STRATEGIC REPORT - Highlights

Financial highlights

	2017	2016	Change
Revenue	£243.3m	£220.0m	+11%
Operating profit	£178.3m	£161.6m	+10%
Underlying operating profit(1)	£184.4m	£166.2m	+11%
Basic earnings per share	156.8p	137.9p	+14%
Underlying basic earnings per share(2)	163.3p	142.8p	+14%
Final dividend	36.0p	32.0p	+14%

- Revenue up 11% year on year with growth driven by our Agency and New Homes businesses
- Underlying operating profit(1) up 11% and operating profit up 10%
- Underlying basic earnings per share(2) and basic earnings per share both up 14%
- £140.4m (2016: £131.3m) of cash returned to shareholders through dividends and share buybacks in the year
- Final dividend of 36.0p (2016: 32.0p) per ordinary share making a total dividend of 58.0p for the year (2016: 51.0p), up 14%

Operational Highlights

- Record customer numbers with Agency and New Homes customers up 2% to 20,427
- 1 million UK residential properties advertised on Rightmove which is a significant stock advantage compared to any other UK portal
- Continued traffic growth with visits up 4% averaging over 125 million visits per month(3) and time on site unchanged at nearly 1 billion minutes per month(3)
- Average Revenue Per Advertiser (ARPA)(4) up 10% to £922 per month
- Further product, software and data innovation to make the property marketplace more efficient and home moving easier for consumers and customers alike

(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
(3) Source: Google Analytics
(4) For Agency and New Homes customers

Peter Brooks-Johnson, Chief Executive Officer, said:
"The UK public has once again moved with Rightmove, spending 11.7 billion minutes on Rightmove platforms in 2017. Our focus and innovation continue to make us the place that consumers turn to first and that property professionals turn to most often.

Our customer numbers increased to a record high of nearly 20,500, testament to our aim to provide customers with the most effective marketing exposure and the highest quality leads, as well as helping to drive efficiencies within their businesses though tools and support.

As the industry becomes more digital our software has become even more valuable to our customers with 90% of our Agency members making use of it each month. Our market leading position, our culture of restlessness, and our ambition to make our marketplace even more efficient means there are many reasons to be excited by the opportunities ahead for Rightmove, and the Board remains confident of making further progress in 2018".

STRATEGIC REPORT - Chairman's Statement

I am pleased to present Rightmove plc's results for the year ended 31 December 2017.

Throughout our history we have enabled our property industry partners to be more informed, make better and faster decisions and realise efficiencies both during robust and quieter housing market cycles. Perhaps the most notable feature of 2017 was our continued innovation of digital solutions for the UK housing market. We have also continued to be the only place where consumers can see almost the entire UK property market, giving our customers access to an unrivalled audience for their brands and exposure for their sales and rental properties.

Rightmove's higher value Optimiser product package is a perfect example of the changing and improved nature of our digital product suite. It gives our customers the ability to select the tools and advertising that best strengthen their marketing plans and achieve their business goals after discussion with and insight from Rightmove account managers.

Notable new products in 2017 include Rightmove Discover, which leverages Artificial Intelligence to assist estate agents with identifying instruction opportunities which is the raw material for our customers' businesses. Property data has always been at the core of our business and we are excited about continuing to harness the power of our data to drive further efficiency in the property market, predict market opportunities and drive success for our customers and consumers.

Rightmove's culture is to remove complexity and our ambition is to make home moving easier and more efficient. Our attachment to our homes and the emotional experience of moving house over a lifetime is not lost on us. That recognition is underscored in our recent television advertising campaign that captures not only a series of personal home moving experiences, but also reflects our focus on the end game. We make home search simple. The quality and clarity of user experience across desktop, smartphone and tablet is testament to our developers and designers who seek to achieve this outcome.

It was a proud year of achievement serving property professionals and home hunters. We are committed to continue that effort with the same level of energy, innovation and sensitivity to the needs and demands of all our stakeholders in 2018.

Financial results

The strength of our business model and core value proposition once again underpins our robust financial results in 2017. Underlying operating profit(1) was up 11% to £184.4m (2016: £166.2m) and operating profit was up 10% at £178.3m (2016: £161.6m) driven by revenue growth of 11% to £243.3m (2016: £220.0m) and a disciplined approach to cost control. Underlying basic earnings per share(2) and basic earnings per share were both up 14% at 163.3p (2016: 142.8p) and 156.8p (2016: 137.9p) respectively, even greater than the percentage increase in profits and in part as a result of 2.2m shares bought back during the year at a cost of £90.8m as part of our policy of returning cash to shareholders.

Returns to shareholders and dividend

Our commitment to return excess cash promptly to investors continues to be as strong as ever and in 2017 we returned a further £140.4m (2016: £131.3m) to shareholders through dividends and share buybacks. Operating cash conversion(3) was again very strong and remains in excess of 100% of operating profit.

The Board increased the interim dividend to 22.0p (H1 2016: 19.0p) per ordinary share, which was paid on 3 November 2017. We are confident in our ability to deliver sustainable returns to shareholders and consistent with our policy of increasing the total dividend for the year broadly in line with earnings per share, the Board recommends a final dividend of 36.0p (2016: 32.0p) per ordinary share. This brings the total dividend for the year to 58.0p (2016: 51.0p), an increase of 14%. The final dividend, subject to shareholder approval, will be paid on 1 June 2018 to all shareholders on the register on 4 May 2018.

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 37 to 55.

Board changes
In May 2017, after 16 years of leadership, Nick McKittrick retired from the Board. Nick had led the Company as Chief Executive Officer since April 2013 and together with his management team helped deliver an outstanding financial performance with revenues growing by over 50% and a strong share price rise during that period that reflected our delivery of continued improvements in value provided to customers and consumers alike.

Nick passed the baton to Peter Brooks-Johnson, our Chief Operating Officer and Board director since 2011, and I am pleased to say, that as anticipated, the transition has been seamless with the strong results in 2017 and continued positive outlook being testament to this.

Having completed three full terms, Colin Kemp retired from the Board as a Non-Executive Director in May 2017. In June 2017 as part of our Board succession plans, we welcomed Andrew Findlay to the Board in advance of the retirement of our current Audit Committee Chairman, Ashley Martin, in May 2018. Andrew brings a wealth of financial expertise, commercial experience and a strong consumer-centric background and will be appointed Chair of the Audit Committee in May 2018. Ashley leaves Rightmove after nine years of providing sage advice during a period in which our business, financial systems and controls have evolved significantly. The Board has benefited from his valuable contributions and I am personally grateful for his wise counsel.

Following the year end, we announced the appointment of Lorna Tilbian as a Non-Executive Director with effect from 1 February 2018. Lorna has had a distinguished career in the media sector and I am delighted to welcome her to the Board. Lorna's addition to the Board is also notable in that from May 2018, this will bring our female Board representation to 50% overall with a 50:50 representation of men and women at both executive and non-executive director level.

Looking forward
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.

Scott Forbes
Chairman

(1) Before share-based payments charge of £4.9m (2016: £4.1m) and NI charge of £1.2m (2016: £0.5m) on share-based incentives.
(2) Before share-based payments charge of £4.9m (2016: £4.1m) and NI charge of £1.2m (2016: £0.5m) on share-based incentives and no related adjustment for tax.
(3) Cash generated from operating activities of £183.9m compared to operating profit as reported in the profit or loss of £178.3m.

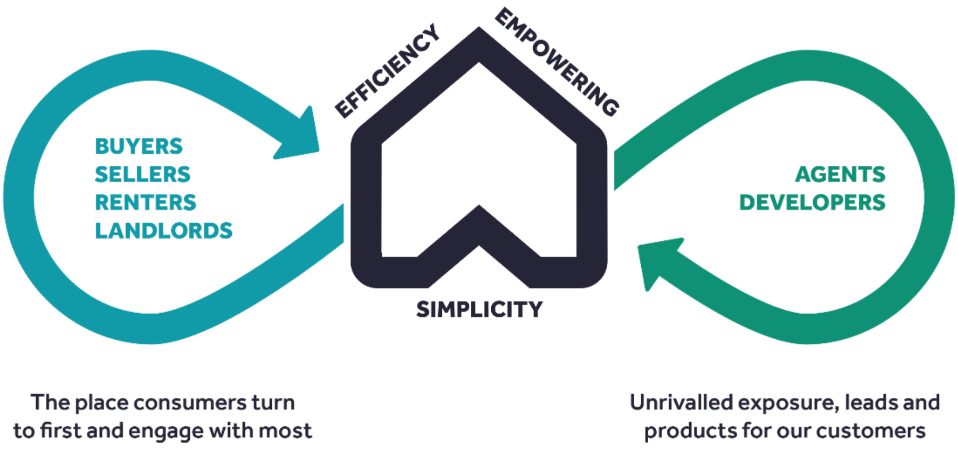
STRATEGIC REPORT - Business model

What we do

Rightmove is the UK's number one property portal and the UK's largest property marketplace. We bring the UK's largest and most engaged property audience and the largest inventory of properties together in one place. 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.

Our customers are primarily estate agents, letting agents and new homes developers advertising properties for sale and to rent in the UK.

The Rightmove network effect

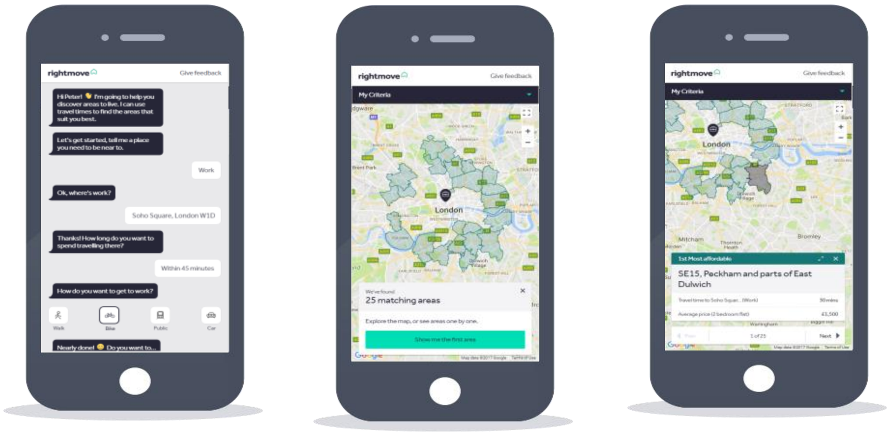


Our aim is to create a more efficient housing marketplace and make home moving easier

The UK housing market, both in sales and rentals, is complex and often inefficient. Moving home can be a stressful and time consuming experience for consumers and an inefficient, frustrating process for professionals often with elements of wasted effort and unavoidable manual processes. We believe by creating a simpler and more efficient marketplace we can make home moving in the UK easier. A better marketplace which empowers consumers and property professionals alike creates a better housing market. By creating value for, and building long-term partnerships with, both consumers and property professionals we are able to grow our revenue. Our continued growth allows us to innovate to create more value for all.

How we make the market more efficient for consumers

Rightmove is free to consumers, and it is the only place where home buyers and renters can see almost the entire UK property market in one place. The ease of accessing the UK property market through fast, always available digital platforms means Rightmove has become the place consumers turn to first when they think about moving home.



The simplicity Rightmove brings can reduce the stress of finding your next home. The carefully designed website avoids distractions in pursuit of simplicity, putting home hunters in control of their search and research. Rightmove takes some of the effort out of the home search by bringing suitable properties to home hunters, and in 2017 we sent more than half a billion instant alerts to over two million people. Knowing the moment a new property comes to market allows a home hunter to stay abreast of the market wherever they are. Combined with our near whole of market view, consumers need not fear missing their dream property when it comes to market.

Rightmove uses its unrivalled data to create well-designed features which help people make more informed decisions. Finding the place to move to, that is affordable, meets ones commuting criteria and fulfils ones property dreams can prove challenging. This year we launched the innovative 'Where can I live?' feature which helps home hunters work through the bewildering array of location choices in the initial stages of their property search and opens up possibilities to find the next home which is right for them.

Rightmove is compelling to home sellers and landlords too. It's 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%(1) of people selling their home rank Rightmove as the most important site for marketing their property.

Beyond finding a buyer or tenant, the tools we provide for researching the market bring simplicity and confidence to sellers and landlords as they consider one of the largest transactions of their lives and choose an agent to help them on their home moving journey.

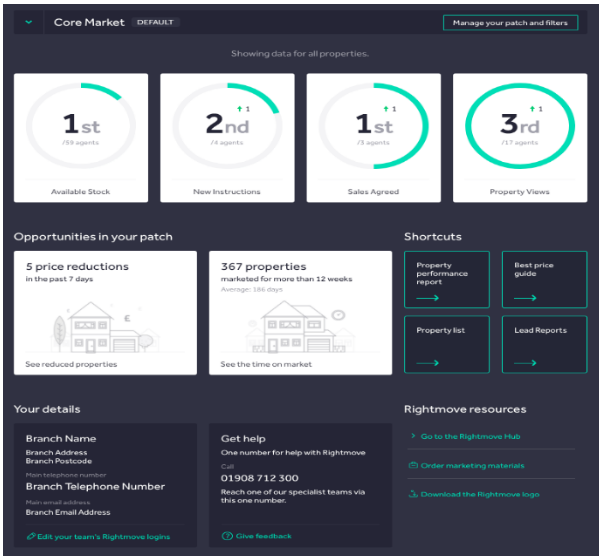
How we make the market more efficient for industry professionals

By creating the UK's largest property marketplace we have brought together virtually all the audience our customers want to attract. We are able to offer the most significant and effective exposure for their brands and properties resulting in the largest source of high quality leads, thereby significantly increasing our customers' marketing efficiency.

We also help drive efficiencies within our customers' businesses by providing best in class software that delivers data, market insight and tools to help them inform their decisions. 90% of our Agency customers now use our software each month.

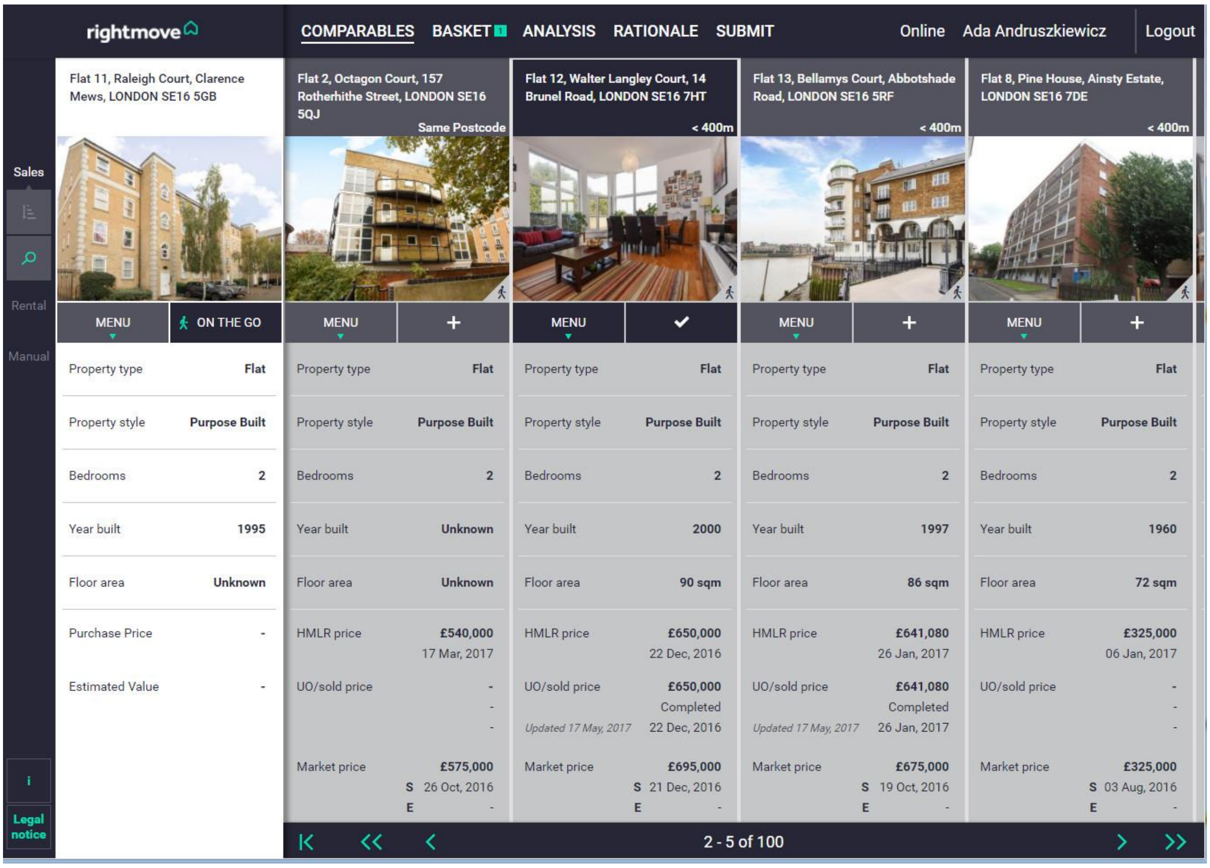
(1) Property Academy – Home Moving Trends Survey 2017

Rightmove Intel homepage



We continue to innovate to create value for our customers. In 2017 we significantly enhanced our market intelligence software, known as Rightmove Intel, for agents. Rightmove Intel focuses on the key information a business owner wants to know: how they measure up against their competition and where they can win new business. Previously, many of our customers would have manually gathered valuation and comparable data or paid a third party to count ‘For Sale’ and ‘Sold’ advertising boards for market share information. This was quickly out of date whereas today this is available in real time as part of their membership subscription.

Winning new business is a resource intensive activity for our customers. Rightmove Intel now highlights both new and secondary business opportunities meaning agents can spend more of their time on the most valuable opportunities.



The value of our unrivalled whole of market view extends beyond property search and research, it also helps make the process of valuing properties for mortgage applications simpler and more efficient. In 2017 we released the latest version of our market leading ‘Surveyors Comparable Tool’. The tool is used by surveyors to support their valuations in the majority of all successful mortgage applications. The new version supports our surveyor customers’ increasingly mobile ways of working both on and offline giving them flexible access to key data and allowing them to have more choice on where and when they work.

How we create value for our shareholders

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.

In 2017 our Average Revenue Per Advertiser was again driven by our customers adopting our higher value packages and products. We now have over 45% of independent agency customers spending over £1000 per month on Rightmove, up from 36% a year ago.

As the property industry becomes more digital, Rightmove’s market leading audience and best in class software is becoming even more valuable to customers. Average Revenue Per Advertiser growth will continue to be driven by increased product penetration, pricing and innovation and is underpinned by the value of our audience and data, our substantial product inventory and our culture and track record of 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.

STRATEGIC REPORT - Chief Executive's review

Rightmove, the UK's number one property portal, has delivered another year of record results. Our number of advertisers grew by 2% to reach an all-time high of nearly 20,500 and with advertisers spending more on our products, data and services, our revenue increased by 11% to £243.3m with underlying operating profit[(1)] up 11% to £184.4m and operating profit up 10% to £178.3m.

Home movers visited Rightmove over 1.5 billion times in 2017, an increase of over 4% on 2016 and they spent nearly a billion minutes on Rightmove every month.

Our continued progress is testament to our restless focus on the UK property advertising market and the huge effort 'Rightmovers' have made to build our business in partnership with our industry customers. This restless innovation was recognised by Forbes in 2017, ranking Rightmove as the world's most innovative growth company for the second year in a row. Our innovation is focused on making our marketplace simpler and more efficient, creating even more reasons to be excited by the opportunities ahead for Rightmove.

Our Strategy – making home moving easier

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. With our focus on doing the right thing for both consumers and customers, Rightmove is a trusted and valuable source of property information. We provide support for home movers enabling them to feel confident, inspired and in control. This not only results in more consumers turning to Rightmove first and engaging with us, but importantly it generates more and better quality leads for our customers than anywhere else, leading to better outcomes and greater value for them.

We continue to achieve this by providing consumers with the most up to date, engaging and comprehensive property content together with search, research and home moving tools to support their home moving journey. In addition to the hundreds of updates to our platforms each month, recent improvements and innovations include: redesigning map-based search and the introduction of 'Where can I live?' discovery-based search functionality which helps consumers find homes in areas which are affordable and convenient for them. Innovation requires experimentation, and in 2017 we piloted an experimental app, 'RentLondon', which explored trends in search to make the process of finding a rental property more efficient. It incorporated a 'messenger bot' to enable renters to conduct their entire search using natural language via Facebook Messenger. The future is exciting as we take the learnings from RentLondon and apply them to our core search functionality in 2018.

We continued to invest in our brand in 2017, concentrating on two market sectors: renters, and those looking to find the right home near the right school. We launched the latest iteration of our 'find your happy' television campaign on Christmas Day. This next phase brings to life strong emotional stories which many home hunters connect with. The stories all relate to why people move, not just the search process. Our first critically acclaimed advert in the series addresses downsizing and growing families. It not only created a bit of a stir on social media but reflects our position at the heart of home moving for all generations. Brand building will continue to focus on national television through our partnership with Channel 4 supported by online video on demand. We will also continue to add further presence in London with 400 branded taxis, additional outdoor media and our exclusive partnerships with the Evening Standard and Time Out.

More consumers than ever turned to Rightmove in 2017 with over 1.5 billion visits across all our platforms. Time spent on the Rightmove platforms was unchanged year on year at a record equalling 11.7 billion minutes. Against the backdrop of a new, faster site infrastructure rolled out during 2016, a less frenetic lettings market and the increase in use of mobile devices, which typically have lower average time per visit, this demonstrates the continued popularity and importance of our platforms. Our market share of traffic across both desktop and mobile was 73%[(2)] with the mobile component even higher at 79%[(2)].

The tools we provide for researching the market bring simplicity and confidence to sellers and landlords. Traffic to our research tools also grew significantly in 2017 as sellers and landlords turned to Rightmove first to help inform their decisions. Our research tools, such as sold prices data, are by far the most widely used in the UK and provide the unique benefit of access to our catalogue of one million currently listed properties and 45 million historical property records. Consumers spent over 420 million minutes using our research tools in 2017 which is up by over 15% on the previous year.

Visits to our Overseas property site remained consistent with levels seen in 2016, suggesting the dream of owning a property abroad for many of the British public continues to be a popular one, despite the fall in Sterling and uncertainty around the UK's relationship with Europe. Given the environment, it is testament to the value of our advertising platform that the number of overseas properties we advertised increased by 6% on average despite the number of overseas estate agent and developer customers advertising falling by 7%.

Our Commercial property advertising business continues to gain momentum with commercial property professionals and occupiers spending over 11 million minutes per month searching commercial property listings on Rightmove. This activity generated more than 650,000 leads for our customers. As a result more and more commercial agents and commercial landlords are choosing to advertise with us.

Our Data Services business continues to help the property industry by leveraging our unmatched pool of property data. In addition to providing our Agency and New Homes customers with invaluable data driven insights, we use our data and technology to run a market leading automated valuation model for some of the largest lenders and help the surveying industry to drive efficiencies in their businesses. For example, our Surveyors Comparable Tool saves surveyors preparation time, improves valuation accuracy and provides documentary proof of the process making it the go-to tool for the industry. During 2017 the tool assessed and scored over 1.7 billion comparable property records to create over two million compatible reports for surveyors.

Unrivalled exposure, leads and products for our customers
With visits to our platforms growing for the 16th consecutive year we continued to increase the exposure for our customers' brands and properties. This exposure generated 43.6 million leads for our customers, seven percent down on 2016. The surge in lettings stock following the stamp duty increase for second properties in April 2016 meant for most of 2017 the lettings market was less frenetic giving potential tenants more choice. In these market conditions each tenant typically sends fewer leads as they are more assured of securing the property they want. In addition, this takes account of the full year impact of changes we made to the search flow in the second half of 2016 to further increase the quality of our leads. In order to help agents become more efficient every lead sent though Rightmove is now about a specific property.

Our focus on the quality of our leads continues to stand us in good stead as they convert far more often to instructions, sales and lets for our customers. In fact, we generate 86%[(3)] of the sales and lets from portals for our Agency customers, our fourth year of consecutive growth. 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 telephone leads, which accounted for around 60% of all leads. We also delivered 175,000 leads from people asking for a valuation on their home, for those customers who bought our popular Local Valuation Alert product.

Following the acquisition of the Outside View in 2016 we launched our new 'Rightmove Discover' product in July 2017. Using our combined knowhow and Rightmove's unique dataset, Rightmove Discover uses predictive analytics to identify the most likely potential sellers in a local area within the next six months and markets to them on behalf of an agent. The early success of Rightmove Discover is encouraging and since launch, we have delivered nearly 16,000 high quality email leads to our customers in 750 areas. Customers also report an increase in potential vendors contacting them via telephone and their own websites. Our customers who have purchased the product have benefitted from exclusive, early contact from vendors of an equivalent of 5% of resale properties which came to market in the second half of the year.

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 Average Revenue Per Advertiser increased by 10% to £922 driven by customers spending more on products and packages and price increases.

Innovation to create a simpler and more efficient 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 in the areas our customers value most, which in the case of our agents is identifying potential business and winning and retaining that business.

Whilst our software tools are already recognised as being best in class and widely adopted with 90% of our Agency customers using our tools each month, it is not in our DNA to stand still and we have continued to innovate our market intelligence software for agents, Rightmove Intel. Winning new business is a resource intensive activity for our customers and 2017 saw the introduction of a number of reports which highlight both new and secondary business opportunities meaning agents can spend more of their time on the most valuable opportunities.

These innovations have been warmly received by customers. For example in November 2017 our customers ran over two million reports, a remarkable 67,000 reports per day and more than double the number in November 2016.

Rightmove Intel also helps customers more efficiently communicate the marketing performance of properties to their vendors. The Marketing Report, which shows the interest a property is generating compared to similar properties on the market, launched at the end of 2016, was run on over 400,000 different properties for sale in 2017, covering nearly a third of all properties listed in the year.

2018 will see us continue on this path. We will be releasing a number of new tools to help agents become more efficient including a tool to help prioritise vendor enquiries from Rightmove and a solution to better manage the process of referencing rental tenants in advance of the looming tenant fee ban.

Beyond Rightmove Discover our data continues to provide the basis for a rich seam of innovation. Following successful experiments during 2017, we intend to launch Rightmove Active Display in 2018, which will allow our New Homes customers to target their potential audience on Rightmove based on the home hunter's usage of Rightmove over time, not just their current search criteria.

The digitalisation of the property industry and the efficiencies our software and tools bring help to reduce the cost per Agency office and have also enabled the growth in the number of customers. Over the last 12 months our membership base has grown to close to 20,500 customers.

We care about our customers' business success and building strong partnerships is vital to support their ambitions, especially in light of the significant digital changes that are 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 evolved our event programme with the introduction of 'Rightmove Live'. These events brought together speakers from a range of industries covering content applicable to all small and medium sized businesses, with an objective of inspiring and motivating. Speakers included Dr David Lewis, 'father of neuromarketing'; Nicky Moffat CBE, British Army highest-ranking female officer and Andrew McMillan, Head of Customer Service at John Lewis. In keeping with an online culture these events are now hosted on an 'on demand' platform, meaning our customers can benefit from this content irrespective of whether they were able to attend on the day.

We also recognise our role in helping our customers keep up to date with a changing industry. Bringing together industry experts covering a range of changes facing agents in 2018, including the General Data Protection Regulation and lettings legislation, 'Legislation Live' was attended by over 250 agents from around the country with a further 600 watching a live stream of the event.

In parallel with these new events we continue to run our ever popular webinar series which allows estate agency teams to learn how to make the most of the Rightmove platforms while also covering industry topics and more general business practices. In 2017 we ran 170 webinars attended by over 16,500 people.

Build great teams with a culture to innovate

Rightmove is people and our people define Rightmove. Rightmove has a culture which is both restless and focussed. 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 employing the right people, giving them the freedom and authority to innovate and lead, and then guiding them to succeed. In order to hear the symphonies produced by a well-functioning team we need every Rightmover to be both individually empowered and accountable.

A diverse Rightmove is important to us. We recognise that a diverse team will provide a wide range of perspectives that promote 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 home hunters want from the Rightmove platforms.

Foremost in the design of our expanded London home, we have taken care to create a physical environment that encourages open and honest discussion, including social spaces for the teams to enjoy each other's company. Our workplace is free from offices and the usual trappings of hierarchy.

We believe in sharing often and early and reinforce this through events such as 'townhalls' which share progress, successes and challenges. In June 2017 the whole of Rightmove spent a day and a summer night under canvas together building and reinforcing cross team connections. Our culture is not solely built on events like these, but also from the everyday small gestures, including sending employees monkey puzzle tree seeds to celebrate National Tree week or a 'Rightmove-versary' card to mark their first anniversary at Rightmove. Everything together creates a unique and driven environment that we believe results in people feeling a sense of belonging and a passion to perform. 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 consumers is vital. We expect the very highest standards of ethical behaviour from all employees. 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 on our 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 2017 'Have Your Say' people survey, 90% of Rightmovers responded that they think 'Rightmove is a great place to work.' Whilst this is a very strong result, it is below the record high level of 95% achieved in 2016. To celebrate those employees who have been part of the Rightmove journey for more than ten years we have continued with our well known, although not widely replicated, practice of creating a gnome in their image. In the fast moving world of today, long tenures with single organisations are becoming rarer so I'm pleased that we have expanded our 'gnome tree' to accommodate an ever growing collection of gnomes.

Our culture sets us apart from many organisations and is defined by everyone of the nearly 500 people who are proud to call themselves Rightmovers. I would like to thank them all for creating a culture which continues to drive our business success.

Current trading and outlook

We believe the outlook for the UK online property advertising market remains positive, despite the continuing 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 from a stable membership base the Board remains confident of making further progress in 2018.

Peter Brooks-Johnson
Chief Executive Officer

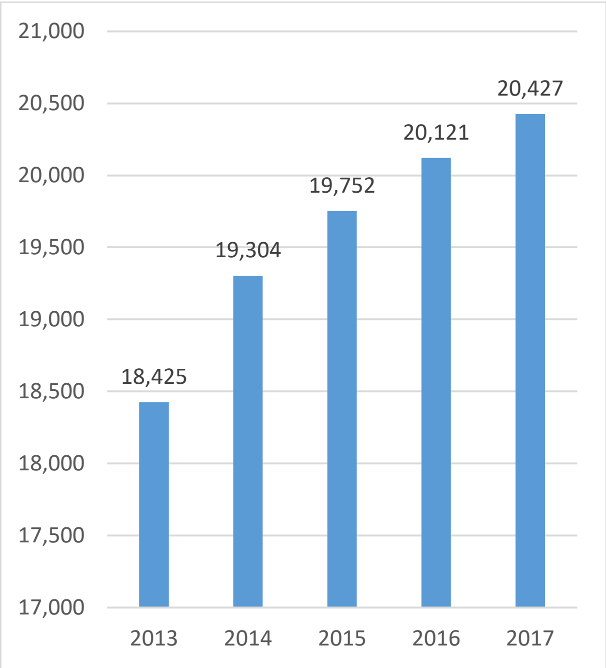
23 February 2018

(1) Before share-based payments charge of £4.9m (2016: £4.1m) and NI charge of £1.2m (2016: £0.5m) on share-based incentives.
(2) Source: comScore, December 2017.
(3) Source: Independent software provider to the estate agency industry.
(4) Source: The Property Academy 2017 Home Moving Trends Survey.

STRATEGIC REPORT – Operational key performance indicators

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

Number of advertisers



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

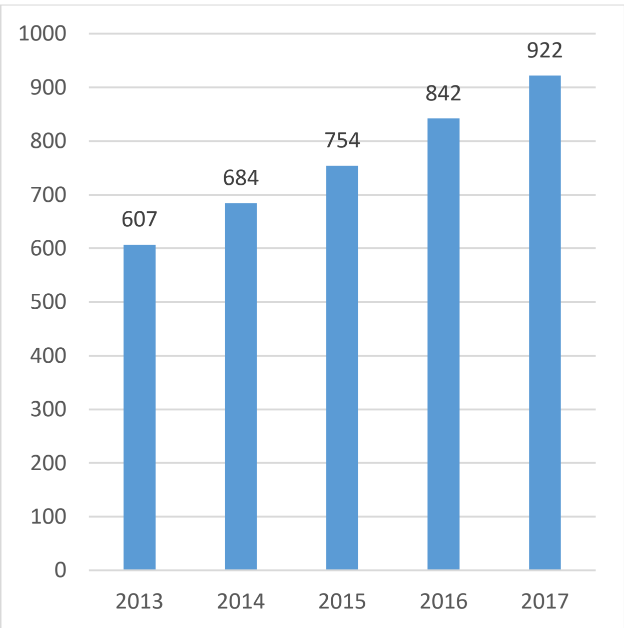
2017 performance
+2%

Strategic link
The place consumers 'turn to first' and engage with most; and innovation to create a simpler and more efficient marketplace

Risks
1 2 3

Source: Rightmove

Average Revenue Per Advertiser (ARPA in £ per month)



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

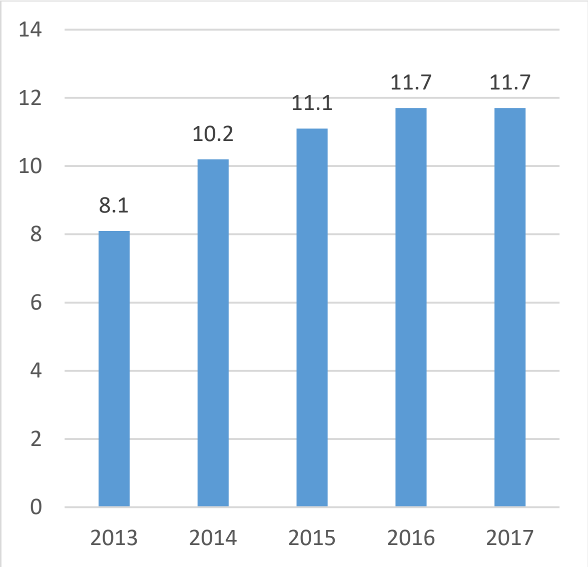
2017 performance
+10%

Strategic link
Unrivalled exposure, leads and products for our customers

Risks
1 2 3

Source: Rightmove

Traffic (time on site measured in billions of minutes)



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

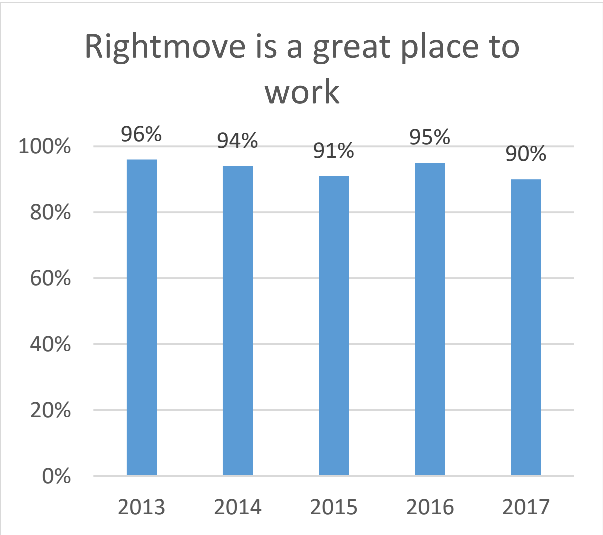
2017 performance
Unchanged year on year

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

Risks
2 **3** **4**

Source: Google Analytics

Employee engagement



Definition
Based on the number of employee respondents selecting 'agree' or 'strongly agree' as a response to this question in the annual employee survey

2017 performance
-5% points

Strategic link
Build great teams with a culture to innovate

Risks
5

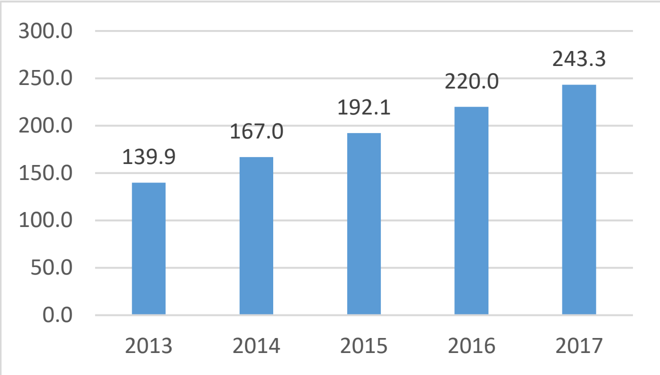
Source: Rightmove

Risks relevant to our KPIs (read more on pages 21 to 24)
1 Macroeconomic environment
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

STRATEGIC REPORT - Financial key performance indicators

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

Revenue £m



2017 performance

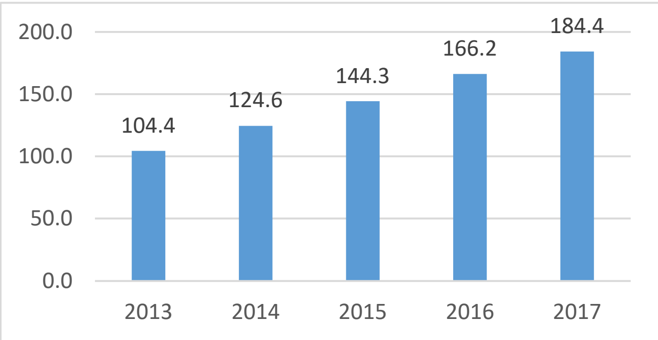
+11%

Revenue grew strongly in 2017 up 11% to £243.3m (2016: £220.0m)

Risks

1 2 3 4 5

Underlying operating profit(1) £m



2017 performance

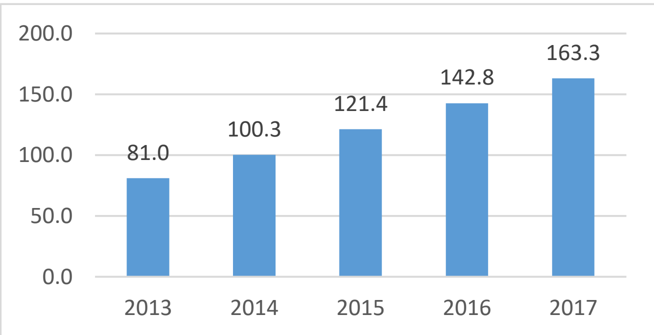
+11%

Underlying operating profit(1) increased by 11% to £184.4m (2016: £166.2m) with underlying operating margin increasing to 75.8% (2016: 75.5%)

Risks

1 2 3 4 5

Underlying basic EPS(2) (pence per ordinary share)



2017 performance

+14%

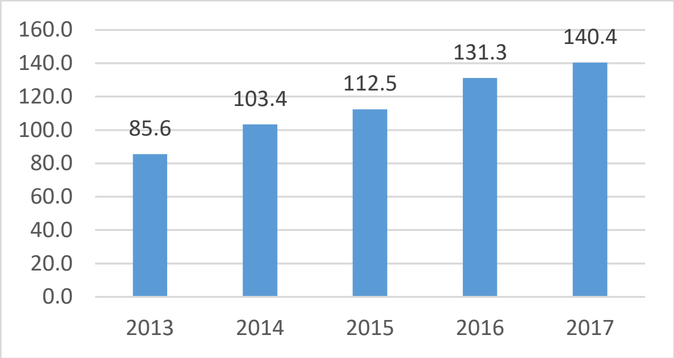
Underlying basic EPS(2) increased by 14% to 163.3p (2016: 142.8p). Basic EPS grew by 14% to 156.8p (2016:137.9p)

Risks

1 2 3 4 5

(1) Before share-based payments charge of £4.9m (2016: £4.1m) and NI charge of £1.2m (2016: £0.5m) on share-based incentives.

(2) Before share-based payments charge of £4.9m (2016: £4.1m) and NI charge of £1.2m (2016: £0.5m) on share-based incentives and no related adjustment for tax.

Cash returned to shareholders £m	2017 performance
	**+7%** During the year free cash flow was returned to shareholders in the form of share buybacks and dividends with cash returns totalling £140.4m (2016: £131.3m) **Risks** 1 2 3 4 5

STRATEGIC REPORT - Financial review

Revenue

We have experienced another strong year of revenue growth with revenue up 11% at £243.3m.

	2017 **£m**	2016 £m	Change
Agency	**185.2**	168.3	10%
New Homes	**39.5**	33.9	16%
Other	**18.6**	17.8	4%
Total revenue	**243.3**	220.0	11%

Our Agency business was the main driver of the overall revenue growth increasing by £16.9m year on year to £185.2m (2016: £168.3m). Agency continues to be our largest business contributing 76% (2016: 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 due to increased segmentation of our customer base and continued adoption of higher value packages.

The number of Agency offices was up 1% since the start of the year to a record high of 17,626 (2016: 17,462), with the growth attributable to an increase in resale branch numbers (including growth in the number of branch equivalents for members operating an online or a hybrid model).

Revenue from our New Homes business grew strongly to £39.5m (2016: £33.9m), an increase of 16% driven by the sale of additional advertising products and by increases to core membership prices, together with healthy growth in development numbers, up 5% year on year to 2,801 developments (2016: 2,659) their highest level since 2009.

Other revenue which includes Overseas, Data Services, Commercial and Third party advertising services increased by £0.8m to £18.6m in 2017, driven by growth in our Commercial business. The revenue in our Overseas business, which in prior years has been a strong contributor to growth, was flat year on year, being impacted by the fall in Sterling and continuing uncertainties following the result of the EU referendum.

Underlying operating profit

	2017 **£m**	2016 £m	Change
Revenue	**243.3**	220.0	11%
Underlying operating costs	**(58.9)**	(53.8)	9%
Underlying operating profit	**184.4**	166.2	11%
Share-based payments	**(4.9)**	(4.1)	20%
NI on share-based incentives	**(1.2)**	(0.5)	140%
Operating profit	**178.3**	161.6	10%

Underlying operating profit(1) increased by 11% to £184.4m (2016: £166.2m) and underlying operating margin(1) increased to 75.8% (2016: 75.5%). This was due to continued strong revenue growth coupled with a slightly lower percentage increase in underlying operating costs(1).

Underlying operating costs(1) increased by 9% or £5.1m to £58.9m (2016: £53.8m). Of the cost increase, £1.5m related to technology costs due to continued innovation in our platforms and tools for our customers and ongoing investment in cyber threat detection systems. Premises costs increased by £1.3m representing rent and rates and office refit costs associated with additional space at our London Soho Square offices. The balance of the increase relates to general wage inflation and the full year impact of additional heads recruited in 2016 together with ongoing marketing investment in the Rightmove brand.

Underlying operating profit(1) is reported before share-based payments, which are a significant non-cash charge driven by a valuation model, and National Insurance 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 consider underlying operating profit(1) to be the most appropriate indicator of the performance of the business and year on year trends.

Share-based payments and National Insurance (NI)
In accordance with IFRS 2, a non-cash charge of £4.9m (2016: £4.1m) 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 increase in the closing share price from £39.03 at 31 December 2016 to £45.00 at 31 December 2017 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 £1.2m (2016: £0.5m).

Taxation
The consolidated tax rate for the year ended 31 December 2017 was 19.1% (2016: 19.8%). The effective tax rate was slightly lower than the UK enacted rate of 19.3% due to research and development relief claimed in relation to the prior year.

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 2017 was £96.6m (2016: £78.5m). £38.6m (2016: £31.6m) related to corporation tax and employer's NI and apprenticeship levy borne by the Group while the remaining £58.0m (2016: £46.9m) 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 pursuant to enquiries.

Earnings per share (EPS)
Underlying basic EPS(2) increased by 14% to 163.3p (2016: 142.8p). Basic EPS also increased by 14% to 156.8p (2016: 137.9p). The growth in EPS was mainly attributable to the increase in profitability in the year together with the benefit of our continued share buyback programme which reduced the weighted average number of ordinary shares in issue to 91.9m (2016: 94.0m).

Balance sheet
Rightmove's balance sheet at 31 December 2017 showed total equity of £17.2m (2016: £8.0m) reflecting growth in profit and retained earnings less the continued return of capital to shareholders in the form of share buybacks and dividends during the year.

Trade receivables increased by 14% to £30.3m (2016: £26.6m) reflecting the year on year growth in revenue and the timing of cash collections over the year end. Trade and other payables increased by £3.1m to £38.9m (2016: £35.8m) 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 lower at £5.7m (2016: £6.9m) due to the exercise of share options during the year.

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(3) was up 9% to £183.9m (2016: £169.3m) and operating cash conversion was once again in excess of 100%.

Tax payments increased to £33.2m (2016: £27.8m) and £0.2m (2016: £0.2m) was paid in relation to bank charges and bank facility fees resulting in net cash from operating activities of £150.5m (2016: £141.2m).

Capital expenditure of £2.2m (2016: £1.8m) includes capitalised leasehold improvements and works in relation to our London office refit together with investment in new servers.

Proceeds of £0.7m (2016: £0.4m) were received on the exercise of share-based incentives and £0.8m (2016: £0.8m) was applied to purchase shares to fund the Rightmove Share Incentive Plan.

During 2017, £90.8m was spent in the repurchase of our own shares (2016: £88.1m) whilst a further £49.6m (2016: £43.2m) was paid in dividends reflecting the increased final dividend for 2016 and the 3p increase in the interim dividend this year. This brings the total cash returned to shareholders in the year to £140.4m (2016: £131.3m).

The closing Group cash and money market deposit balance at the end of the year was £25.0m (2016: £17.8m).

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 36.0p (2016: 32.0p) per ordinary share, which together with the interim dividend makes a total dividend for the year of 58.0p (2016: 51.0p), an increase of 14%. The final dividend, subject to shareholder approval, will be paid on 1 June 2018 to all shareholders on the register on 4 May 2018.

Robyn Perriss
Finance Director
23 February 2018

(1) Before share-based payments charge of £4.9m (2016: £4.1m) and NI charge of £1.2m (2016: £0.5m) on share-based incentives.
(2) Before share-based payments charge of £4.9m (2016: £4.1m) and NI charge of £1.2m (2016: £0.5m) on share-based incentives and no related adjustment for tax.
(3) Cash generated from operating activities of £183.9m compared to operating profit as reported in the profit or loss of £178.3m.

STRATEGIC REPORT – Risk management

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.

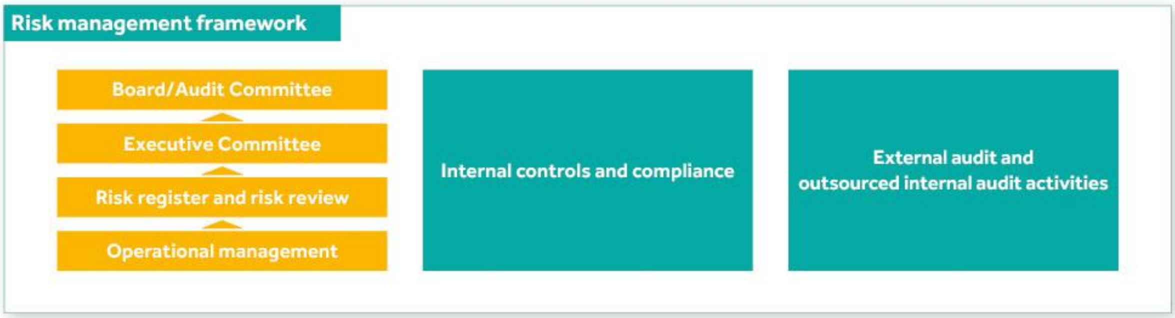
The Group operates a cautious approach to risk and its 'risk appetite' is relatively low. The open culture which is embedded throughout Rightmove is such that objective views are made when assessing risks and internal controls, dialogue is encouraged, and decisions are not made until risks have been appropriately considered.

On a bi-annual basis, risk is reviewed by operational management across each business area. This review includes a detailed assessment of new and existing 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 2017 and November 2017 Board meetings, with a particular focus on the principal risks identified and any new or emerging risks.

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 Group's internal control framework is aligned to a 'three lines of defence' model. Operational management is the organisation's first line of defence as they are primarily responsible for the direct management of risk and ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed by the Group's internal compliance and oversight functions such as company secretariat, finance, tax, treasury and legal. The third line includes both internal and external audit reporting to the Audit Committee.

The Audit Committee receives and analyses regular reports from management and the outsourced internal audit function on matters relating 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. Further detail of these activities are included within the Audit Committee report on pages 45 to 52.

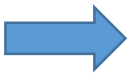
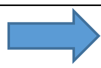
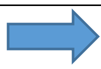
Risk management framework

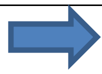
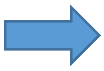


STRATEGIC REPORT- Principal risks and uncertainties

A description of the principal risks and uncertainties faced by the Group in 2017, together with the potential impact and monitoring and mitigating activities is set out in the table below.

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

	Key risk and description	Impact	Monitoring and mitigation	Change from prior year
1	**Macroeconomic environment** The Group derives almost all its revenues from the UK and is therefore dependent on the macroeconomic conditions surrounding the UK housing market and consumer confidence which impacts on property transaction levels. Specific considerations resulting from the UK's decision to leave the European Union have been outlined on page 25.	Substantially fewer housing transactions than the norm may lead to a reduction in the number of Agency branches or New Home developments, a major determinant of the Group's revenue. 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.	• Monitoring of housing market including 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	
2	**Competitive environment** The Group operates in a competitive marketplace with attractive margins and low barriers to entry. This may result in increased competition from existing competitors or new entrants targeting the Group's primary revenue markets.	This may impact on Rightmove's ability to grow revenue due to the potential loss of: • Audience • Advertisers • Demand for additional advertising products	• 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 customers	
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.	Under-performance and impact on Rightmove's ability to grow revenue due to the potential loss of: • Audience engagement • Advertisers • Demand for additional advertising products	• Continual improvements to our platforms including ongoing investment in mobile and tablet platforms • Developing our product proposition to meet our customers' needs and evolving business models • 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 • Regular contact with the start-up and prop-tech communities to stay abreast of innovations in the marketplace	
4	**Cyber security and IT systems** The Group has a high dependency on technology and internal IT systems. In today’s digital world there are increased risks associated with external cyber attacks which could result in unavailability of our platforms. A security breach such as corruption or loss of key data may disrupt the efficiency and functioning of the Group’s day to day operations.	Potential reputational damage and financial losses arising from penalties and fines due to loss of consumer and customer confidence in the Rightmove brand and platforms.	• 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 investment in security systems • Ongoing monitoring of external threats through updates from external specialists and collaboration with other online organisations • Regular internal security training and ‘spearphishing’ tests to minimise risk of social engineering attacks	
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.	The inability to recruit and retain talented people could impact our ability to maintain our financial performance and deliver growth. When key staff leave or retire, there is a risk that knowledge or competitive advantage is lost.	• 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	

			• Introduced a number of initiatives to improve the gender balance across various Rightmove teams as set out in our Gender Pay Gap Report	

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

STRATEGIC REPORT – The EU referendum

The result of the UK's EU referendum in 2016 increased the level of macroeconomic uncertainty and could increase the likelihood of the housing market macroeconomic risks set out on page 22.
During 2017 the Board has continued to assess the impact of the EU referendum result on the Group and its potential implications and has concluded that there has been no material change to the severity of this risk. In particular, 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 24. 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 2020.

The directors have determined that a three-year period to 31 December 2020 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 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, Average Revenue Per Advertiser (ARPA) growth and other breadth 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. Specific scenarios that have been modelled include downside scenarios in relation to the key drivers of revenue being customer numbers and ARPA together with the impact of a plausible combination of these scenarios. 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 and 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

We believe that our people are the key to Rightmove's success and our most valued asset. We have always strived to make Rightmove a great place to work and embedded this into our strategic management objectives. We are proud of the energy, talent and experience our people bring to the business. Our culture is open and supportive, with an encouraging and restless yet focussed approach which fosters innovation and dedication to excellent customer service.

Recruitment

Recruiting the right people with capability and experience to drive growth is vital to our business plan. The highly competitive market for technology and customer centric skills means that we are strongly focussed on maintaining a happy, collegiate working environment and the top benefits to attract and retain the best 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 advertised internally first to give our colleagues an opportunity to apply or recommend someone. In 2017, 8% of new employees were introduced to Rightmove by an existing employee.

We also believe that long-term commitment from Rightmove employees is key to our culture and success. For a relatively young company we are proud to have 67 people who have celebrated ten or more years' service, which represents over 14% of our employees and contributes to our strong people survey results.

We continue to support Milton Keynes College in preparing students for their future careers. During the year we welcomed six students completing their Level 3 Higher National Diplomas in our design studio and offered two students internships. In addition, our designers have offered support and mentoring to students on campus. We have continued to expand our intern programme across Rightmove. Our technology teams took on four computer and data science interns from University College London.

People development and training

Every new employee attends two office based 'How Rightmove fits together' days to introduce them to the business and our customers. They also attend an off-site residential induction course to introduce them to Rightmove's culture and values.

To ensure our colleagues can work to the best of their ability, we continue to invest in extensive training and leadership programmes, designed to equip them with all the necessary skills to provide exceptional 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 improve their performance through continual professional and personal development.

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 and competitive benefits.

Rightmove contributes towards a group stakeholder pension plan. Opt out rates are low and currently 95% of employees are members of the pension plan. We also offer private healthcare complemented by a cash plan scheme for all our employees' medical needs.

It is important that our people can directly benefit from their contribution to the success of Rightmove and we offer two all-employee share plans. Every employee 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 2017, the Group's ninth Sharesave contract matured allowing employees to benefit from the Group's success and strong share price growth over the last three years. 67% of our employees currently participate in Sharesave.

The Rightmove Share Incentive Plan was launched in 2015 with an award of 100 free shares for all employees. Those shares were available to sell from January 2018, with those employees benefiting from the Rightmove share price more than doubling over that period. Further awards of 50 free shares have been made annually in subsequent years to all qualifying employees.

We offer flexible working arrangements, fully support part time working and reduced hours to allow our employees to balance their work and family commitments. In 2017, we also introduced a flexible holiday scheme to operate from 2018, allowing employees to buy or sell up to five days (or the part-time equivalent) of holiday each year to suit their personal circumstances.

Engagement
We encourage employee involvement and keep colleagues informed of the Group's activities through 'townhalls', business performance updates with senior management and quarterly sales conferences.

We have an employee recognition scheme, based on the 'Rightmove behaviours' which allow us to focus on how we work not just on what we achieve. It is an opportunity to nominate colleagues who have demonstrated the best behaviours in action and it continues to prove popular with awards presented every two months at our 'townhalls'.

We conduct an annual 'Have your Say' people survey to gauge what our employees think and how they feel about working for Rightmove. The survey results are followed up by every manager and we are never complacent about the importance of acting on colleagues' feedback. We are proud of another set of strong results from the survey with highlights including:

- 90% of respondents think Rightmove is a great place to work;
- 90% are proud to tell people they work for Rightmove; and
- 92% enjoy working in their teams.

An employee engagement score will again form part of the senior management bonus criteria in 2018, demonstrating the importance of employee engagement to the continuing success of Rightmove.

The management team continues to work hard to improve the employee experience at Rightmove. In 2017, we took on additional space and refurbished our London office, taking employee preferences into account; the result being a creative and welcoming space.

Equality and diversity
Rightmove has a firm commitment to equality of opportunity in all our employment policies and practices. Our recruitment and selection processes focus on selecting the best candidate for a role, regardless of their age, gender, sexuality, full or part-time status, disability and marital status.

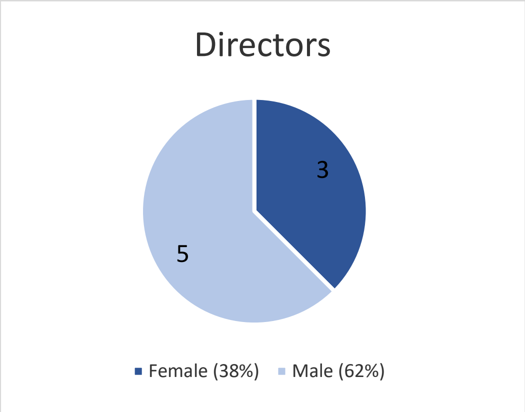
We recognise that a diverse workforce reflects Rightmove's broad consumer base and our many customers. Our people have a wide range of experience and perspectives that we believe promote innovation, constructive challenge and success. Drawing on a wide variety of personal attributes drives value in the way we do business and helps us anticipate and provide what our customers need from us and what home hunters want from Rightmove.

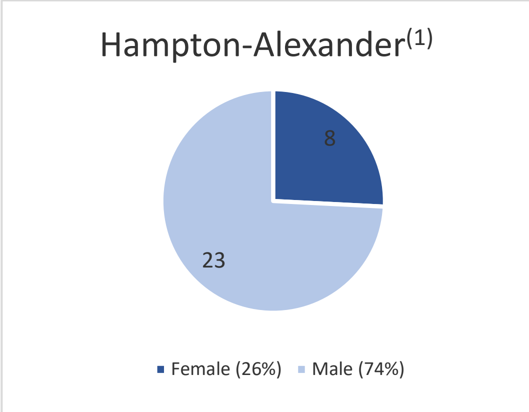
At 31 December 2017, female representation on the Board was 38% and with the appointment of Lorna Tilbian in February 2018 that proportion has risen to 44% of Board members. Following the retirement of Ashley Martin in May 2018, we are delighted that female representation on the Board will rise to 50%.

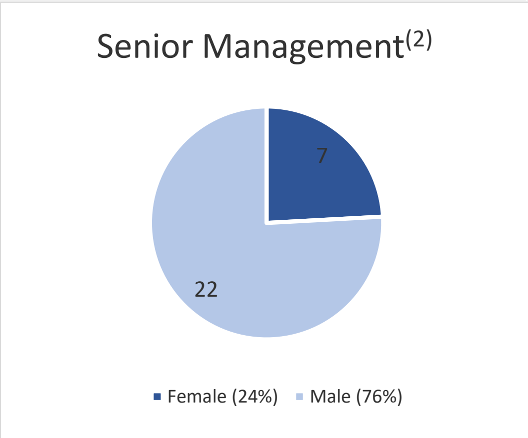
The Board continues to focus on succession planning and developing potential within the senior management team to enable us to promote internal candidates to the Board. The Group succession plan also identifies individuals with potential to join the senior management team in the wider organisation. As at 31 December 2017, 26% (2016: 21%) of our leadership team[(1)], were female. The Board is keen to strengthen female representation in senior roles and has been a contributor to the Hampton-Alexander Review, a Government sponsored initiative which aims to increase female leadership within the FTSE350. In line with the Hampton-Alexander Review, Rightmove has set a target for 33% female leadership by 2020.

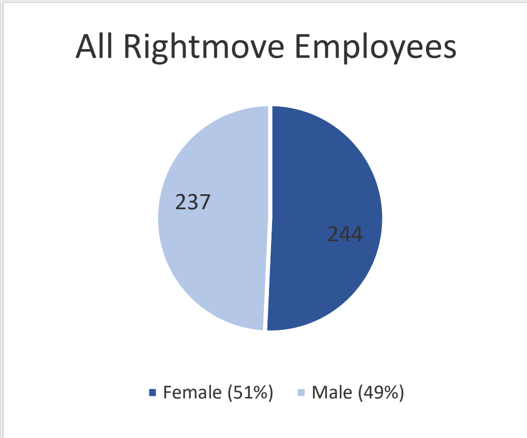
[(1)] Being the Executive Committee and their direct reports as per the Hampton-Alexander definition.

A breakdown by gender of the number of persons as at 31 December 2017 by various classifications as required by the Companies Act, is set out below:









(1) The Hampton-Alexander cohort comprises members of the Executive Committee and their direct reports.
(2) The Senior Management Team comprises the Hampton-Alexander cohort, excluding the executive directors.

Gender Pay
Rightmove has reported its gender pay gap for 2017 and full details can be found on the Company's website at plc.rightmove.co.uk

We are confident that all Rightmove employees are paid equally for working in the same jobs and we are pleased to report that men and women are almost equally represented in our wider workforce. The main contributor to Rightmove's gender pay gap is the mix in Rightmove communities comprising the highest and lowest quartile salaries. Women are underrepresented in the higher paid senior management and technology teams and men are underrepresented in the customer experience team.

Technology is a sector blighted by a lack of gender diversity, but accepting the status quo is not in our DNA. Below is our gender pay gap as at April 2017, together with a description of some of the initiatives that we have underway for improving our gender balance going forward.

Difference between male and female pay

	Mean	Median
Difference in hourly rate of pay(1)	30.6%	37.0%
Difference in bonus pay(2)	70.4%	36.5%

(1) Calculated using Rightmove Group Limited pay data from April 2017.
(2) Calculated using 12 months of Rightmove Group Limited bonus pay data to 5 April 2017.

We work hard to create an environment where men and women have the opportunity to build careers throughout the business and believe that our open, collaborative culture is key to that objective. We are committed to a number of actions to balance our teams in a fair and transparent way, including:

Balance for all	Addressing imbalance
• We have developed maternity and paternity workshops to support Rightmovers through the changing dynamic of family and work responsibilities and their return to work after a career break • We recognise that balancing work and life commitments can make people shy away from taking the next step in their career. New flexible working arrangements have been rolled out for all employees	• We are developing a mentoring programme to support career development and aim to exceed the Hampton-Alexander review target of 33% of the leadership team being female by 2020 • We are creating an internal talent pipeline to promote the next generation of leaders • We have launched a graduate programme in technology to attract the best new talent to help create balance in our technology teams over the longer term • We have reviewed all job specifications and updated the format of our recruitment days to guarantee universal appeal and attract the best talent

Human rights
Rightmove does not have a specific human rights policy, we have a framework of policies and statements covering equal opportunities, dignity at work, disability, anti-slavery and anti-bribery that adhere to internationally recognised human rights principles.

Charitable activity
We continue to encourage our employees to raise funds for their chosen charities. In 2017 we match funded £24,000 (2016: £18,000), supporting charities including The Stroke Association, The Carers Trust, Scope and many more. From breakfast mornings to running marathons we are delighted that so many of our colleagues devote their time and energy to such good causes. For the second year running we have supported food banks at Christmas; this year we delivered a car packed full of food to the Milton Keynes Food Bank.

In 2017, we contributed £56,000 (2016: £49,000) via Agents Giving to support our customers' charitable initiatives, which ranged from a Mount Everest trek to Tough Mudders, triathlons and fun runs. We contribute to the costs of setting up the fundraising activity, which allows more of the money raised by our customers to go directly to charities through a charitable sponsorship fund we set up with Agents Giving. We are very proud that the fund has raised over £1 million since 2014 for charitable causes supported by our customers.

Looking ahead to 2018 we are pleased to be partnering with the Milton Keynes marathon as headline sponsor in 2018 (the home of Rightmove) in aid of Meningitis Now and Winter Night Shelter. These two causes are very important to our employees and fund raising efforts are well underway as part of our 'On The Move' campaign, with over £1,200 raised in the last 4 weeks of 2017. We have set our employees a target of raising £26,000, to be split equally between both charities and Rightmove will make a significant additional contribution. Over 50 employees will be volunteering their time, training and being creative with their fundraising efforts to support these charities.

We will be sponsoring the Milton Keynes College Football Academy again in 2018. We have worked closely with the college over the last few years, enabling the academy to create more opportunities for their students to study for off-pitch roles in sport.

Environment
We are conscious of playing our part in tackling climate change and always encourage the efficient use of resources that contribute to environmental damage.

Rightmove has changed the way people search for property, reducing the reliance on printed media and the environmental impact that goes with it. Our platforms are designed to optimise the information available to home hunters, giving our customers the ability to advertise high quality photographs, floor plans and property particulars and reducing the need for paper copies of property particulars.

The quality of property information available on Rightmove also reduces the amount of time home hunters waste in visiting inappropriate properties, usually by car. We have worked hard to improve the functionality of our platforms with better photographs and property floor plans to comprehensive map searches and aerial photographs, which helps to identify the specific location of a property. We continue to add information to help home hunters customise their property search on Rightmove including School Checker and broadband speeds. All these innovations have helped to reduce the carbon footprint generated by prospective buyers and renters making unnecessary journeys to visit unsuitable properties.

The Rightmove platforms enable our customers to display Energy Performance Certificates which allow prospective buyers to evaluate the energy efficiency of a property before buying and to identify opportunities to improve the energy efficiency once they have purchased the property.

As an internet-based business with most staff employed in two office locations, our environmental footprint is small. We continue to encourage our employees to minimise their use of resources and recycle materials wherever possible. There are no individual waste bins in our London and Milton Keynes offices to encourage and increase the amount of recycling.

As an operator of an online property portal, our main environmental impact is from 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 public transport rather than driving between our two office locations in London and Milton Keynes. We encourage participation in our Cycle to Work scheme and have many keen cyclists. We have 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 2017, our fuel card provider Allstar, again partnered with Forest Carbon to capture the CO_2 emissions from our fleet of company cars and turn them into new UK woodlands.

As an online business, we tend towards a paperless environment. However, we recognise that our responsibilities do not stop with how we operate internally and we encourage all our customers, business partners and suppliers to use online records and reduce printing, especially emails. Wherever possible we have replaced paper-based services and communications with online alternatives, including e-communications for shareholders, online customer membership forms, management information and marketing reports 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 2017. Scope 3 is not 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 platforms.

Rightmove emissions by scope:

Scope	**Source**	**Tonnes CO_2e(1) 2017**	**Tonnes CO_2e(1) 2016**
Scope 1	Company cars	495	486
Scope 2	Electricity	255	303
Scope 3	Outsourced – data centres	257	298
Total		**1,007**	1,087

(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. www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses.

Higher fuel consumption was due to increased business mileage by employees entitled to Company cars. The reduction in electricity use is partly due to closing one floor of our London office for refurbishment during 2017 and lower electricity consumption on the two new floors. We expect Scope 2 emissions to return to historic levels in 2018.

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

Emissions per Employee:

Scope	**Source**	**Tonnes CO_2e per employee(1) 2017**	**Tonnes CO_2e per employee(1) 2016**
Scope 1	Company cars	1.0	1.0
Scope 2	Electricity	0.5	0.7
Scope 3	Outsourced – data centres	0.5	0.7
Total		**2.0**	2.4

(1) Based on 479 (2016: 466) employees taken as the average number of employees in the Group throughout the year.

Scope 2 and 3 emissions per employee have declined year on year due in part to an increase in average headcount which has not had a proportionate impact on emissions from running our offices or 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's policy on health and safety is to provide adequate control of the health and safety risks arising from work activities. This is delivered through 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. At Rightmove, our approach to the effective management of health and safety is to treat it as an integral part of business management. During the year, we continued our fire safety, first aid and work place safety training.

GOVERNANCE – Directors and officers

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 Limited
Chairman of Innasol Group Limited
Chairman of Cars.com Inc

Previous roles and relevant experience
Chairman of Orbitz Worldwide until September 2015. Director of NetJets Management Ltd, a subsidiary of Berkshire Hathaway until October 2009. 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.

Peter Brooks-Johnson
Chief Executive 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. He was promoted to Chief Executive Officer in May 2017. Prior to joining Rightmove, Peter was a management consultant with Accenture and the Berkeley Partnership.

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 DP Eurasia NV
Chairman of boohoo.com plc
Chairman of Mister Spex GmbH
Chairman 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.

Rakhi Goss-Custard
Non-Executive Director

Appointment to the Board
28 July 2014

Committee membership
Remuneration, Nomination

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 CBE
Non-Executive Director

Appointment to the Board
30 December 2016

Committee membership
Remuneration, Nomination

Current external commitments
President of techUK
Non-executive director of Costain Group plc
Non-executive director of AO World plc

Previous roles and relevant experience
Jacqueline has been employed throughout her career by global blue-chip software companies and has held senior positions at Citrix, CA Technologies, McAfee and Ascential Software. She was a non-executive director of Home Retail Group from 2012 to 2016. Jacqueline is an advisor to the Digital Leaders Technology Group and a passionate advocate for diversity and inclusion in the workplace with a particular focus on getting women and girls into digital careers and studying STEM subjects. She was awarded a CBE for services to international trade in the technology industry in the 2018 New Year's Honours list.

Andrew Findlay
Non-Executive Director

Appointment to the Board
1 June 2017

Committee membership
Audit, Nomination

Current external commitments
Director of easyJet plc

Previous roles and relevant experience
Andrew has been the Chief Financial Officer of easyJet plc since 2015. Before joining easyJet, Andrew was Chief Financial Officer of Halfords plc and prior to that Director of Finance, Tax and Treasury at Marks and Spencer. He formerly held senior finance roles at the London Stock Exchange and at Cable and Wireless, both in the UK and US. Andrew qualified as a chartered accountant with Coopers & Lybrand.

Lorna Tilbian
Non-Executive Director

Appointment to the Board
1 February 2018

Current external commitments
Non-executive director of Jupiter UK Growth Investment Trust plc
Non-executive director of Proven VCT plc
Non-executive director of Finsbury Growth & Income Trust PLC
Non-executive director of Euromoney Institutional Investor PLC
Non-executive director M&C Saatchi PLC

Previous roles and relevant experience
Lorna was Executive Director and Head of the Media Sector in Corporate Broking & Advisory at Numis Corporation PLC until September 2017. She was a founder of Numis when it launched in 2001 having worked at Sheppards, as a director of SG Warburg and executive director of WestLB Panmure. Lorna sits on the Advisory Panel of Tech City UK's Future Fifty programme and has served as a Cabinet Ambassador (for Creative Britain) for the Department of Culture, Media & Sport.

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.

GOVERNANCE – Corporate governance report

Introduction
The following sections explain how the Company applies the main provisions of the 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 61 to 94.

The Group's risk management and internal control framework and the principal risks and uncertainties are described on pages 20 to 24. The Directors' Report on pages 56 to 59 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 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.

The schedule of matters requiring Board approval includes:

- 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	Strategic initiatives identified at the strategy away day were prioritised then monitored, analysed and discussed at every Board meeting	The Group's 2018 budget and three-year business plan was approved	Presentations were received in relation to innovation in the rental market including RentLondon, an experimental app which explores trends in search to make the process of finding a rental property more efficient and incorporates a messenger bot and RentReady, a tenant passport initiative
Performance monitoring	Regular market updates and reports were received on the competitive landscape including new business models and innovation	The Board regularly reviewed updates on business performance in relation to analyst consensus forecasts and the business plan	Senior management gave detailed presentations on Agency and Overseas business performance and progress against other business initiatives	The Board received an update on Rightmove Discover, the predictive algorithm product launched in 2017 to Agency customers, following the acquisition of The Outside View in the prior year
Shareholder engagement	Investor feedback was received via the executive directors throughout the year, particularly following the results and investor roadshows	Monthly reports are received on the shareholder demographic and analysis of significant changes to the share register	Rightmove's corporate broker UBS gave a presentation, updating the Board on the key market drivers of the Group's valuation	The Remuneration Committee initiated investor correspondence relating to the application of the Remuneration Policy for 2018
Governance and risk	The Board conducts a bi-annual review of the entire risk register with particular focus on principal risks affecting the business together with the consideration of new and emerging risks	Reports were received from the Audit Committee on Rightmove Assurance reviews, with particular focus on the Group's readiness for the General Data Protection Regulation in May 2018	The Group's regulatory results announcements and Annual Report were reviewed in detail and approved	Senior management gave briefings and presentations covering a wide range of topics including cyber and information security risks, corporate governance and the 2017 insurance renewal programme
People and values	The Board considered the organisation strengths,	The Board received presentations from senior managers throughout the year	Group employee satisfaction scores as part of the 'Have your say' survey	The Board considered the gender pay gap analysis and the

	capability requirements and succession for senior managers as well as skills and experience possessed by its directors relative to those skills and capabilities identified in the Board Strategy Review that are necessary to help Rightmove achieve its strategic objectives	to ensure exposure to the breadth and depth of talent supporting business growth	were monitored across a range of criteria	proposed actions to reduce the gap going forward

There are usually seven 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 the 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 market reviews relating to Rightmove.

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 43. 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	Reviews and reports to the Board on: • Group financial reporting; • the system of internal control and risk management; • independence and effectiveness of the external audit process; and	At least three members who should be independent non-executive directors	Three	45 to 52

	• the internal audit plan, results and effectiveness of Rightmove Assurance, the outsourced internal audit function. Recommends the appointment of the external auditors to the Board for approval by shareholders.			
Remuneration	Makes recommendations to the Board on: • 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 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.	At least three members who should be independent non-executive directors	Two	61 to 94
Nomination	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. Makes recommendations for the membership of the Board, Audit and Remuneration Committees.	At least three members, the majority of whom should be independent non-executive directors	Two	53 to 55

Board composition

The Board at the date of this report comprises two executive directors and seven non-executive directors, including the Chairman. The two executive directors are Peter Brooks-Johnson (Chief Executive Officer) and Robyn Perriss (Finance Director) and the non-executive directors are Scott Forbes (Chairman), Peter Williams (Senior Independent Director), Ashley Martin, Rakhi Goss-Custard, Jacqueline de Rojas, Andrew Findlay and Lorna Tilbian.

Biographical details of all directors at the date of this report appear on pages 33 to 36 and details of Committee membership appear on page 43.

The Board's size and composition is kept under regular review by the Nomination Committee.

Board changes

Nick McKittrick, Chief Executive Officer, retired from the Board on 9 May 2017 and Peter Brooks-Johnson, formerly Chief Operating Officer, was appointed as Chief Executive Officer from that date. Colin Kemp retired from the Board on 9 May 2017, having served nine years as a non-executive director.

Andrew Findlay was appointed as a non-executive director on 1 June 2017 and Lorna Tilbian was appointed with effect from 1 February 2018. 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	Responsible for the leadership and governance of the Board, including: • 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 stakeholders; 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, relevant, timely and clear information.
Chief Executive Officer	Responsible for the day to day management of the Group, including: • 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 stakeholders; and • chairing the Executive Committee.
Non-executive directors	The role of the non-executive directors is to: • constructively challenge the executive directors; and • monitor the delivery of the strategy within the risk and control framework set by the Board. The non-executive directors bring wide and varied commercial experience and independent judgement to the Board and the Committees' deliberations. The breadth of management, financial and listed company experience of the non-executive directors is described in the biographical details on pages 33 to 36 and demonstrates a range of business expertise that provides the right mix of skills and experience given the size of the Group.
Senior Independent Director	The role of the Senior Independent Director is to: • 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	The Company Secretary: • 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. The Company Secretary also acts as Secretary to the Audit, Remuneration and Nomination Committees. The appointment and removal of the Company Secretary is a matter for Board approval.

Board diversity and experience

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.

At 31 December 2017, 38% of Board members were female and following the appointment of Lorna Tilbian, that proportion has risen to 44% of Board members. Following the retirement of Ashley Martin in May the proportion of female Board members will rise to 50%. We remain committed to recruiting the best people and appropriate talent for the business whilst seeking to maintain as near 50:50 gender balance on the Board as possible.

The range of skills and experience the Board considers necessary to deliver Rightmove's business strategy, and which were identified in the Board Strategy Review, includes:

- Finance and governance
- Voice of the customer and property market
- Technology and innovation
- Voice of the consumer and retail
- Digital marketing and online media, and
- Corporate transactions.

Board independence

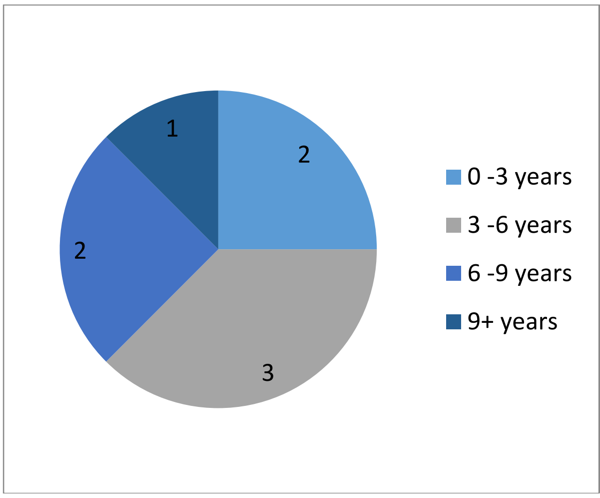
The Code provides that the Board should identify in the Annual Report each non-executive director that it considers to be independent. That is, to determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, 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. Ashley Martin will have completed nine years' service as a non-executive director in June 2018 and will retire from the Board following the 2018 AGM. The Nomination Committee carefully considered the independence of Lorna Tilbian before her appointment to the Board and details of that process is set out in the Nomination Committee report on pages 54 to 55.

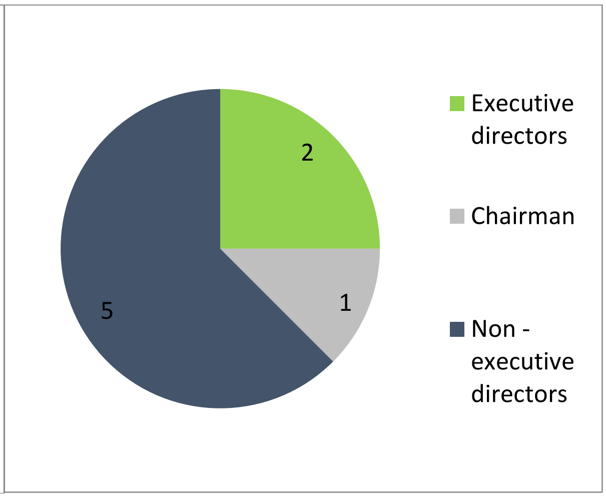
To safeguard their independence, a director is not entitled to vote on any matter in which they may be conflicted or have a personal interest. Where necessary, directors are required to absent themselves from a meeting of the Board while such matters are being discussed. In cases of doubt, the Chairman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

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

Board tenure as at 31 December 2017



Balance of directors as at 31 December 2017



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 2018 AGM with the exception of Ashley Martin, who will retire from the Board on that 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:

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Total meetings	**7**	**6**	**5**	**3**
Scott Forbes	7	-	-	3
Peter Brooks-Johnson	7	-	-	-
Robyn Perriss	7	-		-
Ashley Martin	7	-	5	3
Peter Williams	7	6	5	3
Rakhi Goss-Custard	7	6	4(1)	3(2)
Jacqueline de Rojas	7	3(3)	-	2(2)
Andrew Findlay	5(4)	-	3(4)	2(4)

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(1) Rakhi Goss-Custard was a member of the Audit Committee until 9 May 2017 and attended two further meetings as a guest.
(2) Rakhi Goss-Custard and Jacqueline de Rojas joined the Nomination Committee on 9 May 2017 and attended all meetings after that date. Rakhi attended one meeting before that date as a guest.
(3) Jacqueline de Rojas joined the Remuneration Committee on 9 May 2017 and attended all meetings after that date.
(4) Andrew Findlay joined the Board, Audit and Nomination Committees on 1 June 2017 and attended all meetings after that date.
(5)

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 in December 2017 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 and open 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 Remuneration Committee proactively engaged with the Company's top shareholders ahead of setting the Remuneration Policy which was approved at the 2017 AGM and again in late 2017 when setting executive director base salary levels for 2018.

The Board is kept informed of the views and opinions of those with an interest in the Company's shares through reports from the Chief Executive Officer and the Finance Director, as well as reports from the Company's 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 4 May 2018 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 shareholders electing to receive them, 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 votes withheld, for each resolution are reported after each resolution and published on the Company's website.

GOVERNANCE- Corporate governance
Audit Committee report

Dear Shareholder

I am pleased to present the 2017 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 pages 39 to 40 of the Corporate Governance Report.

The Committee has overseen a detailed programme of work in 2017 in relation to its remit, including agreeing the scope of work delivered by the PricewaterhouseCoopers LLP (PwC) outsourced internal audit function, known as Rightmove Assurance. The role of Rightmove Assurance has become well established throughout the organisation and continues to provide insight and value in both core financial control areas and the broader business operations.

The Committee has given particular focus this year to the readiness of the Group to meet the requirements of the forthcoming General Data Protection Regulation (GDPR) which becomes effective in May 2018. The business has established a comprehensive GDPR programme, coordinated by a full-time project manager, and is on track to be substantially compliant by May 2018. There has also been continued focus on the progress of the Disaster Recovery and Business Continuity Plans, including a planned closure of the Milton Keynes office which took place during December 2017. The oversight of financial controls continues to be a key area of work of the Committee. As a result of the breadth of the reviews this year, the Committee has had the benefit of exposure to the broader organisation, which has brought added insight to the topics under discussion.

Looking forward to the next 12 months, the Committee will continue to focus on the audit, assurance and risk processes within the Group, including a review of the control effectiveness of key billing processes, a counter fraud workshop and an update on the progress towards GDPR compliance.

I have greatly enjoyed my time as Chairman of the Audit Committee over the last nine years, and thank my fellow Committee members for their wisdom and support over this period. Andrew Findlay will succeed me as Chairman of the Audit Committee at the end of the 2018 Annual General Meeting.

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

Written terms of reference that outline the Committee's authority and responsibilities are published on the investor relations section of the Group's website at plc.rightmove.co.uk and are available in hard copy form from the Company Secretary.

Ashley Martin
Chairman of the Audit Committee

Committee membership and meetings

All the members of the Audit Committee are Independent Non-Executive Directors in accordance with provision C3.1 of the UK Corporate Governance Code (the Code) and the Board has determined that both Andrew Findlay and Ashley Martin have recent and relevant financial experience as required by the Code. Ashley Martin is a qualified accountant and was formerly Global Chief Financial Officer of Engine Holding LLC and Group Finance Director of Rok plc. Andrew Findlay and Peter Williams are also qualified accountants and Andrew Findlay is currently Chief Financial Officer of easyJet plc. Andrew Findlay will succeed Ashley Martin as Chair of the Audit Committee at the end of the 2018 Annual General Meeting. As a whole, the Committee has competence relevant to the sector in which the Group operates through the digital experience of Andrew Findlay and Peter Williams, and the media experience of Ashley Martin.

Biographies of the members of the Committee are set out on pages 33 to 36.

	Number of meetings	
Committee members	**Eligible to attend**	**Attended**
Ashley Martin (Chairman)	5	5
Peter Williams	5	5
Andrew Findlay(1)	3	3
Rakhi Goss-Custard(2)	2	4

(1) Andrew Findlay was appointed to the Committee on 1 June 2017.
(2) Rakhi Goss-Custard retired from the Committee on 9 May 2017 and attended two further meetings as a guest.

The Committee met five times in 2017 and attendance of the members is shown above. In order to maintain effective communication between all relevant parties, the Committee invited the Finance Director and Head of Finance, together with appropriate members of the management team, and the external and internal auditors, to meetings as necessary. The Committee sets aside time periodically to seek the views of the external auditor, in the absence of management. The external auditor has direct access to the Chairman to raise any concerns outside formal Committee meetings. The Committee also meets separately with the internal auditor during the year, and in between meetings the Chairman keeps in touch with the Finance Director and external audit partner as well as other members of the management team.

After each meeting, the Chairman reports to the Board on the main issues discussed by the Committee and minutes of the Committee meetings are circulated to the Board once approved.

Audit Committee effectiveness

The effectiveness of the operation of the Committee was reviewed in December 2017 through a questionnaire completed by all members of the Committee which focused on areas such as the appropriateness of the focus of the Committee, how it operates and professional development of the members. This was supplemented with responses from the effectiveness review of the Board and its committees where each Board member responded to key questions on Board performance and commented generally on the performance of Board Committees. The feedback on the Committee was positive and confirmed that the Committee is effective and provides appropriate challenge.

Financial reporting

The Committee is responsible for reviewing the appropriateness of the Group's half-year reporting and annual financial statements. The Committee does this by considering, among other things, the accounting policies and practices adopted by the Group; the correct application of applicable reporting standards and compliance with broader governance requirements; the approach taken by management to the key judgmental areas of reporting and the comments of the external auditor on management's chosen approach.

Significant issues

The key significant issue in the context of the 2017 Consolidated Financial Statements is revenue recognition. The Committee considers this area to be significant taking into account the level of materiality and degree of focus given by management, and discussed the issue in detail to ensure that the approach taken was appropriate. In relation to the Company Financial Statements, the key significant issue is the recoverability of the investment by the Company in Rightmove Group Limited, due to its materiality in the context of the total assets of the Company.

Issue	Committee review
Revenue As more fully described on page 111 the majority of the Group's revenue is derived from subscriptions for core listing fees and advertising products on Rightmove's platforms. The Group recognises this revenue over the period of the contract or the point at which advertising products are used.	During the year, management performed data analytics procedures on the amounts billed to the two largest customer groups (Agency and New Homes, together 92% of revenue). This included investigating anomalies and outliers identified and reporting to the Committee in this regard. Revenue is a prime area of audit focus and KPMG evolved their approach in this area this year as a result of management performing the revenue data analytics procedures that had previously been part of the audit approach. KPMG designed and performed new data analytics procedures which covered all revenue streams matching customer billings to cash, and results of this work were reported to the Committee. The Committee discussed any anomalies with management and with KPMG in relation to the data analytics work they performed. The Committee was satisfied with the explanations provided and conclusions reached. The approach to data analytics performed by KPMG expands their audit coverage to 100% of revenue, which together with the data analytics performed by management has led to increased overall assurance in this area. The data analytics work above is supplemented by a detailed analytical review by management of margins, and ARPA together with a comprehensive analysis on the treatment of discounted and free member offers.
Investment by Rightmove plc in Rightmove Group Limited (RMGL) The investment by the Company in RMGL is carried at cost, adjusted for subsequent additions to the investment. Cost was initially assessed as at 28 January 2008 being the date that Rightmove plc became the parent company of RMGL. Share-based payment awards to RMGL employees are accounted for as a deemed capital contribution by Rightmove plc to RMGL of the value of the share-based payment charge for those awards, increasing the value of the investment. Further details are provided in note 15 to the financial statements. The investment is not considered at risk of material misstatement or subject to significant judgement, however it is considered a significant risk due to its size in relation to the Company balance sheet.	The Committee reviewed the assumptions made by management, including the strong track record of profitable growth and cash generation by Rightmove Group Limited. Furthermore, the Rightmove plc share price has increased significantly since 2008, resulting in a current market value of c.£4 billion, significantly in excess of the investment carrying value of £0.5 billion. As Rightmove Group Limited is the main trading entity of Rightmove plc, we therefore see no evidence of impairment. The Committee was satisfied with the assumptions made.

The Committee also reviewed and considered the following areas due to their materiality and the application of judgement. However, it considered them to be stable in nature and therefore did not classify them as significant issues in the context of the 2017 financial statements.

Issue	**Committee review**
Share-based payment charges and related deferred tax asset	The Committee reviewed the judgements, assumptions and estimates made by management as part of the review of the financial statements to ensure that they were appropriate. The Committee also obtained the external auditors' assessment of the calculations. The results of this review were that the Committee was satisfied with the calculations made.
Going concern and viability statements	In assessing the validity of the statements detailed on pages 25 and 107 to 108, the Committee reviewed the work undertaken by management to assess the Group's resilience to the Principal Risks under various scenarios. The Committee gained appropriate assurance that sufficient rigour was built into the process to assess going concern and viability over the designated periods.

Fair balanced and understandable

One of the key governance requirements is for the Annual Report and the financial statements, taken as a whole, to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and 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 that should have been included? • Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting? • Are the KPIs being reported consistently from year to year? • 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 threats identified and appropriately highlighted? • 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 judgements 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 2017 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.

External audit

The Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor. The Committee approves the terms of engagement and fees of the external auditor, ensuring they have appropriate audit plans in place and that an appropriate relationship is maintained between the Group and the external auditor.

The Committee is responsible for making recommendations to the Board in relation to the appointment 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 in order to ensure independence. The lead audit partner, Karen Wightman has been in place for five years, and therefore in accordance with the FRC's Ethical Standard 3 (Revised), Anna Jones will take over from Karen Wightman for the financial year ending 31 December 2018.

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

Independence and non-audit services

The Committee has policies and procedures in place in relation to the provision of non-audit services by the external auditor and the non-audit fee policy was reviewed by the Committee during the year. The non-audit fee policy ensures that the Group benefits in a cost-effective manner from the cumulative knowledge and experience of its auditor, whilst also ensuring that the auditor maintains the necessary degree of independence and objectivity.

Non-audit service	Policy
Assurance-related services directly related to the audit for example, review of the half-year financial statements.	The half year review is approved by the Committee as part of the annual Audit Plan. Management is given the authority to incur additional non-audit services of up to £15,000 in any financial year without prior approval of the Committee. Thereafter all additional fees are to be referred to the Audit 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 Including but not limited to: accounting advice, work related to mergers, acquisitions, disposals, joint ventures or circulars; and corporate governance advice.	
Prohibited services In line with the EU Audit Reform, these are services where the auditor's objectivity and independence may be compromised. Prohibited services are detailed in the FRC Revised Ethical Standard 2016 and include tax services, accounting services, internal audit services and valuation services.	Prohibited, in accordance with the EU Audit Reform.

The level of non-audit fees as a proportion of the audit fee has typically been low at Rightmove. During the year, KPMG charged the Group £30,000 for non-audit services, representing less than 21% of the 2017 audit fee. Of this, £18,000 relates to the half year review, and £10,000 for a review of the Group's gender pay gap calculations and methodology. Further details of these services can be found in Note 6 to the financial statements.

Effectiveness and reappointment
The Committee considered the quality and effectiveness of the external audit process, in light of the FRC's Practice Aid for Audit Committees (May 2015). 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, communication of key accounting and audit judgements, together with appropriate audit risk identification at the start of the audit cycle.

The Committee reviewed the report of the FRC's Audit Quality Review team relating to KPMG as a firm and discussed the actions taken by KPMG in light of the recommendations, including in relation to the firm's approach to the audit of revenue.

The Committee evaluated the effectiveness of the audit process 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 2017 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.

Internal audit
The Group has an Internal Audit function, known as Rightmove Assurance which is fully outsourced to PwC. The aim of Rightmove Assurance is to provide independent and objective assurance on the adequacy and effectiveness of internal control, risk management and governance processes. This includes assurance that underlying financial controls and processes are working effectively, as well as specialist operational and compliance reviews that focus on emerging risks in new and evolving areas of the business. The Rightmove Assurance plan for 2017 was approved by the Audit Committee and covered a broad range of core financial and operational processes and controls, focusing on specific risk areas. Specialist reviews were undertaken in the following areas:

- Data privacy, including a readiness assessment in relation to GDPR;
- Cyber maturity assessment, covering technical, process and people controls. The review also included particular focus on data loss management, Bring Your Own Device (BYOD) and end point management, corporate network management and identity and access management;
- Employment taxes;
- Procure to pay cycle and cash management;
- Pre-implementation review of a new HR system; and a
- Payroll controls review.

Reports setting out the principal findings of the Rightmove Assurance reviews and agreed management actions were discussed by the Committee. The Committee also reviewed open actions from previous reviews, together with monitoring the progress by management in completing these actions.

Effectiveness of the internal audit process
The work of Rightmove Assurance provides 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.

During the year, the Audit Committee undertook a review of the effectiveness of the Rightmove Assurance function. The evaluation was led by the Committee Chairman and involved issuing tailored evaluation questionnaires which were completed by Rightmove management, the external auditors, KPMG, the Committee and PwC themselves. The evaluation concluded that the Rightmove Assurance function had an appreciation of the key issues facing the business, was realistic and robust with audit suggestions and added value to the business. It included a number of recommendations which were incorporated into the 2017 Rightmove Assurance plan.

Whistleblowing
The Group has a whistleblowing process (including an external confidential reporting hotline) which enables employees of the Group to raise concerns on an entirely confidential basis. The Committee receives reports on the communication within the business of the whistleblowing policy and external confidential reporting arrangements, and the use of the service including any whistleblowing incidents and their outcomes.

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

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

The Group's management have established the procedures necessary to ensure that there is an ongoing process for identifying, assessing and managing the significant risks to the Group. These procedures have been in place for the whole of the financial year ended 31 December 2017 and up to the date of the approval of these financial statements and they are reviewed regularly.

Rightmove has an internal audit function, known as Rightmove Assurance, which is fully outsourced to PwC. Rightmove Assurance provides the Group with additional independent assurance on the effectiveness of internal controls.

The key elements of the system of internal control are:

- Major commercial, strategic, competitive and financial risks are formally identified, quantified and assessed, discussed with the Executive Committee, 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;

- Clearly defined policies for capital expenditure and investment exist, including appropriate authorisation levels, with larger capital projects, acquisitions and disposals requiring Board approval;

- A treasury function which manages cash flow forecasts and cash on deposit (including counterparty risk);

- An organisational structure with clearly defined lines of responsibility and delegation of authority, and an embedded culture of openness where business decisions and their associated risks and benefits are discussed and challenged;

- A comprehensive disaster recovery plan and business continuity plan based upon:
    - co-hosting of the Rightmove platforms across three separate locations, which is regularly tested and reviewed;
    - the ability of the business to maintain business critical activities in the event of an incident;
    - the capability for employees to work remotely from home or a third party location in the event of a loss of one of our premises. This was tested for the Milton Keynes office during the year through a planned full office closure.

- 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; and

- Whistleblowing and bribery policies of which all employees are made aware, to enable concerns to be raised either with line management or, if appropriate, confidentially outside the line management.

Through the procedures outlined above, the Board, with advice from the Audit 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.

GOVERNANCE - Corporate governance report
Nomination Committee report

Dear Shareholder

I am pleased to present the report of the Nomination Committee (the Committee) for 2017.

The Committee's role is to keep the structure, size and composition of the Board under review with the objective of matching the skills, knowledge and experience of directors to business requirements. Our priority is to optimise the Board's performance to enable the Group to prosper, compete effectively and manage risk in an evolving market.

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 reviewed and updated with minor changes during the year.

The Committee fulfilled its terms of reference during 2017 by:

- reviewing the Group organisation and succession plans;
- recommending the appointment of new non-executive directors; and
- conducting internal Board and Committee evaluations. Further details of the Board evaluation can be found on page 55.

The Committee continued to review Board succession and Andrew Findlay was appointed as a non-executive director on 1 June 2017, following an external search by Korn Ferry International (Korn Ferry). Andrew will succeed Ashley Martin as our Audit Committee Chairman following the 2018 AGM. Lorna Tilbian joined the Board on 1 February 2018, following her retirement from Numis Corporation PLC.

The Board currently consists of nine directors including seven non-executive directors, six of which are considered to be independent. Following the retirement of Ashley Martin (non-executive director) at the 2018 AGM, the Board will comprise eight directors (two executive and six non-executive directors) and equal representation of men and women directors at both executive and non-executive levels.

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 Chairman and all the non-executive directors are members of the Committee. Peter Brooks-Johnson and Robyn Perriss attended meetings by invitation.

The Committee met three times during the year and attendance at the meetings is shown on page 43.

Membership

The Committee is comprised entirely of non-executive directors, whose biographical details can be found on pages 33 to 36. As at 31 December 2017, all the non-executive directors (five out of six 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 2017

During the year the Committee has:

- reviewed the composition and diversity of the Board;
- reviewed the Board committees' composition;
- approved the plans for the organisation and succession of the executive directors and senior management;
- recommended the implementation of the Board succession plan and the appointment of Peter Brooks-Johnson as Chief Executive Officer following the retirement of Nick McKittrick;
- recommended the appointment of two non-executive directors including consideration of independence in relation to the Code;
- agreed the process for and considered actions based upon the findings of the Board evaluation;
- considered potential conflicts of interest for non-executive directors appointed to other boards;
- reviewed and considered actions to address the Group's gender pay gap; 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 including meetings with key members of the management team. Directors are also encouraged to spend a day on the road with a sales director meeting our customers. 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 advice from independent professional advisers, at the Group's expense, where specific expertise or training is required in furtherance of their duties.

Board succession and independence

At the end of 2016, the Committee confirmed the candidate profile identified through the Board Strategy review process and initiated the search 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. Following an external search, facilitated by Korn Ferry, the Committee recommended the appointment of Andrew Findlay as an experienced Finance Director with suitable financial skills and experience to Chair the Audit Committee.

With due consideration to the conclusions of the Board Strategy Review (externally facilitated by Korn Ferry in 2015), the current Board composition and the Group's strategic plan, the Committee agreed that a director with a broader media industry background would benefit the business. Following a process including Korn Ferry, the Board recruited and then agreed to appoint Lorna Tilbian as an independent non-executive director, following her retirement from Numis Corporation PLC (Numis) in December 2017.

As Numis is Rightmove's joint corporate broker together with UBS, the Board is aware that there may be a perception that a material relationship could exist or continue to exist that might impair Lorna's independence. Therefore, Rightmove not only conducted a rigorous review to evaluate Lorna's independence, as it does for every director, but the Board also sought independent legal advice to ensure compliance with Code requirements. The Committee concluded that no material relationship existed with Numis over the past three years, no material ongoing relationship exists and that Lorna is independent in character and judgment. In addition to Lorna's media sector experience, her capital markets experience will be a great asset to Rightmove and the Board.

The Board considered the primary tests under the Code: whether there is a material financial relationship between Numis and Rightmove and whether that relationship would influence Lorna's judgement. Numis Securities receives a standard commission from Rightmove for the share buyback programme and there is no retainer or special fees agreement in relation to brokerage or research; the commission payments of c£100,000 per annum are immaterial to Rightmove. Lorna retired from the Numis Board in September 2017. The Board carefully considered Lorna's prior dealings with the Rightmove management team, which were meetings in the ordinary course of business with our former Chief Executive Officer. The Board therefore determined that Lorna is independent in character and judgement and there are no other factors that are likely to impair her judgement or prevent her from fulfilling her duties and responsibilities as a non-executive director effectively.

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 Board again completed an internal self-assessment during 2017. 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 whole Board discussed the feedback at the Committee meeting in December 2017 and concluded that the Board and its Committees continue to operate effectively with an open and effective Board dynamic resulting in effective challenge and collaboration between non-executive and executive directors. The Board also agreed initiatives to further improve board effectiveness including a greater variety of business presentations from senior management covering a wide range of company business operations.

An externally facilitated review of the performance of the Board and its Committees will be conducted in 2018.

GOVERNANCE – Directors' report

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 2017.

Pages 56 to 59, comprise the Directors' Report, which 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.

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.

Strategic Report

The Strategic Report can be found on pages 1 to 32. 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 22.0p (2016: 19.0p) per ordinary share was paid in respect of the half year period on 3 November 2017, to shareholders on the register of members at the close of business on 6 October 2017. The directors are recommending a final dividend for the year of 36.0p (2016: 32.0p) per ordinary share, which together with the interim dividend, makes a total for the year of 58.0p (2016: 51.0p), amounting to £32,758,000 (2016: £29,696,000). Subject to shareholders' approval at the Annual General Meeting (AGM) on 4 May 2018, the final dividend will be paid on 1 June 2018 to shareholders on the register of members at the close of business on 4 May 2018.

Share capital

The shares in issue, including 1,892,456 shares held in treasury (2016: 2,271,725) at the year-end amounted to 93,266,207 (2016: 95,490,266) ordinary shares of £0.01, with a nominal value of £932,662 (2016: £954,902). 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 61 to 94.

Share buyback

The Company's share buyback programme continued during 2017. Of the 10% authority given by shareholders at the 2017 AGM, a total of 2,224,059 (2016: 2,251,711) ordinary shares of £0.01 each were purchased in the year to 31 December 2017, being 2.4% (2016: 2.4%) of the shares in issue (excluding shares held in treasury) at the time the authority was granted. The average price paid per share was £40.83 (2016: £39.12) with a total consideration paid (excluding all costs) of £90,809,000 (2016: £88,083,000). Since the introduction of the new parent company in January 2008, a total of 38,639,201 shares had been purchased as at 31 December 2017 of which 1,892,456 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 4 May 2018.

Shares held in trust

As at 31 December 2017, 263,767 (2016: 343,275) 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 2017 of £2,638 (2016: £3,433) and a market value of £11,870,000 (2016: £13,398,000). The shares held by the EBT may be used to satisfy share-based incentives for the Group's employee share plans. During the year, 77,008 (2016: 50,082) shares were transferred to Group employees following the exercise of share-based incentives. Additionally, 17,500 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 2017, 67,700 (2016: 50,150) 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 2017 of £677 (2016: £502) and a market value of £3,047,000 (2016: £1,957,000). 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, 2,450 (2016: 600) 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 2017 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	% of total voting rights(1)
BlackRock Inc (3)	Indirect Contracts for difference (CFD) Stock Lending	5,068,243 1,668,080 1,025,280	5.57% 1.83% 1.13%
Marathon Asset Management LLP(2)	Indirect	5,930,755	6.52%
Baillie Gifford & Co(2)	Indirect	5,873,614	6.45%
Caledonia (Private) Investments Pty Limited(3)	Direct	4,561,397	5.01%
Generation Investment Management LLP	Indirect	4,583,127	5.04%
Axa Investment Managers SA	Indirect Contracts for difference (CFD)	4,441,378 37,662	4.88% 0.04%
Standard Life Investments	Indirect Stock Lending	4,356,376 362,089	4.79% 0.40%
UBS Investment Bank UBS Group AG(3)	Indirect Equity Swaps Stock Lending	2,572,737 2,916,519 1,021	2.83% 3.21% 0.00%

(1) The above percentages are based upon the voting rights share capital (being the shares in issue less shares held in treasury) of 90,995,551 as at 22 February 2018.

(2) Date of notification preceded the 2017 financial year.

(3) Date of notification followed the 2017 financial year end.

Directors

The directors of the Company as at the date of this report are named on pages 33 to 36 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 2017 will retire and offer themselves for re-election at the forthcoming AGM with the exception of Ashley Martin, who has notified the Company of his retirement from the Board as at this date.

Andrew Findlay and Lorna Tilbian will offer themselves for election, this being the directors' first AGM following their appointments to the Board as non-executive directors on 1 June 2017 and 1 February 2018 respectively.

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 61 to 94. At the date of this report, the executive directors were deemed to have a non-beneficial interest in 245,441 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 109.

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 4 May 2018 at 10am. The Notice of Annual General Meeting will be published in March 2017.

The resolutions being proposed at the 2018 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 2018 AGM.

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 2018 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 pages 31 to 32.

Fair, balanced and understandable
The Board has concluded that the 2017 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.

We consider the annual report and accounts, 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.

Signed on behalf of the Board:

Peter Brooks-Johnson	**Robyn Perriss**
Chief Executive Officer	Finance Director

23 February 2018

GOVERNANCE– Statement of directors' responsibilities

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 International Financial Reporting Standards as adopted by the European Union (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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

GOVERNANCE – Directors' Remuneration Report

Annual statement by the 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 2017.

The report is divided into two sections, the Remuneration Policy Report and the Annual Report on Remuneration, both of which are summarised in 'Remuneration at a glance' on pages 63 to 64. We do not propose any changes to the Directors' Remuneration Policy, which received overwhelming support from our shareholders at our 2017 AGM.

Performance and reward

The Committee considers that it is vital for the executive directors' remuneration to fairly reflect the overall performance of the Group. As described in the Strategic Report, Rightmove's 2017 results again show healthy growth in revenue and underlying operating profit(1), demonstrating the strength of the Rightmove business model and the effectiveness of our management team.

In accordance with the Remuneration Policy, the Committee has reviewed achievement against the bonus plan objectives for 2017 and recommended an annual bonus payment of 60%. This reflects the growth in revenue and underlying operating profit(1) of 11% and continued employee engagement with 90% of Rightmovers(2) thinking that Rightmove is a great place to work. Our audience growth, measured on a time basis in absolute terms, did not outstrip the total of Rightmove's closest competitors and other revenue from non-core businesses was not sufficiently strong to merit a bonus payout. Achievement against these performance targets is set out on pages 86 to 87 and reflected in the lower bonus payout for 2017, relative to 2016. Overall, performance for the year outperformed the baseline business plan and the Committee was therefore satisfied that it was appropriate to pay 60% of the maximum bonus.

The Group's longer-term performance reflects strong organic growth over the last three financial years. The 2015 Performance Share Plan awards (measuring performance from 1 January 2015 to 31 December 2017) will vest in full in March 2018 as a result of delivering underlying basic EPS(3) growth of 63% and TSR growth of 109% over the performance period, which exceeded the respective growth targets set of 60% 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 and was therefore satisfied that the awards should vest in full.

Chief Executive Officer retirement

Following the AGM on 9 May 2017, Nick McKittrick retired as Chief Executive Officer (CEO) and as a director of Rightmove. He was succeeded by Peter Brooks-Johnson, former Chief Operating Officer and a Board director since 2011, who has had a successful year in his new role as CEO and delivered a strong set of financial results in 2017. A summary of the remuneration arrangements relating to Nick's retirement and Peter's promotion were announced in May 2017 and are detailed on pages 88 to 90 of the Annual Report on Remuneration.

Remuneration Policy

In 2017, following consultation with Rightmove's major investors, the Committee proposed the Remuneration Policy, set out in the Remuneration Policy Report on pages 65 to 77. The Policy was approved with overwhelming support from our shareholders.

The Policy addresses the significant shortfall in executive directors' base salaries compared with the Committee's assessment of an appropriate salary for each role and the performance of the current directors. Increases of 3% in excess of the average workforce rise have been awarded to the CEO and Finance Director from January 2018, recognising the size and complexity of each role and the present incumbents' experience and capabilities.

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. The Remuneration Policy continues 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 towards long-term sustainable performance, with a high level of annual bonus deferral into shares, long-term incentive awards and appropriate share ownership guidelines.

We are committed to maintaining an open and transparent dialogue with shareholders. We have valued the engagement with and support of our shareholders and we remain focused on disclosing clearly how much our executive directors earn and how this links to the Group's performance.

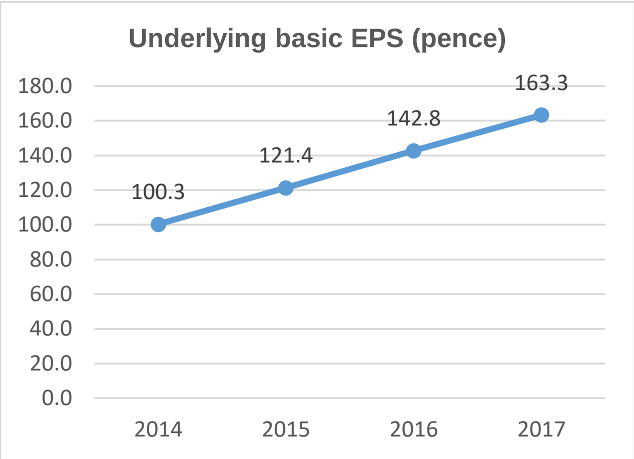
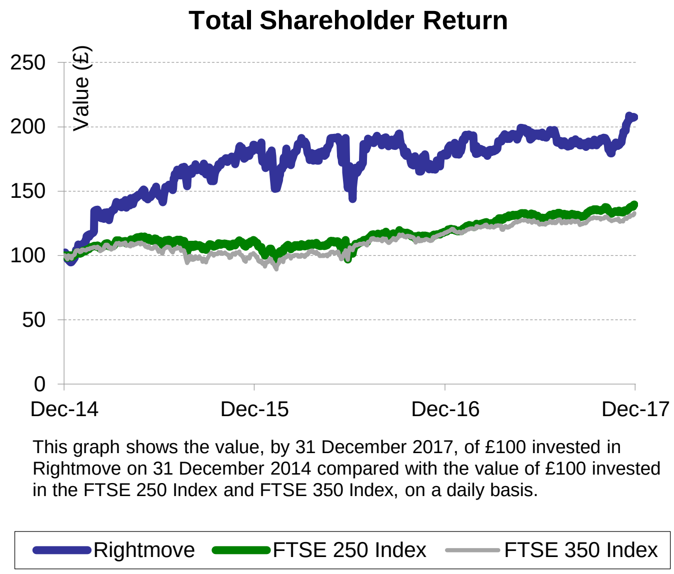
Peter Williams
Chairman of the Remuneration Committee

(1) Before share-based payments and NI on share-based incentives.
(2) Percentage of employees responding to the annual employee survey.
(3) Before share-based payments and NI on share-based incentives with no related adjustment for tax.

Remuneration at a glance

2017 Financial Performance	**Revenue**	**Underlying operating profit [1]**	**Returns to shareholders**
	+11%	+11%	£140.4m

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

Underlying basic EPS[2]	Total Shareholder Return
	
	This graph shows the value, by 31 December 2017, of £100 invested in Rightmove on 31 December 2014 compared with the value of £100 invested in the FTSE 250 Index and FTSE 350 Index, on a daily basis.
75% of 2015 Performance Share Plan (PSP) awards vest on achievement of three-year EPS growth of 63%.	Source: Thomson Reuters 25% of 2015 PSP awards vest in line with upper quartile relative TSR performance.

Annual bonus plan – outcome against maximum targets: 60%

Underlying operating profit [1]	**Growth in absolute time on site in minutes relative to our nearest competitors**	**Growth in Other revenue[3]**	**Employee survey respondents who think 'Rightmove is a great place to work'**
Threshold target: £175.2m Actual: £184.4m	Threshold target: same absolute growth in time onsite in minutes as our nearest competitors Actual: Lower growth in time in minutes year on year than our nearest competitors	Threshold target: 16% growth Actual: 4% growth	Threshold target: 90% Actual: 90%

Pay and performance for 2017			
	Nick McKittrick	Peter Brooks-Johnson	Robyn Perriss
Salary	£159,120	£420,103	£320,000
Benefits	£666	£1,852	£1,406
Cash Bonus	-	£126,031	£96,000
Deferred Share Bonus	-	£189,046	£144,000
Long-term incentives	£1,063,657	£1,155,196	£925,763
Total remuneration	**£1,223,443**	**£1,892,228**	**£1,487,169**

Shareholder alignment	
Shareholding guidelines: 200% of salary for all executive directors	**Proportion of variable awards received in shares:** 85% of performance-related pay is awarded in Rightmove shares

Remuneration Policy key elements
Fixed pay below comparative market median and variable incentive opportunity above median
Base salaries executive directors receive inflationary adjustments to salaries capped at 3% above wider workforce increases
Pension contributions up to 6% of base salary in line with the wider workforce
Annual bonus maximum 125% of salary, with 40% cash and 60% deferred into Company shares for two years
Performance Share Plan awards granted at 200% of salary. No post-vesting holding period for current executive directors
Clawback applies to deferred annual bonus awards and Performance Share Plan awards

(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.

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 2017. 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 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 at the 2017 AGM with 95.8% voting for the new Policy. The Annual Report on Remuneration will be subject to an advisory vote at the 2018 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 was developed in line with Rightmove's approach, that our executive directors should be rewarded with demonstrably lower than market base salaries and benefits and higher than market equity rewards subject to the achievement of challenging performance targets. This approach accords with the views of our major shareholders and with 'best practice' principles set out in the Code.

The key principles of the Committee's policy are that executive remuneration should:

- allow the Company to attract and retain talented individuals who are critical to the success of the business;
- be simple to explain, understand and administer;
- be regarded as fair by both other employees and shareholders;
- be below market levels for base salary with minimal benefits (which are made available on the same basis to all Rightmove employees) and above market levels of variable pay potential;
- provide directors with the opportunity to receive a share in the future growth and development of the Group;
- align the interests of the executive directors with the interests of shareholders and reflect the dynamic, performance-driven culture of the Group;
- principally reward individuals for the overall success of the business, measuring and incentivising directors against key short-term and medium to long-term goals;
- not enable executive directors to gain significantly from short-term successes, which subsequently prove not to be consistent with growing the overall value of the business. Hence the majority of any bonus payable in relation to short-term strategic goals in relation to the Deferred Share Bonus Plan 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; and
- normally be reviewed against the market every three years, with intervening pay reviews for executive directors directly linked to the policies applied to all employees, specifically with regard to cost of living rises in base salary and changes in benefits.

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.	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. When considering the executive's eligibility for a salary increase, the Committee considers the following points: • size and responsibilities of the role; • individual and Group performance; • increases awarded to the wider workforce; and • broader economic and inflationary conditions. 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.	Directors' current salaries are set out on page 79. These salary levels will be eligible for increases during the period that the Remuneration Policy operates from the effective date. 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. 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	The Committee considers both individual and Group performance in a broad context when determining base salary increases.

			scale of the role and/or size, value and/or complexity of the Group.	
Benefits	To provide simple, cost-effective, employee benefits which are the same as those offered to the wider workforce.	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. Executive directors will be entitled to receive new benefits on the same terms as those introduced for the whole workforce.	The value of benefits may vary from year to year depending on the cost to the Company from third party providers.	Not applicable
Pension	To provide a basic, cost-effective, long-term retirement benefit.	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. The Company may introduce a cash alternative to a pension contribution where this would be more tax efficient for the individual. 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	6% of base salary	Not applicable

		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.		
Annual bonus including Deferred Share Bonus Plan (DSP)	To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of annual financial and operational objectives.	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. Deferred shares will vest after two years and be potentially forfeitable during that period. Payments under the annual bonus plan may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.	Maximum (% salary): 125% of base salary	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. The primary bonus metric will be profit-based (e.g. underlying operating profit) with targets set in relation to a carefully considered business plan and requiring significant out-performance of that plan to trigger maximum payments. 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. 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 80 and 86 to 87. 25% of the awards vest for achieving the threshold performance target.

				Bonus is earned on a linear basis from threshold to maximum performance levels.
Performance Share Plan (PSP)	To incentivise and reward executives for the achievement of superior returns to shareholders over a three-year period, and to retain key individuals and align interests with shareholders.	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. The Committee has discretion to introduce a two-year post-vesting holding period for future executive appointments to the Board. A dividend equivalent provision operates enabling dividends to be paid (in cash or shares) on shares at the time of vesting. PSP awards may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.	Maximum (% salary): 200% of base salary	Awards vest based on three-year performance against challenging financial targets for EPS and relative TSR performance. Financial targets will determine vesting in relation to at least half of an award. 25% of the awards vest for achieving the threshold performance target. Awards vest on a linear basis from threshold to maximum performance levels. The performance period for financial targets and relative TSR targets is three financial years, starting with the year in which the award is granted.
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.	Executive directors are entitled to participate in the SIP on the same terms as all other employees. The SIP has standard terms and currently only free shares are offered. However, executive directors routinely forfeit their entitlement to any free share awards. 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.	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 executive directors and shareholders.	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. The Committee will regularly monitor progress towards the guideline.	Shareholding guideline: 200% of base salary for all executive directors.	Not applicable
Non-executive directors	To provide a competitive fee which will attract and retain high calibre individuals and reflects their relevant skills and experience.	The fees for non-executive directors (including the Company Chairman) are reviewed periodically (generally every three years). The Committee will consider the Chairman's fee, whilst the non-executive directors' fee is	Fees for the Chairman and non-executive directors were last reviewed in 2015 and are set out on page 81. Fee increases may take place if fee levels are	None

		considered by the wider Board, excluding the non-executives. Fee levels for each role are determined after considering the responsibility of the role, the skills and knowledge required and the expected time commitments. Periodic benchmarking against relevant market comparators, reflecting the size and complexity of the role, is used to provide context when setting fee levels. In exceptional circumstances, where the normal time commitment has been substantially exceeded, an additional fee may be paid at the Board's discretion.	considered to have become out of line with the responsibilities and time commitments of individual roles. 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.	
Business expenses	To reimburse directors for reasonable business expenses.	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. The Group may reimburse business expenses which are in future classified as taxable benefits by HMRC.	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 payout 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 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 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 earnings per share (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 directors' 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 payout 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.

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.

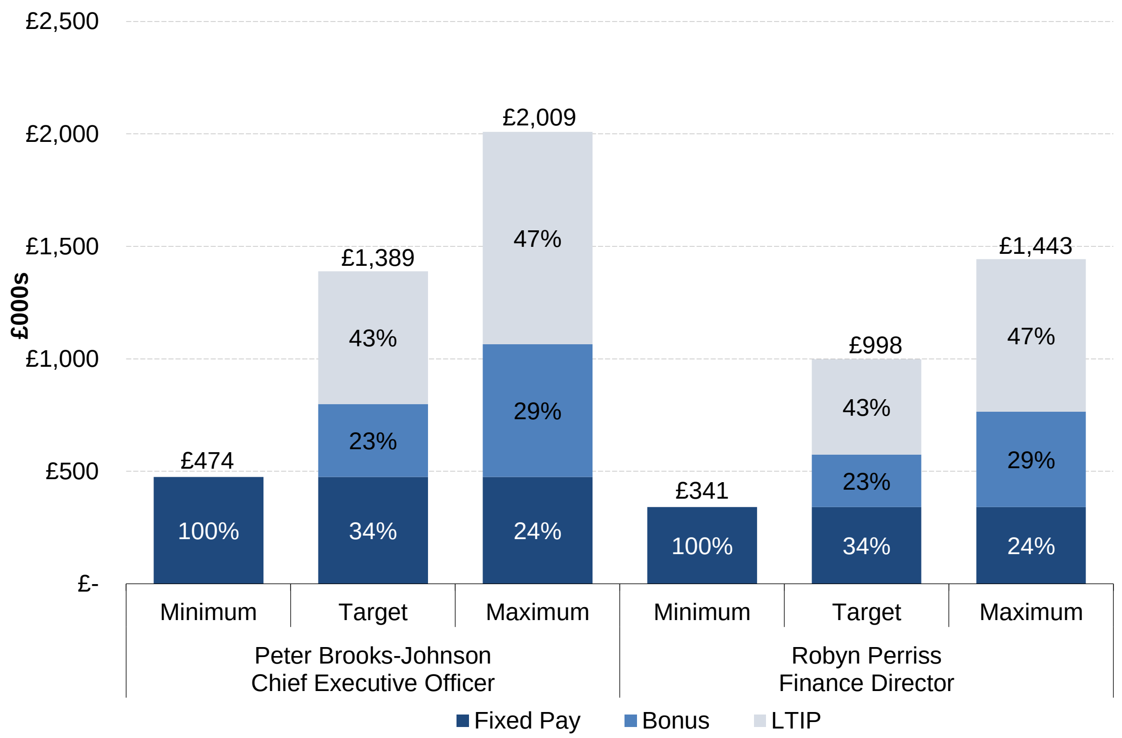
Shareholders' views

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.

Most recently, in late 2017, the Committee engaged with shareholders regarding the salary increases awarded to the executive directors in 2018.

Reward scenarios

The Company's Remuneration 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 2018 annual bonus and 62.5% vesting of the 2018 PSP awards being the midpoint between threshold vesting of 25% and maximum vesting of 100%.
3. Maximum = 100% payable of the 2018 annual bonus and 100% vesting of the 2018 PSP awards.

Base salary is as set at 1 January 2018. The value of taxable benefits is based on the cost of supplying those benefits (using the cost as disclosed on page 85) for the year ended 31 December 2017. 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	An annual bonus would operate in the same manner as outlined for the current executive directors (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. The maximum bonus potential would not exceed 125% of base salary. It would be expected that the bonus for a new appointment would be assessed on the same performance metrics as that for the current executive directors on an ongoing basis. However, depending on the timing and nature of appointment it may be necessary to set tailored performance criteria for their first bonus plan.
Long-term incentives	A new appointment will be eligible to receive PSP awards as outlined in the Policy table. Share awards may be granted shortly after an appointment (subject to the Company not being in a closed 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. The ongoing maximum award would not exceed 200% of base salary. 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. The new appointment would be eligible to participate in the Sharesave Plan and the SIP under the same terms as all other employees.
Buy-out awards	To facilitate an external recruitment, it may be necessary to buy-out remuneration which would be forfeited on leaving their previous employer. When determining the quantum and structure of any buy-out

	awards the Committee will, as a minimum, take into account the following factors: • 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). Buy-out awards, if used, will be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules.

Directors' service contracts and non-executive directors' terms of appointment
The Committee's policy on service agreements for executive directors is that they should provide for 12 months' notice of termination by the Company and by the executive. Any proposals for the early termination by the Company of the service agreements of directors 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.

Peter Brooks-Johnson and Robyn Perriss are entitled to a payment in lieu of notice, 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 below:

	Date of appointment	Date of contract/Letter of Appointment	Notice (months)	Length of service at 23 February 2018
Executive directors				
Peter Brooks-Johnson(1)	10 January 2011	22 February 2011	12	7 years 1 month
Robyn Perriss(2)	30 April 2013	1 May 2013	12	4 years 10 months
Non-executive directors				
Scott Forbes (Chairman) (3)	13 July 2005	21 February 2006	3	12 years 7 months
Ashley Martin	11 June 2009	9 June 2009	3	8 years 8 months
Peter Williams	3 February 2014	3 February 2014	3	4 years 1 month
Rakhi Goss-Custard	28 July 2014	28 July 2014	3	3 years 7 months
Jacqueline de Rojas	30 December 2016	10 October 2016	3	1 year 2 months
Andrew Findlay	1 June 2017	11 May 2017	3	9 months
Lorna Tilbian	1 February 2018	19 January 2018	3	1 month

(1) 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 12 years and 1 month.
(2) 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 10 years and 8 months.
(3) The Chairman's letter of appointment was transferred from Rightmove Group Limited to Rightmove plc with effect from 28 January 2008 on completion of a Scheme of Arrangement.

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. Neither 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 2017:

Peter Williams (Chairman of the Committee)
Rakhi Goss-Custard
Jacqueline de Rojas (from 9 May 2017)
Colin Kemp (to 9 May 2017)

During the year the Committee met six times and attendance at the meetings is shown in the Corporate Governance Report on page 43.

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 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 £31,000.

During 2017 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:

Pay and incentive plan reviews
- annual review and approval of executive directors' base salaries and benefits;
- approval of remuneration arrangements for Nick McKittrick on his retirement as Chief Executive Officer;
- approval of a salary increase and additional award under the Rightmove Performance Share Plan (PSP) for Peter Brooks-Johnson on his promotion to Chief Executive Officer;
- review of 2017 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 2018 PSP awards to ensure measures are aligned with strategy and that targets are appropriately stretching;
- approval of share awards granted in March 2017 under the Deferred Share Bonus Plan (DSP) and the PSP; and
- ongoing monitoring of senior management remuneration.

Governance and strategy
- review and approval of the Directors' Remuneration Report;
- submitting the Remuneration Policy for executive directors for shareholder approval at the 2017 AGM;
- review of the 2017 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 the year ending 31 December 2018

Salaries
The executive directors' salaries for the 2018 financial year are set out in the table below:

	Salary 1 January 2018	Salary 31 December 2017	Workforce increase plus	Change
Executive directors				
Peter Brooks-Johnson	**£472,268**	£445,536(1)	3%	6%
Robyn Perriss	**£339,200**	£320,000	3%	6%

(1) On 9 May 2017, Nick McKittrick stepped down from the Board as Chief Executive Officer and retired from Rightmove on 30 June 2017. No payment was made in lieu of any unexpired period of notice. The Board approved the promotion of Peter Brooks-Johnson to Chief Executive Officer and the Committee approved an increase in his base salary from £373,136 to £445,536, in line with his predecessor and our 2017 Remuneration Policy, with effect from 9 May 2017.

The 6% increase in base salaries for the executive directors represents an increase of 3% above the average workforce rise of 3% for 2018, primarily to recognise the scale and complexity of those roles and to address the relatively low pay of these executives compared with market norms. The salaries remain well below the market median for executives in comparable companies.

Pension and other benefits
The Group operates a stakeholder pension plan for all 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 elected not to participate in the pension plan during the year. 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 2018 financial year will be consistent with the policy detailed on pages 68 to 69 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 (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 by reference to comScore.
(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 2018 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 threshold performance.

The weighting of all performance measures are unchanged from 2017.

The targets themselves, as they relate to the 2018 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, approved in 2017, remain at 200% of base salary for both executive directors.

Consistent with current market practice and previous years, awards to the executive directors under the PSP in 2018 will be subject to a mixture of EPS (75% of awards) and relative TSR (25% of the awards) performance conditions. The 2018 targets are as follows:

EPS performance condition
The Group's EPS growth will be measured over the period of three financial years (2018 to 2020). 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 2018 awards:

Underlying basic EPS growth from 2018 to 2020(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 2017 from which these targets will be measured is 163.3p.

As in prior years, the targets that are intended to operate for the 2018 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 the 2017 awards.

Relative TSR performance condition
The vesting schedule for the relative TSR element of executive directors' 2018 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 directors' fees were last reviewed in a market context in 2015 and increased to current levels. In line with our Policy they are benchmarked and reviewed periodically, usually every three years. The next review is scheduled for 2018 with any increase taking effect in 2019.

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 2018	Annual fee 31 December 2017
Scott Forbes (Chairman)	**£170,000**	£170,000
Ashley Martin	**£60,000**	£60,000
Peter Williams	**£65,000**	£65,000
Rakhi Goss-Custard	**£50,000**	£50,000
Jacqueline de Rojas	**£50,000**	£50,000
Andrew Findlay	**£50,000**	£29,166(1)

(1) Fee for seven months, from 1 June 2017.

Statement of shareholder voting at AGM

At the AGM on 9 May 2017, shareholders overwhelmingly voted in favour of the Directors' Remuneration Report and the new Directors' Remuneration Policy. 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 and the Policy:

	Votes for	% Votes for	Votes against	% Votes against	Votes withheld(1)
Directors' Remuneration Report	72,340,405	98.54	1,075,197	1.46	17,491
Directors' Remuneration Policy	70,332,275	95.83	3,064,143	4.17	36,674

(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, the Committee corresponds with major shareholders and 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 2017, the Company's share price ended the year at £45.00 up 15% year on year (the FTSE 250 Index was up 18% and the FTSE 350 Index was up 13%). On a three-year basis the share price has increased by 100% and has continued to outperform both the FTSE 250 and FTSE 350 Indices over that period as shown in the graphs on page 83.

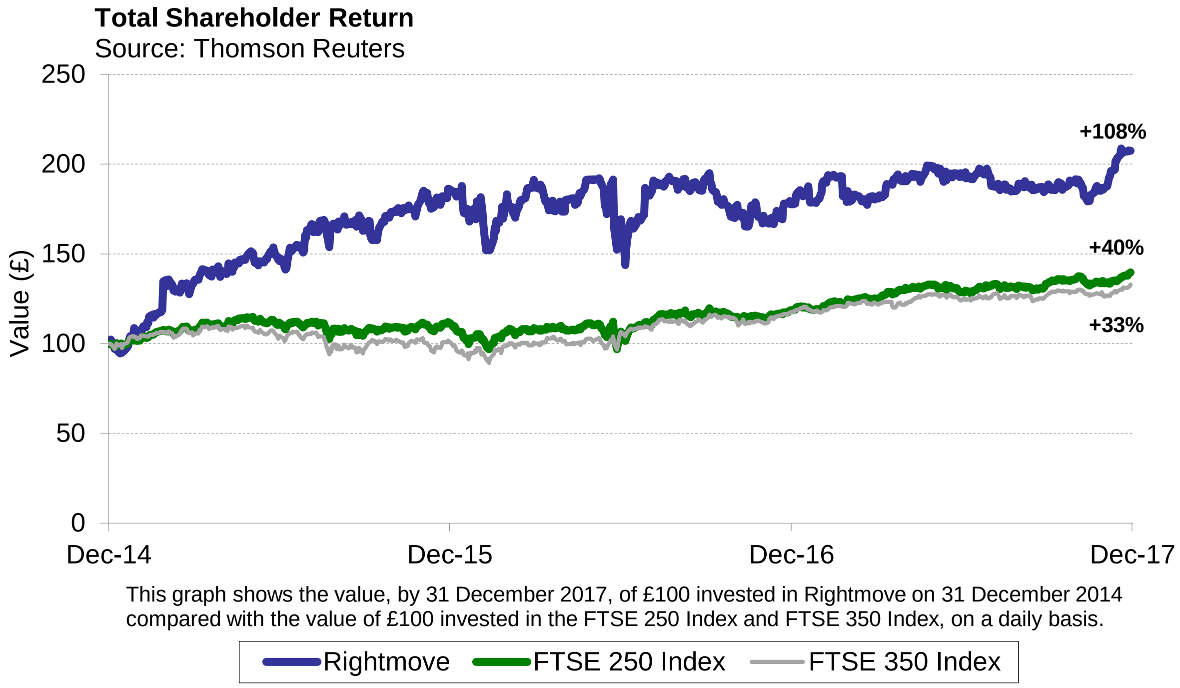
Total shareholder return (TSR)

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 2015 to 31 December 2017. TSR is the product of movements in the share price plus dividends reinvested on the ex-dividend date. TSR provides a useful, widely used benchmark to illustrate the Company's performance over the last three years. Specifically, it illustrates the value of £100 invested in Rightmove's shares and in the FTSE 250 Index and the FTSE 350 Index over that period.

As required by the Act, the Company's TSR performance is required to be shown against a recognised broad-based share index. Since 2016, as Rightmove continues to be ranked towards the top of the FTSE 250 Index in terms of market capitalisation, the FTSE 350 Index is felt to be more appropriate 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 February 2018.

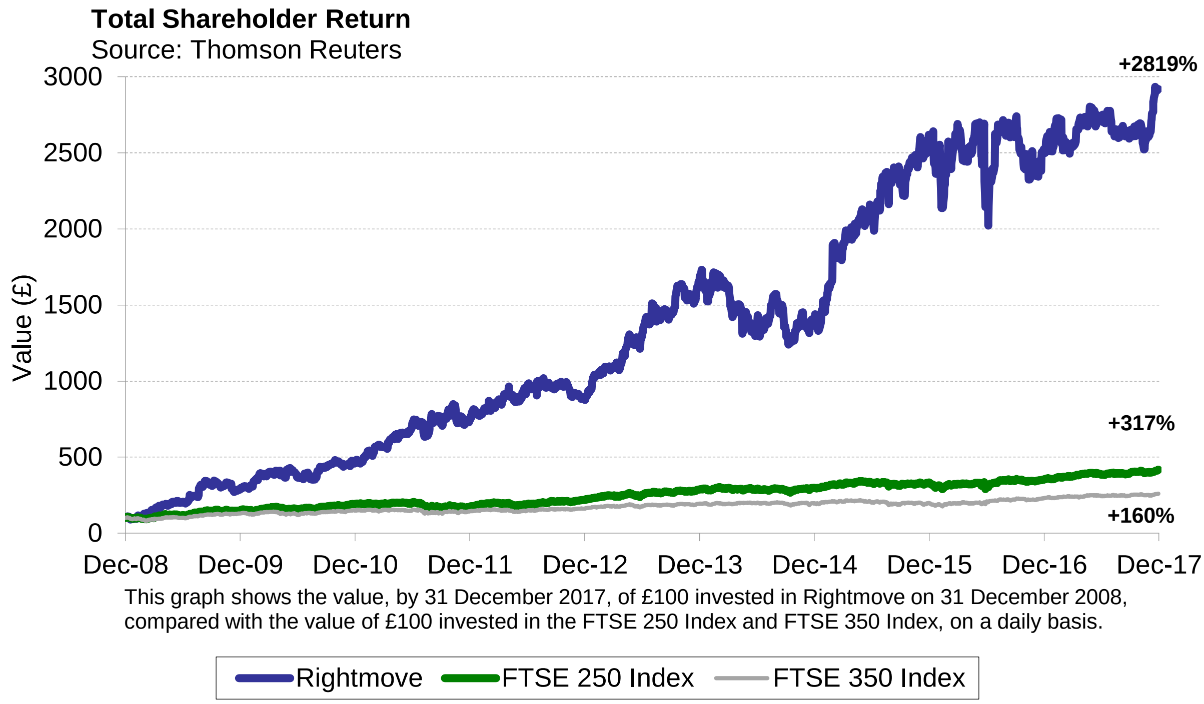
The graphs below illustrate, for statutory purposes, the TSR of Rightmove's shares against the FTSE 250 Index and the FTSE 350 Index for the three and nine years to 31 December 2017.

TSR Graph – three years



This graph shows the value, by 31 December 2017, of £100 invested in Rightmove on 31 December 2014 compared with the value of £100 invested in the FTSE 250 Index and FTSE 350 Index, on a daily basis.

TSR Graph – nine years



This graph shows the value, by 31 December 2017, 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 a nine-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)
2017	Peter Brooks-Johnson(1)	504,557	60%	100%
	Nick McKittrick(1)	1,223,443	n/a	100%
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	531,371	85%	100%
	Ed Williams(2)	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%	-(3)
2009	Ed Williams	627,641	100%	-(3)

(1) Nick McKittrick was Chief Executive Officer and a director until 9 May 2017 and retired from Rightmove on 30 June 2017. Peter Brooks-Johnson was appointed Chief Executive Officer on 9 May 2017.

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

(3) 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 94 is audited.

The remuneration of the directors of the Company during 2017 for time served as a director is as follows:

	Fixed Pay			Performance-related pay			
	Salary/ Fee £	Benefits[(1)] £	Fixed pay subtotal £	Annual bonus[(2)] £	Long-term incentives [(3)] £	Performance-related pay subtotal £	**Total remuneration in 2017 £**
Executive directors							
Nick McKittrick[(4)]	159,120	666	159,786	-	1,063,657	1,063,657	**1,223,443**
Peter Brooks-Johnson[(5)]	420,103	1,852	421,955	315,077	1,155,196	1,470,273	**1,892,228**
Robyn Perriss	320,000	1,406	321,406	240,000	925,763	1,165,763	**1,487,169**
Non-executive directors							
Scott Forbes	170,000	-	170,000	-	-	-	**170,000**
Colin Kemp	18,012	-	18,012	-	-	-	**18,012**
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	50,000	-	50,000	-	-	-	**50,000**
Andrew Findlay[(6)]	29,166	-	29,166	-	-	-	**29,166**

(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 2017 including the deferred element (60% of annual bonus).
(3) The value of the long-term incentives includes:
- nil cost PSPs where vesting is calculated by taking the number of nil cost options expected to vest in March 2018 (including dividend roll up), which are dependent on the three-year performance period ended 31 December 2017 and multiplying by the year end closing share price of £45.00; and
- the notional capital gain on Sharesave options exercisable on 1 November 2017 which reflects the difference between the option grant price of £19.72 and £41.39, being the market value of shares on the date they vested.

(4) Reflects base salary through to resignation as Chief Executive Officer and director on 9 May 2017 together with pro rata vesting of PSPs awarded in March 2015.
(5) Reflects base salary of £373,136 as Chief Operating Officer to 9 May 2017 and increased annual salary of £445,536 as Chief Executive Officer from 10 May 2017.
(6) Fee for seven months from 1 June 2017 to 31 December 2017.

The remuneration of the directors of the Company during 2016 was:

	Fixed pay				Performance related pay			
	Salary/ Fee £	Benefits[1] £	Pension £	Fixed pay subtotal £	Annual bonus[2] £	Long-term incentives [3] £	Performance-related pay subtotal £	**Total remuneration in 2016 £**
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.

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. None of the directors elected to participate in the pension plan during 2017. The Company does not contribute to any personal pension arrangements.

How was pay linked to performance in 2017?

Annual bonus plan

The incentive for the financial year ended 31 December 2017 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 2017 bonus targets set, the Committee determined that 60% of the maximum achievable cash and DSP bonus should be paid to the executive directors. Accordingly, a cash bonus of 30% of base salary will be paid to the executives and 45% of base salary will be granted to the executive directors under the DSP, which will be deferred until March 2020. 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 (1)	Targets: • £175.2m: 25% payout • £185.7m: 100% payout	65%	Underlying operating profit achieved: £184.4m The 2017 underlying operating profit represented growth of 11% on 2016	59%
Strategic targets				
Traffic market share	Growth in time in minutes spent on Rightmove platforms as measured by comScore relative to nearest competitors • Same absolute growth: 25% payout • 50% higher absolute growth: 100% payout	15%	There was a lower growth in time in minutes spent on Rightmove platforms year on year than our nearest competitors	0%
Other revenue(2)	• Growth of 16%: 25% payout • Growth of 24%: 100% payout	15%	Revenue increased from £17.8m to £18.6m, an increase below the minimum threshold	0%
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%	90% of respondents say ‘Rightmove is a great place to work’	1%
Total		**100%**		**60%**

(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 vesting during the year
The PSP awards granted in March 2015 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 2017.

The vesting schedule for the relative TSR element of executive directors' 2015 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 109.2% compared to 39.2% for the FTSE 250 Index. As this level of outperformance is 70% higher than the Index, these options will vest in full on 2 March 2018.

Rightmove's EPS growth is measured over a period of three financial years (2015 to 2017). 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 adjustment for tax) and the vesting schedule is set out below:

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

At the end of the performance period, underlying basic EPS was 163.3p which from an underlying basic EPS base of 100.3p results in growth of 63%, exceeding the maximum 60% EPS growth target and will result in full vesting of this part of the award (maximum of 75%) from 2 March 2018.

Share awards granted during the year

On 1 March 2017 Peter Brooks-Johnson and Robyn Perriss were awarded shares under the PSP, which vest in March 2020, and are subject to a mixture of EPS (75% of the awards) and TSR relative to the FTSE 350 Index (25% of the awards) performance with the greater weighting on EPS to reflect its particular relevance to the performance of the business.

Executive director	Basis of grant	Number of shares	Face value of award(1)
Peter Brooks-Johnson	200% of base salary	18,691	746,273
Robyn Perriss	200% of base salary	16,029	640,000

(1) Based on the average mid-market share price for the three consecutive days prior to grant, taken from the Daily Official List, of £39.93.

On 9 May 2017, the Committee approved a top-up award of performance shares for Peter Brooks-Johnson, following his promotion to CEO. The award was over 3,457 ordinary shares of 1p each, reflecting the increase in his base salary from £373,136 to £445,536. The performance shares are exercisable for a period of 2 years from 9 May 2020 and are subject to the same performance criteria as the original award granted on 1 March 2017. The number of additional shares was based on the average mid-market share price for the three consecutive days prior to grant, taken from the Daily Official List, of £41.90.

The vesting schedule for the relative TSR element of executive directors' 2017 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 (2017-2019). 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 2017:

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

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

Retirement arrangements for Nick McKittrick
Nick McKittrick retired as a director and Chief Executive Officer following the AGM on 9 May 2017. His employment with the Group ended on 30 June 2017.

The Committee determined that he should continue to be paid his salary and normal package of benefits up to 30 June 2017 and receive a bonus in respect of the 2016 financial year as detailed below. In line with the Remuneration Policy, 40% of the 2016 bonus was paid in cash with the balance deferred in shares for a period of two years. Nick did not receive a bonus for the six months to 30 June 2017 and was not awarded performance shares under the PSP in March 2017.

The Committee also determined that Nick would 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 66 to 71. Outstanding PSP awards would 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 were published on the Company's website in accordance with Section 430(2B) of the Companies Act following the AGM and details of share awards are set out below.

Rightmove Performance Share Plan

In accordance with our Policy, unvested PSP awards were pro-rated to 30 June 2017 and vest on the original vesting dates, subject to the achievement of TSR and EPS performance criteria. These awards will be exercisable for 12 months from the original vesting dates. PSP awards which have already vested but remain unexercised will be exercisable until 30 June 2018, being 12 months from Nick's leaving date.

Details of unexercised PSP awards as at the date of Nick's retirement (based on the maximum possible vesting if EPS and TSR performance conditions are fully met) are set out in the table below:

Award Date	Performance Period	Normal Vesting Date	Award (number of shares)	Pro-rated award (number of shares)
8 March 2013	1 January 2013 to 31 December 2015	8 March 2016	33,465(1)	33,465(1)
3 March 2014	1 January 2014 to 31 December 2016	3 March 2017	31,070(2)	31,070(2)
2 March 2015	1 January 2015 to 31 December 2017	2 March 2018	29,321	22,805(3)
1 March 2016	1 January 2016 to 31 December 2018	1 March 2019	21,912	9,739(3)

(1) No pro-rating applies; includes rolled up dividend of 1,186 shares.
(2) No pro-rating applies; includes rolled up dividend of 1,052 shares.
(3) Pro-rated to 30 June 2017 and subject to TSR and EPS related performance conditions.

Rightmove Deferred Share Bonus Plan

In accordance with our Policy, DSP awards granted in respect of prior years' performance remain capable of vesting in full:

- vested but unexercised DSP awards may be exercisable for 12 months from 30 June 2017; and
- unvested DSP awards will vest on the original vesting dates and be exercisable for 12 months from vesting.

Award Date	Performance Period	Normal Vesting Date	Award (number of shares)
2 March 2015	1 January 2014 to 31 December 2014	2 March 2017	7,546
1 March 2016	1 January 2015 to 31 December 2015	1 March 2018	7,901
1 March 2017	1 January 2016 to 31 December 2016	1 March 2019	7,333

Rightmove Sharesave Plan (SAYE)

Nick held options over 760 shares in total under the all-employee SAYE, which lapsed following his retirement in accordance with the SAYE rules.

Share-based incentives held by the directors and not exercised as at 31 December 2017

Executive directors	Date granted	Share-based incentives held 1 January 2017	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 2017**	Vesting date	Expiry date
Peter Brooks-Johnson	10/10/2007 (Unapproved)	75,000	-	£5.22	75,000(8)	£41.03	**-**	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
	8/3/2013 (PSP)	24,210	889	£0.00	25,099(1)	£41.03	**-**	8/3/2016	7/3/2018
	3/3/2014 (PSP)	25,140	-	£0.00	-	-	**25,140**	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	456(6)	-	£19.72	456(10)	£40.15	**-**	1/11/2017	30/4/2018
	2/3/2015 (DSP)	6,320	-	£0.00	6,320(7)	£41.20	**-**	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	-	£0.00	-	-	**6,617**	1/3/2018	28/2/2019
	1/3/2016 (PSP)	18,351	-	£0.00	-	-	**18,351**	1/3/2019	28/2/2021
	1/3/2017 (DSP)	-	6,141(3)	£0.00	-	-	**6,141**	1/3/2019	29/2/2020
	1/3/2017 (PSP)	-	18,691(4)	£0.00	-	-	**18,691**	1/3/2020	28/2/2022
	9/5/2017 (PSP)	-	3,457(5)	£0.00	-	-	**3,457**	9/5/2020	8/5/2022
	1/10/2017 (Sharesave)	-	273(9)	£32.89	-	-	**273**	1/11/2020	30/4/2021
Total		372,793	29,451		106,875		**295,369**		
Robyn Perriss	8/3/2013 (PSP)	14,928	548	£0.00	15,476(1)	£40.62	**-**	8/3/2016	7/3/2018
	3/3/2014 (DSP)	4,353	-	£0.00	4,353(2)	£40.61	**-**	3/3/2016	2/3/2017
	3/3/2014 (PSP)	19,887	697	£0.00	20,584(6)	£43.26	**-**	3/3/2017	2/3/2019
	1/10/2014 (Sharesave)	912	-	£19.72	912(10)	£40.15	**-**	1/11/2017	30/4/2018
	2/3/2015 (DSP)	4,999	-	£0.00	4,999(7)	£43.12	**-**	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	-	£0.00	-	-	**5,234**	1/3/2018	28/2/2019
	1/3/2016 (PSP)	14,516	-	£0.00	-	-	**14,516**	1/3/2019	28/2/2021
	1/3/2017 (DSP)	-	4,858(3)	£0.00	-	-	**4,858**	1/3/2019	29/2/2020
	1/3/2017 (PSP)	-	16,029(4)	£0.00	-	-	**16,029**	1/3/2020	28/2/2022
	1/10/2017 (Sharesave)	-	547(9)	£32.89	-	-	**547**	1/11/2020	30/4/2021
Total		84,254	22,679		46,324		**60,609**		

(1) On 8 March 2013, the executive directors were awarded nil cost options under the PSP which vested in 2016 subject to EPS and relative TSR performance measures, which were met in full.

Robyn Perriss exercised the nil cost option over 15,476 shares (which included a dividend roll-up of 548 shares) on 27

February 2017, sold 11,375 upon exercise at an average market price of £40.62 and retained the balance of 4,101 shares.

Peter Brooks-Johnson exercised the nil cost option over 25,099 shares (which included a dividend roll-up of 889 shares) on 31 October 2017 and sold all the shares at an average market price of £41.03 per share.

(2) 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. Robyn Perriss exercised the nil cost option over 4,353 shares on 27 February 2017 and sold 3,199 shares at an average market price of £40.61 per share to satisfy the resulting tax liability and retained the balance of 1,154 shares.

(3) On 1 March 2017, the executive directors were awarded nil cost options under the DSP, which vest in March 2019. The average mid-market share price for the three consecutive preceding days, used to calculate the number of shares awarded, was £39.93.

(4) On 1 March 2017, the executive directors were awarded nil cost shares under the PSP, which vest in March 2020. Further details are set out on pages 88 to 89.

(5) On 9 May 2017, a top-up award of nil cost shares under the PSP was made to Peter Brooks-Johnson, which vest in May 2020. Further details are set out on page 88.

(6) On 3 March 2014, the executive directors were awarded nil cost options under the PSP which vested in 2017 subject to EPS and relative TSR performance measures, which were met in full. Robyn Perriss exercised the nil cost option over 20,584 shares (which included a dividend roll-up of 697 shares) on 31 May 2017, sold 15,129 upon exercise at an average market price of £43.26 and retained the balance of 5,455 shares.

(7) The nil cost deferred share awards granted under the DSP on 2 March 2015, were exercisable from 2 March 2017 subject to annual bonus targets which were met in full.

Robyn Perriss exercised the nil cost option over 4,999 shares on 31 May 2017 and sold 3,674 shares at an average market price of £43.12 per share and retained the balance of 1,325 shares.

Peter Brooks-Johnson exercised the nil cost option over 6,320 shares on 3 October 2017 and sold all the shares at an average market price of £41.20 per share.

(8) Peter Brooks-Johnson was granted an unapproved option over 75,000 shares at an exercise price of £5.22 which vested in 2011. On 3 October 2017, he exercised the option, which the Company net settled, he sold 30,907 shares at an average market price of £41.03 per share to satisfy the resulting tax liability and retained the balance of 34,574 shares.

(9) On 29 September 2017, Peter Brooks-Johnson and Robyn Perriss were granted Sharesave options over 273 and 547 shares respectively at an exercise price of £32.89. The options will be exercisable from November 2020.

(10) In October 2014, Peter Brooks-Johnson and Robyn Perriss were granted Sharesave options over 456 and 912 shares respectively, which vested in November 2017 at an exercise price of £19.72. On 28 November 2017, both directors exercised their options 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.

During 2017, treasury shares were used to satisfy vested PSP awards and unapproved options over 379,269 shares, representing 0.42% of issued share capital (less treasury shares) as at 31 December 2017.

Directors' interests in shares

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

	Interests in ordinary shares of £0.01		Interests in share-based incentives			
	At 31 December 2017	At 1 January 2017	PSP & DSP awards (unvested)	PSP & DSP awards (vested but unexercised)	Options (unvested)	Options (vested but unexercised)
Executive directors						
Peter Brooks-Johnson	**90,716**	55,146	77,813	25,140	577	191,839
Robyn Perriss	**18,780**	5,833	60,062	-	547	-
Non-executive directors						
Scott Forbes	**219,300**	319,300	-	-	-	-
Ashley Martin	**2,060**	2,060	-	-	-	-
Peter Williams	**3,728**	3,728	-	-	-	-
Rakhi Goss-Custard	**544**	544	-	-	-	-
Jacqueline de Rojas	**188**	188	-	-	-	-
Andrew Findlay	-	-	-	-	-	-
Total	**335,316**	386,799	137,875	25,140	1,124	191,839

- The Company's shares in issue (including 1,892,456 shares held in treasury) as at 31 December 2017 comprised 93,266,207 (2016: 95,490,266) ordinary shares of £0.01 each.
- The closing share price of the Company was £45.00 as at 29 December 2017 (the last day of trading in 2017). The lowest and highest share prices during the year were £38.89 and £45.25 respectively.
- The executive directors are regarded as being interested, for the purposes of the Companies Act 2006, in 263,767 (2016: 343,275) ordinary shares of £0.01 each in the Company currently held by the EBT at 31 December 2017 as they are, together with other employees, potential beneficiaries of the EBT.
- The directors' beneficial holdings represent 0.4% of the Company's shares in issue as at 31 December 2017 (2016: 0.6%) (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 70. The interests of the executive directors in office at 31 December 2017 in the share capital of the Company as a percentage of base salary were as follows:

	Base salary 1 January 2018	Number of shares held at 31 December 2017	Value of shares at 31 December 2017	Value of shares as a % of base salary
Executive directors				
Peter Brooks-Johnson	£472,268	90,176	£4,057,920	860%
Robyn Perriss	£339,200	18,780	£845,100	250%

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 base salary increased by 5%, in line with the approved Remuneration Policy of awarding 3% above the average workforce inflationary increase for 2017. The annual bonus of the CEO decreased by 32% as a result of 60% of the maximum bonus being achieved in relation to the 2017 bonus targets, compared with a pay-out of 92% for 2016.

The average salary for all employees increased by 2% due to a universal cost of living increase in January 2017.

	2017 £	2016 £	% change
Chief Executive Officer			
Salary(1)	**445,536**	424,320	5%
Benefits	**1,852**	1,973	(6)%
Annual bonus(1)	**334,152**	487,968	(32)%
Average of all employees(2)			
Salary	**45,995**	45,148	2%
Benefits	**770**	834	(8)%
Annual bonus	**1,571**	2,394	(34)%
Ratio of CEO to average employee pay(3)	**16x**	19x	(16)%

(1) 2017 pro-forma salary and bonus cost (based on 60% achievement) is for comparison purposes based on the full year salary payable to the CEO. The actual salaries earned by Nick McKittrick and Peter Brooks-Johnson in 2017 were pro-rated and are set out in the Directors' remuneration table on page 85.

(2) Based on 477 employees, which excludes the executive directors.

(3) The multiple of the CEO remuneration compared to the average employee's remuneration.

Relative importance of the spend on pay
The table below shows the total pay for all 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 2017	Year ended 31 December 2016	% change
Employee costs (refer Note 7)	**£28,338,000**	£27,423,000	3%
Dividends paid to shareholders (refer Note 12)	**£49,611,000**	£43,206,000	15%
Purchase of own shares (refer Note 22)	**£90,809,000**	£88,083,000	3%
Income tax (refer Note 10)	**£34,120,000**	£32,005,000	7%
Average number of employees (refer Note 7)(2)	**479**	469	2%
Revenue	**£243,273,000**	£219,993,000	11%
Underlying operating profit(1)	**£184,365,000**	£166,240,000	11%

(1) Before share-based payments and NI on share-based incentives.
(2) Average number of employees includes executive directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIGHTMOVE PLC

1 Our opinion is unmodified

We have audited the financial statements of Rightmove plc ("the Company") for the year ended 31 December 2017 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows, Company statement of cash flows, Consolidated statement of changes in shareholders' equity, Company statement of changes in shareholders' equity, and the related notes, including the accounting policies in note 1.

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 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors to the group's previous holding company, prior to it becoming a public interest entity, for the financial period ended 31 December 2000. The period of total uninterrupted engagement as auditor is for the 12 financial years ended 31 December 2017 as a public-interest entity and 18 years in total.

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2016), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters 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. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Revenue recognition £243.3m (*2016: £220.0m***) Risk vs 2016: Unchanged**

Refer to page 47 (Audit Committee Report), page 111 (accounting policy) and page 116 (financial disclosures)

- **The risk**:
  Processing Error

The key revenue streams, being Agency, New Homes and Overseas, consist of subscription fees and customer spend on additional advertising products in respect of properties listed on Rightmove platforms. There is a variety of packages and membership offers available and customers are able to tailor the combination of products they receive. The resulting large volume of non-homogenous transactions creates a risk of processing error. In addition revenue is the most material figure in the financial statements and is considered to be a main driver of results, and as such had the greatest effect on our allocation of resources in planning and completing the audit.

- **Our response:** Our audit procedures included:
    - **Control operation:** Testing the design, implementation and operating effectiveness of the Group's controls over the review of monthly revenue recognised compared to the Group's expectation and controls over the review and monitoring of membership offers that impact revenue recognition;
    - **Data comparison:** Agreeing billings by individual invoice, for the entire population, to cash receipts;
    - **Tests of details:** For a sample of the highest revenue generating customers we inspected contracts signed in the year, to assess whether revenue has been recognised in accordance with the specific contract terms and conditions;
    - **Re-performance:** For membership offers operated during the year, we selected a sample of customers from each offer, inspected the underlying contract and reperformed the revenue recognition calculations;
    - **Tests of details**: 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 the services are provided;
    - **Test of details**: Inspecting a sample of credit notes raised post year end to determine whether they related to revenue recognised in the year;
    - **Tests of details:** 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.
- **Our findings:**
    - We found no errors in the Group's calculation of the revenue recognised.

Recoverability of parent Company's investment in subsidiaries £548.7m (*2016: £546.2m*) Risk vs 2016: Unchanged

Refer to page 47 (Audit Committee Report), page 109 (accounting policy) and pages 122 to 123 (financial disclosures)

- **The risk**:
  Low risk, high value
  The carrying amount of the parent Company's investment in the subsidiary company Rightmove Group Limited represents 99% (2016: 99%) of the Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.

- **Our response:** Our audit procedures included:
    - **Comparing valuations**: comparing the carrying amount of the investment to the market capitalisation of the Group, as Rightmove Group Limited contains all of the Group's trading operations.

- **Our findings:**

We found no indicators of impairment.

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

Materiality for the Group financial statements as a whole was set at £7.5m (2016: £7.0m), determined with reference to a benchmark of group profit before tax of £178.2m, of which it represents 4.2% (2016: 4.3%).

Materiality for the parent Company financial statements as a whole was set at £6.0m (2016: £5.6m), determined with reference to a benchmark of Company net assets, of which it represents 1.1% (2016: 1.1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.37m (2016: £0.35m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's three (2016: three) reporting components, which includes the parent Company, we subjected two (2016: three) to full scope audits for Group purposes. The components within the scope of our work accounted for 100% of total Group revenue, 100% of Group profit before tax and 99.8% of total Group assets.

The remaining 0.2% of total Group assets is represented by one reporting component, which individually is not significant to the Group.

The work on the two reporting components (2016: three components) was performed by the Group team, which includes the audit of the parent Company, with materiality for the components set at £6.0m (2016: £5.6m).

4 We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on pages 107 to 108 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

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

- the directors' confirmation within the Viability statement on page 25 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements 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 section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been prepared by the Company.

We are required to report to you if the Corporate governance report does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6 We have nothing to report on the other matters on which we are required to report by exception

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.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 60, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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
23 February 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017 £000**	2016 £000
Revenue	5	**243,273**	219,993
Administrative expenses		**(64,972)**	(58,346)
Underlying operating profit		**184,365**	166,240
Share-based payments	24	**(4,836)**	(4,142)
NI on share-based incentives	24	**(1,228)**	(451)
Operating profit	6	**178,301**	161,647
Financial income	8	**129**	109
Financial expenses	9	**(214)**	(209)
Net financial expense		**(85)**	(100)
Profit before tax		**178,216**	161,547
Income tax expense	10	**(34,120)**	(32,005)
Profit for the year being total comprehensive income		**144,096**	129,542
Attributable to:			
Equity holders of the parent		**144,096**	129,542
Earnings per share (pence)			
Basic	11	**156.75**	137.87
Diluted	11	**155.15**	136.41
Dividends per share (pence)	12	**54.00**	46.00
Total dividends	12	**49,611**	43,206

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	**2017** **£000**	2016 £000
Non-current assets			
Property, plant and equipment	13	**2,709**	2,288
Intangible assets	14	**3,290**	3,525
Deferred tax asset	16	**5,745**	6,942
Total non-current assets		**11,744**	12,755
Current assets			
Trade and other receivables	17	**35,094**	29,924
Money market deposits	18	**4,045**	4,026
Cash and cash equivalents	18	**20,930**	13,749
Total current assets		**60,069**	47,699
Total assets		**71,813**	60,454
Current liabilities			
Trade and other payables	19	**(38,888)**	(35,796)
Income tax payable		**(14,693)**	(16,256)
Provisions	21	**(755)**	(185)
Total current liabilities		**(54,336)**	(52,237)
Non-current liabilities			
Provisions	21	**(294)**	(175)
Total non-current liabilities		**(294)**	(175)
Total liabilities		**(54,630)**	(52,412)
Net assets		**17,183**	8,042
Equity			
Share capital	22	**933**	955
Other reserves		**499**	477
Retained earnings		**15,751**	6,610
Total equity attributable to the equity holders of the parent		**17,183**	8,042

The financial statements were approved by the Board of directors on 23 February 2018 and were signed on its behalf by:

Peter Brooks-Johnson
Director

Robyn Perriss
Director

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	**2017 £000**	2016 £000
Non-current assets			
Investments	15	**548,827**	546,202
Deferred tax asset	16	**2,490**	3,757
Total non-current assets		**551,317**	549,959
Total assets		**551,317**	549,959
Current liabilities			
Trade and other payables	19	**(23,410)**	(30,152)
Total current liabilities		**(23,410)**	(30,152)
Net assets		**527,907**	519,807
Equity			
Share capital	22	**933**	955
Other reserves	23	**115,698**	113,051
Retained earnings		**411,276**	405,801
Total equity attributable to the equity holders of the parent		**527,907**	519,807

The financial statements were approved by the Board of directors on 23 February 2018 and were signed on its behalf by:

Peter Brooks-Johnson
Director

Robyn Perriss
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017 £000**	2016 £000
Cash flows from operating activities			
Profit for the year		**144,096**	129,542
Adjustments for:			
Depreciation charges	13	**1,311**	1,241
Amortisation charges	14	**473**	378
Financial income	8	**(129)**	(109)
Financial expenses	9	**214**	209
Loss on disposal of property, plant and equipment	13	**20**	-
Loss on disposal of intangible assets	14	**203**	-
Share-based payments	24	**4,836**	4,142
Transaction costs on acquisition of subsidiary	27	**-**	42
Income tax expense	10	**34,120**	32,005
Operating cash flow before changes in working capital		**185,144**	167,450
Increase in trade and other receivables		**(5,154)**	(2,237)
Increase in trade and other payables		**3,212**	3,913
Increase in provisions	21	**689**	124
Cash generated from operating activities		**183,891**	169,250
Financial expenses paid		**(214)**	(209)
Income taxes paid		**(33,187)**	(27,807)
Net cash from operating activities		**150,490**	141,234
Cash flows from / (used in) investing activities			
Interest received on cash and cash equivalents		**94**	108
Acquisition of property, plant and equipment	13	**(1,755)**	(1,281)
Proceeds from disposal of property, plant and equipment	13	**3**	-
Acquisition of intangible assets	14	**(441)**	(478)
Acquisition of subsidiary (net of cash acquired)	27	**-**	(2,088)
Net cash used in investing activities		**(2,099)**	(3,739)
Cash flows from / (used in) financing activities			
Dividends paid	12	**(49,611)**	(43,206)
Purchase of own shares for cancellation	22	**(90,809)**	(88,083)
Purchase of own shares for share incentive plans	23	**(761)**	(751)
Share-related expenses	22	**(757)**	(497)
Proceeds on exercise of share-based incentives		**728**	373
Net cash used in financing activities		**(141,210)**	(132,164)
Net increase in cash and cash equivalents		**7,181**	5,331
Cash and cash equivalents at 1 January		**13,749**	8,418
Cash and cash equivalents at 31 December	18	**20,930**	13,749

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017** **£000**	2016 £000
Cash flows from operating activities			
Profit for the year		**144,476**	136,648
Adjustments for:			
Dividend income	28	**(149,551)**	(141,563)
Financial expenses	28	**330**	527
Share-based payments	24	**2,211**	2,404
Income tax credit		**(1,136)**	(1,074)
Operating cash flow before changes in working capital		**(3,670)**	(3,058)
Increase in trade and other payables	19	**3,670**	3,058
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	18	**-**	-

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital £000	Own shares held £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
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
At 1 January 2017		**955**	**(14,447)**	**339**	**138**	**21,057**	**8,042**
Total comprehensive income							
Profit for the year		**-**	**-**	**-**	**-**	**144,096**	**144,096**
Transactions with owners recorded directly in equity							
Share-based payments	24	**-**	**-**	**-**	**-**	**4,836**	**4,836**
Tax credit in respect of share-based incentives recognised directly in equity	10	**-**	**-**	**-**	**-**	**1,299**	**1,299**
Dividends to shareholders	12	**-**	**-**	**-**	**-**	**(49,611)**	**(49,611)**
Exercise of share-based incentives	23	**-**	**2,213**	**-**	**-**	**(1,485)**	**728**
Purchase of shares for SIP	23	**-**	**(761)**	**-**	**-**	**-**	**(761)**
Cancellation of own shares	22	**(22)**	**-**	**22**	**-**	**(90,809)**	**(90,809)**
Share-related expenses	22	**-**	**-**	**-**	**-**	**(637)**	**(637)**
At 31 December 2017		**933**	**(12,995)**	**361**	**138**	**28,746**	**17,183**

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital £000	Own shares held £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
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
At 1 January 2017		**955**	**(12,156)**	**9,531**	**103,520**	**417,957**	**519,807**
Total comprehensive income							
Profit for the year		**-**	**-**	**-**	**-**	**144,476**	**144,476**
Transactions with owners recorded directly in equity							
Share-based payments	24	**-**	**-**	**-**	**-**	**2,211**	**2,211**
Tax credit in respect of share-based incentives recognised directly in equity	10	**-**	**-**	**-**	**-**	**586**	**586**
Capital contribution	23	**-**	**-**	**2,625**	**-**	**-**	**2,625**
Dividends to shareholders	12	**-**	**-**	**-**	**-**	**(49,611)**	**(49,611)**
Transfer of shares to SIP		**-**	**(741)**	**-**	**-**	**-**	**(741)**
Exercise of share-based incentives		**-**	**1,880**	**-**	**-**	**(1,880)**	**-**
Cancellation of own shares	22	**(22)**	**-**	**22**	**-**	**(90,809)**	**(90,809)**
Share-related expenses	22	**-**	**-**	**-**	**-**	**(637)**	**(637)**
At 31 December 2017		**933**	**(11,017)**	**12,178**	**103,520**	**422,293**	**527,907**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 2017 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 2017 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 23 February 2018.

Basis of preparation

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

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

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

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.

On 31 May 2016 the Group acquired The Outside View Analytics Ltd ("Outside View") from which date the results of Outside View have been consolidated. 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 2016.

There have been no significant changes to accounting under IFRS which have affected the Group's results for the current financial year. The only changes to the IFRS that are effective for the first time in this financial year, and are applicable for the Group, are the Annual Improvements to IFRSs: 2014-2016 cycle. These have not had a material impact on the Group.

Going concern

Throughout 2017, the Group was debt free and has continued to generate significant cash and has an overall positive net asset position. The Group had cash balances of £20,930,000 at 31 December 2017 (2016: £13,749,000). The Group also had £4,045,000 of money market deposits (2016: £4,026,000).

During the year £140,420,000 (2016: £131,289,000) of cash was returned to shareholders via dividends and discretionary share buy backs.

The Group agreed to extend a 12 month agreement with Barclays Bank plc for a £10,000,000 committed revolving loan facility. This agreement will expire on 12 February 2019.

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.

1 General information (continued)

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 32. 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 are included in the following notes:

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

The Directors believe that these non-GAAP measures provide a more appropriate measure of the Group's business performance as share-based payments are a significant non-cash charge and 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 reflecting 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

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. 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 property, plant and equipment category and depreciation is charged. 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

2 Significant accounting policies (continued)

(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.

(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.

2 Significant accounting policies (continued)

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 location 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.

(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. The value of any lease incentive received, for example a rent-free period, 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 and 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.

2 Significant accounting policies (continued)

(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 (EPS)
The Group presents basic, diluted and underlying basic and diluted 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 2017 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, and was endorsed by the EU in 2017. 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

3 IFRSs not yet applied (continued)

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 completed a detailed assessment to quantify the impact on its reported assets and liabilities of adoption of IFRS 16. The Group will transition to IFRS 16 using the modified retrospective application approach with no restatement of prior year comparatives. On 1 January 2018 the Group expects to recognise new right-of-use assets of £10,730,000 and lease liabilities of £10,824,000 for its operating leases in respect of office premises and company cars. The nature of expenses related to those leases will also 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, in the first year of adoption these are expected to be £1,775,000 and £301,000 respectively.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was issued in July 2014 and was endorsed by the EU in 2016. It replaces existing financial instruments guidance, including IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and the Group plans to adopt IFRS 9 in its financial statements for the year ending 31 December 2018. IFRS 9 will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements.

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 Committee, where any significant new risks or change in status to existing risks will be discussed and actions taken as appropriate.

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

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

Credit risk

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

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

More than 88.0% (2016: 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 million is held with any single institution.

4 Risk and capital management (continued)

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 107 days (2016: 95 days).

The Group agreed to extend a 12 month agreement with Barclays Bank plc for a £10,000,000 committed revolving loan facility. This agreement will expire on 12 February 2019.

Market risk

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

(i) Currency risk

All of the Group's sales and more than 95.0% (2016: 97.0%) 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.

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 £411,276,000 (2016: £405,801,000) as set out in the Company statement of changes in shareholders' equity on page 106. The Group has cash and money market deposits at 31 December 2017 of £24,975,000 (2016: £17,775,000), 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 2017 cash generated from operating activities was £183,891,000 (2016: £169,250,000) 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 2017, 2,224,059 (2016: 2,251,711) shares were bought back and were cancelled at an average price of £40.83 (2016: £39.12).

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.

4 Risk and capital management (continued)

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 revenue in both years is derived from third parties and there is no inter-segment revenue.

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 2017							
Revenue	**185,217**	**39,478**	**224,695**	**18,578**	**-**	**-**	**243,273**
Operating profit(1)	**-**	**-**	**-**	**-**	**184,365**(2)	**(6,064)**(2)	**178,301**
Depreciation and amortisation	**-**	**-**	**-**	**-**	**(1,784)**	**-**	**(1,784)**
Financial income	**-**	**-**	**-**	**-**	**129**	**-**	**129**
Financial expenses	**-**	**-**	**-**	**-**	**(214)**	**-**	**(214)**
Trade receivables(3)	**21,282**	**6,610**	**27,892**	**2,283**	**-**	**118**(4)	**30,293**
Other segment assets	**-**	**-**	**-**	**-**	**41,501**	**19**(4)	**41,520**
Segment liabilities	**-**	**-**	**-**	**-**	**(54,493)**	**(137)**(4)	**(54,630)**
Capital expenditure	**-**	**-**	**-**	**-**	**2,196**	**-**	**2,196**
Year ended 31 December 2016							
Revenue	168,311	33,893	202,204	17,789	-	-	219,993
Operating profit(1)	-	-	-	-	166,240(2)	(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(4)	33,821
Segment liabilities	-	-	-	-	(52,205)	(207)(4)	(52,412)
Capital expenditure	-	-	-	-	1,759	-	1,759

(1) Operating profit is stated after the charge for depreciation and amortisation.
(2) Central operating profit does not include share-based payments charge of £4,836,000 (2016: £4,142,000) and NI on share-based incentives charge of £1,228,000 (2016: £451,000).
(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 and debit balances in accounts payable made on consolidation for statutory accounts purposes.

Geographic information

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

	2017		2016	
Group	**Revenue £000**	**Trade receivables £000**	Revenue £000	Trade receivables £000
UK	**236,718**	**29,885**	214,536	26,124
Rest of the world	**6,555**	**408**	5,457	509
	243,273	**30,293**	219,993	26,633

6 Operating profit

	2017	2016
	£000	£000
Operating profit is stated after charging:		
Employee benefit expense	**28,338**	27,423
Depreciation of property, plant and equipment	**1,311**	1,241
Amortisation of intangibles	**473**	378
Bad debt impairment charge	**466**	437
Operating lease rentals		
Land and buildings	**1,361**	898
Other	**547**	549

Auditor's remuneration

	2017	2016
	£000	£000
Fees payable to the Company's auditor in respect of the audit		
Audit of the Company's financial statements	**19**	18
Audit of the Company's subsidiaries pursuant to legislation	**122**	131
Total audit remuneration	**141**	149
Fees payable to the Company's auditor in respect of non-audit related services		
Half year review of the condensed financial statements	**18**	18
Tax compliance services and advisory	**-**	1
All other services	**12**	2
Total non-audit remuneration	**30**	21

7 Employee numbers and costs

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

	2017	2016
	Number of employees	Number of employees
Administration	**449**	440
Management	**30**	29
	479	469

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	**24,249**	23,760
Social security costs	**3,168**	2,793
Pension costs	**921**	870
	28,338	27,423

Social security costs do not include a charge of £1,228,000 (2016: £451,000) relating to NI on share-based incentives which has been disclosed in the Statement of Comprehensive Income.

8 Financial income

	2017	2016
	£000	£000
Interest income on cash and cash equivalents	**110**	83
Interest income on money market deposits	**19**	26
	129	109

9 Financial expenses

	2017	2016
	£000	£000
Financial expenses	**214**	209

10 Income tax expense

	2017	2016
	£000	£000
Current tax expense		
Current year	**34,582**	33,048
Adjustment to current tax charge in respect of prior years	**(292)**	(407)
	34,290	32,641
Deferred tax credit		
Origination and reversal of temporary differences	**(170)**	(636)
	(170)	(636)
Total income tax expense	**34,120**	32,005

Income tax credit recognised directly in equity

	2017	2016
	£000	£000
Current tax		
Share-based incentives	**(2,666)**	(441)
Deferred tax		
Share-based incentives (refer Note 16)	**1,367**	436
Total income tax credit recognised directly in equity	**(1,299)**	(5)

Total income tax recognised directly in equity in respect of the Company was a credit of £586,000 (2016: £24,000 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 19.3% (2016: 20.0%). The differences are explained below:

	2017	2016
	£000	£000
Profit before tax	**178,216**	161,547
Current tax at 19.3% (2016: 20.0%)	**34,307**	32,309
Non-deductible expenses	**103**	70
Share-based incentives	**2**	33
Adjustment to current tax charge in respect of prior years	**(292)**	(407)
	34,120	32,005

The Group's consolidated effective tax rate on the profit of £178,216,000 for the year ended 31 December 2017 is 19.1% (2016: 19.8%).

The difference between the standard rate and effective rate at 31 December 2017 of 0.2% (2016: 0.2%) is primarily attributable to an adjustment in respect of prior periods for research and development tax relief.

11 Earnings per share (EPS)

		Pence per share	
	£000	**Basic**	**Diluted**
Year ended 31 December 2017			
Earnings	**144,096**	**156.75**	**155.15**
Underlying earnings	**150,160**	**163.34**	**161.67**
Year ended 31 December 2016			
Earnings	129,542	137.87	136.41
Underlying earnings	134,135	142.76	141.24

Weighted average number of ordinary shares (basic)

	2017 **Number of shares**	2016 Number of shares
Issued ordinary shares at 1 January less ordinary shares held by the EBT and SIP Trust	**95,096,841**	97,318,120
Less own shares held in treasury at the beginning of the year	**(2,271,725)**	(2,322,314)
Effect of own shares purchased for cancellation	**(1,034,015)**	(1,069,275)
Effect of share-based incentives exercised	**139,011**	34,560
Effect of shares purchased by the EBT	**(911)**	(738)
Issued ordinary shares at 31 December less ordinary shares held by the EBT and SIP Trust	**91,929,201**	93,960,353

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.

	2017 **Number of shares**	2016 Number of shares
Weighted average number of ordinary shares (basic)	**91,929,201**	93,960,353
Dilutive impact of share-based incentives outstanding	**948,184**	1,007,190
	92,877,385	94,967,543

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

Underlying EPS

Underlying EPS is calculated 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:

	2017 **£000**	2016 £000
Basic earnings for the year	**144,096**	129,542
Share-based payments	**4,836**	4,142
NI on share-based incentives	**1,228**	451
Underlying earnings for the year	**150,160**	134,135

12 Dividends

Dividends declared and paid by the Company were as follows:

	2017		2016	
	Pence per share	**£000**	Pence per share	£000
2015 final dividend paid	**-**	**-**	27.0	25,442
2016 interim dividend paid	**-**	**-**	19.0	17,764
2016 final dividend paid	**32.0**	**29,507**	-	-
2017 interim dividend paid	**22.0**	**20,104**	-	-
	54.0	**49,611**	46.0	43,206

After the reporting date a final dividend of 36.0p (2016: 32.0p) per qualifying ordinary share being £32,758,000 (2016: £29,696,000) was proposed by the Board of directors.

The 2016 final dividend paid on 2 June 2017 was £29,507,000 being £189,000 lower than that reported in the 2016 Annual Report, which was due to a decrease in the ordinary shares entitled to a dividend between 31 December 2016 and the final dividend record date of 5 May 2017.

The 2017 interim dividend paid on 3 November 2017 was £20,104,000 being £115,000 lower than that reported in the 2017 Half Year Report, which was due to a decrease in the ordinary shares entitled to a dividend between 30 June 2017 and the interim dividend record date of 6 October 2017.

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**	**Assets in progress £000**	**Total £000**
Cost					
At 1 January 2017	829	7,053	451	-	8,333
Additions	232	906	430	187	1,755
Disposals	(204)	(135)	(47)	-	(386)
At 31 December 2017	857	7,824	834	187	9,702
Depreciation					
At 1 January 2017	(678)	(5,101)	(266)	-	(6,045)
Charge for year	(88)	(1,159)	(64)	-	(1,311)
Disposals	199	117	47	-	363
At 31 December 2017	(567)	(6,143)	(283)	-	(6,993)
Net book value					
At 31 December 2017	**290**	**1,681**	**551**	**187**	**2,709**
At 1 January 2017	151	1,952	185	-	2,288

The assets in progress consist of capitalised costs relating to the leasehold improvements for the London office that are yet to be brought into use.

Leasehold improvements include capitalised costs relating to the renovation of leased properties. Full details are disclosed in Note 2.

13 Property, plant and equipment (continued)

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

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 2017	2,465	4,639	203	309	7,616
Additions	-	441	-	-	441
Disposals	-	-	(203)	-	(203)
At 31 December 2017	2,465	5,080	-	309	7,854
Amortisation					
At 1 January 2017	-	(4,031)	-	(60)	(4,091)
Charge for year	-	(370)	-	(103)	(473)
At 31 December 2017	-	(4,401)	-	(163)	(4,564)
Net book value					
At 31 December 2017	**2,465**	**679**	**-**	**146**	**3,290**
At 1 January 2017	2,465	608	203	249	3,525

14 Intangible assets (continued)

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 in 2016 of £1,733,000 relates to the goodwill recognised on the acquisition of The Outside View Analytics Ltd ('Outside View'), being intangible assets that were not separately identifiable under IFRS 3. The market appraisal algorithm relates to the intangible asset recognised on the acquisition of Outside View.

The Company had no intangible assets in either year.

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 2017 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	**2017 £000**	2016 £000
Investment in subsidiary undertakings		
At 1 January	**546,202**	544,464
Additions - subsidiary share-based payments charge (refer Note 23)	**2,625**	1,738
At 31 December	**548,827**	546,202

15 Investments (continued)

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 £2,625,000 (2016: £1,738,000) being recognised in the Company accounts as a capital contribution to its subsidiary.

16 Deferred tax asset

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:

	Group					**Company**
	Share-based incentives £000	**Property, plant and equipment £000**	**Provisions £000**	**Market appraisal algorithm £000**	**Total £000**	**Share-based incentives £000**
At 1 January 2017	**6,604**	**252**	**125**	**(39)**	**6,942**	**3,757**
Recognised in income	**(15)**	**63**	**106**	**16**	**170**	**(142)**
Recognised directly in equity	**(1,367)**	**-**	**-**	**-**	**(1,367)**	**(1,125)**
At 31 December 2017	**5,222**	**315**	**231**	**(23)**	**5,745**	**2,490**
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

The decrease in the deferred tax asset relating to share-based incentives at 31 December 2017 is due to increased exercises of shares options in 2017 which has outweighed the number of new share scheme awards and the increase in the Company's share price from £39.03 at 31 December 2016 to £45.00 at 31 December 2017.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was 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 tax charge accordingly. The deferred tax asset at 31 December 2017 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	**2017 £000**	2016 £000
Trade receivables	**30,756**	27,061
Less provision for impairment of trade receivables	**(463)**	(428)
Net trade receivables	**30,293**	26,633
Prepayments	**4,545**	2,826
Accrued income	**166**	338
Interest receivable	**16**	-
Other debtors	**74**	127
	35,094	29,924

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	2017 £000	2016 £000
Cash and cash equivalents	**20,930**	13,749
Money market deposits	**4,045**	4,026
	24,975	17,775

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 0.3% (2016: 0.4%).

The cash at bank balance includes £1,803,000 (2016: £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 1.1% (2016: 0.7%).

19 Trade and other payables

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Trade payables	**1,424**	1,266	**-**	-
Trade accruals	**6,867**	7,644	**3,393**	4,835
Other creditors	**99**	46	**-**	-
Other taxation and social security	**11,105**	9,172	**-**	-
Deferred revenue	**19,393**	17,668	**-**	-
Inter-group payables	**-**	-	**20,017**	25,317
	38,888	35,796	**23,410**	30,152

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

20 Loans and borrowings

The Group agreed to extend a 12 month agreement with Barclays Bank plc for a £10,000,000 committed revolving loan facility. This agreement will expire on 12 February 2019.

The Company had no loans and borrowings in either year.

21 Provisions

	2017			2016		
	Dilapidations provision £000	**Employee provisions £000**	**Total £000**	Dilapidations provision £000	Other £000	Total £000
At 1 January	**272**	**88**	**360**	236	-	236
Charged in the year	**109**	**580**	**689**	36	88	124
At 31 December	**381**	**668**	**1,049**	272	88	360
Current	**87**	**668**	**755**	185	-	185
Non-current	**294**	**-**	**294**	87	88	175

The dilapidations provision is in respect of a number of the Group's leased properties where the Group has obligations to make good dilapidations. The non-current liabilities are estimated to be payable over periods from one to ten years. Where appropriate the provision may form part of the cost of the asset.

During the year we have accrued amounts in relation to a number of employee related provisions, principally holiday pay. The provisions are based on the estimated future payroll cost to the Group and have not been discounted as the time value of money is not significant.

The Company had no provisions in either year.

22 Share capital

	2017		2016	
	Amount £000	**Number of shares**	Amount £000	Number of shares
In issue ordinary shares of £0.01 each				
At 1 January	**955**	**95,490,266**	977	97,741,977
Purchase and cancellation of own shares	**(22)**	**(2,224,059)**	(22)	(2,251,711)
At 31 December	**933**	**93,266,207**	955	95,490,266

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 2017 was 2,224,059 (2016: 2,251,711) representing 2.4% (2016: 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 £90,809,000 (2016: £88,083,000). The maximum and minimum prices paid were £44.50 (2016: £42.50) and £38.48 (2016: £33.11) per share respectively. Share-related expenses in relation to stamp duty charges and broker expenses were £637,000 (2016: £617,000). Included within shares in issue at 31 December 2017 are 263,767 (2016: 343,275) shares held by the EBT, 67,700 (2016: 50,150) shares held by the SIP and 1,892,456 (2016: 2,271,725) 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 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	108	-	241	349
SIP releases in the year	-	17	-	17
Own shares held as at 31 December 2016	(2,291)	(1,352)	(10,804)	(14,447)
Own shares held as at 1 January 2017	**(2,291)**	**(1,352)**	**(10,804)**	**(14,447)**
Shares purchased for SIP	**(761)**	**-**	**-**	**(761)**
Shares transferred to SIP	**741**	**(741)**	**-**	**-**
Share-based incentives exercised in the year	**333**	**-**	**1,886**	**2,219**
Reduction in shares released due to net settlement	**-**	**-**	**(81)**	**(81)**
SIP releases in the year	**-**	**75**	**-**	**75**
Shares held as at 31 December 2017	**(1,978)**	**(2,018)**	**(8,999)**	**(12,995)**

Own shares held – number of shares

	Number of shares			
	EBT shares reserve	**SIP shares reserve**	**Treasury shares**	**Total**
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	(50,082)	-	(50,589)	(100,671)
SIP releases in the year	-	(600)	-	(600)
Own shares held as at 31 December 2016	343,275	50,150	2,271,725	2,665,150
Own shares held as at 1 January 2017	**343,275**	**50,150**	**2,271,725**	**2,665,150**
Shares purchased for SIP	**17,500**	**-**	**-**	**17,500**
Shares transferred to SIP	**(20,000)**	**20,000**	**-**	**-**
Share-based incentives exercised in the year	**(77,008)**	**-**	**(396,192)**	**(473,200)**
Reduction in shares released due to net settlement	**-**	**-**	**16,923**	**16,923**
SIP releases in the year	**-**	**(2,450)**	**-**	**(2,450)**
Shares held as at 31 December 2017	**263,767**	**67,700**	**1,892,456**	**2,223,923**

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.

At 31 December 2017, the EBT held 263,767 (2016: 343,275) ordinary shares in the Company of £0.01 each, representing 0.3% (2016: 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 2017 was £11,870,000 (2016: £13,398,000).

(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 (2016: 50), subject to a three year service period, with effect from 5 January 2018 (2016: 3 January 2017). 2,450 (2016: 600) shares were released by the SIP during the year in relation to good leavers and retirees. 20,000 (2016: 12,950) shares were transferred to the SIP reserve from the EBT.

At 31 December 2017 the SIP held 67,700 (2016: 50,150) ordinary shares in the Company of £0.01 each, representing 0.07% (2016: 0.05%) of the ordinary shares in issue (excluding shares held in treasury). The market value of the shares held in the SIP at 31 December 2017 was £3,047,000 (2016: £1,957,000).

(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 in 2008 at an average price of £4.76 and may be used to satisfy certain share-based incentive awards. An additional 6,277 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 (2016: £22,000) is the nominal value of ordinary shares cancelled during the year.

Retained earnings
The loss on the exercise of share-based incentives of £1,485,000 (2016: £7,000 gain) 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 £2,625,000 (2016: £1,738,000) in respect of the share-based incentives charge for employees of Rightmove Group Limited.

In addition, other reserves include £361,000 (2016: £339,000) of Capital Redemption Reserve. A movement of £22,000 (2016: £22,000) 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 £4,836,000 (2016: £4,142,000) with a Company charge for the year of £2,211,000 (2016: £2,404,000), as set out below:

	Group		Company	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Sharesave Plan	**310**	204	**-**	4
Performance Share Plan (PSP)	**2,297**	2,755	**1,544**	1,879
Deferred Share Bonus Plan (DSP)	**1,441**	884	**667**	521
Share Incentive Plan (SIP)	**788**	299	**-**	-
Total share-based payments charge	**4,836**	4,142	**2,211**	2,404
NI on applicable share-based incentives at 13.8%	**1,228**	451	**876**	232

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 £34,000 (2016: £36,000).

Approved and Unapproved Plans

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

	2017		2016	
Group	**Number**	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 January	**546,527**	**307.42**	546,527	307.42
Exercised	**(214,755)**	**328.07**	-	-
Outstanding at 31 December	**331,772**	**294.06**	546,527	307.42
Exercisable at 31 December	**331,772**	**294.06**	546,527	307.42

The weighted average market value per ordinary share for options exercised in 2017 was £41.77 (2016: nil).

The options outstanding at 31 December 2017 have an exercise price in the range of £2.24 to £6.66 in both years and a weighted average contractual life of 1.3 years (2016: 2.1 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 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
1 October 2017	4045.00	3289.00	30.1	3.0	0.1	1.3	25.0	1195.00

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.

	2017		2016	
Group	**Number**	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 January	**116,933**	**2712.71**	104,019	2273.13
Granted	**36,939**	**3289.00**	43,451	3315.00
Forfeited	**(19,620)**	**2938.14**	(9,939)	2695.91
Exercised	**(37,112)**	**1961.61**	(20,598)	1809.87
Outstanding at 31 December	**97,140**	**3182.54**	116,933	2712.71
Exercisable at 31 December	**3,299**	**1972.00**	4,601	1896.00

The weighted average market value per ordinary share for Sharesave options exercised in 2017 was £41.36 (2016: £38.34).

The Sharesave options outstanding at 31 December 2017 have an exercise price in the range of £19.72 to £33.15 (2016: £18.96 to £33.15) and a weighted average contractual life of 2.4 years (2016: 2.3 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.

34,720 PSP awards were made on 1 March 2017 (the Grant Date) subject to Earnings Per Share (EPS) and Total Shareholders Return (TSR) performance. A further 3,457 awards were made to Peter Brooks-Johnson on 9 May 2017 to bring his 2017 PSP award in line with his Chief Executive Officer salary. Performance for all 2017 awards will be measured over three financial years (1 January 2017 - 31 December 2019). The vesting in March and May 2020 (Vesting Date) of 25% of the 2017 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 2017 PSP award will be dependent on the satisfaction of an EPS growth target measured over a three year performance period.

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 three year period between Grant Date and Vesting Date. 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 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)**
3 March 2014 (TSR dependent)(1)	2688.00	nil	25.3	3.0	1.0	0.0	4.8	1219.00
3 March 2014 (EPS dependent)(1)	2688.00	nil	n/a	3.0	1.0	0.0	4.8	2688.00
2 March 2015 (TSR dependent)(1) (2)	3044.00	nil	24.7	3.0	0.8	0.0	5.2	2258.00
2 March 2015 (EPS dependent)(1) (2)	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 March 2017 (TSR dependent)(2)	4065.00	nil	30.1	3.0	0.1	0.0	0.0	2111.00
1 March 2017 (EPS dependent)(2)	4065.00	nil	n/a	3.0	0.1	0.0	0.0	4065.00
9 May 2017 (TSR dependent)(2)	4244.00	nil	30.1	3.0	0.1	0.0	0.0	2111.00
9 May 2017 (EPS dependent)(2)	4244.00	nil	n/a	3.0	0.1	0.0	0.0	4065.00

(1) For details of TSR and EPS performance conditions refer to the Directors' Remuneration Report on pages 61 to 94.

(2) Both the TSR and EPS performance conditions for PSPs with a grant date of 2 March 2015 have been met in full and 100% of the awards are expected to vest in March 2018.

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

Group	**2017 Number**	2016 Number
Outstanding at 1 January	**402,952**	388,002
Granted	**38,177**	89,041
Forfeited	**(23,635)**	(22,688)
Exercised	**(175,160)**	(51,403)
Outstanding at 31 December	**242,334**	402,952
Exercisable at 31 December	**25,140**	82,467

The weighted average market value per ordinary share for options exercised in 2017 was £41.25 (2016: £38.86). The weighted average exercise price was nil in both years.

The PSP awards outstanding at 31 December 2017 have a weighted average contractual life of 2.7 years (2016: 2.7 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)
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	3044.00	nil	3.0	0.8	1.2	6.0	2941.00
1 March 2016	1 March 2017(1)	4069.00	nil	3.0	0.4	1.1	5.7	3942.00
1 March 2017	1 March 2018(2)	4065.00	nil	3.0	0.1	1.3	10.0	3915.00

(1) Following the achievement of 92% of the 2016 internal performance targets, 38,416 nil cost deferred shares were awarded to executives and senior management on 1 March 2017 (the Award Date) with the right to the release of the shares deferred until March 2019.

(2) Based on the 2017 internal performance targets, the Remuneration Committee determined that 60% of the maximum award in respect of the year will be made in March 2018. The number of shares to be awarded will be determined based on the share price at the Award Date in March 2018.

Group	**2017 Number**	2016 Number
Outstanding at 1 January	**76,172**	68,309
Awarded	**38,416**	36,276
Forfeited	**(3,579)**	(1,677)
Exercised	**(39,896)**	(26,736)
Outstanding at 31 December	**71,113**	76,172
Exercisable at 31 December	**-**	7,709

The weighted average market value per ordinary share for deferred shares exercised in 2017 was £41.07 (2016: £38.60). The weighted average exercise price was nil in both years.

The DSP awards outstanding at 31 December 2017 have a weighted average contractual life of 1.7 years (2016: 1.5 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 (2016: 50) 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	33.0	2245.00
1 January 2016	4093.00	nil	27.8	3.0	0.4	nil	33.0	4093.00
1 January 2017	3945.00	nil	30.1	3.0	0.1	nil	33.0	3945.00

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

Group	**2017 Number**	2016 Number
Outstanding at 1 January	**44,300**	30,200
Granted	**23,600**	20,550
Forfeited	**(6,250)**	(5,850)
Released	**(2,450)**	(600)
Outstanding at 31 December	**59,200**	44,300
Exercisable at 31 December	**-**	-

The weighted average market value per ordinary share for SIP awards released in 2017 was £41.66 (2016: £37.90). 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 2017 have a weighted average contractual life of 0.9 years (2016: 1.4 years).

25 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2017			2016		
Group	**Plant & machinery £000**	**Land & buildings £000**	**Total £000**	Plant & machinery £000	Land & buildings £000	Total £000
Less than one year	**304**	**929**	**1,233**	234	491	725
Between one and five years	**287**	**5,048**	**5,335**	157	1,172	1,329
More than five years	**-**	**5,700**	**5,700**	-	3	3
	591	**11,677**	**12,268**	391	1,666	2,057

During 2017 the Group entered into three new operating lease arrangements for additional space at the London office. These leases will be capitalised on transition to IFRS 16 on 1 January 2018. For further detail please see Note 3.

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	2017 £000	2016 £000
Net trade receivables	17	**30,293**	26,633
Accrued interest receivable	17	**16**	-
Other debtors	17	**74**	127
Cash and cash equivalents	18	**20,930**	13,749
Money market deposits	18	**4,045**	4,026
		55,358	44,535

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	2017 £000	2016 £000
UK		**29,885**	26,124
Rest of the world		**408**	509
	17	**30,293**	26,633

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

Group	Note	2017 £000	2016 £000
Property advertisers		**29,020**	25,361
Other		**1,273**	1,272
	17	**30,293**	26,633

The Group's most significant customer accounts for £1,408,000 (2016: £1,589,000) of net trade receivables as at 31 December 2017.

Impairment losses
The ageing of trade receivables at the reporting date was:

	2017		2016	
Group	**Gross £000**	**Impairment £000**	Gross £000	Impairment £000
Not past due	**26,725**	**(4)**	24,010	(7)
Past due 0 – 30 days	**2,750**	**(68)**	1,876	(70)
Past due 30 – 60 days	**659**	**(30)**	880	(56)
Past due 60 – 90 days	**336**	**(75)**	58	(58)
Past due older	**286**	**(286)**	237	(237)
	30,756	**(463)**	27,061	(428)

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

Group	2017 £000	2016 £000
At 1 January	**428**	446
Charged during the year	**466**	437
Utilised during the year	**(431)**	(455)
At 31 December	**463**	428

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.

26 Financial instruments (continued)

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 2017			
Trade payables being non-derivative financial liabilities	**1,424**	**(1,424)**	**(1,424)**
At 31 December 2016			
Trade payables being non-derivative financial liabilities	1,266	(1,266)	(1,266)

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 2017 all the Group's sales and more than 95.0% (2016: 97.0%) 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 2017 the Group had total cash of £20,930,000 (2016: £13,749,000) and money market deposits of £4,045,000 (2016: £4,026,000).

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

27 Acquisition of subsidiary

Acquisition in 2016
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. Full details of the acquisition are included in the Annual Report 2016. The total cash consideration paid of £2,096,000 excludes acquisition costs of £42,000 which were recognised as an expense in 2016 in the Consolidated Statement of Comprehensive Income.

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

Net cash flow on acquisition	**2016 £000**
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.

27 Acquisition of subsidiary (continued)

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

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

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 £330,000 (2016: £527,000) under this agreement and at 31 December 2017, the inter-group loan balance was £20,017,000 (2016: £25,317,000) including capitalised interest (refer Note 19).

On 12 June 2017 Rightmove Group Limited declared an interim dividend of 55p per ordinary share to the Company. Additionally, on 5 December 2017, Rightmove Group Limited declared a further interim dividend of 60p per ordinary share to the Company. The dividends of £148,810,000 (2016: £141,046,000) 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 £741,000 (2016: £517,000), representing the cost of the SIP shares transferred from the EBT to the SIP during the year.

Inter-group transactions between subsidiaries
Following its acquisition on 31 May 2016, The Outside View Analytics Ltd became a related party to the Company. During the year, Rightmove Group Limited has settled liabilities on behalf of The Outside View Analytics Ltd and the balance owing under an inter-group loan agreement dated 13 June 2016 was £25,000 (2016: £15,000) as at 31 December 2017.

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 61 to 94.

During the year, the directors in office in total had gains of £5,574,000 (2016: £1,566,000) arising on the exercise of share-based incentive awards. The total share-based payments charge in relation to the directors in office was £2,211,000 (2016: £2,404,000).

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 61 to 94.

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 2017 and the reporting date.

ADVISERS AND SHAREHOLDER INFORMATION

Contacts

Chief Executive Officer:	Peter Brooks-Johnson
Finance Director:	Robyn Perriss
Company Secretary:	Sandra Odell
Website:	www.rightmove.co.uk

Financial calendar 2018

2017 full year results	23 February 2018
Final dividend record date	4 May 2018
Annual General Meeting	4 May 2018
Final dividend payment	7 June 2018
Half year results	27 July 2018
Interim dividend	2 November 2018

Registered office

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Turnberry House
30 Caldecotte Lake Drive
Milton Keynes
MK7 8LE
Registered in
England no. 6426485

Corporate advisers

Financial adviser
UBS Investment Bank
Joint brokers
UBS Limited
Numis Securities Limited
Auditor
KPMG LLP
Bankers
Barclays Bank Plc
Santander UK Plc
Solicitors
EMW LLP
Slaughter and May
Pinsent Masons
Registrar
Link Asset Services*

***Shareholder enquiries**
The Company's registrar is Link Asset Services (formerly 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:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Link Asset Services is a trading name of Link Market Services Limited.

Shareholder helpline: 0371 664 0300 (calls cost 10p per minute plus network extras) (Overseas: +44 20 8639 3399)
Email: enquiries@linkgroup.co.uk
Share portal: www.signalshares.com

Through the website of our registrar, Link Asset Services, shareholders are able to manage their shareholding online and facilities include electronic communications, account enquiries, amendment of address and dividend mandate instructions.