines.

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.

Chief Executive Officer retirement

On 23 February 2017, Nick McKittrick notified the Board of his intention to retire as a director and Chief Executive Officer following the AGM on 9 May 2017. A summary of the remuneration arrangements in relation to his retirement are set out on page 74.

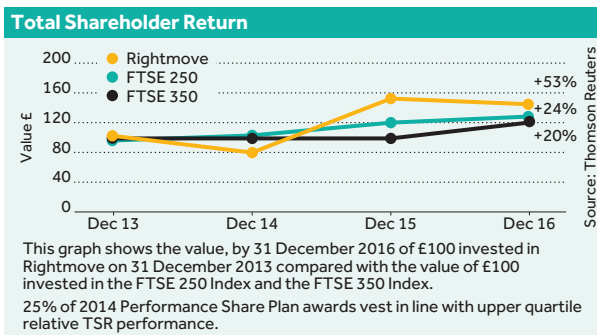
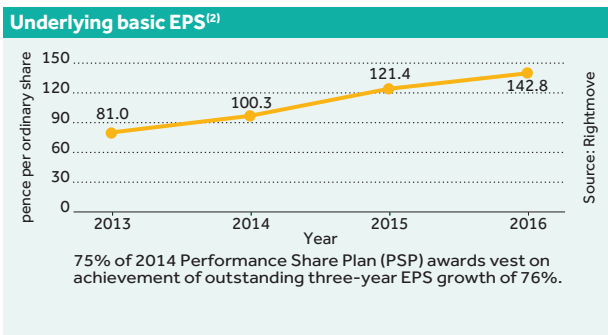


Peter Williams

Chairman of the Remuneration Committee

2016 Financial Performance		
Revenue	Underlying operating profit before tax ⁽¹⁾	Returns to shareholders
+15%	+15%	£131.3m

Long-term incentive plan – outcome against maximum targets: 100%



Annual bonus plan – outcome against maximum targets: 92%

Underlying operating profit before tax ⁽¹⁾	Growth in absolute website visits relative to our nearest competitor	Growth in Other revenue ⁽³⁾	Employee survey respondents who think 'Rightmove is a great place to work'
Target: £163.8m Actual: £166.2m	Target: 50% higher growth in absolute visits than our nearest competitor Actual: Growth in absolute visits 17.75 times higher than our nearest competitor	Target: 30% growth Actual: 23% growth	Target: 95% Actual: 95%

Pay and performance for 2016

	Nick McKittrick	Peter Brooks-Johnson	Robyn Perriss
Salary	£424,320	£355,368	£281,112
Benefits & Pension	£1,973	£17,822	£14,473
Cash Bonus	£195,187	£163,469	£129,312
Deferred Shares	£292,781	£245,204	£193,967
Performance Shares	£1,212,662	£1,015,601	£803,392
Total remuneration	£2,126,923	£1,797,465	£1,422,256

Shareholder alignment

Shareholding Guidelines:	200% of salary for all executive directors from 2017
Proportion of variable awards received in shares:	85% of performance-related pay is awarded in Rightmove shares
Shares required to be retained on vesting until guidelines met:	50% of vested Deferred and Performance shares

Remuneration Policy 2017– 2020

Policy element	Proposed change from 2014 policy
Fixed pay below comparative market median and variable incentive opportunity above median	No change
Base salaries executive directors receive inflationary adjustments to salaries in line with all employees	Increases in base salary capped at 3% above wider workforce increases ⁽⁴⁾
Pension contributions up to 6% of base salary	No change
Annual bonus maximum 125% of salary, with 40% cash and 60% deferred into Company shares for two years	No change
Performance Share Plan awards granted at 200% of salary. No post-vesting holding period	No change. The Committee will have discretion to introduce post-vesting holding periods for new executive directors
Clawback applies to deferred annual bonus awards and Performance Share Plan awards	No change

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

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

(3) Other revenue is all revenue excluding Agency and New Homes.

(4) A one-off increase in the Finance Director's salary of 13.8% is proposed in 2017 to address her historically low starting salary level and recognise the capability she has demonstrated as she has gained experience in that role.

Remuneration Policy Report (unaudited)

Introduction

This report sets out the Company's policy on directors' remuneration for the forthcoming year and, for subsequent years, as well as information on remuneration paid to directors for the financial year ended 31 December 2016. The 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 comprises a Policy Report and an Annual Report on Remuneration. The Remuneration Policy was approved by shareholders in 2014 and, in compliance with the Act, a revised Policy Report will be put to a binding shareholder vote at the 2017 AGM. In practice, however, the Remuneration Committee (the Committee) has applied some elements of the policy detailed below from the beginning of 2017 and expects to apply the new policy throughout the three-year period from and subject to shareholder approval on 9 May 2017. The Annual Report on Remuneration will be subject to an advisory vote at the 2017 AGM. The parts of the report which have been audited have been highlighted.

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 unchanged and 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 (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 align the interests of the executive directors with the interests of shareholders and to reflect the dynamic, performance driven culture of the Group. The Company will generally review market levels of remuneration for executive directors with the assistance of external, independent remuneration consultants and consult shareholders on remuneration policy at least every three years.
- Executive director remuneration should normally be reviewed against the market every three years, further changes to remuneration for the current executives should be made infrequently. Annual pay reviews for executive directors in intervening years 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 to 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. The timing of any change is at the Committee's discretion and will usually be 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"> • size and responsibilities of the role; • individual and Group performance; • increases awarded to the wider workforce; and • broader economic and inflationary conditions. <p>Executive directors' remuneration is 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>Directors' current salaries are set out on page 61.</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 and will be capped at the average workforce increase plus 3%, subject to the Committee's consideration of the overall salary budget, individual and Group performance and factors in the wider economy including inflation.</p> <p>Increases beyond those linked to the workforce (in percentage of salary terms) will only be awarded where there is a change of incumbent, 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. Additionally, all executive directors are members of the Group's medical cash plan.</p> <p>Executive directors will be entitled to receive new benefits on the same terms as those introduced for the whole workforce.</p>	The value of benefits may vary from year to year depending on the cost to the Company from third party providers.	Not applicable

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
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. The Company does not contribute to any personal pension arrangements.</p> <p>The Company may introduce a cash alternative to a pension contribution where this would be more tax efficient for the individual.</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 full saving to the executive's pension.</p>	6% of base salary	Not applicable
Annual bonus including Deferred Share Bonus Plan (DSP)	<p>To incentivise and recognise execution of the business strategy on an annual basis.</p> <p>Rewards the achievement of annual financial and operational objectives.</p>	<p>The annual bonus comprises a cash award (40% of any bonus earned) and a DSP award (60% of any bonus earned). A greater proportion of the annual bonus may be deferred in future years at the Committee's discretion.</p> <p>Deferred shares will vest after two years and be potentially forfeitable during that period.</p> <p>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.</p>	Maximum (% salary): 125% of base salary	<p>The bonus is determined by and based on performance against a range of key performance indicators which will be selected and weighted to support delivery of the business strategy.</p> <p>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.</p> <p>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.</p> <p>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 61 to 62 and 67 to 68.</p> <p>25% of the awards vest for achieving the threshold performance target. Bonus is earned on a linear basis from threshold to maximum performance levels.</p>

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
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.	<p>The PSP was established in 2011 and 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.</p> <p>The Committee has discretion to introduce a two-year post-vesting holding period for future executive appointments to the Board.</p> <p>A dividend equivalent provision operates enabling dividends to be paid (in cash or shares) on shares at the time of vesting.</p> <p>PSP awards may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.</p>	Maximum (% salary): 200% of base salary	<p>Awards vest based on three-year performance against challenging financial targets for EPS and relative TSR performance.</p> <p>Financial targets will determine vesting in relation to at least half of an award.</p> <p>25% of the awards vest for achieving the threshold performance target. Awards vest on a linear basis from threshold to maximum performance levels.</p> <p>The performance period for financial targets and relative TSR targets is three financial years, starting with the year in which the award is granted.</p>
All-employee Sharesave Plan	Provides all employees with the opportunity to become owners in the Company on similar terms.	Executive directors are entitled to participate on the same terms as all other employees in the Group's Sharesave Plan, which has standard terms.	Participation limits are set by HMRC from time to time.	None
Share Incentive Plan (SIP)	To provide all employees the opportunity to own shares in the Company on equal terms.	<p>Executive directors are entitled to participate in the SIP on the same terms as all other employees.</p> <p>The SIP has standard terms and currently only free shares are offered. However, executive directors routinely forfeit their entitlement to any free share awards.</p> <p>The Committee may award free shares to employees, subject to the continued strong Group performance. Share awards will typically be made annually in January and will be modest in value, historically 50 shares per employee, although this will differ with the market value of the shares.</p>	Participation in the SIP is based on HMRC rules. Share awards are discretionary and made within the SIP rules.	None
Share ownership guidelines	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>	Shareholding guideline: 200% of base salary for all executive directors.	Not applicable

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Non-executive directors	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 years).</p> <p>The 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>In exceptional circumstances, where the normal time commitment has been substantially exceeded, an additional fee may be paid at the Board's discretion.</p>	<p>Fees for the Chairman and non-executive directors were last reviewed in 2015 and are set out on page 66.</p> <p>Fee increases 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 increase 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
Business expenses	To reimburse directors for reasonable business expenses.	<p>Directors may claim reasonable business expenses within the terms of the Group's expenses policy and be reimbursed on the same basis as all employees.</p> <p>The Group may reimburse business expenses which are in future classified as taxable benefits by HMRC.</p>	Expenses vary from year to year according to each director's responsibilities, business activity and location.	Not applicable.

Discretions maintained by the Committee in operating the incentive plans

The Committee will operate the annual bonus plan, PSP, Sharesave Plan and SIP 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 an 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.

For the avoidance of doubt, all previous commitments or entitlements agreed prior to the approval of this Policy or appointment to the Board will be permitted to pay out on their original terms or in line with the Policy in force at the time they were agreed.

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⁽¹⁾ 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 before tax⁽¹⁾ 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, growth in Other revenue and an 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 brings to our customers and therefore a challenging target to increase Rightmove's share of this audience is considered appropriate by the Committee.

The Other revenue target measures growth in revenue from businesses other than Agency and New Homes. Since some of these businesses will be at an early stage of development, 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 underlying basic EPS⁽²⁾ (EPS) and relative TSR performance conditions. EPS is considered the most appropriate financial metric for Rightmove 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 350 Index 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. For historic PSP awards, performance against the FTSE 250 Index was the selected measure, however, the Company has resided in the top quartile of the FTSE 250 for some time and the wider index is now considered more appropriate for comparison purposes.

Performance targets do not apply to Sharesave or SIP 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.

The Company does not at the present time take account of the ratio of CEO to employee pay but will keep this under review as market and best practice develops and as regulations evolve.

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 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.

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

(2) Underlying basic EPS is reported before share-based payments and NI on share-based incentives with no related adjustment for tax

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 such as the DSP, 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.

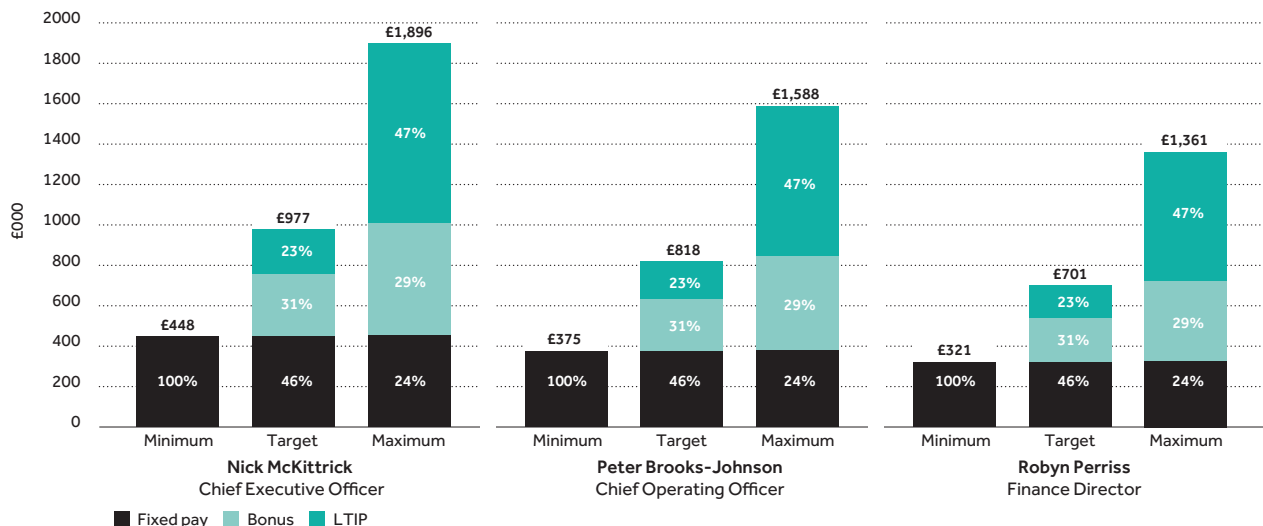
Shareholders' views

The Committee considers it vitally important to maintain open and transparent communication with the Company's

shareholders. The Committee consulted major shareholders representing over 50% of the Company's share ownership on proposed changes and continued suitability of the Remuneration Policy. The shareholders who were consulted were overwhelmingly supportive of the Policy proposals and commented constructively in relation to several areas, including future rises in basic salary and post-vesting holding periods for long-term incentives. Shareholder feedback was considered by the Committee and contributed to the development of the overall Remuneration Policy.

Reward scenarios

The Company's reward policy (as previously outlined) is illustrated below using three different performance scenarios: minimum, on-target and maximum:



Assumptions:

1. Minimum = fixed pay only (salary + benefits + pension).
2. On-target = 55% payable of the 2017 annual bonus and 62.5% vesting of the 2017 PSP awards being the midpoint between threshold vesting of 25% and maximum vesting of 100%.
3. Maximum = 100% payable of the 2017 annual bonus and 100% vesting of the 2017 PSP awards.

Base salary is as set at 1 January 2017. The value of taxable benefits is based on the cost of supplying those benefits (using the cost as disclosed on page 65) for the year ended 31 December 2016. The executive directors have elected not to participate in the Company's pension arrangements.

The executive directors can participate in the Sharesave Plan and SIP on the same basis as other employees. The value that may be received under these schemes is subject to tax approved limits. For simplicity, the value that may be received from participating in these schemes has been excluded from the above charts.

As required by the regulations no assumption is made as to future share price growth for reward elements (deferred bonus and long-term incentives) that are delivered in shares.

Amounts have been rounded to the nearest £1,000.

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 below:

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 an 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	Defined contributions or a cash alternative at the level provided to current executive directors.
Annual bonus	<p>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. Flexibility will be retained to set equivalent objectives for any new executive joining part way through a year.</p> <p>The maximum bonus potential would not exceed 125% of base salary.</p> <p>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.</p>
Long-term incentives	<p>A new appointment will be eligible to receive PSP awards as outlined in the policy table.</p> <p>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. However, any award granted outside the normal award and performance cycle may be pro-rated at the Committee's discretion. The Committee may introduce post-vesting holding periods under the PSP for new executives if it considers this an appropriate commitment in conjunction with the shareholding guidelines.</p> <p>The ongoing maximum award would not exceed 200% of base salary.</p> <p>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.</p> <p>The new appointment would be eligible to participate in the Sharesave Plan and the SIP under the same terms as all other employees.</p>
Buy-out awards	<p>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:</p> <ul style="list-style-type: none"> • the form of remuneration (cash or shares); • timing of expected payment/vesting; and • expected value (i.e. taking into account the likelihood of achieving the existing performance criteria). <p>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.</p>

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, 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. The Company may also provide a contribution toward reasonable legal fees or outplacement services.

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. In good leaver circumstances a bonus may be paid at the normal time subject to achievement of the performance conditions and pro-rating for the period worked in the year.

For awards granted under the PSP '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 and to accelerate the vesting of awards for 'good leavers' in the event of death.

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, save as above in the event of death, when the Committee has the discretion to accelerate vesting.

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/ Letter of Appointment ⁽¹⁾	Notice (months)	Length of service at 24 February 2017
Executive directors				
Nick McKittrick (Chief Executive Officer) ⁽²⁾	5 March 2004	7 February 2006	12	12 years 11 months
Peter Brooks-Johnson ⁽³⁾	10 January 2011	22 February 2011	12	6 years 1 month
Robyn Perriss ⁽⁴⁾	30 April 2013	1 May 2013	12	3 years 10 months
Non-executive directors				
Scott Forbes (Chairman)	13 July 2005	21 February 2006	3	11 years 7 months
Colin Kemp	3 July 2007	4 December 2007	3	9 years 7 months
Ashley Martin	11 June 2009	9 June 2009	3	7 years 8 months
Peter Williams	3 February 2014	3 February 2014	3	3 years 1 month
Rakhi Goss-Custard	28 July 2014	28 July 2014	3	2 years 7 months
Jacqueline de Rojas	30 December 2016	10 October 2016	3	2 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 16 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 11 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 9 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. None of the executive directors currently hold any outside directorships.

Annual Report on Remuneration

Remuneration Committee role and membership

Terms of reference

The primary role of the Committee is to make recommendations to the Board as to the Company's overall policy and framework for the remuneration of the executive directors and the Chairman of the Board. 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 or on request from the Company Secretary.

Membership

The following independent non-executive directors were members of the Committee during 2016. During the year the Committee met six times and attendance at the meetings is shown below:

Committee Members	Number of meetings attended
Peter Williams (Chairman of the Committee)	6
Colin Kemp	6
Rakhi Goss-Custard	6

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 his 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 Hewitt (part 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 £42,000.

During 2016 NBS also 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 six 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;
- review of year-end business performance against relevant performance targets to determine annual bonus payouts and vesting of long-term incentives;
- review and approval of appropriate benchmarks and performance measures for the annual performance related bonus and 2017 PSP awards to ensure measures are aligned with strategy and that targets are appropriately stretching;
- ongoing monitoring of senior management remuneration structures; and
- approval of share awards granted under the Deferred Share Bonus Plan (DSP) and the Rightmove Performance Share Plan (PSP).

Governance and strategy

- review of the Remuneration Policy for executive directors and consultation with major shareholders on the proposed policy before submitting it for shareholder approval at the 2017 AGM;
- review and approval of the 2016 Directors' Remuneration Report;
- review of the 2016 AGM voting and feedback from institutional investors;
- evaluation of the Committee's performance during the year; and
- review of the Committee's terms of reference.

Application of policy for year ending

31 December 2017

Salaries

The executive directors' salaries for the 2017 financial year are set out in the table below:

	Salary 1 January 2017	Salary 31 December 2016	Workforce increase plus	Change
Executive directors				
Nick McKittrick	£445,536	£424,320	3%	5%
Peter Brooks-Johnson	£373,136	£355,368	3%	5%
Robyn Perriss	£320,000	£281,112	11.8%	13.8%

The 5% increase in Nick McKittrick's and Peter Brooks-Johnson's salaries represents an increase of 3% above the average workforce increase of 2% for 2017, primarily to recognise the scale and complexity of their roles and also to address the relatively low pay of these executives compared with market norms. Robyn Perriss has been awarded an additional increase of 11.8% above the average all employee pay rise to reflect the lower starting salary awarded on her appointment to the Board in her first role as a Finance Director and in recognition of the performance and capability she has demonstrated as she has gained experience in that role. The salaries remain well below the market median for executives in comparable companies.

On 24 February 2017 the Company announced the retirement of Nick McKittrick as Chief Executive Officer and the appointment of Peter Brooks-Johnson as his successor, with effect from 9 May 2017. Further details are disclosed on page 74.

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. Peter Brooks-Johnson and Robyn Perriss participated in the pension plan during the year. However, the executive directors have chosen not to participate in this arrangement in future years. 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 2017 financial year will be consistent with the policy detailed on page 52 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 performance measures have been selected to reflect a range of financial and strategic targets that continue to support the key objectives of the Group.

The performance measures and weightings will be as follows:

Measure	As a % of maximum bonus opportunity
Financial targets	
Underlying operating profit before tax ⁽¹⁾	65%
Strategic targets	
Traffic market share ⁽²⁾	15%
Other revenue ⁽³⁾	15%
Employee engagement ⁽⁴⁾	5%

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

(2) Measured on a time on site basis.

(3) Revenue excluding Agency and New Homes.

(4) 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 the 2017 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 all performance measures are unchanged from 2016.

The targets themselves, as they relate to the 2017 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 that time.

Long-term incentives

The award levels under the PSP, originally approved in 2014, remain at 200% of base salary for all executive directors.

Consistent with current market practice and previous years, awards to the executive directors under the PSP in 2017 will be subject to a mixture of EPS (75% of awards) and relative TSR (25% of the awards) performance conditions. The 2017 targets are as follows:

EPS performance condition

The Group's EPS growth will be measured over the period of three financial years (2017 to 2019). 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 2017 awards:

Underlying basic EPS growth from 2017 to 2019 ⁽¹⁾	% of award vesting (maximum 75%)
Less than 20%	0%
20%	18.75%
50%	75%
Between 20% and 50%	Straight-line vesting

(1) The benchmark underlying basic EPS for the financial year 2016 from which these targets will be measured is 142.8p.

As in prior years, the targets that are intended to operate for the 2017 PSP awards were set to be appropriately demanding in light of the Group's internal planning, external market expectations for future growth and 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 than the range of targets set for 2016 awards.

Relative TSR performance condition

The vesting schedule for the relative TSR element of executive directors' 2017 PSP awards is set out below. Relative TSR will be assessed against the FTSE 350 Index, reflecting the Company's size in terms of market capitalisation. Performance will be measured over three financial years.

TSR performance of the Company relative to the FTSE 350 Index ⁽¹⁾	% 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 2015 and increased to current levels. In line with our policy they will be reviewed periodically, usually every three years, with the next increase anticipated in 2018.

The basic non-executive fee is £50,000 with an additional £10,000 fee per annum paid for the chairing of the Audit and Remuneration Committees and a further £5,000 fee paid to the Senior Independent Director as detailed in the table below:

	Annual fee 1 January 2017	Annual fee 31 December 2016
Scott Forbes (Chairman)	£170,000	£170,000
Colin Kemp	£50,000	£50,000
Ashley Martin	£60,000	£60,000
Peter Williams	£65,000	£65,000
Rakhi Goss-Custard	£50,000	£50,000
Jacqueline de Rojas	£50,000	£274 ⁽¹⁾

(1) Fee for 2016 is for two days from her appointment on 30 December 2016.

Statement of shareholder voting at AGM

At the AGM on 5 May 2016, 94.91% 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 for	% Votes for	Votes against	% Votes against	Votes withheld ⁽¹⁾
Directors' Remuneration Report	77,382,308	94.91	4,146,773	5.09	879,511

(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 2016, the Company's share price ended the year at £39.03, down 5.4% year on year (the FTSE 250 Index was up 3.7% and the FTSE 350 Index was up 12.5%). On a three-year basis the share price has increased by 42.4% and has continued to outperform both the FTSE 250 and FTSE 350 Indices over that period as shown in the graphs below.

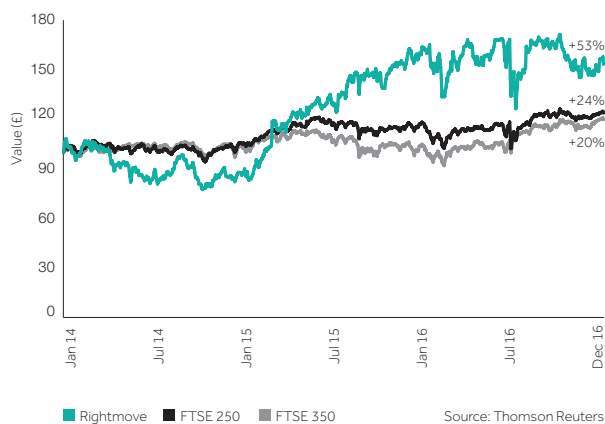
Total shareholder return (TSR)

The first graph below compares the TSR of Rightmove's shares against the FTSE 250 Index and the FTSE 350 Index for the three-year period from 1 January 2014 to 31 December 2016. 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

TSR Graph – three years

Total Shareholder Return



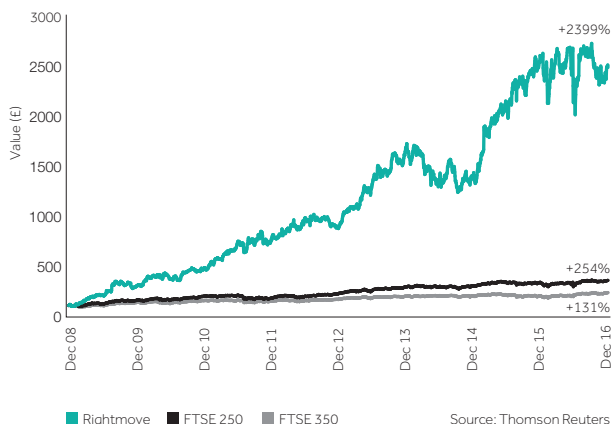
This graph shows the value by 31 December 2016 of £100 invested in Rightmove on 31 December 2013 compared with the value of £100 invested in the FTSE 250 Index and the FTSE 350 Index, on a daily basis.

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 historically for the purposes of measuring relative performance for PSP awards. From 2016 as Rightmove continues to be ranked towards the top of that Index in terms of market capitalisation, it was felt to be more appropriate to use the FTSE 350 Index for the purpose of comparing TSR performance and therefore this will be used as the criteria applied to 25% of the PSP awards to be granted in March 2017.

The graphs below illustrate, for statutory purposes, the TSR of Rightmove's shares against the FTSE 250 Index and the FTSE 350 Index for the three and eight years to 31 December 2016.

TSR Graph – eight years

Total Shareholder Return



This graph shows the value by 31 December 2016, of £100 invested in Rightmove on 31 December 2008, compared with 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 an eight-year performance period. The total remuneration figure includes the annual bonus and long-term incentive awards that vested based on performance in those years.

Year	Executive	Total single figure £	Annual bonus outturn (% of maximum)	Long-term incentive outturn (% of maximum)
2016	Nick McKittrick	2,126,923	92%	100%
2015	Nick McKittrick	2,300,349	100%	100%
2014	Nick McKittrick	1,599,610	70%	92%
2013	Nick McKittrick	2,199,335	85%	100%
	Ed Williams ⁽¹⁾	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%	— ⁽²⁾
2009	Ed Williams	627,641	100%	— ⁽²⁾

(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 £4,151,532 and £2,026,674 of awards with no performance conditions, which vested in 2010 and 2009 respectively.

Directors' remuneration (audited)

The information included below up to and including page 72 is audited.

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

	Fixed pay			Fixed pay subtotal £	Performance related pay			Total remuneration in 2016 £
	Salary/Fee £	Benefits ⁽¹⁾ £	Pension £		Annual bonus ⁽²⁾ £	Long-term incentives (PSPs) ⁽³⁾ £	Performance related pay subtotal £	
Executive directors								
Nick McKittrick	424,320	1,973	–	426,293	487,968	1,212,662	1,700,630	2,126,923
Peter Brooks-Johnson	355,368	1,973	15,849	373,190	408,673	1,015,601	1,424,274	1,797,464
Robyn Perriss	281,112	1,240	13,233	295,585	323,279	803,392	1,126,671	1,422,256
Non-executive directors								
Scott Forbes	170,000	–	–	170,000	–	–	–	170,000
Colin Kemp	50,000	–	–	50,000	–	–	–	50,000
Ashley Martin	60,000	–	–	60,000	–	–	–	60,000
Peter Williams	65,000	–	–	65,000	–	–	–	65,000
Rakhi Goss-Custard	50,000	–	–	50,000	–	–	–	50,000
Jacqueline de Rojas	274 ⁽⁴⁾	–	–	274	–	–	–	274

(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 2016 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 2017 (including dividend roll-up), which are dependent on the three-year performance period ended 31 December 2016 and multiplying by the year end closing share price of £39.03.

(4) Fee for two days from appointment on 30 December 2016 to year end.

The remuneration of the directors of the Company during 2015 was:

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

(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 as Remuneration Committee Chairman and Senior Independent Director.

(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 were members of the stakeholder pension plan during 2015 and the Company contributed £22,860 and £21,816 that year respectively; both directors elected to withdraw from the pension plan during 2016 with contributions made of £15,849 and £13,233 respectively. The Company does not contribute to any personal pension arrangements.

How was pay linked to performance in 2016?

Annual bonus plan

The incentive for the financial year ended 31 December 2016 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 (65%) and key performance indicators (35%) relating to underlying drivers of long-term revenue growth.

When comparing performance against the 2016 bonus targets set, the Committee determined that 92% of the maximum achievable cash and DSP bonus should be paid to the executive directors. Accordingly, a cash bonus of 46% of base salary will be paid to the executives and 69% of base salary will be granted to the executives under the DSP, which will be deferred until March 2019. More details are provided in the table below:

Measure	Hurdle	As a % of maximum bonus opportunity	Actual performance achieved	Resulting bonus % achieved
Financial targets				
Underlying operating profit before tax ⁽¹⁾	Targets: • £153.3m: 25% payout • £163.8m: 100% payout	65%	Underlying operating profit achieved: £166.2m The 2016 profit represented growth of 15% on 2015	65%
Strategic targets				
Traffic market share	Growth in absolute visits on 2015 compared to nearest competitor: • Same absolute growth: 25% payout • 50% higher absolute growth: 100% payout	15%	Growth in absolute visits was 17.75 times higher than our nearest competitor	15%
Other revenue ⁽²⁾	• Growth of 20%: 25% payout • Growth of 30%: 100% payout	15%	Revenue increased from £14.5m to £17.8m, an increase of 23%	7%
Employee engagement ⁽³⁾	Percentage of respondents to the employee survey who say 'Rightmove is a great place to work': • 90%: 25% payout • 95%: 100% payout	5%	95% of respondents say 'Rightmove is a great place to work'	5%
Total		100%		92%

(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.

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

Long-term incentives

The PSP awards granted in March 2014 were subject to EPS (75% of the awards) and relative TSR (25% of the awards) performance conditions that related to the three-year period ended 31 December 2016.

The vesting schedule for the relative TSR element of executive directors' 2014 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 53% compared to 24% for the FTSE 250 Index. As this level of outperformance is 29% higher than the Index, these options will vest in full from 3 March 2017.

Rightmove's EPS growth is measured over a period of three financial years (2014 to 2016). The EPS figure used is equivalent to Rightmove's reported underlying basic EPS (before share-based payments, NI on share-based incentives and no related adjustments for tax) and the vesting schedule is set out below:

Underlying basic EPS growth from 2014 to 2016	% of award vesting (maximum 75%)
Less than 40%	0%
40%	18.75%
70%	75%
Between 40% and 70%	Straight-line vesting

At the end of the performance period, underlying EPS was 142.8p which from an underlying basic EPS base of 81.0p results in growth of 76%, exceeding the maximum 70% EPS growth target and will result in full vesting of this part of the award (maximum of 75%) from 3 March 2017.

Share awards granted during the year

On 1 March 2016 Nick McKittrick, Peter Brooks-Johnson and Robyn Perriss were awarded shares under the PSP, which vest in March 2019, 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 ⁽¹⁾
Nick McKittrick	200% of base salary	21,912	£848,640
Peter Brooks-Johnson	200% of base salary	18,351	£710,736
Robyn Perriss	200% of base salary	14,516	£562,224

(1) Based on the average mid-market share price for the three consecutive days prior to grant, taken from the Daily Official List, of £38.73.

The vesting schedule for the relative TSR element of executive directors' 2016 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 (2016-2018). 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 2016:

Underlying basic EPS growth from 2016 to 2018	% of award vesting (maximum 75%)
Less than 25%	0%
Equal to 25%	18.75%
Equal to or greater than 55%	75%
Between 25% and 55%	Straight-line vesting

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

Share-based incentives held by the directors and not exercised as at 31 December 2016

	Date granted	Share-based incentives held 1 January 2016	Granted in year/dividend roll-up	Exercise price	Exercised in year	Average share price at date of exercise	Share-based incentives held at 31 December 2016	Vesting date	Expiry date
Executive directors									
Nick McKittrick	5/3/2009 (Unapproved)	279,755	–	£2.24	–	–	279,755	5/3/2012	4/3/2019
	1/10/2012 (Sharesave)	694	–	£12.95	(694) ⁽⁵⁾	£41.93	–	1/11/2015	30/4/2016
	8/3/2013 (PSP)	32,279	–	£0.00	–	–	32,279	8/3/2016	7/3/2018
	3/3/2014 (DSP)	9,224	–	£0.00	(9,224) ⁽³⁾	£37.49	–	3/3/2016	2/3/2017
	3/3/2014 (PSP)	30,018	–	£0.00	–	–	30,018	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	456	–	£19.72	–	–	456	1/11/2017	30/4/2018
	2/3/2015 (DSP)	7,546	–	£0.00	–	–	7,546	2/3/2017	1/3/2018
	2/3/2015 (PSP)	29,321	–	£0.00	–	–	29,321	2/3/2018	1/3/2020
	1/10/2015 (Sharesave)	304	–	£29.60	–	–	304	1/11/2018	30/4/2019
	1/3/2016 (DSP)	–	7,901 ⁽¹⁾	£0.00	–	–	7,901	1/3/2018	28/2/2019
	1/3/2016 (PSP)	–	21,912 ⁽²⁾	£0.00	–	–	21,912	1/3/2019	28/2/2021
Total		389,597	29,813		(9,918)		409,492		

Share-based incentives held by the directors and not exercised as at 31 December 2016 continued

	Date granted	Share-based incentives held 1 January 2016	Granted in year/dividend roll-up	Exercise price	Exercised in year	Average share price at date of exercise	Share-based incentives held at 31 December 2016	Vesting date	Expiry date
Executive directors									
Peter Brooks-Johnson	10/10/2007 (Unapproved)	75,000	–	£5.22	–	–	75,000	15/3/2011	9/10/2017
	5/3/2009 (Unapproved)	139,286	–	£2.24	–	–	139,286	5/3/2012	4/3/2019
	5/3/2010 (Unapproved)	52,553	–	£6.66	–	–	52,553	5/3/2013	4/3/2020
	2/3/2012 (PSP)	23,951	928	£0.00	(24,879) ⁽⁴⁾	£37.49	–	2/3/2015	1/3/2017
	8/3/2013 (PSP)	24,210	–	£0.00	–	–	24,210	8/3/2016	7/3/2018
	3/3/2014 (DSP)	6,918	–	£0.00	(6,918) ⁽³⁾	£37.44	–	3/3/2016	2/3/2017
	3/3/2014 (PSP)	25,140	–	£0.00	–	–	25,140	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	456	–	£19.72	–	–	456	1/11/2017	30/4/2018
	2/3/2015 (DSP)	6,320	–	£0.00	–	–	6,320	2/3/2017	1/3/2018
	2/3/2015 (PSP)	24,556	–	£0.00	–	–	24,556	2/3/2018	1/3/2020
	1/10/2015 (Sharesave)	304	–	£29.60	–	–	304	1/11/2018	30/4/2019
	1/3/2016 (DSP)	–	6,617 ⁽¹⁾	£0.00	–	–	6,617	1/3/2018	28/2/2019
	1/3/2016 (PSP)	–	18,351 ⁽²⁾	£0.00	–	–	18,351	1/3/2019	28/2/2021
Total		378,694	25,896		(31,797)		372,793		

Share-based incentives held by the directors and not exercised as at 31 December 2016 continued

	Date granted	Share-based incentives held 1 January 2016	Granted in year/ dividend roll-up	Exercise price	Exercised in year	Average share price at date of exercise	Share-based incentives held at 31 December 2016	Vesting date	Expiry date
Executive directors									
Robyn Perriss	8/3/2013 (PSP)	14,928	–	£0.00	–	–	14,928	8/3/2016	7/3/2018
	3/3/2014 (DSP)	4,353	–	£0.00	–	–	4,353	3/3/2016	2/3/2017
	3/3/2014 (PSP)	19,887	–	£0.00	–	–	19,887	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	912	–	£19.72	–	–	912	1/11/2017	30/4/2018
	2/3/2015 (DSP)	4,999	–	£0.00	–	–	4,999	2/3/2017	1/3/2018
	2/3/2015 (PSP)	19,425	–	£0.00	–	–	19,425	2/3/2018	1/3/2020
	1/3/2016 (DSP)	–	5,234 ⁽¹⁾	£0.00	–	–	5,234	1/3/2018	28/2/2019
	1/3/2016 (PSP)	–	14,516 ⁽²⁾	£0.00	–	–	14,516	1/3/2019	28/2/2021
Total		64,504	19,750		–		84,254		

(1) On 2 March 2016, the executive directors were awarded nil cost options under the DSP, which vest in March 2018. The average mid-market share price for the three consecutive preceding days, used to calculate the number of shares awarded, was £38.73.

(2) On 2 March 2016, the executive directors were awarded nil cost shares under the PSP, which vest in March 2019. Further details are set out on page 68.

(3) The nil cost deferred shares granted under the DSP on 3 March 2014, were exercisable from 3 March 2016 subject to annual bonus targets which were met in full. Nick McKittrick exercised 9,224 shares on 16 December 2016 and sold 4,353 shares at an average market price of £37.49 per share to satisfy the resulting tax liability and retained the balance of 4,871 shares. Peter Brooks-Johnson exercised 6,918 shares on 16 December 2016 and sold 3,266 shares at an average market price of £37.49 per share to satisfy the resulting tax liability and retained the balance of 3,652 shares.

(4) On 2 March 2012, the executive directors were awarded nil cost options under the PSP which vested in 2015 subject to EPS and relative TSR performance measures, which were met in full. Peter Brooks-Johnson exercised 24,879 shares (which included a dividend roll-up of 928 shares) in December 2016, sold 11,743 upon exercise at an average market price of £37.44 to satisfy the resulting tax liability and retained the balance of 13,136 shares.

(5) In October 2012, Nick McKittrick was granted a Sharesave option over 694 shares which vested in November 2015 at an exercise price of £12.95. In April 2016, Nick exercised the option in full 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 2017 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		PSP & DSP awards (unvested)	Interests in share-based incentives		
	At 31 December 2016	At 1 January 2016		PSP & DSP awards (vested but unexercised)	Options (unvested)	Options (vested but unexercised)
Executive directors						
Nick McKittrick	146,592	141,027	96,698	32,279	760	279,755
Peter Brooks-Johnson	55,146	38,358	80,984	24,210	760	266,839
Robyn Perriss	5,833	5,833	64,061	19,281	912	–
Non-executive directors						
Scott Forbes	319,300	319,300	–	–	–	–
Ashley Martin	2,060	2,060	–	–	–	–
Peter Williams	3,728	3,728	–	–	–	–
Colin Kemp	2,500	2,500	–	–	–	–
Rakhi Goss-Custard	544	–	–	–	–	–
Jacqueline de Rojas	–	–	–	–	–	–
Total	535,703	512,806	241,743	75,770	2,432	546,594

- The Company's shares in issue (including 2,271,725 shares held in treasury) as at 31 December 2016 comprised 95,490,266 (2015: 97,741,977) ordinary shares of £0.01 each.
- The closing share price of the Company was £39.03 as at 30 December 2016 (the last day of trading in 2016). The lowest and highest share prices during the year were £31.73 and £43.02 respectively.
- The executive directors are regarded as being interested, for the purposes of the Companies Act 2006, in 343,275 (2015: 386,057) 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 0.6% of the Company's shares in issue as at 31 December 2016 (2015: 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 Remuneration Policy Report on page 53. The interests of the executive directors in office at 31 December 2016 in the share capital of the Company as a percentage of base salary were as follows:

	Base salary	Number of shares held at	Value of shares at	Value of shares as a %
	1 January 2017	31 December 2016	31 December 2016	of base salary
Executive directors				
Nick McKittrick	£445,536	146,592	£5,721,486	1284%
Peter Brooks-Johnson	£373,136	55,146	£2,152,348	576%
Robyn Perriss	£320,000	5,833	£227,662	71%

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 (CEO) 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 4%, in line with the average workforce inflationary increase in 2016. The annual bonus of the CEO decreased by 4% as a result of 92% of the maximum bonus being achieved in relation to the 2016 bonus targets, compared with a pay-out of 100% in 2015.

The average salary for all employees increased by 5% due to a 4% universal cost of living increase in January 2016, together with the investment in new heads in 2016, primarily being in sales and technology roles at higher than average salary levels. The increase in average employee benefits relates to an increase in the cost of private healthcare from 1 March 2016, together with increased take-up of BUPA health checks throughout the year.

	2016 £	2015 £	% change
Chief Executive Officer			
Salary	424,320	408,000	4%
Benefits	1,973	1,931	2%
Annual bonus	487,968	510,000	(4)%
Average of all employees⁽¹⁾			
Salary	45,148	42,883	5%
Benefits	834	734	14%
Annual bonus	2,394	2,364	1%

(1) Excludes the executive directors.

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 31 December 2016	Year ended 31 December 2015	% change
Employee costs (refer Note 7)	£27,423,000	£23,464,000	17%
Dividends to shareholders (refer Note 12)	£43,206,000	£36,469,000	18%
Purchase of own shares (refer Note 22)	£88,083,000	£76,071,000	16%
Income tax (refer Note 10)	£32,005,000	£27,636,000	16%
Average number of employees (refer Note 7)	469	412	14%
Revenue	£219,993,000	£192,129,000	15%
Underlying operating profit ⁽¹⁾	£166,240,000	£144,271,000	15%

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

Retirement arrangements for Nick McKittrick

On 23 February 2017, Nick McKittrick notified the Board of his intention to retire as a director and Chief Executive Officer following the AGM on 9 May 2017. His employment with the Group will end on 30 June 2017 following a handover period to ensure a smooth transition process.

The Committee determined that he will continue to be paid his salary and normal package of benefits up to the date of his departure. He will not receive any bonus for the part of the 2017 financial year worked or be eligible for a PSP award in March 2017, but will receive a bonus in respect of the 2016 financial year as set out on page 67. In line with our Policy, 40% of his bonus will be paid in cash with the balance deferred in shares for a period of two years.

The Committee also determined that Nick McKittrick will be treated as a good leaver in relation to his outstanding PSP and DSP awards, with these awards vesting in line with the relevant plan rules and the Remuneration Policy set out on pages 50 to 59. Outstanding PSP awards will also be subject to the achievement of performance conditions and vest pro-rata in accordance with the plan rules.

Full details of the remuneration arrangements will be disclosed in the 2017 Annual Report and the Company will publish a statement in accordance with Section 430(2B) of the Companies Act following the AGM.

The remuneration arrangements for Peter Brooks-Johnson who will replace Nick McKittrick as Chief Executive Officer will be in line with our Policy and our recently concluded executive remuneration review. The Committee has recommended that Peter Brooks-Johnson's basic salary is increased to £445,536 with effect from 9 May 2017 to reflect his role and responsibilities as Chief Executive Officer. The Committee also agreed that a further PSP award will be made on 9 May 2017 to bring his 2017 PSP award in line with his Chief Executive Officer salary.



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 2016 set out on pages 78 to 116. 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 2016 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 (unchanged from 2015) 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 based on 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 £220.0m (2015: £192.1m) Risk vs 2015: Unchanged

Refer to page 37 (Audit Committee Report), page 89 (accounting policy) and pages 94 to 95 (financial disclosures).

The risk:	Our response:	Our findings:
<p>Revenue primarily consists of subscription fees and customer spend on additional advertising products in respect of properties listed on Rightmove platforms 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, membership offers some of which include discounted periods, 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.</p>	<p>Our audit procedures included:</p> <p>Revenue controls: 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;</p> <p>Analysis of amounts billed: For Agency, New Homes and Overseas, which covers 95% of revenue recognised in the year, we performed detailed procedures using computer assisted audit techniques to analyse the amounts invoiced to customers by product in order to identify and investigate any anomalies and outliers. We considered whether amounts invoiced 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;</p> <p>Inspection of significant contracts: For a sample of the highest revenue generating customers, as well new customers in growing revenue streams, we inspected contracts signed in the year, to assess whether revenue has been recognised in accordance with the specific contract terms and conditions and relevant accounting standards;</p> <p>Membership campaigns: For new membership offers during the year, we selected a sample of customers from each new membership offer, inspected the underlying contract and re-performed the revenue recognition calculations;</p>	<p>Our procedures 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;</p> <p>Our computer assisted audit techniques did not reveal any material anomalies or outliers which we were unable to corroborate and we found that revenue was recognised in line with the period of subscription or usage of additional advertising products;</p> <p>We found that revenue was recognised in line with the underlying contractual terms in respect of the newly signed contracts and membership campaigns selected for testing;</p>

The risk:	Our response:	Our findings:
	<p>Assessment of deferred revenue: 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;</p>	<p>We found no errors in the Group's calculation of deferred revenue at the year end;</p>
	<p>Inspection of journal entries: We obtained 100% of the journals posted in respect of revenue and, using computer assisted audit techniques, analysed these to identify and investigate any entries which appeared unusual based upon the specific characteristics of the journal, considering in particular whether the debit side of the journal entry was as expected, based on our business understanding; and</p>	<p>Our analysis of unusual journal entries did not reveal any material anomalies or outliers which we were unable to corroborate; and</p>
	<p>Adequacy of revenue disclosure: 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.</p>	<p>We found the Group's disclosures to be proportionate in their description of the judgements made by the Group.</p>

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 £7.0m (2015: £6.7m), determined with reference to a benchmark of Group profit before tax of which it represents 4.3% (2015: 4.9%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.35m (2015: £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.

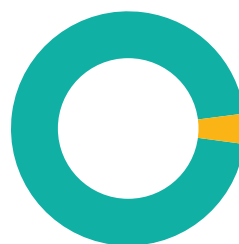
The Group audit team also audits the two (2015: one) wholly owned subsidiaries, Rightmove Group Limited with a component materiality of £5.6m (2015: £5.0m) and the wholly owned subsidiary The Outside View Analytics Ltd, acquired in the year, with a component materiality of £25,000. The group procedures 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 is consistent with the financial statements; and

Profit before tax
 £161.5m
 (2015: £137.1m)



■ Profit before tax
 ■ Group Materiality

Materiality
 £7.0m (2015: £6.7m)

£7.0m
 Whole financial statements materiality (2015: £6.7m)

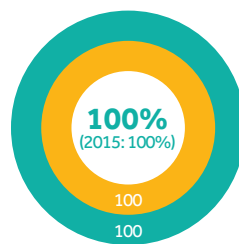
£5.6m
 Range of materiality at 2 (2015: 1) components (£5.6m-£25,000) (2015: £5.0m)

£0.35m
 Misstatements reported to the Audit Committee (2015: £0.34m)

Group profit before tax

Group revenue

Group total assets



■ Full scope for Group audit purposes 2016
 ■ Full scope for Group audit purposes 2015

- the information given in the Corporate Governance Report set out on pages 39 and 40 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures (“the specified Corporate Governance information”) is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report, the Directors’ Report and the Corporate Governance Report:

- we have not identified material misstatements in the Strategic Report, the Directors’ Report, or the specified Corporate Governance information;
- in our opinion, the Strategic Report and the Directors’ Report have been prepared in accordance with the Companies Act 2006; and
- in our opinion, the Corporate Governance Report has been prepared in accordance with rules 7.2.2, 7.2.3, 7.2.5, 7.2.6 and 7.2.7 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority.

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 23, concerning the principal risks, their management, and, based on that, the directors’ assessment and expectations of the Group’s continuing in operation over the three years to 31 December 2019; 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 23 and 85 to 86, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 30 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 45, 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. 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, 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

24 February 2017

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Revenue	5	219,993	192,129
Administrative expenses		(58,346)	(54,954)
Underlying operating profit		166,240	144,271
Share-based payments	24	(4,142)	(3,765)
NI on share-based incentives	24	(451)	(3,331)
Operating profit	6	161,647	137,175
Financial income	8	109	112
Financial expenses	9	(209)	(183)
Net financial expense		(100)	(71)
Profit before tax		161,547	137,104
Income tax expense	10	(32,005)	(27,636)
Profit for the year being total comprehensive income		129,542	109,468
Attributable to:			
Equity holders of the parent		129,542	109,468
Earnings per share (pence)			
Basic	11	137.87	114.01
Diluted	11	136.41	112.74
Dividends per share (pence)			
Total dividends	12	46.00	38.00
	12	43,206	36,469

	Note	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	13	2,288	2,239
Intangible assets	14	3,525	1,383
Deferred tax asset	16	6,942	6,791
Total non-current assets		12,755	10,413
Current assets			
Trade and other receivables	17	29,924	27,523
Money market deposits	18	4,026	4,000
Cash and cash equivalents	18	13,749	8,418
Total current assets		47,699	39,941
Total assets		60,454	50,354
Current liabilities			
Trade and other payables	19	(35,796)	(31,618)
Income tax payable		(16,256)	(11,863)
Provisions	21	(185)	–
Total current liabilities		(52,237)	(43,481)
Non-current liabilities			
Provisions	21	(175)	(236)
Total non-current liabilities		(175)	(236)
Total liabilities		(52,412)	(43,717)
Net assets		8,042	6,637
Equity			
Share capital	22	955	977
Other reserves	23	477	455
Retained earnings	23	6,610	5,205
Total equity attributable to the equity holders of the parent		8,042	6,637

The financial statements were approved by the Board of directors on 24 February 2017 and were signed on its behalf by:



Nick McKittrick
Director



Robyn Perriss
Director

Company statement of financial position as at 31 December 2016

	Note	2016 £000	2015 £000
Non-current assets			
Investments	15	546,202	544,464
Deferred tax asset	16	3,757	3,581
Total non-current assets		549,959	548,045
Total assets		549,959	548,045
Current liabilities			
Trade and other payables	19	(30,152)	(36,629)
Total current liabilities		(30,152)	(36,629)
Net assets		519,807	511,416
Equity			
Share capital	22	955	977
Other reserves	23	113,051	109,631
Retained earnings	23	405,801	400,808
Total equity attributable to the equity holders of the parent		519,807	511,416

The financial statements were approved by the Board of directors on 24 February 2017 and were signed on its behalf by:



Nick McKittrick
Director



Robyn Perriss
Director

Consolidated statement of cash flows for the year ended 31 December 2016

	Note	2016 €000	2015 €000
Cash flows from operating activities			
Profit for the year		129,542	109,468
Adjustments for:			
Depreciation charges	13	1,241	934
Amortisation charges	14	378	361
Financial income	8	(109)	(112)
Financial expenses	9	209	183
Share-based payments	24	4,142	3,765
Transaction costs on acquisition of subsidiary	27	42	–
Income tax expense	10	32,005	27,636
Operating cash flow before changes in working capital		167,450	142,235
Increase in trade and other receivables		(2,237)	(3,230)
Increase in trade and other payables		3,913	4,140
Increase in provisions	21	124	36
Cash generated from operating activities		169,250	143,181
Financial expenses paid		(209)	(183)
Income taxes paid		(27,807)	(26,869)
Net cash from operating activities		141,234	116,129
Cash flows from investing activities			
Interest received		134	117
Acquisition of property, plant and equipment	13	(1,281)	(1,593)
Acquisition of intangible assets	14	(478)	(179)
Acquisition of subsidiary (net of cash acquired)	27	(2,088)	–
Money market deposits	18	(26)	(4,000)
Net cash used in investing activities		(3,739)	(5,655)
Cash flows from financing activities			
Dividends paid	12	(43,206)	(36,469)
Purchase of own shares for cancellation	22	(88,083)	(76,071)
Purchase of own shares for share incentive plans	23	(751)	(507)
Share-related expenses	22	(497)	(615)
Proceeds on exercise of share-based incentives	23	373	401
Net cash used in financing activities		(132,164)	(113,261)
Net increase/(decrease) in cash and cash equivalents		5,331	(2,787)
Cash and cash equivalents at 1 January		8,418	11,205
Cash and cash equivalents at 31 December	18	13,749	8,418

Company statement of cash flows for the year ended 31 December 2016

	Note	2016 £000	Restated 2015 (refer Note 1) £000
Cash flows from operating activities			
Profit for the year		136,648	123,757
Adjustments for:			
Financial income	28	(141,563)	(130,263)
Financial expenses	28	527	547
Share-based payments	24	2,404	2,105
Income tax credit		(1,074)	(1,465)
Operating cash flow before changes in working capital		(3,058)	(5,319)
Increase in trade and other payables	19	3,058	5,319
Cash generated from operating activities		–	–
Net decrease in cash and cash equivalents		–	–
Cash and cash equivalents at 1 January		–	–
Cash and cash equivalents at 31 December		–	–

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2016

	Note	Share capital £000	Own shares held £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2015		1,000	(14,823)	294	138	15,839	2,448
Total comprehensive income							
Profit for the year		–	–	–	–	109,468	109,468
Transactions with owners recorded directly in equity							
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)
Exercise of share-based incentives	23	–	1,268	–	–	(867)	401
Purchase of shares for SIP	23	–	(507)	–	–	–	(507)
Cancellation of own shares	22	(23)	–	23	–	(76,071)	(76,071)
Share-related expenses	22	–	–	–	–	(533)	(533)
At 31 December 2015		977	(14,062)	317	138	19,267	6,637
At 1 January 2016		977	(14,062)	317	138	19,267	6,637
Total comprehensive income							
Profit for the year		–	–	–	–	129,542	129,542
Transactions with owners recorded directly in equity							
Share-based payments	24	–	–	–	–	4,142	4,142
Tax credit in respect of share-based incentives recognised directly in equity	10	–	–	–	–	5	5
Dividends to shareholders	12	–	–	–	–	(43,206)	(43,206)
Exercise of share-based incentives	23	–	366	–	–	7	373
Purchase of shares for SIP	23	–	(751)	–	–	–	(751)
Cancellation of own shares	22	(22)	–	22	–	(88,083)	(88,083)
Share-related expenses	22	–	–	–	–	(617)	(617)
At 31 December 2016		955	(14,447)	339	138	21,057	8,042

Company statement of changes in shareholders' equity for the year ended 31 December 2016

	Note	Share capital £000	Own shares held £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2015		1,000	(11,917)	6,088	103,520	396,657	495,348
Total comprehensive income							
Profit for the year		–	–	–	–	123,757	123,757
Transactions with owners recorded directly in equity							
Share-based payments	24	–	–	–	–	2,105	2,105
Tax credit in respect of share-based incentives 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		–	883	–	–	(883)	–
Cancellation of own shares	22	(23)	–	23	–	(76,071)	(76,071)
Share-related expenses	22	–	–	–	–	(533)	(533)
At 31 December 2015		977	(11,897)	7,771	103,520	411,045	511,416
At 1 January 2016		977	(11,897)	7,771	103,520	411,045	511,416
Total comprehensive income							
Profit for the year		–	–	–	–	136,648	136,648
Transactions with owners recorded directly in equity							
Share-based payments	24	–	–	–	–	2,404	2,404
Tax credit in respect of share-based incentives recognised directly in equity	10	–	–	–	–	24	24
Capital contribution	23	–	–	1,738	–	–	1,738
Dividends to shareholders	12	–	–	–	–	(43,206)	(43,206)
Transfer of shares to SIP		–	(517)	–	–	–	(517)
Exercise of share-based incentives		–	258	–	–	(258)	–
Cancellation of own shares	22	(22)	–	22	–	(88,083)	(88,083)
Share-related expenses	22	–	–	–	–	(617)	(617)
At 31 December 2016		955	(12,156)	9,531	103,520	417,957	519,807

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 2016 comprise the Company and its interest in its subsidiaries (together referred to as the Group).

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 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.

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 24 February 2017.

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.

Following a reassessment of the presentation of the settlement of dividends and share buybacks by Rightmove Group Limited on behalf of the Company, the 2015 Company Statement of Cash Flows has been restated. The restatement decreased cash generated from operating activities by £113,155,000 and decreased cash used in financing activities by £113,155,000 for the year ended 31 December 2015. It has had no impact on net assets as at 1 January 2015 or 31 December 2015, or the net cash flows and profit for the year ended 31 December 2015. Refer to Note 28 for further details of inter-group settlement arrangements.

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

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.

During the year the Group acquired The Outside View Analytics Ltd ("Outside View"). The results of Outside View have been consolidated from the date of acquisition, being 31 May 2016. Details of the acquisition are set out in Note 27.

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 2015.

Amendments to IAS 1 were adopted for the first time for the financial year beginning 1 January 2016. This had no impact on the Group financial statements.

Going concern

Throughout 2016, the Group was debt free and has continued to generate significant cash and has an overall positive net asset position. The Group had net cash balances of £13,749,000 at 31 December 2016 (2015: £8,418,000). The Group also had £4,026,000 of money market deposits (2015: £4,000,000).

The agreement with HSBC for a £10,000,000 committed revolving loan facility expired on 9 February 2017. This has been replaced with a new 12 month agreement with Barclays Bank Plc for a £10,000,000 committed revolving loan facility that expires on 12 February 2018. No amount has been drawn under either facility in either year.

During the year £131,289,000 (2015: £112,540,000) of cash was returned to shareholders via dividends and discretionary share buy backs.

1 General information continued

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, 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 1 to 27. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 17 to 19. 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.

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. |

Non-GAAP (Generally Accepted Accounting Principles) performance measures

In the analysis of the Group's financial performance certain information disclosed in the financial statements may be prepared on a non-GAAP basis or has been derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. These measures are reported in line with how financial information is analysed by Management. The key non-GAAP measures presented by the Group are:

- Underlying operating profit – which is defined as operating profit before share-based payments and National Insurance on share-based incentives; and
- Underlying basic EPS – which is defined as profit for the year before share-based payments and National Insurance, with no related adjustment for tax, divided by the weighted average number of shares in issue for the year.

1 General information *continued*

The Directors believe that these non-GAAP measures provide a more appropriate measure of the Group's business performance as share-based payments, which are a significant non-cash charge are driven by a valuation model, and NI on share-based incentives, is driven by reference to the Rightmove plc share price and so subject to volatility, rather than operational activity. The directors therefore consider underlying operating profit to be the most appropriate indicator of the performance of the business and year-on-year trends. For simplicity no adjustment for tax is made within the calculation of underlying basic EPS. The non-GAAP measures are designed to increase comparability of the Group's financial performance year-on-year.

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) Goodwill

Goodwill arising on a business combination represents the difference between the fair value of the consideration paid and the fair value of the net identifiable assets acquired and is included in intangible assets.

In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the amount previously recorded under UK GAAP. The classification and accounting treatment of business that occurred prior to 1 January 2004 was not reconsidered in preparing the Group's opening IFRS statement of financial position at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. This applies to all goodwill arising both before and after 1 January 2004.

(ii) Research and development

The Group undertakes research and development expenditure in view of developing new products and improving the existing property 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. Capitalised costs are held as an asset in progress until such point that the asset is brought into use, at which point it is transferred to the appropriate intangible asset category and amortisation is charged.

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.

(iii) 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

(iv) Market appraisal algorithm

The market appraisal algorithm identified on the acquisition of the Outside View Analytics Ltd is valued using the reproduction cost method based on market rate salaries. Amortisation is expensed in the profit or loss on a straight-line basis over the estimated useful economic life as follows:

Market appraisal algorithm	33.3% per annum
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2 Significant accounting policies continued

(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 initially recorded 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.

(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.

(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.

2 Significant accounting policies *continued*

(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 of the Rightmove platforms. 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 platforms 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.

2 Significant accounting policies continued

(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, money market 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.

(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 basic and diluted 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 basic and diluted 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 2016 and have not been applied in preparing these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in 2014 and was endorsed by the EU in 2016. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt IFRS 15 in its financial statements for the year ending 31 December 2018 and to use the practical expedients for completed contracts.

At present revenue is recognised either over time where there is continuing service provided by Rightmove to the customer or at the point in time when the risks and rewards of ownership transfer to the customer. Under IFRS 15 revenue will be recognised when performance obligations are satisfied. For the Group the transfer of control under IFRS 15 and satisfaction of performance obligations is over time. We have undertaken a detailed analysis of the impact of IFRS 15 on the Group which has shown that the recognition of revenue will be consistent with the transfer of risks and rewards to the customer under IAS 18. We have concluded following this assessment that the implementation of IFRS 15 will not have a significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016, although it has not yet been endorsed by the EU. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group has started a detailed assessment to quantify the impact on its reported assets and liabilities of adoption of IFRS 16. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases in respect of office premises and company cars. In addition, the nature of expenses related to those leases will change as the straight-line operating lease expense will be replaced with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The quantitative effect will depend on the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into. Once the detailed assessment has been completed in 2017 the Group will confirm its transition date, approach and related quantitative information.

Other amendments

There are no other new or amended standards expected to have a significant impact on the Group's consolidated financial statements.

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.

4 Risk and capital management continued

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% (2015: 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 95 days (2015: 137 days).

The agreement with HSBC for a £10,000,000 committed revolving loan facility expired on 9 February 2017. This has been replaced with a new 12 month agreement with Barclays Bank Plc for a £10,000,000 committed revolving loan facility that expires on 12 February 2018. No amount has been drawn under either facility in either year.

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 97.0% (2015: 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 money market deposit balances.

4 Risk and capital management *continued*

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 EPS.

The Board's policy is to return surplus capital to shareholders through a combination of dividends and share buybacks.

(i) Dividend policy

The Board of directors has a progressive dividend policy and monitors the level of dividends to ordinary shareholders in relation to the growth in underlying basic EPS. The Board has adopted this policy in order to align shareholder returns with the underlying growth achieved in the profitability in the Group.

The capacity of the Group to make dividend payments is primarily determined by the level of available retained earnings in the Company, after deduction of own shares held, and the cash resources of the Group. The retained earnings of the Company, after deduction of own shares held, are £405,801,000 (2015: £400,808,000) as set out in the Company statement of changes in shareholders' equity on page 84. The Group has cash and money market deposits at 31 December 2016 of £17,775,000 (2015: £12,418,000), the majority of which are held by the principal operating subsidiary Rightmove Group Limited. The Group is well positioned to fund its future dividends given the strong cash generative nature of the business and in 2016 cash generated from operating activities was £169,250,000 (2015: £143,181,000) representing an operating cash conversion in excess of 100%.

(ii) Share buybacks

The Company purchases its own shares in the market; the timing of these purchases depends on available free cash flow and market conditions. In 2016, 2,251,711 (2015: 2,251,340) shares were bought back and were cancelled at an average price of £39.12 (2015: £33.79).

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;
- 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;
- 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;
- 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 Rightmove's platforms; and
- The **New Homes** segment which provides property advertising services to new home developers and housing associations on Rightmove's platforms.

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 advertising and Consumer Services as well as Data 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 £000	New Homes £000	Subtotal £000	Other £000	Central £000	Adjustments £000	Total £000
Year ended 31 December 2016							
Revenue	168,311	33,893	202,204	17,789	–	–	219,993
Operating profit ⁽¹⁾	–	–	–	–	166,240	(4,593) ⁽²⁾	161,647
Depreciation and amortisation	–	–	–	–	(1,619)	–	(1,619)
Financial income	–	–	–	–	109	–	109
Financial expenses	–	–	–	–	(209)	–	(209)
Trade receivables ⁽³⁾	19,040	5,266	24,306	2,188	–	139 ⁽⁴⁾	26,633
Other segment assets	–	–	–	–	33,753	68 ⁽⁵⁾	33,821
Segment liabilities	–	–	–	–	(52,205)	(207) ⁽⁴⁾⁽⁵⁾	(52,412)
Capital expenditure	–	–	–	–	1,759	–	1,759
Year ended 31 December 2015							
Revenue	147,102	30,475	177,577	14,552	–	–	192,129
Operating profit ⁽¹⁾	–	–	–	–	144,271	(7,096) ⁽²⁾	137,175
Depreciation and amortisation	–	–	–	–	(1,295)	–	(1,295)
Financial income	–	–	–	–	112	–	112
Financial expenses	–	–	–	–	(183)	–	(183)
Trade receivables ⁽³⁾	17,184	5,626	22,810	1,654	–	145 ⁽⁴⁾	24,609
Other segment assets	–	–	–	–	25,742	3 ⁽⁵⁾	25,745
Segment liabilities	–	–	–	–	(43,569)	(148) ⁽⁴⁾⁽⁵⁾	(43,717)
Capital expenditure	–	–	–	–	1,772	–	1,772

(1) Operating profit is stated after the charge for depreciation and amortisation.

(2) Operating profit does not include share-based payments charge of £4,142,000 (2015: £3,765,000) and NI on share-based incentives charge of £451,000 (2015: £3,331,000).

(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.

5 Operating segments *continued*

Geographic information

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

Group	2016		2015	
	Revenue €000	Trade receivables €000	Revenue €000	Trade receivables €000
UK	214,536	26,124	188,102	24,220
Rest of the world	5,457	509	4,027	389
	219,993	26,633	192,129	24,609

6 Operating profit

	2016 €000	2015 €000
Operating profit is stated after charging:		
Employee benefit expense	27,443	23,464
Depreciation of property, plant and equipment	1,241	934
Amortisation of intangibles	378	361
Bad debt impairment charge	437	365
Operating lease rentals		
Land and buildings	898	874
Other	549	537

Auditor's remuneration

	2016 €000	2015 €000
Fees payable to the Company's auditor in respect of the audit		
Audit of the Company's financial statements	18	15
Audit of the Company's subsidiaries pursuant to legislation	131	90
Total audit remuneration	149	105
Fees payable to the Company's auditor in respect of non-audit related services		
Half year review of the condensed financial statements	18	15
Tax compliance services and advisory	1	14
All other services	2	1
Total non-audit remuneration	21	30

7 Employee numbers and costs

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

	2016 Number of employees	2015 Number of employees
Administration	448	391
Management	21	21
	469	412

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	23,760	20,313
Social security costs	2,793	2,398
Pension costs	870	753
	27,423	23,464

Social security costs do not include a charge of £451,000 (2015: £3,331,000) relating to NI on share-based incentives which has been disclosed in the Statement of Comprehensive Income.

8 Financial income

	2016 £000	2015 £000
Interest income on cash and money market balances	109	112

9 Financial expenses

	2016 £000	2015 £000
Financial expenses	209	183

10 Income tax expense

	2016 £000	2015 £000
Current tax expense		
Current year	33,048	27,922
Adjustment to current tax charge in respect of prior years	(407)	(257)
	32,641	27,665
Deferred tax credit		
Origination and reversal of temporary differences	(636)	(105)
Adjustment to deferred tax in respect of prior years	-	(1)
Reduction in tax rate	-	77
	(636)	(29)
Total income tax expense	32,005	27,636

Income tax credit recognised directly in equity

	2016 £000	2015 £000
Current tax		
Share-based incentives	(441)	(1,876)
Deferred tax		
Share-based incentives (refer Note 16)	436	(2,408)
Reduction in tax rate	-	149
	436	(2,259)
Total income tax credit recognised directly in equity	(5)	(4,135)

Total income tax recognised directly in equity in respect of the Company was a credit of £24,000 (2015: £2,482,000 credit).

Reconciliation of effective tax rate

The Group's income tax expense for the year is lower in both years than the standard rate of corporation tax in the UK of 20.0% (2015: 20.3%). The differences are explained below:

	2016 £000	2015 £000
Profit before tax	161,547	137,104
Current tax at 20.0% (2015: 20.3%)	32,309	27,764
Reduction in tax rate	-	77
Non-deductible expenses	70	46
Share-based incentives	33	7
Adjustment to current tax charge in respect of prior years	(407)	(257)
Adjustment to deferred tax charge in respect of prior years	-	(1)
	32,005	27,636

The Group's consolidated effective tax rate on the profit of £161,547,000 for the year ended 31 December 2016 is 19.8% (2015: 20.2%). The difference between the standard rate and effective rate at 31 December 2016 is attributable to a prior year adjustment of 0.3% (2015: 0.2%), primarily in respect of research and development tax relief, offset by disallowable expenditure of 0.1% (2015: 0.1%).

11 Earnings per share (EPS)

	Weighted average number of ordinary shares	Total earnings £000	Pence per share
Year ended 31 December 2016			
Basic EPS	93,960,353	129,542	137.87
Diluted EPS	94,967,543	129,542	136.41
Underlying basic EPS	93,960,353	134,135	142.76
Underlying diluted EPS	94,967,543	134,135	141.24
Year ended 31 December 2015			
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

Weighted average number of ordinary shares (basic)

	2016 Number of shares	2015 Number of shares
Issued ordinary shares at 1 January less ordinary shares held by the EBT and SIP Trust	97,318,120	99,396,818
Less own shares held in treasury at the beginning of the year	(2,322,314)	(2,505,430)
Effect of own shares purchased for cancellation	(1,069,275)	(1,034,666)
Effect of share-based incentives exercised	34,560	158,344
Effect of shares purchased by the EBT	(738)	(313)
Issued ordinary shares at 31 December less ordinary shares held by the EBT and SIP Trust	93,960,353	96,014,753

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.

	2016 Number of shares	2015 Number of shares
Weighted average number of ordinary shares (basic)	93,960,353	96,014,753
Dilutive impact of share-based incentives outstanding	1,007,190	1,082,813
	94,967,543	97,097,566

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.

11 Earnings per share (EPS) *continued*

Underlying EPS

Underlying EPS is calculated by taking basic earnings for the year and adding back the charge for share-based payments and the charge 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:

	2016 £000	2015 £000
Basic earnings for the year	129,542	109,468
Share-based payments	4,142	3,765
NI on share-based incentives	451	3,331
Underlying earnings for the year	134,135	116,564

12 Dividends

Dividends declared and paid by the Company were as follows:

	2016		2015	
	Pence per share	£000	Pence per share	£000
2014 final dividend paid	–	–	22.0	21,162
2015 interim dividend paid	–	–	16.0	15,307
2015 final dividend paid	27.0	25,442	–	–
2016 interim dividend paid	19.0	17,764	–	–
	46.0	43,206	38.0	36,469

After the reporting date a final dividend of 32.0p (2015: 27.0p) per qualifying ordinary share being £29,696,000 (2015: £25,547,000) was proposed by the Board of directors.

The 2015 final dividend paid on 3 June 2016 was £25,442,000 being a difference of £105,000 compared to that reported in the 2015 Annual Report, which was due to a decrease in the ordinary shares entitled to a dividend between 31 December 2015 and the final dividend record date of 6 May 2016.

The 2016 interim dividend paid on 4 November 2016 was £17,764,000 being a difference of £172,000 compared to that reported in the 2016 Half Year Report, which was due to a decrease in the ordinary shares entitled to a dividend between 30 June 2016 and the interim dividend record date of 7 October 2016.

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, fixtures & fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 January 2016	769	5,823	451	7,043
Additions	58	1,223	–	1,281
Acquired through a business combination	2	7	–	9
At 31 December 2016	829	7,053	451	8,333
Depreciation				
At 1 January 2016	(586)	(4,010)	(208)	(4,804)
Charge for year	(92)	(1,091)	(58)	(1,241)
At 31 December 2016	(678)	(5,101)	(266)	(6,045)
Net book value				
At 31 December 2016	151	1,952	185	2,288
At 1 January 2016	183	1,813	243	2,239

Group	Office equipment, fixtures & fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost				
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
Depreciation				
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)
Net book value				
At 31 December 2015	183	1,813	243	2,239
At 1 January 2015	207	1,072	301	1,580

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

14 Intangible assets

Group	Goodwill €000	Computer software €000	Asset in progress €000	Market appraisal algorithm €000	Total €000
Cost					
At 1 January 2016	732	4,364	–	–	5,096
Additions	–	275	–	–	275
Internally generated	–	–	203	–	203
Acquired through a business combination	1,733	–	–	309	2,042
At 31 December 2016	2,465	4,639	203	309	7,616
Amortisation					
At 1 January 2016	–	(3,713)	–	–	(3,713)
Charge for year	–	(318)	–	(60)	(378)
At 31 December 2016	–	(4,031)	–	(60)	(4,091)
Net book value					
At 31 December 2016	2,465	608	203	249	3,525
At 1 January 2016	732	651	–	–	1,383

Goodwill acquired of £1,733,000 relates to the goodwill recognised on the acquisition of The Outside View Analytics Ltd ('Outside View'), being intangible assets that are not separately identifiable under IFRS 3. The goodwill represents value arising from the skills and knowledge of Outside View's workforce as well as the ability to develop an enhanced product and service offering that the Board believe will drive an increase in the quantity and quality of predictive analytical data services provided to customers.

The asset in progress consists of capitalised development costs for a significant upgrade to a customer facing software application used by our Data Services business. The market appraisal algorithm relates to the intangible asset recognised on acquisition of Outside View.

Group	Goodwill €000	Computer software €000	Total €000
Cost			
At 1 January 2015	732	4,185	4,917
Additions	–	179	179
At 31 December 2015	732	4,364	5,096
Amortisation			
At 1 January 2015	–	(3,352)	(3,352)
Charge for year	–	(361)	(361)
At 31 December 2015	–	(3,713)	(3,713)
Net book value			
At 31 December 2015	732	651	1,383
At 1 January 2015	732	833	1,565

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 Agency segment which represents 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 carrying value of £2,465,000 goodwill, comprises £732,000 of purchased goodwill arising pre-transition to IFRS and £1,733,000 on acquisition of the Outside View. Goodwill arising from the acquisition of the Outside View has been allocated to the Agency segment as the revenue expected from the Outside View product is attributable to Agency customers.

Given the low level of significance of the total goodwill balance and strong growth in the Agency segment revenue in the year, with no impairment indicators present, 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 2016 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
The Outside View Analytics Ltd	Property analytics services	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. The registered office for all subsidiaries of the Group is Turnberry House, 30 Caldecotte Lake Drive, Caldecotte, Milton Keynes MK7 8LE.

Company	2016 £000	2015 £000
Investment in subsidiary undertakings		
At 1 January	544,464	542,804
Additions – subsidiary share-based payments charge (refer Note 23)	1,738	1,660
At 31 December	546,202	544,464

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 £1,738,000 (2015: £1,660,000) being recognised in the Company accounts as a capital contribution to its subsidiary.

16 Deferred tax assets

Deferred tax is presented net on the balance sheet in so far as a right of offset exists. The net deferred tax asset is attributable to the following:

	Share-based incentives €000	Property, plant and equipment €000	Group Provisions €000	Market appraisal algorithm €000	Total €000	Company Share-based incentives €000
At 1 January 2016	6,509	179	103	–	6,791	3,581
Arising on business combination	–	–	–	(49)	(49)	–
Recognised in income	531	73	22	10	636	346
Recognised directly in equity	(436)	–	–	–	(436)	(170)
At 31 December 2016	6,604	252	125	(39)	6,942	3,757
At 1 January 2015	4,224	197	82	–	4,503	2,667
Recognised in income	26	(18)	21	–	29	(86)
Recognised directly in equity	2,259	–	–	–	2,259	1,000
At 31 December 2015	6,509	179	103	–	6,791	3,581

The increase in the deferred tax asset relating to share-based incentives at 31 December 2016 is due to fewer exercises of shares options in 2016 which together with the number of new share scheme awards has outweighed the reduction in the Company's share price from €41.25 at 31 December 2015 to €39.03 at 31 December 2016.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated at the rate of 19% which represents the average expected rate at which the net deferred tax asset will reverse in the future.

17 Trade and other receivables

Group	2016 €000	2015 €000
Trade receivables	27,061	25,055
Less provision for impairment of trade receivables	(428)	(446)
Net trade receivables	26,633	24,609
Prepayments	2,826	2,529
Accrued income	338	301
Interest receivable	–	25
Other debtors	127	59
	29,924	27,523

Exposure to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in Note 26.

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

18 Cash and deposits

Group	2016 £000	2015 £000
Cash and cash equivalents	13,749	8,418
Money market deposits	4,026	4,000
	17,775	12,418

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 0.4% (2015: 0.5%).

The cash at bank balance includes £1,848,000 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 0.7% (2015: 0.8%).

The Company had cash and cash equivalent balances at 31 December 2016 of £180 (2015: £148).

19 Trade and other payables

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade payables	1,266	592	–	–
Trade accruals	7,644	7,336	4,835	4,721
Other creditors	46	69	–	–
Other taxation and social security	9,172	7,428	–	–
Deferred revenue	17,668	16,193	–	–
Inter-group payables	–	–	25,317	31,908
	35,796	31,618	30,152	36,629

Exposure to currency and liquidity risk relating to trade and other payables is disclosed in Note 26.

20 Loans and borrowings

The agreement with HSBC for a £10,000,000 committed revolving loan facility expired on 9 February 2017. This has been replaced with a new 12 month agreement with Barclays Bank Plc for a £10,000,000 committed revolving loan facility that expires on 12 February 2018. No amount has been drawn under either facility in either year.

The Company had no loans and borrowings in either year.

21 Provisions

	2016			2015	
	Dilapidations provision £000	Other £000	Total £000	Dilapidations provision £000	Total £000
At 1 January	236	–	236	200	200
Charged in the year	36	88	124	36	36
At 31 December	272	88	360	236	236
Current	185	–	185	–	–
Non-current	87	88	175	236	236

The lease dilapidations 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

	2016		2015	
	Amount £000	Number of shares	Amount £000	Number of shares
In issue ordinary shares of £0.01 each				
At 1 January	977	97,741,977	1,000	99,993,317
Purchase and cancellation of own shares	(22)	(2,251,711)	(23)	(2,251,340)
At 31 December	955	95,490,266	977	97,741,977

The authorised share capital is 300,000,000 ordinary £0.01 shares in both years.

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.

In June 2007, the Company commenced a share buyback programme to purchase its own ordinary shares. The total number of shares bought back in 2016 was 2,251,711 (2015: 2,251,340) representing 2.4% (2015: 2.4%) 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 £88,083,000 (2015: £76,071,000). The maximum and minimum prices paid were £42.50 (2015: £41.44) and £33.11 (2015: £21.18) per share respectively. Share-related expenses in relation to stamp duty charges and broker expenses were £617,000 (2015: £533,000).

Included within shares in issue at 31 December 2016 are 343,275 (2015: 386,057) shares held by the EBT, 50,150 (2015: 37,800) shares held by the SIP and 2,271,725 (2015: 2,322,314) shares held in treasury.

23 Reconciliation of movement in capital and reserves**Group****Own shares held – £000**

	EBT shares reserve £000	SIP shares reserve £000	Treasury shares £000	Total £000
Own shares held as at 1 January 2015	(2,906)	–	(11,917)	(14,823)
Shares purchased for SIP	(507)	–	–	(507)
Shares transferred to SIP	863	(863)	–	–
Share-based incentives exercised in the year	378	–	856	1,234
SIP releases in the year	–	11	–	11
Increase in shares released from EBT due to rolled up dividend payments	7	–	16	23
Own shares held as at 31 December 2015	(2,165)	(852)	(11,045)	(14,062)
Own shares held as at 1 January 2016	(2,165)	(852)	(11,045)	(14,062)
Shares purchased for SIP	(751)	–	–	(751)
Shares transferred to SIP	517	(517)	–	–
Share-based incentives exercised in the year	107	–	232	339
SIP releases in the year	–	17	–	17
Increase in shares released from EBT due to rolled up dividend payments	1	–	9	10
Shares held as at 31 December 2016	(2,291)	(1,352)	(10,804)	(14,447)

Own shares held – number

	EBT shares reserve number of shares	SIP shares reserve number of shares	Treasury shares number of shares	Total number of own shares held
Own shares held as at 1 January 2015	596,499	–	2,505,430	3,101,929
Shares purchased for SIP	12,700	–	–	12,700
Shares transferred to SIP	(38,300)	38,300	–	–
Share-based incentives exercised in the year	(181,552)	–	(199,751)	(381,303)
Reduction in shares released due to net settlement (refer Note 24)	–	–	19,930	19,930
SIP releases in the year	–	(500)	–	(500)
Increase in shares released from EBT due to rolled up dividend payments	(3,290)	–	(3,295)	(6,585)
Own shares held as at 31 December 2015	386,057	37,800	2,322,314	2,746,171
Own shares held as at 1 January 2016	386,057	37,800	2,322,314	2,746,171
Shares purchased for SIP	20,250	–	–	20,250
Shares transferred to SIP	(12,950)	12,950	–	–
Share-based incentives exercised in the year	(49,985)	–	(48,750)	(98,735)
SIP releases in the year	–	(600)	–	(600)
Increase in shares released from EBT due to rolled up dividend payments	(97)	–	(1,839)	(1,936)
Shares held as at 31 December 2016	343,275	50,150	2,271,725	2,665,150

23 Reconciliation of movement in capital and reserves *continued*

(a) EBT shares reserve

This reserve represents the cost of own shares acquired by the EBT less any exercises of share-based incentives. An additional 97 shares were issued as a result of rolled up dividend payments in relation to performance shares.

At 31 December 2016, the EBT held 343,275 (2015: 386,057) ordinary shares in the Company of £0.01 each, representing 0.4% (2015: 0.4%) of the ordinary shares in issue (excluding shares held in treasury). The market value of the shares held in the EBT at 31 December 2016 was £13,398,000 (2015: £15,925,000).

(b) 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 (2015: 50), subject to a three year service period, with effect from 3 January 2017 (4 January 2016). 600 (2015: 500) shares were released by the SIP during the year in relation to good leavers and retirees. 12,950 (2015: 38,300) shares were transferred to the SIP reserve from the EBT.

At 31 December 2016 the SIP held 50,150 (2015: 37,800) ordinary shares in the Company of £0.01 each, representing 0.05% (2015: 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 £1,957,000 (2015: £1,559,000).

(c) 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. An additional 1,839 shares were issued as a result of rolled up dividend payments in relation to performance shares.

Other reserves

This represents the Capital Redemption Reserve in respect of own shares bought back and cancelled. The movement of £22,000 (2015: £23,000) is the nominal value of ordinary shares cancelled during the year.

Retained earnings

The gain on the exercise of share-based incentives of £7,000 (2015: £867,000 loss) 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. Details of share buybacks and cancellation of shares are included in Note 22.

Company

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 £1,738,000 (2015: £1,660,000) in respect of the share-based incentives charge for employees of Rightmove Group Limited.

In addition other reserves include £339,000 (2015: £317,000) of Capital Redemption Reserve. A movement of £22,000 (2015: £23,000) 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 a number of share-based incentive schemes for executive directors and employees.

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.

The Group recognised a total share-based payments charge for the year of £4,142,000 (2015: £3,765,000) with a Company charge for the year of £2,404,000 (2015: £2,105,000), as set out below:

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Sharesave Plan	204	157	4	5
Performance Share Plan (PSP)	2,755	2,553	1,879	1,580
Deferred Share Bonus Plan (DSP)	884	917	521	519
Share Incentive Plan (SIP)	299	138	–	1
Total share-based payments charge	4,142	3,765	2,404	2,105
NI on applicable share-based payment schemes at 13.8%	451	3,331	232	2,605

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 £36,000 (2015: £49,000).

Approved and Unapproved Plans

There has been no award of share options for Approved and Unapproved Plans since 5 March 2010.

Group	2016		2015	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	546,527	307.42	663,131	369.53
Exercised	–	–	(116,604)	660.65
Outstanding at 31 December	546,527	307.42	546,527	307.42
Exercisable at 31 December	546,527	307.42	546,527	307.42

The weighted average market value per ordinary share for options exercised in 2016 was nil (2015: £37.39).

The options outstanding at 31 December 2016 have an exercise price in the range of £2.24 to £6.66 in both years and a weighted average contractual life of 2.1 years (2015: 3.1 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
1 October 2016	4293.00	3315.00	27.8	3.0	0.4	1.1	25.0	1233.00

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	2016		2015	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	104,019	2273.13	116,032	1733.49
Granted	43,451	3315.00	35,794	2960.00
Forfeited	(9,939)	2695.91	(16,406)	1932.63
Exercised	(20,598)	1809.87	(31,401)	1244.84
Outstanding at 31 December	116,933	2712.71	104,019	2273.13
Exercisable at 31 December	4,601	1896.00	2,211	1295.00

The weighted average market value per ordinary share for Sharesave options exercised in 2016 was £38.34 (2015: £37.27).

The Sharesave options outstanding at 31 December 2016 have an exercise price in the range of £18.96 to £33.15 (2015: £12.95 to £29.60) and a weighted average contractual life of 2.3 years (2015: 2.4 years).

24 Share-based payments continued**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.

89,041 PSP awards were made on 1 March 2016 (the grant date) subject to EPS and TSR performance. Performance will be measured over three financial years (1 January 2016 to 31 December 2018). The vesting in March 2019 (vesting date) of 25% of the 2016 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 2016 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. The assumptions used in the measurement of the fair value at grant date of the PSP awards 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)
8 March 2013 (TSR dependent) ⁽¹⁾	1781.00	nil	27.3	3.0	0.4	0.0	4.8	1003.00
8 March 2013 (EPS dependent) ⁽¹⁾	1781.00	nil	n/a	3.0	0.4	0.0	4.8	1781.00
3 March 2014 (TSR dependent) ⁽¹⁾⁽²⁾	2688.00	nil	25.3	3.0	1.0	0.0	4.8	1219.00
3 March 2014 (EPS dependent) ⁽¹⁾⁽²⁾	2688.00	nil	n/a	3.0	1.0	0.0	4.8	2688.00
2 March 2015 (TSR dependent) ⁽¹⁾	3044.00	nil	24.7	3.0	0.8	0.0	5.2	2258.00
2 March 2015 (EPS dependent) ⁽¹⁾	3044.00	nil	n/a	3.0	0.8	0.0	5.2	3044.00
1 March 2016 (TSR dependent) ⁽¹⁾	4069.00	nil	27.8	3.0	0.4	0.0	4.4	1985.00
1 March 2016 (EPS dependent) ⁽¹⁾	4069.00	nil	n/a	3.0	0.4	0.0	4.4	4069.00

(1) For details of TSR and EPS performance conditions refer to the Directors' Remuneration Report on pages 47 to 74.

(2) Both the TSR and EPS performance conditions for PSPs with a grant date of 3 March 2014 have been met in full and 100% of the awards are expected to vest in March 2017.

Expected volatility is estimated by considering historic average share price volatility at the grant date.

Group	2016 Number	2015 Number
Outstanding at 1 January	388,002	438,365
Granted	89,041	129,645
Forfeited	(22,688)	–
Exercised	(51,403)	(180,008)
Outstanding at 31 December	402,952	388,002
Exercisable at 31 December	82,467	23,953

The weighted average market value per ordinary share for options exercised in 2016 was £38.86 (2015: £35.19). The weighted average exercise price was nil in both years.

The PSP awards outstanding at 31 December 2016 have a weighted average contractual life of 2.7 years (2015: 3.1 years).

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)
8 March 2013	3 March 2014	1781.00	nil	3.0	0.4	1.4	5.3	1708.00
3 March 2014	2 March 2015	2688.00	nil	3.0	1.0	1.0	5.6	2605.00
2 March 2015	1 March 2016 ⁽¹⁾	3044.00	nil	3.0	0.8	1.2	6.0	2941.00
1 March 2016	— ⁽²⁾	4069.00	nil	3.0	0.4	1.1	5.7	3942.00

(1) Following the achievement of 100% of the 2015 internal performance targets, 36,276 nil cost deferred shares were awarded to executives and senior management on 1 March 2016 (the Award Date) with the right to the release of the shares deferred until March 2018.

(2) Based on the 2016 internal performance targets, the Remuneration Committee determined that 92% of the maximum award in respect of the year will be made in March 2017. The number of shares to be awarded will be determined based on the share price at the Award Date in March 2017.

Group	2016 Number	2015 Number
Outstanding at 1 January	68,309	90,909
Awarded	36,276	33,864
Forfeited	(1,677)	—
Exercised	(26,736)	(56,464)
Outstanding at 31 December	76,172	68,309
Exercisable at 31 December	7,709	—

The weighted average market value per ordinary share for deferred shares exercised in 2016 was £38.60 (2015: £32.42). The weighted average exercise price was nil in both years.

The DSP awards outstanding at 31 December 2016 have a weighted average contractual life of 1.5 years (2015: 0.7 years).

24 Share-based payments continued

Share Incentive Plan

In 2014, the Group established the Rightmove Share Incentive Plan Trust (SIP). Employees were offered 50 shares (2015: 100) as a gift, subject to a three year service period (the Vesting Period). 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 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 January 2015	2245.00	nil	24.7	3.0	0.8	nil	45.0	2245.00
1 January 2016	4093.00	nil	27.8	3.0	0.4	nil	45.0	4093.00

Expected volatility is estimated by considering historic average share price volatility at the grant date.

Group	2016 Number	2015 Number
Outstanding at 1 January	30,200	–
Granted	20,550	38,300
Forfeited	(5,850)	(7,600)
Released	(600)	(500)
Outstanding at 31 December	44,300	30,200
Exercisable at 31 December	–	–

The weighted average market value per ordinary share for SIP awards released in 2016 was £37.90 (2015: £34.45). The weighted average exercise price in both years 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 2016 have a weighted average contractual life of 1.4 years (2015: 2.0 years).

25 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

Group	Plant & machinery £000	2016 Land & buildings £000	Total £000	Plant & machinery £000	2015 Land & buildings £000	Total £000
Less than one year	234	491	725	359	949	1,308
Between one and five years	157	1,172	1,329	165	1,370	1,535
More than five years	–	3	3	–	296	296
	391	1,666	2,057	524	2,615	3,139

The Company had no operating lease commitments in either year.

26 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	2016 €000	2015 €000
Net trade receivables	17	26,633	24,609
Accrued interest receivable	17	–	25
Other debtors	17	127	59
Cash and cash equivalents	18	13,749	8,418
Money market deposits	18	4,026	4,000
		44,535	37,111

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	2016 €000	2015 €000
UK		26,124	24,220
Rest of the world		509	389
	17	26,633	24,609

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Group	Note	2016 €000	2015 €000
Property advertisers		25,361	23,055
Other		1,272	1,554
	17	26,633	24,609

The Group's most significant customer accounts for £1,589,000 (2015: £1,305,000) of the trade receivables carrying amount as at 31 December 2016.

26 Financial instruments continued**Impairment losses**

The ageing of trade receivables at the reporting date was:

Group	2016		2015	
	Gross £000	Impairment £000	Gross £000	Impairment £000
Not past due	24,010	(7)	21,227	(5)
Past due 0–30 days	1,876	(70)	2,654	(55)
Past due 30–60 days	880	(56)	593	(19)
Past due 60–90 days	58	(58)	104	(7)
Past due older	237	(237)	477	(360)
	27,061	(428)	25,055	(446)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Group	2016 £000	2015 £000
At 1 January	446	490
Charged during the year	437	365
Utilised during the year	(455)	(409)
At 31 December	428	446

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 contractual maturities of undiscounted financial liabilities, including undiscounted estimated interest payments, as at year end were:

Group	Carrying amount £000	Contractual cash flows £000	6 months or less £000
At 31 December 2016			
Trade payables being non-derivative financial liabilities	1,266	(1,266)	(1,266)
At 31 December 2015			
Trade payables being non-derivative financial liabilities	592	(592)	(592)

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 2016 all the Group's sales and more than 97.0% (2015: 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 2016 the Group had total cash of £13,749,000 (2015: £8,418,000) and money market deposits of £4,026,000 (2015: £4,000,000).

Fair values

The fair values of all financial instruments in both years are equal to the carrying values.

27 Acquisition of subsidiary

On 31 May 2016, Rightmove Group Limited acquired the entire ordinary share capital of The Outside View Analytics Ltd ("Outside View"), a predictive analytics business. The Outside View have developed an algorithm to predict which homeowners are most likely to sell their property in the next 180 days. Rightmove plans to launch an enhanced version of the product using its combined know how and unique dataset. The product will help customers to identify and market to their target audience and will complement the Local Valuation Alert product. The total cash consideration paid of £2,096,000 excludes acquisition costs of £42,000 which have been recognised as an expense in the period in the Consolidated Statement of Comprehensive Income.

The following table provides a reconciliation of the amounts included in the Consolidated Statement of Cash Flows:

	2016 £000
Net cash flow on acquisition	
Cash paid for subsidiary	(2,096)
Transaction costs on acquisition	(42)
Cash acquired	50
Net cash outflow	(2,088)

In the seven month period to 31 December 2016, Outside View contributed revenue of £174,000 and profit of £80,000 to the Group's results.

The following table details the fair values of the assets and liabilities acquired at the date of acquisition:

	Carrying values pre-acquisition £000	Fair value adjustments £000	Fair values £000
Net assets acquired			
Non-current assets			
Property, plant and equipment	9	–	9
Intangible assets – market appraisal technology ⁽²⁾	–	309	309
Current assets			
Trade and other receivables ⁽³⁾	191	(2)	189
Cash and cash equivalents	50	–	50
Current liabilities	(145)	–	(145)
Non-current liabilities			
Deferred tax liabilities ⁽²⁾	–	(49)	(49)
Fair value of net assets acquired	105	258	363
Cash consideration			2,096
Total consideration			2,096
Goodwill⁽¹⁾			1,733

(1) The goodwill recognised on acquisition represents value arising from intangible assets that are not separately identifiable under IFRS 3. These items include the skills and knowledge of the Outside View's workforce as well as the ability to develop an enhanced product and service offering that the Board believe will drive an increase in the quantity and quality of predictive analytical data services provided to customers.

(2) In addition to the goodwill recognised on consolidation, the market appraisal algorithm and supporting technology obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. The fair value has been obtained by estimating the cost of independently building similar technology. The asset will be amortised over its useful economic life of three years. A deferred tax liability has been recognised in respect of this asset and will be unwound over the useful economic life.

(3) The receivables acquired (which principally comprised trade receivables) with a fair value of £191,000 had gross contractual amounts of £210,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is £21,000 resulting in a fair value adjustment of £2,000.

28 Related party disclosures

Inter-group transactions with subsidiaries

Under the inter-group loan agreement dated 30 January 2008, Rightmove Group Limited settles all expenses on behalf of the Company, including dividends paid to shareholders and share buybacks and related costs. During the year, the Company was charged interest of £527,000 (2015: £547,000) under this agreement and at 31 December 2016, the inter-group loan balance was £25,317,000 (2015: £31,908,000) including capitalised interest (refer Note 19).

On 30 June 2016 Rightmove Group Limited declared an interim dividend of 55p per ordinary share to the Company. Additionally, on 13 December 2016, Rightmove Group Limited declared a further interim dividend of 54p per ordinary share to the Company. The dividends of £141,046,000 (2015: £129,400,000) 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 £517,000 (2015: £863,000), representing the cost of the SIP shares transferred from the EBT to the SIP during the year.

Inter-group transactions between subsidiaries

During the year, following its acquisition on 31 May 2016, the Outside View became a related party to the Company. Since acquisition Rightmove Group Limited has settled liabilities on behalf of the Outside View and the balance owing under an inter-group loan agreement dated 13 June 2016 was £15,000 as at 31 December 2016.

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 47 to 74.

During the year, the directors in office in total had gains of £1,566,000 (2015: £9,263,000) arising on the exercise of share-based incentive awards. The total share-based payments charge in relation to the directors in office was £2,404,000 (2015: £2,105,000).

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 47 to 74.

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 2016 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: Sandra Odell
Website: www.rightmove.co.uk

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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 2017

2016 full year results	24 February 2017
Final dividend record date	5 May 2017
Annual General Meeting	9 May 2017
Final dividend payment	2 June 2017
Half year results	28 July 2017
Interim dividend	3 November 2017

*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: 0371 664 0300 (calls cost 10p per minute plus network extras) (Overseas: +44 20 8639 3399)
Email: shareholderenquiries@capita.co.uk
Share portal: 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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