

Rightmove plc Annual Report 2018

making home moving easier

rightmove 
find your happy



making home moving easier

Rightmove is the UK's
largest property portal.
Our aim is to make home
moving easier by creating
a properly market place.

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Strategic report | Highlights

Financial highlights

Revenue	Underlying operating profit	Underlying basic earnings per share
+10% Revenue up 10% year on year to £267.8m (2017: £243.3m) with growth driven by our Agency and New Homes businesses	+10% Underlying operating profit ⁽¹⁾ up 10% to £203.3m (2017: £184.4m)	+12% Underlying basic earnings per share ⁽²⁾ up 12% to 18.3p (2017: 16.3p ⁽³⁾)
Total dividend	Operating profit	Basic earnings per share
+12% Final dividend of 4.0p (2017: 3.6p ⁽³⁾) per ordinary share making a total dividend of 6.5p for the year (2017: 5.8p ⁽³⁾), up 12%	+11% Operating profit up 11% to £198.6m (2017: £178.3m)	+13% Basic earnings per share up 14% to 17.8p (2017: 15.7p ⁽³⁾)

(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) 2017 comparatives have been restated for ease of comparability to reflect the 10:1 share subdivision effective 31 August 2018.

Customer numbers	Properties advertised	Traffic: visits
20,454 Stable membership with Agency and New Homes customers up slightly to 20,454 (2017: 20,427)	1 million UK residential properties advertised on Rightmove, which is more than any other UK portal	+4% Visits up over 4% averaging nearly 132 million visits per month ⁽⁴⁾
Traffic: time on site	Average Revenue Per Advertiser	Employee engagement
1 billion Time on site up 5% at over 1 billion minutes per month ⁽⁴⁾	£1,005 Average Revenue Per Advertiser ⁽⁵⁾ up £83 to £1,005 per month (2017: £922)	91% 91% of employee respondents think Rightmove is a great place to work

(4) Source: Google Analytics.

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

"2018 was another strong year for Rightmove. We extended our market leadership and reinforced our position as the place consumers turn to first when thinking about moving home. In doing so, we demonstrated that Rightmove is a business which can continue to grow strongly even in uncertain times. We focus relentlessly on creating a more

efficient marketplace, constantly innovating to provide deeper insights to our agent and developer customers, and an even simpler, more intuitive user experience for home hunters.

Visits and time spent on site both continued to grow, with over 1.5 billion visits from consumers over the year. The resilience of our customer base is

shown by our stable membership numbers, with particularly notable growth coming from New Homes developments. I'm excited by our plans for 2019 as we continue to focus on innovation to make home moving easier."

Peter Brooks-Johnson
 Chief Executive Officer

Scott Forbes
Chairman

I am pleased to present Rightmove plc's results for the year ended 31 December 2018.

Having completed our thirteenth year as a listed company, our founding principles remain the same despite the pace of innovation and technological change.

We remain easy to use and free to home hunters. Our leading online brand entertains, informs and helps a consistently growing and industry leading audience across every local housing market in Great Britain.

We are advocates for the professional estate agency and new home developer sectors; which the public rely on for local knowledge and quality service. Our value proposition is clear as in addition to delivering an unrivalled and relevant audience every year, crucially, we invest and provide digital innovations to our customers that enable them to compete for transactions and operate more efficiently.

As the marketplace for UK property, our customers are assured that our aim is to support them. Our business model is robust because the majority of our revenue comes from the subscriptions our customers pay to be part of that marketplace. As such, we are not directly linked to housing transaction volumes and neither participate in the upside nor downside of all but the most extreme events of the cyclical home sales market.

Our ambition to remain a sustainable growth company for the benefit of all stakeholders is undeterred as we continually evolve our value proposition for the benefit of our customers, consumers and shareholders. Our model and approach has historically worked well and we believe it will continue to underpin our future success.

Highlighting one example that underscores Rightmove's vision and ethos, an increased propensity to rent in the UK is leading the industry to increase its focus on the lettings market. This industry shift increases the demand for digital tools focused on improving the lettings experience for a large addressable market of renters, landlords and estate agents. After thoughtful research and development throughout 2018, Rightmove launched a Tenant Passport proposition designed to improve the reliability and completeness of information required to rent a home; thereby reducing the administrative burden and wasted time for all involved in the process.

The Tenant Passport is the first in a number of innovations serving the lettings market and one of many useful digital tools in our product pipeline that serve both home hunters and housing professionals. We look forward to many more years of providing increasing value to these audiences as well as our supportive shareholders.

Financial results

The strength of our business model and core value proposition once again underpins a healthy set of financial results in 2018. Underlying operating profit⁽¹⁾ was up 10% to £203.3m (2017: £184.4m) and operating profit was up 11% at £198.6m (2017: £178.3m) driven by revenue growth of 10% to £267.8m (2017: £243.3m) and a disciplined approach to cost control. Underlying basic earnings per share⁽²⁾ and basic earnings per share were up 12% and 13% respectively at 18.3p (2017: 16.3p⁽³⁾) and 17.8p (2017: 15.7p⁽³⁾), even greater than the percentage increase in profits and in part as a result of 25.0m shares bought back during the year at a cost of £113.5m as part of our policy of returning free cash flow to shareholders.

(1) Before share-based payments charge of £4.3m (2017: £4.9m) and NI charge of £0.4m (2017: £1.2m) on share-based incentives.

(2) Before share-based payments charge of £4.3m (2017: £4.9m) and NI charge of £0.4m (2017: £1.2m) on share-based incentives and no related adjustment for tax.

(3) 2017 comparatives have been restated for ease of comparability to reflect the 10:1 share subdivision effective 31 August 2018.

(4) Cash generated from operating activities of £200.4m compared to operating profit as reported in the profit or loss of £198.6m.

Returns to shareholders and dividend

Our commitment to return excess cash promptly to investors continues to be as strong as ever and in 2018 we returned a further £168.5m (2017: £140.4m) to shareholders through dividends and share buybacks, bringing our total cash returned to shareholders, as a listed company to over £1bn. Operating cash conversion⁽⁴⁾ was again very strong and remains in excess of 100% of operating profit.

The Board increased the interim dividend to 2.5p (H1 2017: 2.2p⁽³⁾) per ordinary share, which was paid on 2 November 2018. 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 4.0p (2017: 3.6p⁽³⁾) per ordinary share. This brings the total dividend for the year to 6.5p (2017: 5.8p⁽³⁾), an increase of 12%. The final dividend, subject to shareholder approval, will be paid on 31 May 2019 to all shareholders on the register on 3 May 2019.

Corporate governance

One of the Board's responsibilities is to ensure 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 38 to 43.

Board changes

Lorna Tilbian was appointed as a non-executive director on 1 February 2018, bringing with her a wealth of capital markets experience, following a distinguished career in the media sector. Lorna's appointment is also noteworthy in that our Board now has 50/50 gender representation and we have been prominently recognised for our focus on diversity within the Hampton-Alexander FTSE 100 rankings.

At the AGM in May 2018, a significant minority of votes were received against the re-election of myself as Chairman and Peter Williams, our Senior Independent Director. During the autumn I actively consulted with a majority of shareholders in relation to our plans for orderly Board succession and to

address concerns about the Board commitments of both myself and Peter. Following these conversations, I believe that we have consensus support for an orderly succession plan that contemplates the further development of Chair candidates on the Board and the recruitment of up to two non-executives with appropriate profiles, prior to the May 2020 AGM, on which date I intend to resign from the Board as Chairman.

Peter Williams, after more than five years of exemplary Board service, will not stand for re-election at the May 2019 AGM, to make room for a potential Chair candidate with the ability to serve as Board Chair for a longer tenure. Jacqueline de Rojas will be appointed as Senior Independent Director in May 2019 and has agreed to oversee the committee process of appointing a new Chair prior to the 2020 AGM. Lorna Tilbian will chair the Remuneration Committee following an understudy year of active committee participation.

I'd like to personally thank Peter for his support and sage advice to me as Senior Independent Director as well as his valuable contributions to the Rightmove Board and all committees over the past five years.

Looking forward

Once again, the Board and I are grateful for the confidence and support of all our customers and for the talent and dedication of our employees. We are clear that our goal is to continue to work together to maintain Rightmove's position as the essential marketplace for home hunters and for property advertisers to reach by far the widest possible audience.

Scott Forbes
Chairman

brand

Our marketing connects with the strong positive emotions that moving home often generates and reflects our position at the heart of it.
Page 6

innovate

It is not in our DNA to stand still and we continue to restlessly innovate for both our customers and our consumers.
Page 18

teams

We focus on building great teams and making Rightmove a great place to work.
Page 22

customers

We provide the most significant and effective exposure for customers' brands and properties. We are the largest source of high quality leads and offer value adding products and packages.
Page 20

Peter Brooks-Johnson
Chief Executive Officer

Rightmove, the UK's number one property portal, has delivered another year of strong growth. Trust, continued delivery of increased value to all our customers and consumers and restless innovation have taken on increased significance against a backdrop of continuing political and economic uncertainty, and these are all proven strengths of Rightmove.

Over the past year we have reinforced our position as central to the UK home moving process. Visits from home movers grew by over 4% and they spent over a billion minutes on Rightmove every month in 2018, up 5% year on year. This growth has seen our market share of time spent on the top four property portals grow to 76%⁽¹⁾ (2017: 73%).

2018 highlighted the resilience of our Agency customer base, with only 2% fewer branches at the start of 2019 than the previous year. Our number of advertisers remained at an all-time high of nearly 20,500 with the slight reduction in Agency branches being balanced by an increase in New Homes developments, which are at their highest levels since 2009. Less certain times underline the value of our proposition to our customers and the robustness of the Rightmove business model. Our revenue increased by 10% to £267.8m with underlying operating profit⁽²⁾ up 10% to £203.3m and operating profit up 11% to £198.6m.

Our continued progress is testament to our unwavering focus on the UK property advertising market and the huge effort Rightmovers have made to build our business in partnership with our industry customers. We remain confident in our ability to deliver further growth as we continue to shape the UK property market, and innovate to make our marketplace simpler and more efficient.

Our strategy – making home moving easier

The place consumers turn to first and engage with most

Our position at the heart of the home moving process in the UK comes from being the place where consumers turn to first when thinking about property. Rightly, home movers are ever more demanding of the technology and services offered to them. Rightmove's focus on continual improvement and innovation to simplify the start of the home moving process and create the most compelling experience for consumers stands us in good stead.

We continue to achieve this by providing consumers with the most up to date, engaging and comprehensive property content together with the best search, research and home moving tools to support their home moving journey. Of the hundreds of updates to our platforms each month, recent improvements included 'Keyword Sort' which provides the ability to sort search results by keywords taking into account natural language such as "not" as a negation and the use of synonyms.

For those home hunters who are struggling to find their dream home we have also introduced an auto-suggest feature to help consumers who find no properties matching their criteria. The feature suggests changes to their search criteria to help them explore other properties nearby or at a similar price.

Consumers expect the platform they rely on to be available all of the time. Testament to the engineering prowess and dedication of the team, Rightmove again recorded an industry leading level of 'uptime' of 99.997%. More consumers than ever turned to Rightmove in 2018 with over 1.5 billion visits across all our platforms. Those consumers spent a record 12.3 billion minutes on Rightmove, up 5% on 2017. Our market share of traffic across both desktop and mobile was 76%⁽¹⁾ with the mobile component even higher at 79%⁽¹⁾.

(1) Source: comScore, December 2018.

(2) Before share-based payments charge of £4.3m (2017: £4.9m) and NI charge of £0.4m (2017: £1.2m) on share-based incentives.

Developing our brand

leading brand

Our TV adverts tell human stories to illustrate why people move, covering all segments of the market

Our marketing connects with the strong positive emotions that moving home often generates and reaffirms that the UK public moves with Rightmove.

The place consumers turn to first and engage with most.

Rightmove is a trusted brand with 80% of our visits coming from consumers typing the brand directly into their web browser or launching our app.

Our presence in London
includes 400 branded taxis and an exclusive partnership with the London Evening Standard

A significant proportion of people buying a home also have a home to sell. Researching the property market is an important step for many potential home sellers and is a vital step for potential landlords. The comprehensive, simple tools we provide for researching the market help sellers and landlords understand the market more easily and give them another reason to turn to Rightmove first. 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 UK properties and 41 million historical property records. Perhaps reflecting the increase in pent-up demand in the marketplace, consumers spent over 450 million minutes using our research tools in 2018 which was up by over 8% on the previous year.

We have consistently invested in our brand and product since 2001 creating a trusted brand where 80% of the visits to Rightmove come from consumers typing the brand directly into their web browser or launching our app.

Our brand strength has been reinforced by our 'find your happy' campaign. Our 'always on' activity has focused equally on the rental market as well as those looking to sell and/or buy. The campaign tells human stories to illustrate why people move, not just the search process. Topics vary from downsizing and growing families, setting up home with a new partner, finding a new home after a divorce and, in our latest TV advert, having insufficient space for a growing family. These stories cover all segments of the market from first time buyers through to downsizers.

Our investment in brand building will continue to focus on national television through our partnership with Channel 4 supported by online video on demand and digital advertising. We will also continue to focus on our presence in London with 400 branded taxis and our exclusive partnership with the London Evening Standard.

Unrivalled exposure, leads and products for our customers

With visits to our platforms again growing year on year we continued to increase the exposure of our customers' brands and properties. This exposure generated over 42 million leads for our customers. This was down 3% year on year mirroring the fall in property transactions as a result of a slightly cooler housing market in 2018.

Winning the right to an instruction to sell or let a property is critical to an agent's success. Our premium packages, *Enhanced* and *Optimiser*, help our customers to generate more opportunities to win instructions cost effectively. The packages include branding and property promotion solutions to boost agents' performance in the 'awareness' stage of the marketing funnel, while our popular *Local Valuation Alert* and *Rightmove Discover* products fast-track agents to the 'consideration' stage. *Local Valuation Alert* and *Rightmove Discover* delivered over 200,000 leads from people asking for a valuation on their home in 2018. Together the products lead to our *Optimiser* customers, on average, having over twice the share of voice on Rightmove than an average customer and, combined with agents' skill at converting the opportunities into business, helps them list on average twice as many properties.

Our customers continue to focus on getting the maximum return from their marketing investment to drive their brand exposure and gain market share. This creates significant headroom for Rightmove 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 digital solutions. In 2018 despite the slightly cooler housing market Average Revenue Per Advertiser (ARPA) passed £1,000 for the first time to reach £1,005, demonstrating the value of the products and services we offer our customers.

Our Commercial property advertising business is bringing the efficiency benefits of the Rightmove platform to commercial property transactions. We have a considerably larger audience than any other commercial property marketing proposition with 29 million visits to our specialist commercial property search. This unrivalled commercial property specific audience has created a cost effective marketing platform for our commercial agent and landlord customers, leading to increased customer numbers across all segments.

Our Data Services business continues to help the property industry by leveraging our unrivalled repository of property data. In addition to providing our Agency and New Homes customers with invaluable data-driven insights and tools, 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. During 2018 the Surveyors Comparable Tool, which helps surveyors make accurate, quick and compliant valuations, assessed and scored over 1.8 billion comparable property records to create over 2.2 million property comparable reports for surveyors. It is the de facto standard used by surveyors in over three quarters of mortgage transactions in England, Scotland and Wales.

Despite the continuing uncertainty about the UK's relationship with the EU our Overseas property business continued to grow due to the value we deliver to advertisers. The dream of owning a property abroad continues to be a popular one for many of the British public with the total number of site visits and leads during 2018 remaining broadly consistent with our levels in the last two years.

Innovation to create a simpler and more efficient marketplace

We continue to focus on making the property marketplace more efficient, from the renting process to property valuations.

Renting a property is a time-consuming process for both tenants and agents. Tenants must collate a raft of documentation and submit it with each tenancy application, which must be processed and verified by agents. The Tenant Fee ban, which comes into force in June 2019 and restricts the ability of agents to charge tenants, places extra focus on this time intensive process.

The Rightmove Tenant Passport aims to make the process of renting a property simpler, quicker and more efficient for tenants and agents. We began the roll out of the first phase of this Passport solution in Q4 2018. Phase one of the Passport allows tenants to 'pre-qualify' themselves when sending a lead to agents by including their full property requirements and basic household details. We will be releasing further phases of the Passport solution in 2019 which will focus on making it easier and more convenient for agents and renters alike to arrange and manage property viewings and increase the speed and efficiency of the referencing process.

By combining our software's whole of market dataset and 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.



The slightly tougher market conditions in 2018 made it harder for our New Homes developers to grow their sales volumes. In these conditions our market intelligence tools, based on our unique perspective of the UK property market, together with our digital marketing solutions, have become even more valuable to them. New Homes developers are using the analytics to help understand market dynamics and home moving patterns to define efficient marketing strategies for their developments and uncover hitherto hidden markets for their developments.

Whilst our software tools are already recognised as being best in class and widely adopted with 90% of our customers using our tools each month, it is not in our DNA to stand still. In 2018 we continued to enhance our market intelligence software for agents, Rightmove Plus.

Rightmove Plus, which is included free of charge as part of all Rightmove membership packages, helps customers throughout the property marketing lifecycle. For example, agents tell us that the Best Price Guide, which helps them gather comparable properties to support their suggested property price, saves them up to 45 minutes per market appraisal. The Best Price Guide was used over 10 million times in 2018. 2019 will see us continue to focus on agent efficiencies. In November 2018 we released a beta version of an improved Best Price Guide and early feedback suggests this might save agents a further 15 minutes per market appraisal.

In addition, our Marketing Report shows the interest a property is generating compared to similar properties on the market, to help agents more efficiently communicate the marketing performance of properties to their customers, the property sellers. As an indication of the value agents place on the effectiveness and efficiency saving the Marketing Report brings, it was run on nearly 700,000 different properties for sale in 2018, 50% more properties than in 2017.

Our data continues to provide the basis for a rich seam of innovation. We launched Rightmove Active Display in 2018, which allows 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. Utilising this data has resulted in our customers' adverts receiving 50% more exposure. Following successful experiments during 2018, we intend to launch the second phase of Active Display in 2019 allowing our customers to micro-target their potential audience on other websites based on their Rightmove search behaviour.

We care about our customers' business success and building strong partnerships is vital to support their ambitions. To that end we are spending more time with customers than ever before and making sure that our recommendations add value to their business.

In 2018 we continued our successful customer seminar programme. Seminars covered topics which relate directly to Rightmove, such as how to create the ultimate listing on Rightmove, and also topics which relate to the wider agency industry such as how to build a world class agency team. We also recognise our role in helping our customers keep up to date with a changing industry, covering subjects as diverse as the General Data Protection Regulation and the upcoming Tenant Fee ban legislation. The seminars are always well attended with over 11,000 agents attending seminars and webinars throughout the year.

In keeping with an online culture these events are hosted on the Rightmove Hub, which is an on demand platform, meaning our customers can benefit from this content irrespective of whether they were able to attend on the day. This easy access to compelling content has seen more than 13,000 agents register on the Hub.

**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 focused. Restless, as no Rightmover ever believes we have achieved all we can, and focused, because everything is guided by doing the right thing for both our customers and consumers.

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. Every Rightmover is 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.

In the design of our offices 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 early and often, and reinforce this through events such as town halls, showcases, stand-ups, team away days and company days which share progress, successes and challenges. 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.

We are proud of our development culture and the role mobility it promotes. In 2018 alone 12 members of our customer experience team joined our technology teams in a variety of technical roles. Development is not limited to role relevant skills. For example, 2018 saw our first 'Wellness Week' which covered topics such as the impact of good diet and sleep on wellbeing. Rightmove was also an early adopter of the 'Spill' mental health app which gives every employee anonymous access to a qualified counsellor at the touch of a button in the familiar environment of an app or text message.

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.

The actions and behaviours of our people create the sense of belonging and connection and allow the business to continue to thrive and attract great people. In our 2018 'Have Your Say' people survey, 91% (2017: 90%) of Rightmovers responded that they think 'Rightmove is a great place to work'.

Our vibrant culture sets us apart from many organisations and is defined by every one of the 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.

Peter Brooks-Johnson
Chief Executive Officer

1 March 2019

Supporting our customers

Supporting agents all over the UK as they grow their business is fundamental to the success of Rightmove. *Joanne Hughes*, director of Liverpool-based *Greenbank Property Services*, explains how Rightmove's higher value Optimiser package has helped her agency flourish.

Joanne Hughes, director of Liverpool-based Greenbank Property Services

The change to digital advertising

We're far more visible on Rightmove than when we were in a little box in the newspaper. We used to advertise in the local daily paper and it'd cost us £2,000 a month, but times change.

With Rightmove, it's the number one platform where people look for houses. When we visit sellers, the first question they ask isn't 'when is it going on your website?', it's 'when is it going on Rightmove?'

Everyone is coming around to the fact that digital is everything now. Even my nan has an iPad and she's 85! Older people are becoming more and more educated about how to use the online world.

How Rightmove makes a difference

Our package includes a free Premium Listing on Rightmove as standard, helping all our properties stand out ahead of competitors.

If a property is struggling, Rightmove helps as we can use Rightmove's marketing report to encourage vendors to reduce their price.

The proof is in the pudding. They can see the Rightmove logo and know straight away it isn't something we've made up. When we go on valuations we can show a potential seller a market share report from Rightmove that shows we sold at least double the amount of properties last year as our nearest competitor, and it's backed by a respected brand.

Our Rightmove account manager Sam also visits us once a month and always gives us great tips and advice. She used to be an estate agent, so she knows the industry and knows what she's talking about.

Local experts

Our local market is buoyant, it's really busy. We've begun the year brilliantly and have started as we mean to go on. Going by last year's figures, we have already beaten January 2018's numbers.

Our biggest selling point is the respect that we have in the area and getting our fees right. We've got a good reputation and people know we're honest. I believe people buy into a person before anything else.

Sam Pesce, business analyst within the product development team

Developing our people

Developing our people is the cornerstone to Rightmove's success. There are several career paths to explore, and our very own **Sam Pesce**, business analyst, reveals the story behind her own ambitious journey.

The foundations for progression

My job is brilliant, I love it here. I feel like I have a real purpose working at Rightmove and I'm able to make things happen, which is such a fun part of the job.

I started in the finance department back in 2009, so I have now been at Rightmove over ten years.

I'm now a business analyst within the product development team, but previously I was in internal systems. I started there as a one-man-band but in five years I'd grown my corner of the business to a team of five.

Rightmove is a community

I really enjoy having the freedom to explore my new role and to explore myself as well. We discuss how we solve problems and figure things out.

We all have space to put any ideas forward, which is great.

Just one person can affect change, and I think that's rare. We have a flat structure at Rightmove; people say we've achieved an open hierarchy free of office politics and I believe that's true.

Moving to London from the Milton Keynes office was such a big change for me. I was terrified at first. But the interview process was rigorous, which gave me confidence as I know we set high standards.

My last boss grew my confidence and helped me progress my career. He was full of guidance and support. He wasn't just a manager, he was a mentor and a coach.

Aiming high

My favourite of the Rightmove values, or Hows as we call them, is to be bold. It gives us carte blanche to experiment and to fail and to understand that, provided we learn from the process, this is OK.

We set a very high bar for where we want to get to. We're 18 years old as a company so we're still figuring things out and we're constantly maturing and evolving. Being a part of that is awesome.

My advice to junior Rightmovers would be to tell your manager what you want, because they need to know. They will help you get to where you want to go. We employ great people and we're all ambitious and want to try new things, so don't be afraid to express what your goals are.



Homemovers
Roohi and Bally

Supporting our consumers

Rightmove helped a young Birmingham couple, *Roohi and Bally*, find their dream home. Their story resonates with millions of home-hunters searching for their next move on Rightmove, so we spoke to them about their journey.

The light at the end of the tunnel

We were living in this sprawling urban environment and now we've come to this beautiful, rural and picturesque countryside setting – we feel like we've won the lottery.

We were looking on the outskirts of the city for quite a while and we couldn't find anything we liked, and that's when I expanded the map area on Rightmove's 'draw a search' feature to include Warwick.

And, bam, it was literally a couple of days later that we found our new place on Rightmove. As soon as we saw it we were blown away and were just imagining what we could do with it. We never thought of getting something like the house we're in now.

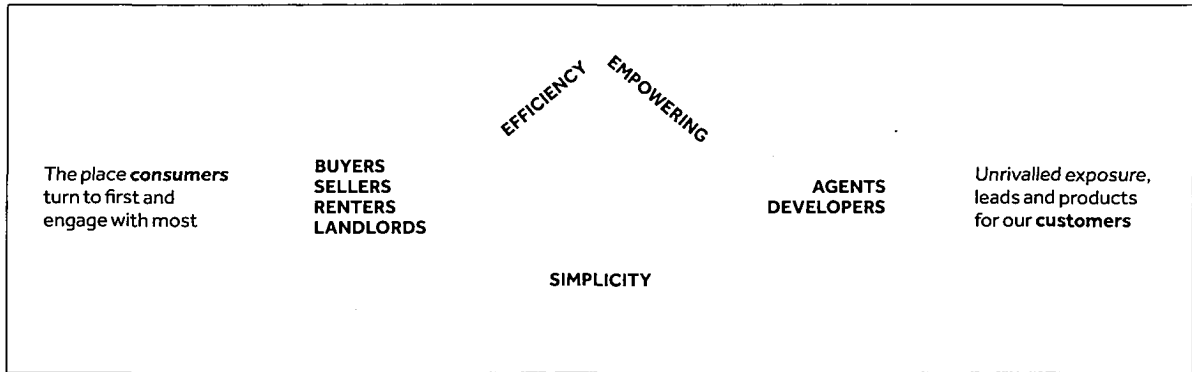
A new beginning

We only realised after moving into our home that we have so much on our doorstep and therefore so much to be grateful for. We got what we wanted and a lot more.

It's so beautiful and calming and really makes us appreciate the move and where we have come from to what we have now.

Our quality of life has increased massively. It's perfect: this home is just everything we always wanted, it's ideal. I think we got lucky to find this and we're healthier and happier living here. We'd say to other first-time buyers searching for a home that they shouldn't fixate on one area, if you know the region that you're after try to be more open-minded.

The Rightmove network effect



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.

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 and 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 almost the entire 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.

Finding your next home can be a stressful experience, home buyers will often say "it's got to be perfect" and renters will say "it's got to be worth it". The simplicity Rightmove brings can reduce the stress. The carefully designed website avoids distractions in pursuit of simplicity, putting home hunters in control of their search and research.

Rightmove keeps investing to deliver the most engaging experience for home movers and our culture of restlessness continues to drive improvement and innovation. The hundreds of updates to our platforms released each month include recent improvements and innovations such as 'Keyword Sort', which allows home hunters to prioritise those properties which meet their diverse needs from the over one million UK homes for sale or rent listed on Rightmove and a raft of technical changes which have further reduced the response time of the property search.



Rightmove takes some of the effort out of the home search by proactively bringing suitable properties to home hunters, and in 2018 we sent more than three-quarters of a billion instant alerts (an increase of 30% compared to 2017) to over two million people. Knowing the moment when 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.

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.

Our digital solutions help our customers reach their audience faster and more efficiently. Winning new business is key, but time consuming for our Agent customers: those customers who buy our highest value Optimiser package, on average win twice as many instructions as those who don't use our solutions.

Our solutions for New Homes developers help them reach almost every serious home buyer in the UK and also help them target these buyers both on and off Rightmove. Based on our deep knowledge of search habits we introduced 'Active Display' in 2018 to allow developers to re-target interested home hunters within the Rightmove environment. Active Display has increased the exposure of the properties our New Homes customers are looking to promote by 50%.

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

Rightmove's culture of restless innovation helps create more efficiency opportunities for our customers. For example, in 2018 our lead reporting tools were upgraded to make them faster and also help agents better identify those leads which might contain new business opportunities from the 42 million leads we sent in the year. As a result of the upgrades more than twice as many customers used the lead reports in 2018 saving them valuable time.

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 solutions. Our additional advertising solutions increase a customers' 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 2018 our ARPA was again driven by the value our customers see in our platform and our higher value packages and products together with membership fee price increases. In 2018 ARPA exceeded the £1,000 per month milestone for the first time.

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

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.

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

Number of advertisers		
Source: Rightmove	<p>Definition The total number of paid for UK estate and lettings Agency branches/branch equivalents and New Home developer sites advertising properties on Rightmove</p> <p>2018 performance +0%</p>	<p>Strategic link The place consumers turn to first and engage with most; and innovation to create a simpler and more efficient marketplace</p> <p>Risks 1 2 3</p>
Average Revenue Per Advertiser (ARPA in £ per month)		
Source: Rightmove	<p>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</p> <p>2018 performance +9%</p>	<p>Strategic link Unrivalled exposure, leads and products for our customers</p> <p>Risks 1 2 3</p>
Traffic (time on site measured in billions of minutes)		
Source: Google Analytics	<p>Definition Total time measured in billions of minutes spent on Rightmove platforms during the year</p> <p>2018 performance +5% year on year</p>	<p>Strategic link The place consumers turn to first and engage with most</p> <p>Risks 2 3 4</p>
Employee engagement – 'Rightmove is a great place to work'		
Source: Rightmove	<p>Definition Based on the number of employee respondents selecting 'Yes' as a response to this question in the annual employee survey</p> <p>2018 performance +1% points</p>	<p>Strategic link Build great teams with a culture to innovate</p> <p>Risks 5</p>

Risks relevant to our KPIs (read more on pages 25 to 27)

- 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

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

Revenue £m
<p>2018 performance</p> <p>+10%</p> <p>Revenue grew strongly in 2018 up 10% to £267.8m (2017: £243.3m)</p> <p>Risks</p> <p>1 2 3 4 5</p>
Underlying operating profit ⁽¹⁾ £m
<p>2018 performance</p> <p>+10%</p> <p>Underlying operating profit⁽¹⁾ increased by 10% to £203.3m (2017: £184.4m) with underlying operating margin⁽¹⁾ increasing to 75.9% (2017: 75.8%). Operating profit increased by 11% to £198.6m (2017: £178.3m) with operating margin increasing to 74.1% (2017: 73.3%)</p> <p>Risks</p> <p>1 2 3 4 5</p>
Underlying basic EPS ⁽²⁾ (pence per ordinary share)
<p>2018 performance</p> <p>+12%</p> <p>Underlying basic EPS⁽²⁾ increased by 12% to 18.3p (2017: 16.3p⁽³⁾). Basic EPS grew by 13% to 17.8p (2017: 15.7p⁽³⁾)</p> <p>Risks</p> <p>1 2 3 4 5</p>
Cash returned to shareholders £m
<p>2018 performance</p> <p>+20%</p> <p>During the year free cash flow was returned to shareholders in the form of share buybacks and dividends with cash returns totalling £168.5m (2017: £140.4m). The strong cash return in percentage terms reflects the fact that we have ended the year with a £5.1m lower net cash balance than at the start of the year</p> <p>Risks</p> <p>1 2 3 4 5</p>

(1) Before share-based payments charge of £4.3m (2017: £4.9m) and NI charge of £0.4m (2017: £1.2m) on share-based incentives.

(2) Before share-based payments charge of £4.3m (2017: £4.9m) and NI charge of £0.4m (2017: £1.2m) on share-based incentives and no related adjustment for tax.

(3) 2017 comparatives have been restated for ease of comparability to reflect the 10:1 share subdivision effective 31 August 2018.

Continuing to innovate

simpler and more efficient

Our **Marketing Report** shows the interest a property is generating compared to similar properties allowing agents to communicate the marketing performance to a vendor

The **Rightmove Tenant Passport** aims to make the process of renting a property simpler, quicker and more efficient for agents and tenants

Phase one of the Passport allows tenants to 'pre-qualify' themselves when sending an email lead to an agent by including their full property requirements and basic household details.

Further phases of the Passport solution are planned for 2019 which will focus on making it easier to arrange a viewing of a property and increase the speed and efficiency of the tenant referencing process.

Robyn Perriss
Finance Director

During 2018 we have continued to deliver improvements for our customers, consumers and our business which has resulted in a robust financial performance, despite the backdrop of a slightly tougher UK housing market.

Revenue

	2018 £m	2017 £m	Change
Agency	201.0	185.2	9%
New Homes	46.2	39.5	17%
Other	20.6	18.6	11%
Total revenue	267.8	243.3	10%

	2018	2017	Change
Agency branches	17,328	17,626	(2)%
New Homes developments	3,126	2,801	12%
Total membership at year end	20,454	20,427	0%

We have experienced another year of strong revenue growth with overall revenue up 10% at £267.8m. Our Agency business, which is our largest business, was the principal driver of the revenue growth increasing by £15.8m year on year to £201.0m (2017: £185.2m). Revenue growth was driven by a combination of increased spending on advertising products and packages and membership price increases.

The number of Agency offices ended down 2.0% compared to the start of the year at 17,328 (2017: 17,626), reflecting slightly tighter trading conditions for our customers in the second half of 2018.

Revenue from our New Homes business grew strongly to £46.2m (2017: £39.5m), an increase of 17% year on year. This was driven by sales of additional advertising products including record digital marketing revenue and encouraging growth in our new Active Display product, underpinned by growth in development numbers, up 12% year on year to 3,126 developments (2017: 2,801).

Other revenue which includes Overseas, Data Services, Commercial and Third Party advertising services increased by £2.0m to £20.6m in 2018, driven principally by growth in our Commercial business which grew by 36% to £5.5m.

Underlying operating profit

	2018 £m	2017 £m	Change
Revenue	267.8	243.3	10%
Underlying operating costs	(64.5)	(58.9)	10%
Underlying operating profit	203.3	184.4	10%
Share-based payments	(4.3)	(4.9)	(12)%
NI on share-based incentives	(0.4)	(1.2)	(67)%
Operating profit	198.6	178.3	11%

Underlying operating profit⁽¹⁾ increased by 10% to £203.3m (2017: £184.4m) and underlying operating margin⁽¹⁾ increased to 75.9% (2017: 75.8%). 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 £5.6m to £64.5m (2017: £58.9m). Of the increase, £2.4m related to salaries and associated employee costs representing an increase in average headcount to 495 (2017: 479) together with general

Supporting our customers

our customers

Our seminars are always well supported with 11,000 agents attending seminars and webinars in 2018

We care about our customers' business success and building strong partnerships is vital to support their ambitions.

Customer focused tools and products.

We have continued to innovate our market intelligence software for agents, Rightmove Plus, with 90% of our Agency customers using our tools each month.

We recognise our role in helping our customers keep up to date with a changing industry, covering subjects such as GDPR

wage inflation. Technology costs increased by £1.0m year on year due to continued innovation in our platforms and tools including investment in the Rightmove Tenant Passport proposition. The balance of the year on year increase related to continued investment in the Rightmove brand principally through increased media spend, primarily television and outdoor advertising.

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 £4.3m (2017: £4.9m) 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 closing share price of £4.32 at 31 December 2018 in respect of the outstanding share-based incentives granted, together with the realised NI cost on share-based incentives exercised in the year, there was a charge of £0.4m (2017: £1.2m) in the year.

Taxation

The consolidated effective tax rate for the year ended 31 December 2018 was 19.1% (2017: 19.1%) broadly in line with the UK enacted tax rate of 19.0%.

We are committed to being a responsible tax payer acting in a straightforward and open manner in all tax matters. The total tax paid in respect of 2018 was £103.0m (2017: £96.6m). £39.0m (2017: £38.6m) related to corporation tax and employer's NI and apprenticeship levy borne by the Group while the remaining £64.0m (2017: £58.0m) 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 12% to 18.3p (2017: 16.3p⁽³⁾). Basic EPS increased by 13% to 17.8p (2017: 15.7p⁽³⁾). Underlying basic EPS is considered to be more representative of the operating performance of the business and the year on year trends as share-based payments are a non-cash charge and NI on share-based incentives is subject to volatility based on the Rightmove plc share price. A reconciliation between basic EPS and underlying basic EPS is set out in Note 11.

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 901.3m (2017: 919.3m⁽³⁾).

Balance sheet

Summary consolidated statement of financial position

	2018 £m	2017 £m	Change £m
Property, plant and equipment	15.2	2.7	12.5
Intangible assets	2.9	3.3	(0.4)
Deferred tax assets	2.8	5.7	(2.9)
Trade and other receivables	22.5	35.1	(12.6)
Contract assets	0.4	–	0.4
Cash & money market deposits	19.9	25.0	(5.1)
Trade and other payables	(18.1)	(38.9)	20.8
Contract liabilities	(2.1)	–	(2.1)
Lease liabilities	(13.0)	–	(13.0)
Provisions	(1.1)	(1.0)	(0.1)
Income tax payable	(16.8)	(14.7)	(2.1)
Net assets	12.6	17.2	(4.6)

Rightmove's balance sheet at 31 December 2018 showed total equity of £12.6m (2017: £17.2m). The year on year reduction of £4.6m reflects the growth in profit and retained earnings in the year, offset by the return of capital to shareholders in the form of share buybacks and dividends during the year in excess of profits, resulting in a lower cash and money market deposits balance of £19.9m (2017: £25.0m).

The early adoption of IFRS 16 Leases has resulted in the recognition of new right of use assets included within property, plant and equipment in relation to leased premises and motor vehicles and a corresponding lease liability reflecting the net present value of future minimum lease payments.

Building great teams

space to grow

Our people have a wide range of experience, skills and perspectives that we believe promotes innovation, constructive challenge and success

During the year over 50 employees came together to take part in the **Milton Keynes Marathon**, raising funds for two charities which are important to many Rightmovers

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

Building great teams with a culture to innovate.

Rightmove has a culture which is both restless and focused. We strive to create one team of Rightmovers with as few barriers as possible to rapid growth and innovation.

Our deferred tax asset, representing the future tax benefits from share-based incentives, is lower at £2.8m (2017: £5.7m) due to the exercise of share-based incentives during the year outweighing new share-based awards granted.

The adoption of *IFRS 15 Revenue from Contracts with Customers* has resulted in some reclassification in the balance sheet as the Group no longer recognises trade receivables and a corresponding deferred income balance (within trade and other payables), for amounts billed in advance for which services have not yet been provided. IFRS 15 classifies this as a contract liability as the Group has not yet delivered the services to its customers, and a contract asset. IFRS 15 requires the offset of contract assets and liabilities within the same contract. There is no overall impact at a net asset level as set out in Note 2 on page 98.

Adjusting for the application of IFRS 15 on a like for like basis trade receivables increased by 15.0% which is higher than the growth in revenue reflecting the timing of cash collections over year end. On a like for like basis trade and other payables were broadly in line with 2017.

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⁽⁴⁾ was up 9% to £200.4m (2017: £183.9m) and operating cash conversion was once again in excess of 100%.

Tax payments were slightly lower at £32.8m (2017: £33.2m) reflecting the reduction in the UK enacted tax rate from 19.3% to 19.0%. £0.2m (2017: £0.2m) was paid in relation to bank charges and bank facility fees resulting in net cash from operating activities of £167.4m (2017: £150.5m).

Capital expenditure of £1.7m (2017: £2.2m) includes investment in new servers and computer equipment and the final phase of the refurbishment of our London office.

Proceeds of £0.6m (2017: £0.7m) were received on the exercise of share-based incentives and £0.7m (2017: £0.8m) was applied to purchase shares to fund the Rightmove Share Incentive Plan.

During 2018, £113.5m was spent in the repurchase of our own shares (2017: £90.8m) whilst a further £55.0m (2017: £49.6m) was paid in dividends reflecting the increased final dividend for 2017 and the 0.3p increase in the interim dividend for 2018 to 2.5p. This brings the total cash returned to shareholders in the year to £168.5m (2017: £140.4m).

The closing Group cash and money market deposit balance at the end of the year was £19.9m (2017: £25.0m).

Dividends

Consistent with our policy of growing dividends in line with the increase in underlying EPS⁽²⁾, the directors are recommending a final dividend of 4.0p (2017: 3.6p⁽³⁾) per ordinary share, which together with the interim dividend makes a total dividend for the year of 6.5p (2017: 5.8p⁽³⁾), an increase of 12%. The final dividend, subject to shareholder approval, will be paid on 31 May 2019 to all shareholders on the register on 3 May 2019.

Robyn Perriss

Finance Director

1 March 2019

(1) Before share-based payments charge of £4.3m (2017: £4.9m) and NI charge of £0.4m (2017: £1.2m) on share-based incentives.

(2) Before share-based payments charge of £4.3m (2017: £4.9m) and NI charge of £0.4m (2017: £1.2m) on share-based incentives and no related adjustment for tax.

(3) 2017 comparatives have been restated for ease of comparability to reflect the 10:1 share subdivision effective 31 August 2018.

(4) Cash generated from operating activities of £200.4m compared to operating profit as reported in the profit or loss of £198.6m.

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.

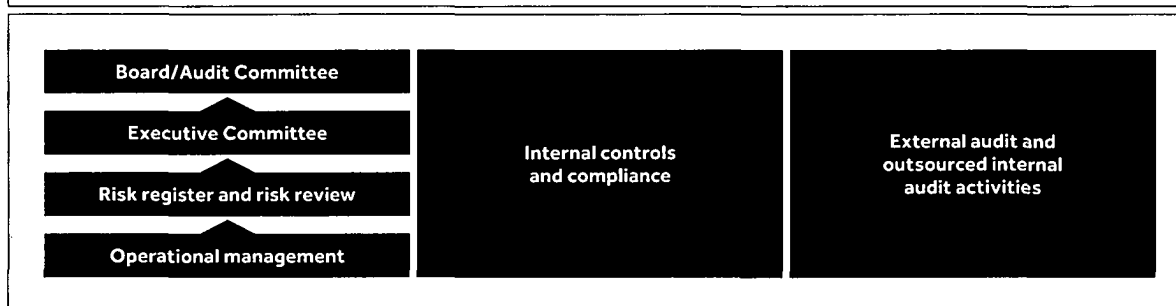
The Group operates a cautious approach to risk and its 'risk appetite' is relatively low. The open culture which is embedded throughout Rightmove is such that objective views are made when assessing risks and internal controls, dialogue is encouraged, and decisions are not made until risks have been 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. The Board reviewed the risk register at both the February 2018 and November 2018 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 other 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 in relation to the design and implementation of effective financial controls. Further detail of these activities are included within the Audit Committee report on pages 44 to 50.

Risk management framework



Strategic report | Principal risks and uncertainties

A description of the principal risks and uncertainties faced by the Group in 2018, 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	Changes in the year	Monitoring and mitigation	Change from prior year
1	<p>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 EU have been outlined on page 28.</p>	<p>Substantially fewer housing transactions than the norm may lead to a reduction in the number of Agency branches or New Home developments, both of which are 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.</p>	<p>Housing transactions in 2018 were down 2% year on year versus 2017 ending the year at 1.2m⁽¹⁾. Stable overall membership numbers with a 2% fall in Agency branches being offset by a 12% rise in New Homes developments. ARPA was up £83 year on year to £1,005⁽²⁾, reflecting continued adoption of advertising products and price rise activities.</p>	<ul style="list-style-type: none"> 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. Maintaining a flexible cost base that can respond to changing conditions. 	➔
2	<p>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.</p>	<p>Increased competition may impact on Rightmove's ability to grow revenue due to the potential loss of:</p> <ul style="list-style-type: none"> audience; advertisers; demand for additional advertising products. 	<p>Market share of the top four property portals has seen a small increase to 76%⁽³⁾ with Rightmove continuing to have the largest and most engaged audience of any UK property portal.</p>	<ul style="list-style-type: none"> Communication of the value of Rightmove membership to advertisers. Continued investment in our account management teams to ensure we stay close to our customers and local markets and help our customers run their businesses more efficiently. Sustained marketing investment in the Rightmove brand. Sustained investment and innovation in serving both home hunters and our customers. 	➔

Strategic report | Principal risks and uncertainties *continued*

Key risk and description	Impact	Changes in the year	Monitoring and mitigation	Change from prior year
<p>3 New or disruptive technologies and changing consumer behaviours Rightmove operates in a fast-moving online marketplace. Failure to innovate or adopt new technologies or failure to adapt to changing customer business models and evolving consumer behaviour may impact the Group's ability to offer the best products and services to its advertisers and the best consumer experience.</p>	<p>Failing to innovate may impact on Rightmove's ability to grow revenue due to the potential loss of:</p> <ul style="list-style-type: none"> • audience engagement; • advertisers; • demand for additional advertising products. 	<p>Phase one of the Rightmove Tenant Passport was launched in 2018. This allows tenants to 'pre-qualify' themselves when sending a lead to agents by including their full requirements and a simple affordability check.</p>	<ul style="list-style-type: none"> • 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. • 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. 	➔
<p>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.</p>	<p>Any loss of website availability or theft or misuse of data held within the Group's databases and IT systems could result in:</p> <ul style="list-style-type: none"> • reputational damage to the Group as a result of loss of consumer and customer confidence in the Rightmove brand; and • financial loss arising from potential penalties and fines. 	<p>The enactment of the new EU General Data Protection Regulation (GDPR) in May 2018 has significantly increased the maximum potential financial impact of a personal data breach. Over the past year we have taken the opportunity to review processes that involve data collection, storage or processing and updated or amended them to ensure they meet GDPR requirements.</p>	<ul style="list-style-type: none"> • Disaster Recovery and Business Continuity Plans in place, subject to regular review and testing. • Use of three data centres to load balance and ensure optimal performance and business continuity capability. • Regular backups of key data. • Regular testing of the security of the IT systems and platforms including penetration testing and distributed denial of service attack procedures. • Ongoing 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. 	➔

	Key risk and description	Impact	Changes in the year	Monitoring and mitigation	Change from prior year
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.	Our latest employee survey showed continued strong levels of employee engagement with 91% of Rightmovers thinking that 'Rightmove is a great place to work'.	<ul style="list-style-type: none"> • Ongoing succession planning and development of future leaders. • Payment of competitive reward, including a blend of short and long-term incentives for senior management. • The ability for all employees to participate in the success of the Group through the SIP and SAYE schemes. • Regular staff communication and engagement. • Maintaining the culture of the Group, which generates significant staff loyalty. 	➔

➔ Small increase in risk ➔ Risk unchanged

(1) Source: HMRC transactions for the UK as published on 22 January 2019.

(2) 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.

(3) Source: comScore.

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 25. During 2018 the Board has continued to assess the impact of the EU referendum result in relation to the broader housing market, transaction levels and our customer base 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 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.

In relation to both our cost base and day to day operational issues we perceive the potential impact on Rightmove of a 'hard Brexit' to be low as:

- We are a UK domiciled business with very little interaction with EU customers or suppliers;
- None of our employees will lose the right to stay in the UK; we currently employ 23 EU nationals; and
- We purchased less than £100,000 in supplies from EU-based suppliers in 2018. The impact of further depreciation of Sterling versus the US Dollar in relation to licence costs is also not considered to be material.

Our balance sheet philosophy to date has been to maintain a simple debt-free position, which we believe is a strength as we have no debt-refinancing or interest-related Brexit risks.

Strategic report | Viability statement

In accordance with provision C.2.2. of the 2016 UK Corporate Governance 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 25 to 27. 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 2021.

The directors have determined that a three-year period to 31 December 2021 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 Board and is developed on a segment by segment basis using a bottom up model. The three-year plan makes certain assumptions about Agency and New Homes customer numbers, ARPA growth and Other 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 concentrated customer base with no single customer constituting more than 2% of Group revenue.

Also 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.

As the largest property portal in the UK, Rightmove is committed to its responsibility as a corporate member of society. How we operate our business underpins the contributions we make to our workplace, our marketplace, the environment and wider society. At the heart of everything we do are the Rightmove Hows, the essential values and behaviours our employees exemplify, which reflect our culture and benefit both the business and the wider communities in which we operate.

The Hows

- Do the right thing for consumers and customers
- Build great teams because Rightmove is people
- Be curious and go out of your way to understand
- Share honestly, early and often
- Take responsibility and make things that matter happen
- Make complex things as simple as possible
- Drive improvement, we can always be better
- Dare to do, be bold. Don't be afraid of mistakes you can learn from
- Be approachable and appreciate what others do
- Enjoy the journey, be part of it

Making a difference to our employees in the workplace

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 open and supportive culture is shaped by the Rightmove Hows and these values manifest themselves in our fast-paced and highly customer-oriented approach in our commitment to being an exciting, innovative and digital-led company.

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 focused on maintaining a happy, collegiate working environment and providing a comprehensive range of benefits to attract and retain the best people.

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 that 70 people have celebrated ten or more years' service, which represents over 14% of our employees and we believe contributes to our strong people survey results.

Referrals from existing employees are a valuable source of new recruits, typically ensuring a higher quality candidate with a better cultural fit. In 2018, 8% of new employees were introduced to Rightmove by an existing employee.

Employees with disabilities

It is our policy that people with disabilities should have full and fair consideration for all vacancies. During the year we continued to demonstrate our commitment to interviewing and employing those people with disabilities who fulfil the minimum criteria for a role and we endeavour to support and retain employees who become disabled during their employment with us.

People development and training

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. All new employees joining Rightmove are given the best introduction to the business and our customers through attending two 'How Rightmove fits together' courses based at our Milton Keynes and London premises. They also attend an off-site residential induction course to introduce them to Rightmove's culture and values.

We recognise that all our employees are unique and have different needs and learning styles. We offer learning opportunities covering both technical and non-technical skills that are aligned to our collaborative and inclusive culture; including workshops, on the job training, attendance at conferences, coaching and mentoring, online learning and professional qualifications. In 2018, 5% of our employees were promoted into new roles. We are proud of our development culture and the skills mobility it promotes. In 2018 alone 12 members of our customer experience team joined our technology teams in a variety of technical roles.

Employee benefits

Whilst we believe that being a great place to work helps us attract the best talent we also reward all our employees with a range of 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 2018, the Group's tenth 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.

Awards under the Rightmove Share Incentive Plan were again made to every qualifying employee. This year, 500⁽¹⁾ shares were awarded to each employee in January 2018 and a further award of 475 shares was made in late December. In January 2018 the Group's first SIP free share award became available for employees to sell, subject to tax, allowing them to benefit from the strong share price growth since 2015.

We offer flexible working arrangements, fully support part-time working and reduced hours to allow our employees to balance their work and family commitments. A flexible holiday scheme, was introduced in 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. The scheme is popular, with 22% of employees taking advantage of buying or selling holiday in 2018.

Engagement

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

We have an employee recognition scheme, based on the Rightmove Hows which allows us to focus on how we work, not just on what we achieve. Every month, we focus on one of the Rightmove Hows and employees have the opportunity to recognise colleagues demonstrating these behaviours.

We conduct bi-annual 'Have your Say' people surveys 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:

- 91% of respondents think Rightmove is a great place to work;
- 95% of respondents enjoy working in their team; and
- 92% of respondents are proud to tell people they work for Rightmove.

We believe employee engagement is vital. Harnessing and directing that engagement leads to the Group's performance, therefore it is pleasing to note that 90% of respondents understand how their role contributes to achieving the business plan.

An employee engagement score will again form part of the senior management bonus criteria in 2019, demonstrating the importance of employee engagement to the continuing success of Rightmove.

Equality and diversity

Rightmove is committed to equality of opportunity in all our employment policies and practices. Our recruitment and selection processes focus on selecting the best candidate for each 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, skills and perspectives that we believe promote innovation, constructive challenge and success. Drawing on a wide variety of personal attributes helps us anticipate what our customers expect from their Rightmove membership and what home hunters want from Rightmove, which drives value in the way we do business.

The Board continues to focus on succession planning and developing potential within the senior management team. During the year Russell Reynolds conducted a succession and capability review covering high potential employees within our leadership team. The review covered independent capability interviews, internal referencing and psychometric profiling. The intent of the review was not only to provide independent feedback on succession, but to provide an opportunity for personal development to help these employees be 'the best they could be'.

As at 31 December 2018, 36% (2017: 26%) 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 FTSE 350. Rightmove has met its Hampton-Alexander Review target of 33% female leadership by 2020 two years ahead of schedule.

(1) Adjusted for the 10:1 share subdivision effective 31 August 2018.

At 31 December 2018, female representation on the Board was 50%, this combined with our strong female leadership team representation resulted in us being placed second in the 2018 Hampton-Alexander FTSE 100 Women Leaders table.

A breakdown by gender of the number of directors and employees as at 31 December 2018 by various classifications as required by the Companies Act 2006, is set out below:

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 under-represented in the higher paid senior management and technology teams and men are under-represented in the customer experience teams.

Technology is a sector challenged by a lack of gender diversity, but accepting the status quo is not part of the Rightmove culture. We continue to have an equal gender split within our technical team leader positions and we're pleased with the progress of our internal talent pipeline which has seen opportunities for several females to progress from Customer Experience roles to positions in our technology teams.

Below is our gender pay gap as at April 2018, together with a description of some of the initiatives that we have implemented to improve our gender balance going forward.

Difference between male and female pay

	2018		2017	
	Mean	Median	Mean	Median
Difference in hourly rate of pay ⁽³⁾	28.2%	36.4%	30.6%	37.0%
Difference in bonus pay ⁽⁴⁾	63.8%	45.6%	70.4%	36.5%

(3) Calculated using Rightmove Group Limited pay data from April 2018.

(4) Calculated using 12 months of Rightmove Group Limited bonus pay data to 5 April 2018.

(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 published its second gender pay gap report, containing data as at April 2018. Since publishing our first gender pay gap report in 2017, we have taken a number of actions towards closing our pay gap. We have seen an improvement in our gender pay gap closing our mean pay gap by 2.4% and mean bonus pay gap by 6.6% that shows we are making positive progress. We are aware that some of the initiatives we have started will have an impact in the long-term, but not on the 2018 figures. Full details can be found on the Company's website at plc.rightmove.co.uk.

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

- We continue to offer workshops to women before, during and after maternity leave to retain talent. We also offer workshops to men and women to help consider how best to balance work and family life.
- We are launching a 'Thoughtful Leadership' programme for everyone with a people responsibility, to support our diverse culture and thinking style.
- To support our commitment to providing a diverse thought culture we are launching a series of 'Mentoring Circles' with external keynote speakers who will provide stimulus for discussion on key subjects.

Addressing imbalance

- We are participants in the 30% Club cross-company mentoring programme. This supports our internal talent pipeline to bring more talent diversity into senior manager roles. We have eight females participating from varying career stages. We match this with eight mentors from our senior management team to mentees from other participating organisations.
- Our internal talent pipeline provided job role changes and promotion opportunities for 31 people.
- Our graduate programme in technology has attracted great new talent to join us and contribute to increasing balance in our technology teams.
- We continuously review all job specifications and our interview process to ensure universal appeal and fair progression for all to ensure we attract the best talent.

All of our employees undergo annual training in the areas of fraud, anti-bribery, GDPR and information security to ensure they remain up to date and alert to the signs of unethical practices.

We have a dedicated Safety and Security section on our website designed to help consumers stay safe and avoid fraud when searching for their next home.

Protecting customers' and consumers' data

Protecting the data of our customers and consumers is incredibly important to Rightmove. We continue to invest heavily in data and security protection and our fraud, data protection and information security teams all work vigilantly to ensure that the data is kept secure and that we remain compliant with legislation. Over the last 18 months, with the introduction of the General Data Protection Regulations in May 2018, we have reviewed and strengthened our policies and processes in line with the new, more stringent legislation.

Anti-Bribery and Corruption

Rightmove has zero tolerance to any form of bribery and corruption, both within our business and in any dealings with our customers, suppliers and other third parties we may deal with in the course of our business. We will not conduct business with any service provider, customer or supplier which does not support our anti-bribery objectives. Our Anti-Bribery and Corruption Policy can be found on our website plc.rightmove.co.uk.

Human rights including modern slavery

Rightmove does not have a specific human rights policy, however we do 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.

Rightmove is absolutely committed to preventing slavery and human trafficking in its business and supply chains. We seek to uphold the highest standards of honesty and integrity in all our business dealings and relationships and we have a zero-tolerance approach to the mistreatment of people in our employment and wherever possible, employed in our supply chain. Our Modern Slavery Statement can be found on our website plc.rightmove.co.uk.

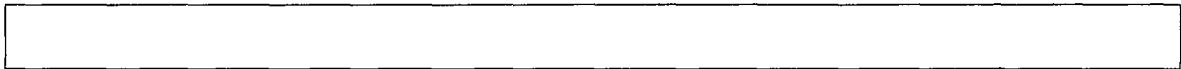
Whistleblowing

At Rightmove, we believe that by following clear and transparent business practices and consistently applying high ethical standards in all our business dealings, we can contribute to a fairer and honest marketplace where customers and consumers know that we can be trusted. We operate a whistleblowing facility for employees if they suspect anything inappropriate or experience any serious misconduct or wrong doing in our business.

Being a trusted marketplace

Rightmove is the largest property portal in the UK, advertising over one million properties for sale and to rent on behalf of our customers, who are estate and letting agents, new homes developers, commercial property agents, and overseas agents and property owners, who pay to advertise their properties across our platforms. We carry out vetting checks on all of our customers before we allow them to advertise on Rightmove.

Rightmove is committed to ensuring the property adverts we display are accurate and genuine. Our dedicated data quality team monitor the website to ensure that any potential misleading or inaccurate adverts can be investigated and removed if necessary.



Making a difference to our communities

2018 saw the launch of our charitable fundraising initiative 'On The Move'. The initiative has an objective to raise funds, and awareness, for charitable causes by connecting people particularly in our home town of Milton Keynes.

During the year over 50 employees came together to take part in the Milton Keynes Marathon, raising funds for two charities which are important to many Rightmovers; local charity the Winter Night Shelter in Milton Keynes and national charity Meningitis Now. The team raised over £45,000 in total, with Rightmove donating an additional £26,000 split between the two charities.

In the spirit of connecting people, the 'On The Move' initiative also aims to evoke a wider sense of community amongst those that take part and their supporter base. In 2019 we will see the campaign broaden its reach outside of the direct Rightmove family, by expanding our fundraising team to invite the local community to partner with us and participate in our charitable efforts. Our aim is to see employees and the local community running and fundraising as one team, all in the name of charitable causes and community spirit.

With the success of the 'On The Move' campaign in year one, we were delighted to continue our ongoing partnership with the Milton Keynes Marathon by becoming their primary sponsor, and the race now officially being known as the Rightmove MK Marathon. Additionally Rightmove will host the Rightmove MK Marathon Race Village, a family-friendly entertainment area for spectators and runners alike, which brings our local community together and celebrates the hometown of Rightmove.

We also continue to support our local community in Milton Keynes in a multitude of ways, including sponsoring many of the city's sporting teams. 2018 saw us sponsor Milton Keynes City volleyball and ice hockey teams for the first time, and Milton Keynes College football team for the third consecutive year. Our partnership with Milton Keynes College also included us working with three of their sports science students in the final stages of their qualification with work placements, including offering employees free fitness assessments and exercise sessions. This benefits both our employees by promoting a healthy lifestyle at work, but also gives the students vital data to use in completing their qualifications. The placement is a two-year course and we will welcome them back in 2019.

Our employees are also able to donate directly from their monthly salary to any charity or recognised cause that is important to them as an individual, through the Charities Trust, which provides a tax efficient means of giving.

Making a difference to our 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.

As an internet-based business with most staff employed in two office locations, our direct environmental footprint is small. We continue to encourage our employees to minimise their use of resources and recycle materials wherever possible with dedicated recycling bins provided in both our offices.

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 2018, our fuel card provider Allstar, continued to partner with Forest Carbon to capture the CO₂ emissions from our fleet of company cars and turn them into new UK woodlands.

As an online business, we naturally work in a near 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, marketing reports and product documentation.

By far our biggest environmental contribution continues to be the way Rightmove has changed the way people search for property. 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 all on screen and available instantly. All these innovations have helped to reduce the carbon footprint generated by prospective home buyers and renters through reliance on printed media and making unnecessary travel journeys to visit unsuitable properties.

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 between Scope 1, Scope 2 and Scope 3 emissions.

Direct GHG emissions (Scope 1) are emissions from sources that are owned or controlled by Rightmove, specifically Company cars. Indirect GHG emissions (Scopes 2 & 3) are emissions that are a consequence of the activities of the Group but that occur at sources owned or controlled by other entities. These include our electricity consumption at our Milton Keynes and London offices and our Data Centres.

We do not have responsibility for any other material emission sources. We have used the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition), ISO 14064 Part 1 2006 and emission factors from UK Government's Conversion Factors for Company Reporting 2018.

The Group is required to report Scope 1 and 2 emissions for its reporting year to 31 December 2018. 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.

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 adjacent.

Rightmove emissions by scope

Scope	Source	Tonnes CO ₂ e ⁽¹⁾	
		2018	2017
Scope 1	Company cars	484	495
Scope 2	Electricity	187	255
Scope 3	Outsourced data centres	206	257
Total		877	1,007
Total (Scopes 1 & 2 only)		671	750
Scope 1, 2 & 3 emissions normalised per employee (tCO ₂ e)		1.8	2.0
Scope 1 & 2 emissions normalised per employee ⁽²⁾ (tCO ₂ e)		1.4	1.5

(1) UK emissions factors have been used for all data. All emission factors have been selected from the emissions conversion factors published annually: www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2018.

(2) Based on 495 (2017: 479) employees taken as the average number of employees in the Group throughout the year.

Our overall emissions are down 12.9% on the previous year with emissions per employee also showing a reduction of 10.0%. This is mainly attributable to:

- lower fuel consumption due to the leasing of company cars (principally a diesel fleet) with increased fuel efficiency;
- a reduction in electricity consumption due in part to closing one floor of our London office for a period of three months for refurbishment during 2018, and new meters being installed increasing the accuracy of the readings;
- a change in the Defra factor used for calculating electricity emissions; and
- an increase in average headcount.

We continue to monitor and look for ways to improve our carbon footprint.

Health and safety

At Rightmove, our approach to the effective management of health and safety is to treat it as an integral part of business management. 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. *During the year, we continued our fire safety, first aid and workplace safety training.*

FTSE4Good Index

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

We are pleased to report that having been independently assessed according to the FTSE4Good criteria, FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) has confirmed that Rightmove has satisfied the requirements to become a constituent of the FTSE4Good Index Series.



Non-Financial Information Statement

Rightmove aims to comply with the new Non-Financial Reporting Directive requirements. The table below sets out where relevant information can be found in this Annual Report.

Reporting Requirement	Policies	Relevant Information
Environmental matters	The Company does not have a specific policy on environmental issues, however, more information on our business impact on the environment can be found in the Corporate Responsibility Report, pages 33 to 34, which also contains the statutory carbon emission data on page 34	
Employees	<ul style="list-style-type: none">• Employee Handbook, which includes:<ul style="list-style-type: none">– Code of Conduct– Whistleblowing Policy	<ul style="list-style-type: none">• Chief Executive's review, page 10• Corporate Responsibility Report, pages 29 to 32
Human rights	<ul style="list-style-type: none">• Modern Slavery Statement• Data Retention Policy• Privacy Policy	<ul style="list-style-type: none">• Corporate Responsibility Report, page 32
Social matters	The Company does not have a specific policy on social matters, however, information on how our business supports the local and wider community can be found in the Corporate Responsibility Report, page 33	
Anti-bribery and corruption	<ul style="list-style-type: none">• Employee Handbook, which includes:<ul style="list-style-type: none">– Anti-Bribery and Corruption Policy– Code of Conduct	<ul style="list-style-type: none">• Corporate Responsibility Report, page 32
Business model	<ul style="list-style-type: none">• Strategic Report, pages 14 to 15	
Principal Risks	<ul style="list-style-type: none">• Strategic Report, the EU Referendum, page 28• Strategic Report, principal risks and uncertainties, pages 25 to 27	
Non-financial key performance indicators	<ul style="list-style-type: none">• Operational key performance indicators, page 16	

Governance | Directors and officers

Scott Forbes
Chairman

Nationality American and British
Appointment to the Board
13 July 2005
Committee membership
Nomination (Chairman)
Current external commitments
Chairman of Cars.com Inc
 Chairman of Ascential plc
 Non-executive director of Travelport Worldwide Limited (*Retirement pending completion of agreed sale of Travelport to a financial sponsor group*)
Previous roles and relevant experience
 Chairman of Orbitz Worldwide until September 2015 and Director of NetJets Management Ltd, a subsidiary of Berkshire Hathaway until October 2009. Scott has over 40 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

Nationality British
Appointment to the Board
10 January 2011
Current external commitments
Non-executive director of MPI – Marketplaces International (*The international online classifieds operation of Schibsted Media Group*)
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

Nationality British and South African
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.

Rakhi Goss-Custard
Non-Executive
Director

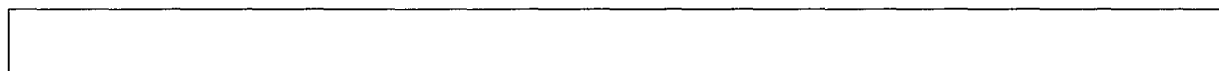
Nationality American
Appointment to the Board
28 July 2014
Committee membership
Remuneration, Nomination
Current external commitments
Non-executive director of Kingfisher plc
 Non-executive director of Schroders plc
 Non-executive director of Intu Properties plc
Previous roles and relevant experience
 Rakhi was a non-executive director of Be Heard Group plc until August 2018 and a 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.

Andrew Findlay
Non-Executive
Director

Nationality British
Appointment to the Board
1 June 2017
Committee membership
Audit (Chairman), 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.

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.



<p>Peter Williams Senior Independent Non-Executive Director</p>	<p>Jacqueline de Rojas CBE Non-Executive Director</p>	<p>Lorna Tilbian Non-Executive Director</p>
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Nationality British
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
(retiring on 15 March 2019)
 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.

Nationality British
Appointment to the Board
 30 December 2016
Committee membership
 Audit, 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.

Nationality British
Appointment to the Board
 1 February 2018
Committee membership
 Remuneration, Nomination
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.

Diversity on the Board

Rightmove recognises the benefits of having diversity across the Board to ensure variety of thought in relation to the business strategy and effective engagement with key stakeholders. The age, gender and tenure of Board members as at 31 December 2018 is set out below.

Governance | Corporate governance report

Introduction

The following sections explain how the Company applied the main provisions of the UK Corporate Governance Code 2016 (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 58 to 59.

The Group's risk management and internal control framework and the principal risks and uncertainties are described on pages 24 to 27. The Directors' Report on pages 54 to 56 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

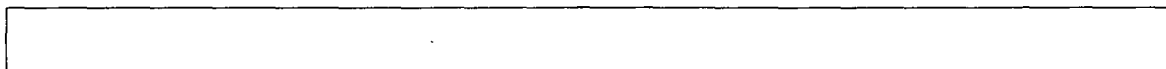
The Board is collectively responsible to shareholders for the overall direction and control of the Group and has the powers and duties set out in the Companies Act 2006 (the Act) and the Company's Articles of Association. The Board delegates certain matters to the Board committees and delegates the day to day operation 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 Board held an off-site strategy meeting in July. Discussion included potential threats and opportunities to the business model arising from economic, regulatory and other market changes	Strategic initiatives identified at the strategy away day were analysed and discussed at subsequent Board meetings	The Group's 2019 budget and three-year business plan was approved	Presentations were received in relation to innovation in the rental market including updates on the Rightmove Tenant Passport launched during the year and discussions around future opportunities for making renting easier
Performance monitoring	The Board receives a monthly management report covering all financial and operational KPIs	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 high-level Agency, Tenant Services, New Homes, Commercial and Overseas business performance and progress against other business initiatives



Responsibility	Specific actions and information received during the year			
Shareholder engagement	The Chairman met with Rightmove's investors to explain the actions taken in light of the 2018 AGM voting results, with a particular focus on Board succession planning	The Remuneration Committee engaged with investors in relation to the 2019 remuneration proposals	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 updated the Board on the key market drivers of the Group's valuation
Governance and risk	The Board conducts a bi-annual review of the entire risk register, including principal risks, with particular focus on new and emerging risks affecting the business The Board received a detailed presentation on management's view of possible Brexit implications for Rightmove's business, employees and cost base	Reports were received from the Audit Committee on Rightmove Assurance reviews, with continued focus on Fraud and Cyber risk reviews with recommendations being implemented during the year	The Directors participated in a Board Strategy Review and considered actions in relation to Board succession	Senior management gave briefings and presentations covering a range of topics including data protection, cyber and information security risks, corporate governance and the 2018 insurance renewal programme
People and values	The Board considered the new Corporate Governance Code requirements around employee engagement and approved various proposals to enhance existing employee engagement	The Board considered the strengths and capability required for senior managers' succession and the skills and experience of its directors in relation to the skills and capabilities identified in the Board Strategy Review, that are necessary to help Rightmove achieve its strategic objectives	The Board received presentations from senior managers throughout the year to ensure exposure to the breadth and depth of talent supporting business growth	Group employee satisfaction scores as part of the 'Have your say' survey were monitored across a range of criteria

There are usually seven scheduled Board meetings each year including one meeting or away day(s) 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 frequent communication 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, research analyst 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 42. The composition of these Committees is reviewed regularly, taking into consideration the recommendations of the Nomination Committee.

Committee	Role and terms of reference	Membership required under the terms of reference	Minimum number of meetings per year	Committee report on pages
Audit	<p>Reviews and reports to the Board on:</p> <ul style="list-style-type: none"> • Group financial reporting; • the system of internal control and risk management; • independence and effectiveness of the external audit process; and • the internal audit plan, results and effectiveness of <i>Rightmove Assurance</i>. <p>Recommends the appointment of the external auditors to the Board for approval by shareholders.</p>	At least three members who should be independent non-executive directors	Three	44 to 50
Remuneration	<p>Makes recommendations to the Board on:</p> <ul style="list-style-type: none"> • the Remuneration Policy and strategy for executive directors and senior management; • long-term performance arrangements; • the design and determination of targets under any performance-related pay scheme; and • any major changes in employee benefit structures. <p>with the objective of ensuring that directors and employees are incentivised and fairly rewarded for their individual contributions to the Group's overall performance. Careful consideration is given to investors' views and alignment of executive directors' remuneration with all employees.</p>	At least three members who should be independent non-executive directors	Two	58 to 59 and 71 to 84
Nomination	<p>Undertakes an annual review of organisation and succession planning and ensures that the membership and composition of the Board, including the balance of skills, remains appropriate.</p> <p>Makes recommendations for the membership of the Board, Audit and Remuneration Committees.</p>	At least three members, the majority of whom should be independent non-executive directors	Two	51 to 53

Board composition

The Board at the date of this report comprises two executive directors and six 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), Rakhi Goss-Custard, Jacqueline de Rojas, Andrew Findlay and Lorna Tilbian.

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 Code, all directors who have served during the year and remain a director as at 31 December 2018 will retire and offer themselves for re-election at the next AGM.

The Board is satisfied that the directors retiring and standing for re-election are qualified for re-appointment by virtue of their skills, experience and contribution to the Board. The executive directors have service contracts with the Company which can be terminated on 12 months' notice. The appointments of 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 71 to 84. At the date of this report, the executive directors were deemed to have a non-beneficial interest in 2,248,020 ordinary shares of 0.1 pence each held by The Rightmove Employees' Share Trust (EBT).

Biographical details of all directors at the date of this report appear on pages 36 to 37 and details of Committee membership appear on page 42.

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

Board changes

Ashley Martin retired from the Board on 4 May 2018, having served nine years as a non-executive director and latterly as Audit Committee Chairman. Peter Williams (Remuneration Committee Chairman) will retire from the Board and not stand for re-election at the AGM on 10 May 2019. More information on proposed Board changes and the work of the Nomination Committee can be found on pages 51 to 53.

Division of responsibilities

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

Chairman	<p>Responsible for the leadership and governance of the Board, including:</p> <ul style="list-style-type: none">ensuring its effectiveness by creating and managing constructive relationships between the executive and non-executive directors;ensuring there is ongoing and effective communication between the Board and its key stakeholders; andwith the assistance of the Company Secretary, planning 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	<p>Responsible for the day to day management of the Group, including:</p> <ul style="list-style-type: none">the operational and financial performance of the Group;developing the Group's objectives and strategy and following Board approval, the successful execution of strategy;effective and ongoing communication with stakeholders; andchairing the Executive Committee.
Non-executive directors	<p>The role of the non-executive directors is to:</p> <ul style="list-style-type: none">constructively challenge the executive directors; andmonitor the delivery of the strategy within the risk and control framework set by the Board. <p>The non-executive directors bring wide and varied commercial experience and independent judgment to the Board and the Committees' deliberations.</p> <p>The breadth of management, financial and listed company experience of the non-executive directors is described in the biographical details on pages 36 to 37 and demonstrates a range of business expertise that provides the right mix of skills and experience given the size of the Group.</p>
Senior Independent Director	<p>The role of the Senior Independent Director is to:</p> <ul style="list-style-type: none">act in an advisory capacity to the Chairman;deputise for the Chairman if required;serve as an intermediary for other directors when necessary;be available to shareholders if they have concerns which they have not been able to resolve through the normal channels of the Chairman and Chief Executive Officer or other executive directors for which such contact is inappropriate; andconduct an annual review of the performance of the Chairman and, in the event it should be necessary, convening a meeting of the non-executive directors.
Company Secretary	<p>The Company Secretary:</p> <ul style="list-style-type: none">advises the Board on corporate governance matters;monitors compliance with appropriate Board procedures;assists the Chairman in ensuring that all the directors have full and timely access to relevant information; andassists the Chairman by organising directors' induction and training programmes. <p>The Company Secretary also acts as Secretary to the Audit, Remuneration and Nomination Committees.</p> <p>The appointment and removal of the Company Secretary is a matter for Board approval.</p>

Board diversity 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 2018, 50% of both executive and non-executive Board members were female. 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 recent 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 Board reviews each non-executive director's independence on an annual basis and considers that all non-executive directors are fully independent in character and judgment. The review takes into account such factors as directors' contribution to unbiased and independent debate during meetings to determine whether they are independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. The Board approved a new Conflicts of Interest Policy in 2018 and reviews the Register of Directors' Interests at least annually.

The Board considered that there is an appropriate balance between executive and non-executive directors.

The 2018 UK Corporate Governance Code (effective from 1 January 2019) has introduced a provision that the Chairman should not remain in post for more than nine years from the date of first appointment to the Board. It also states that to facilitate effective succession planning, the period may be extended for a limited time. As Scott Forbes has served as Chairman of the Board since 2005, the Board recognises that it will not be compliant with this provision during 2019. The Nomination Committee is planning for an orderly Board succession plan, following active consultation with shareholders representing a majority of the Company's

shares in the second half of 2018. The Board believes that a consensus view has been established in favour of an orderly succession plan for the Board Chairman, including the recruitment and orientation of capable and experienced succession candidates. The Company remains committed to good governance, but recognises the need for any transition to be smooth to preserve Group knowledge, culture and shareholder confidence.

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.

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 Act. All directors are subject to election at the first AGM following their appointment and in accordance with the Code, all directors, except Peter Williams, will seek re-election at the 2019 AGM.

Board and Committee membership and attendance

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

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

(1) Jacqueline de Rojas was a member of the Remuneration Committee until 4 May 2018 when she joined the Audit Committee.

(2) Lorna Tilbian joined the Board on 1 February 2018, with 4 May 2018 being her first Board meeting and became a member of the Remuneration and Nomination Committees on 4 May 2018.

(3) Ashley Martin retired from the Board on 4 May 2018.

In addition to the above meetings, the Chairman conducts meetings with the non-executive directors without the executive directors being present as required. Peter Williams, the Senior Independent Director, chaired a meeting in December 2018 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 for the purposes of S234 of the Act between the Company and its past and present 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 Company 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 and Chief Executive or the Chairman alone, attended meetings with shareholders representing the majority of the Company's shares in the second half of 2018 regarding orderly Board succession plan consultation, corporate governance, business strategy and other business matters. The Senior Independent Director was also available to shareholders if they wished to supplement their communication, or if contact through the normal channels was inappropriate and engaged with investors in his capacity as Remuneration Committee Chairman.

The Remuneration Committee proactively engaged with the Company's largest shareholders ahead of setting the Remuneration Policy which was approved at the 2017 AGM and again in late 2018 when setting executive director base salary levels for 2019.

The Board is kept informed of the views and opinions of those with an interest in the Company's shares through reports from the Chairman, 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 10 May 2019 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 poll, the results of which are reported after each resolution and published on the Company's website.

Governance | Audit Committee report

Andrew Findlay
Chairman of the
Audit Committee

Dear shareholder

I am pleased to present the 2018 report of the Audit Committee (the Committee).

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

The Committee is an essential part of Rightmove's governance framework to which the Board has delegated oversight of the accounting, financial reporting and internal control processes, the outsourced internal audit function and the relationship with the external auditors. The key responsibilities are set out on page 40 of the Corporate Governance Report.

The Committee has overseen a detailed programme of work in 2018 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 PwC 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 continued to focus on the Group's General Data Protection Regulation compliance programme and received regular updates since the introduction of the new regulations in May 2018. The Committee also reviewed the results of PwC's cyber maturity assessment performed in late 2017 and management's planned actions, supplemented by further discussions at Board level, reflecting the focus in this key risk area. The oversight of financial controls continues to be a key area of work for the Committee with all key financial cycles having been reviewed by Rightmove Assurance across the past three years including an 'end to end' billing review in 2018.

In November 2018 the Committee received a presentation from management providing an overview of the Financial Conduct Authority (FCA) principals and regulations in relation to the newly authorised Group entity, Rightmove Rent Services Limited. The presentation also covered Rightmove's approach to risk and compliance within an

FCA regulated framework. Rightmove has decided on a co-sourced FCA compliance function, whereby ultimate responsibility for FCA requirements remains within the Group, with assistance from an external provider. This allows Rightmove to build knowledge of FCA requirements and best practice, whilst being supported by external expertise. Following a competitive tender process, Deloitte LLP were appointed as the co-sourced FCA compliance provider.

As 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.

Following the publishing of the Financial Reporting Council's (FRC) 2017/2018 Audit Quality Report in June 2018, the Committee received a presentation from KPMG's Head of Audit UK to explain how KPMG as a firm is addressing the FRC's review points. The Committee also requested that KPMG provide regular updates on the progress of their Audit Quality Transformation Programme as well as the internal review processes relating to the Rightmove audit.

With effect from 1 January 2018 the Group has adopted IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. The Committee carefully considered the treatment and disclosures in the Annual Report in relation to the new accounting standards with both IFRS 15 and IFRS 16 having a material effect on the Group's Balance Sheet.

The Committee as part of its annual governance cycle also reviewed the Group's treasury, anti-bribery and whistleblowing policies and the gifts and hospitality register.

Looking forward to the next 12 months, the Committee will continue to focus on key risk areas such as cyber security and IT systems together with FCA compliance reviews for the newly regulated part of the business providing tenant passport services.

I have greatly enjoyed my first year as Chairman of the Audit Committee and 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.

Andrew Findlay

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 Code. The Board has determined that Andrew Findlay as the Committee Chair has recent and relevant financial experience as required by the Code due to his executive role as Chief Financial Officer of easyJet plc. Both Andrew Findlay and Peter Williams are qualified accountants.

As a whole, the Committee possesses experience relevant to the business through the digital experience of Andrew Findlay and Peter Williams, and the technology background of Jacqueline de Rojas.

Biographies of the members of the Committee are set out on pages 36 to 37.

The Committee met five times in 2018 and attendance of the members is shown on page 42 of the Corporate Governance Report. 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 2018 as part of the independent Board and Committee evaluation process. 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 report 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 2018 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.

Governance | Audit Committee report *continued*

Issue	Committee review
<p>Revenue As more fully described on page 19 and 98 to 100 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.</p>	<p>Revenue is a prime area of audit focus, particularly the timing of revenue recognition in relation to the billing of subscription fees and additional products. During the year, management performed data analytics procedures on the amounts billed to the two largest customer groups (Agency and New Homes). This included investigating anomalies such as billing gaps and single bills raised and reporting to the Committee in this regard.</p> <p>KPMG further supplement the data analytics work performed by management by using computer assisted audit techniques to match sales ledger postings to cash receipts recorded against trade receivable balances to further evidence the existence of revenue, with the results of this work reported to the Committee.</p> <p>The Committee discussed any anomalies with management and with KPMG in relation to the data analytics work performed. The Committee was satisfied with the explanations provided and conclusions reached.</p> <p>The data analytics performed work above is supplemented by a detailed analytical review of margin and ARPA together with a comprehensive analysis on the treatment of discounted and free member offers.</p>
<p>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.</p>	<p>The Committee reviewed the assumptions made by management, including the strong track record of profitable growth and cash generation by RMGL. Furthermore the Rightmove plc share price has increased significantly in the 10-year period since 2008, resulting in a current market value in excess of £4 billion, significantly higher than the investment carrying value of £0.5 billion. As RMGL is the main trading entity of Rightmove plc, we therefore see no evidence of impairment. The Committee was satisfied with the assumptions made.</p>

The Committee also reviewed and considered the following areas in relation to the 2018 Financial Statements.

Issue	Committee review
<p>Adoption of new accounting standards: IFRS 9 Financial instruments IFRS 15 Revenue from contracts with customers IFRS 16 Leases</p>	<p>The Committee carefully considered the treatment and disclosures in the Annual Report in relation to the new accounting standards with both IFRS 15 and IFRS 16 having a material effect on the Group's Balance Sheet.</p> <p>The Committee also obtained the external auditor's assessment of the implication of the new accounting standards and the related disclosures. The results of this review were that the Committee was satisfied the new accounting standards had been appropriately adopted.</p>
<p>Going concern and viability statements</p>	<p>In assessing the validity of the statements detailed on pages 28 and 97, the Committee reviewed the work undertaken by management to assess the Group's resilience to the Principal Risks under various stress test scenarios including consideration of the impact of a 'hard Brexit'. The Committee gained appropriate assurance that sufficient rigour was built into the process to assess going concern and viability over the designated periods.</p>



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 Auditor's 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?

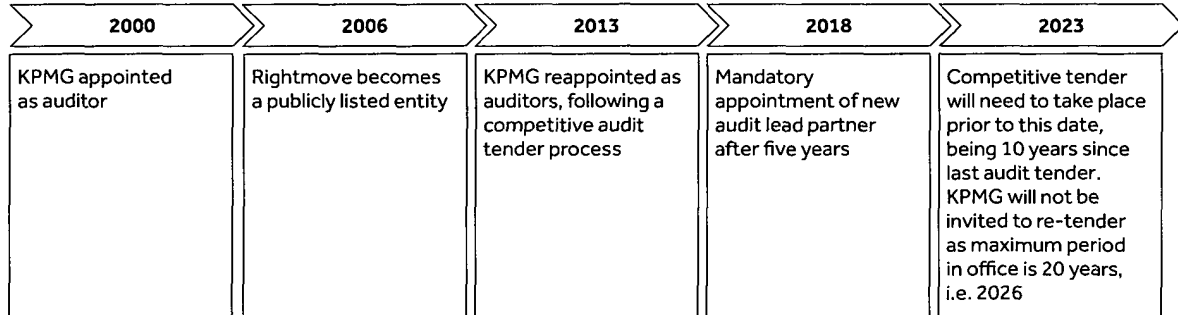
Following its review, the Committee is of the opinion that the 2018 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

External audit

The Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor, KPMG LLP (KPMG), who is engaged to conduct a statutory audit and express an opinion on the financial statements. KPMG's audit includes the review and testing

of the systems of internal financial control and data which are used to produce the information contained in the financial statements. The Committee is responsible for making recommendations to the Board in relation to the appointment of the external auditor. KPMG was reappointed as auditor of the Group at the 2018 AGM. The current external audit engagement partner is Arna Jones, who has held this role since the beginning of 2018. A timeline setting out the tenure of KPMG as auditor is set out overleaf.

External Audit tendering timeline



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 approved the audit fees of £151,000 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.

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 £28,000 for non-audit services, representing less than 17% of the 2018 audit fee. Of this, £19,000 related to the half-year review, and £5,000 to a review of the Group's first payment practices report. Further details of these services can be found in Note 6 to the financial statements.

Non-audit service

Assurance-related services directly related to the audit. For example the review of the half-year Financial Statements.

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.

Policy

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.

Prohibited, in accordance with the EU Audit Reform.

External auditor effectiveness

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 FRC's Audit Quality Report (AQR) relating to KPMG and discussed the year on year decline in the percentage of audits inspected that met the standard of good/limited improvements (61% in 2017/2018 versus 65% in 2016/2017). The AQR highlighted that in a sample of audits inspected, KPMG had failed to evidence and record its processes in relation to challenge of management on areas of judgement. The Committee asked KPMG to comment on the actions taken by them as a firm since the review.

KPMG acknowledged that it was not satisfied with the scores and is committed to putting it right, having taken a number of actions to drive improvement through its Audit Quality Transformation Programme. Specifically, KPMG has mandated more standard work papers, expanded its second line of defence reviews, accelerated implementation of existing technology based audit tools, increased central monitoring of audits, together with more mandatory face to face training, tailored by sector. KPMG agreed to provide the Committee with regular updates on the internal review processes in place for the Rightmove audit.

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 key audit reports and the capability and experience of the audit team. For the 2018 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 2018 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:

- GDPR readiness in flight review to re-perform an earlier readiness assessment performed in 2017 and to validate completed actions as part of the GDPR programme;
- Counter fraud review to identify areas of greatest fraud risk or cash leakage to the business; and

- End to end billing system review to evaluate the design and effectiveness of controls, including review of the new automated billing system developed for the Overseas business.

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 function had an appreciation of the key issues facing the business, was realistic and robust with audit suggestions and added value to the business.

Anti-bribery and whistleblowing

The Code includes a provision requiring the Committee to review arrangements by which employees of the Group may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee's objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for the appropriate follow up action.

Rightmove is committed to the highest standards of quality, honesty, openness and accountability. The Group has a whistleblowing process which enables employees of the Group to raise genuine concerns on an entirely confidential basis. The Committee receives reports on the communication of the whistleblowing policy to the business and the use of the service including any whistleblowing incidents and their outcomes.

The Board believes that it is important for the Group and its employees to follow clear and transparent business practices and consistently apply high ethical standards in all business dealings thereby supporting the objectives of the Bribery Act 2010. An Anti-Bribery and Corruption Policy and procedures have been established to set out what is expected from employees and other stakeholders who act

on behalf of the Group to ensure that they protect themselves as well as the Group's reputation and assets. The Anti-Bribery and Corruption Policy is communicated to all new joiners as part of the induction process and is communicated annually to all employees at the town halls. Rightmove has a zero-tolerance approach to bribery and any breach of the Bribery Act is regarded as serious misconduct, potentially justifying immediate dismissal.

All corporate gifts and hospitality offered or received valued at more than £50 are recorded in the Group's gifts and hospitality register. For any gifts or hospitality greater than £100 approval is required prior to accepting and the register is examined by the Committee at least annually.

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 (formerly known as the Turnbull Guidance) 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 has established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating and managing the principal risks to the Group. These procedures have been in place for the whole of the financial year ended 31 December 2018 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, financial and regulatory 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;
- 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;
- 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 and is responsible for monitoring compliance with banking agreements, where appropriate;
- A comprehensive disaster recovery plan and business continuity plan based upon:
 - co-hosting of the Rightmove.co.uk website across three separate locations, which is regularly tested and reviewed;
 - the ability of the business to maintain business critical activities in the event of an incident;
 - the capability for employees to remote work from home or a third party location in the event of a loss of one of our premises which is regularly tested through planned office closures;
 - regular testing of the security of the IT systems and platforms, regular backups of key data and ongoing threat monitoring to protect against the risk of cyber attack;
- A framework which provides guidelines in meeting the FCA regulatory requirements for our newly authorised subsidiary entity, Rightmove Rent Services Limited;
- A Group Data Protection Framework which provides guidelines in meeting the requirements of the data protection principles set out in the Data Protection Act 2018; and
- Whistleblowing and Anti-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.

Scott Forbes
Chairman of the
Nomination Committee

Dear Shareholder

I am pleased to present the Nomination Committee report for 2018.

The role of the Nomination Committee (the Committee) is to keep the structure, size and composition of the Board and Committees under review with the primary objective of matching the skills, knowledge and experience of directors to Rightmove's business strategy and requirements.

Our priority is to optimise Board performance, enabling the Group to prosper, compete and manage risk effectively 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 2018 by:

- reviewing the Group organisation and succession plans;
- conducting and discussing the Board Strategy review, including the Board succession plan;
- recommending the appointment of a new non-executive director; and
- conducting external Board and Committee evaluations. Further details of the Board evaluation can be found on page 53.

The Committee continued its focus on orderly Board succession, comparing Rightmove's strategic objectives with the profiles of its existing directors to determine future Board requirements and shape recruitment plans. The Board discussed its proposed succession plan with shareholders, representing a majority of the Company's shares, with a particular focus on addressing the significant minority vote against the re-election of the Chairman and Senior Independent Director at the 2018 AGM. Following the consultation and investor feedback, the Board believes that we have developed a consensus view in support of an orderly succession plan, further details of which are set out on pages 52 to 53 of this report.

During the year Lorna Tilbian was appointed as a non-executive director on 1 February 2018. Following the 2018 AGM, Lorna was appointed a member of the Remuneration and Nomination Committees and Andrew Findlay succeeded Ashley Martin as Audit Committee Chairman.

The Board currently consists of eight directors including six non-executive directors, five of which are considered to be independent. Following the intended retirement of Peter Williams at the 2019 AGM and absent the appointment of a non-executive director prior to then, the Board will comprise seven directors (two executive and five non-executive directors). Korn Ferry International (Korn Ferry) has been appointed and has commenced a search for up to two new non-executive directors during 2019 including individuals with a range of skills and experience to succeed the current Chairman and to complement the potential successor candidates already on the Board. The Board has established a committee to work with Korn Ferry in connection with Board recruitment for potential successors to the Board Chairman.

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 non-executive directors are members of the Committee. Peter Brooks-Johnson, Robyn Perriss and the Head of People & Development attended meetings by invitation.

The Committee met twice during the year and attendance at the meetings is shown on page 42.

Membership

The Committee is comprised of non-executive directors, whose biographical details can be found on pages 36 to 37. As at 31 December 2018, all the non-executive directors (five out of six members of the Committee) were considered by the Board to be independent. At the request of the 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 for any discussion about the appointment of his successor, when 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 2018

During the year the Committee has:

- reviewed the composition and diversity of the Board;
- reviewed the membership of Board committees;
- approved the plans for the organisation and succession of the executive directors and senior management;
- considered the Board Strategy Review and recommendations for candidate profiles for new non-executive directors;
- considered the implementation of a Board succession plan in light of the shareholder consultation following the AGM vote on directors' re-election;
- agreed the process for an external Board evaluation and considered actions arising;
- considered potential conflicts of interest and directors proposed appointments to other boards; 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 proactively arrange periodic meetings with executive directors and senior management in Rightmove's office outside of Board meeting dates and are invited to attend customer events and briefings. 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.

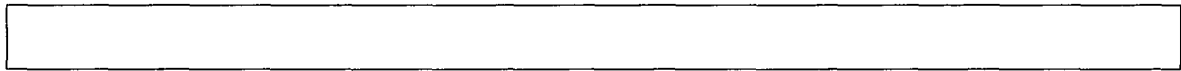
Individual Board members have access to training and can seek advice from independent professional advisers, at the Group's expense, where specific expertise or training is required in furtherance of their duties. The Board receives technical briefings and training on critical and new areas, such as cyber security and the FCA regulation of Rightmove's tenant passport business.

Board succession and independence

Informed by previous Board Strategy Reviews, the Committee has always taken a long-term view of Board succession, carefully considering whether non-executive director skills, experience and interest make them potential candidates for the role of Chairman and Senior Independent Director, in order to provide for orderly Board succession.

The Board had determined that all directors had sufficient capacity to meet their commitments to Rightmove, including during periods when greater involvement may be required of them. Nevertheless, the Board recognised the value of consulting with shareholders to explain its orderly Board succession plan following the AGM in May 2018 when a significant minority of votes were received against the re-election of our Chairman, Scott Forbes and Peter Williams, our Senior Independent Director based on concerns about the number of their Board appointments. Following the consultation, the Chairman and Board believe we have received support from investors for an orderly succession plan for the Senior Independent Director and Chairman as outlined below:

- Peter Williams intends not to stand for re-election at the 2019 AGM to allow for the development and possible recruitment of a successor to the Chairman who has the potential to fill the role for an extensive period of time; Peter has served more than five years as a non-executive director and Remuneration Committee Chairman.
- The Board proposes to elect Jacqueline de Rojas as Senior Independent Director and she will chair the committee that will oversee the process for appointing and/or developing a new Chairman.



- Lorna Tilbian will be elected as Chair of the Remuneration Committee following the retirement of Peter Williams at the 2019 AGM, having served on the Remuneration Committee for over a year.
- Scott Forbes has stated his intention not to stand for re-election at the 2020 AGM, provided that a suitable candidate has been identified and is ready to assume the Board Chair role at that time.
- The Nomination Committee has engaged Korn Ferry to conduct an external search for, and will recommend the appointment of, up to two new non-executive directors with the experience and capabilities matching candidate profiles identified in Rightmove's Board strategy review. The candidates will include individuals with the skills and experience required for Chair succession to supplement the potential successor candidates already on the Board.

In selecting new non-executive directors, the Nomination Committee will give due consideration to the conclusions of the Board Strategy Review (externally facilitated by Korn Ferry in 2018), the current Board composition and the Group's strategic plan.

Board effectiveness and evaluation

In 2018, the Board completed an externally facilitated evaluation of its performance, including performance of its Committees. Independent Audit was appointed to conduct the evaluation using their online self-assessment service, Thinking Board, which all directors and the Company Secretary were invited to complete.

The Board received Independent Audit's comprehensive report, which was discussed at the Board meeting in February 2019. The report concluded that the Board and its Committees were operating effectively with an open and supportive Board dynamic focussed on Group strategic priorities resulting in effective challenge and collaboration between non-executive and executive directors.

The Board agreed initiatives to further improve Board effectiveness which include refreshing the Board programme with input from non-executive directors, reprioritising Board agenda items and optimising the format and delivery of Board presentations by the senior management team.

An internally facilitated review of the performance of the Board and its Committees will be conducted in 2019.

The directors submit their report together with the audited financial statements for the Company (Number: 06426485) and its subsidiary companies (the Group) for the year ended 31 December 2018.

The Directors' Report comprises these pages, the sections of the Annual Report referred to under the Corporate Governance statement and other information below which are incorporated into the Directors' Report by reference. The Board has included certain disclosures in the Strategic Report in accordance with section 414C(11) of the Companies Act 2006 (the Act).

Strategic Report

The Strategic Report can be found on pages 5 to 35. The Act requires this Annual Report to present a fair, balanced and understandable view of Rightmove's business during the year ended 31 December 2018 and of the position of the Group at the end of the financial period, together with a description of the principal risks and uncertainties facing the business.

For the purposes of compliance with DTR 4.1 the required content of the management report can be found in the Strategic Report and this Directors' Report, including the sections of the Annual Report incorporated by reference.

Corporate governance statement

The Disclosure and Transparency Rules (DTR) require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils these requirements can be found in the Corporate governance report on pages 38 to 43 and is incorporated into the Directors' Report by reference.

Directors

The directors of the Company as at the date of this report are Scott Forbes, Peter Williams, Andrew Findlay, Jacqueline de Rojas, Lorna Tibbian, Rakhi Goss-Custard, Peter Brooks-Johnson and Robyn Perriss. Ashley Martin was a non-executive director until his retirement on 4 May 2018. Biographies of current directors can be found on pages 36 to 37.

Share capital

On 31 August 2018 shareholders approved a resolution to subdivide the Company's ordinary shares of 1 pence each (1p shares) into ten ordinary shares of 0.1 pence (0.1p shares) each in the capital of the Company. Following the subdivision, each shareholder held ten 0.1p shares for each 1p share immediately prior to the subdivision. Each new 0.1p share carries the same rights and entitlements as the 1p shares, as set out in the Company's Articles of Association.

The shares in issue, including 14,813,304 0.1p shares held in treasury (2017: 1,892,456 1p shares) at the year-end amounted to 907,684,330 0.1p shares (2017: 93,266,207 1p shares), with a nominal value of £907,684 (2017: £932,662). 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.

Results and dividends

The Group reported underlying profit⁽¹⁾ before tax of £203.3m (2017: £184.4m) and the profit before tax for the year of £198.6m (2017: £178.3m). The directors are recommending a final dividend for the year of 4.0 pence per 0.1p share (2017: 36.0p per 1p share) amounting to, £35,702,000 (2017: £32,758,000), which together with the interim dividend of 2.5 pence per 0.1p share (2017: 22.0 pence per 1p share), makes a restated total for the year of 6.5 pence per 0.1p share (2017: 58.0 pence per 1p share).

Subject to shareholder approval at the Annual General Meeting (AGM) on 10 May 2019, the final dividend will be paid on 31 May 2019 to shareholders on the register of members at the close of business on 3 May 2019.

Share buyback

The Company's share buyback programme continued during 2018. Of the 10% authority granted by shareholders at the 2018 AGM, a total of 1,325,040 1p shares and 11,723,700 0.1p shares (2017: 2,224,059 1p shares) were purchased in the year to 31 December 2018, being 2.8% (2017: 2.4%) of the shares in issue (excluding shares held in treasury) at the time the authority was granted. The average price paid per 1p share was £45.46 and per 0.1p share was £4.55 (2017: £40.83 per 1p share) with a total consideration paid (excluding all costs) of £113,528,000 (2017: £90,809,000). Since the introduction of the new parent company in January 2008, a total of 39,964,605 1p shares and 11,723,700 0.1p shares had been purchased, of which 14,813,304 0.1p shares were held in treasury as at 31 December 2018 with the remainder having been cancelled. A resolution seeking to renew this authority will be put to shareholders at the AGM on 10 May 2019.

Shares held in trust

As at 31 December 2018, 2,248,020 0.1p shares (2017: 263,767 1p shares) were held by The Rightmove Employees' Share Trust (EBT) for the benefit of Group employees. These shares had a nominal value at

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

31 December 2018 of £2,248 (2017: £2,638) and a market value of £9,711,000 (2017: £11,870,000). The shares held by the EBT may be used to satisfy share-based incentives for the Group's employee share plans. During the year, 3,579 1p shares and 178,860 0.1p shares (2017: 77,008 1p shares) were transferred to Group employees following the exercise of share-based incentives. Additionally, 157,525 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 2018, 810,095 0.1p shares (2017: 67,700 1p shares) were held by the SIP for the benefit of Group employees. These shares had a nominal value at 31 December 2018 of £810 (2017: £677) and a market value of £3,500,000 (2017: £3,047,000). The shares held by the SIP are awarded as free shares to eligible employees 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, 19,500 1p shares and 4,430 0.1p shares (2017: 2,450 1p shares) were released early from the SIP under the SIP rules.

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 106.

Political and charitable donations

During the year the Group did not make 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 Act (2017: £nil). Details of the Group's charitable donations are set out in the Corporate Responsibility Report on page 33.

Annual General Meeting

The AGM of the Company will be held at the offices of UBS Limited at 5 Broadgate, London, EC2M 2QS on 10 May 2019 at 10am. The Notice of Annual General Meeting will be published in April 2019.

The resolutions being proposed at the 2019 AGM are general in nature, including the renewal for a further year of the limited authority of the directors to allot 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 2019 AGM.

Auditor

KPMG LLP has indicated its willingness to continue in office as auditor of the Group. In accordance with section 489 of the Act, 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 2019 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 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.

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) held on behalf of the organisations shown in the table below, had been notified to the Company pursuant to DTR 5.1. The information provided below was correct as at the date of notification, where indicated this was not in the 2018 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. Share interests declared before the 10:1 share subdivision effective on 31 August 2018 have been restated.

Shareholder	Nature of holding	Total voting rights	% of total voting rights ⁽¹⁾
Kayne Anderson	Direct	64,794,160	7.26%
Rudnick Investment Management, LLC ⁽³⁾	American Depository Receipts	33,429,592	3.75%
BlackRock Inc	Indirect	50,160,300	5.62%
	Contracts for difference	5,473,130	0.61%
	Stock Lending	16,304,460	1.83%
Marathon Asset Management LLP ⁽²⁾	Indirect	59,307,550	6.64%
Baillie Gifford & Co ⁽²⁾	Indirect	58,736,140	6.58%
Standard Life Aberdeen Investments	Indirect	45,307,190	5.08%
Generation Investment Management LLP	Indirect	45,181,680	5.06%
Axa Investment Managers SA ⁽²⁾	Indirect	44,413,780	4.98%
	Contracts for difference	376,620	0.04%

(1) The above percentages are based upon the voting rights share capital (being the shares in issue less shares held in treasury) of 892,556,026 as at 28 February 2019.

(2) Date of notification preceded the 2018 financial year.

(3) Date of notification followed the 2018 financial year end.

Governance | Directors' report *continued*

Articles of association

Any amendment to the Articles may be made in accordance with the provisions of applicable English law concerning companies, specifically the Act (as amended from time to time), by way of special resolution at a general meeting of the shareholders.

Compensation for loss of office

There are no additional agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the Company's share plans may allow options and awards granted to directors and employees to vest on a takeover.

Other Information

Information	Page(s)	Location in Annual Report
Financial instruments and financial risk management	109 to 111 and 132 to 134	Notes 3 and 26, Financial Statements
Appointment, removal and powers of directors	38 and 42	Corporate Governance Report
Future developments of the Group's business	5 to 10	Strategic Report ⁽¹⁾
Employee engagement	30	Strategic Report: Corporate Responsibility Report ⁽¹⁾
Employee share schemes	30 and 63 to 64	Strategic Report: Corporate Responsibility Report ⁽¹⁾ and Directors' Remuneration Report
Health and safety and employee related policies including diversity and disability	29 to 32 and 34	Strategic Report: Corporate Responsibility Report ⁽¹⁾
Movements in share capital	124 to 125	Note 23, Financial Statements
Long-term incentive plans	58 to 84	Directors' Remuneration Report
Green House Gas Emissions	34	Strategic Report: Corporate Responsibility Report ⁽¹⁾
Fair, balanced and understandable	47 and 57	Audit Committee Report and Directors' statement of responsibilities
Directors' indemnities	43	Corporate Governance Report

(1) The Board has taken advantage of section 414C(11) of the Act to include disclosures in the Strategic Report on these items indicated above.

The Directors' Report was approved by the Board on 1 March 2019.

Signed on behalf of the Board:



Peter Brooks-Johnson
Chief Executive Officer

1 March 2019

Governance | Directors' responsibilities statement in respect of the Annual Report and financial statements

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.

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 strategic report includes a fair review of the development and performance of the business and the position of the Issuer and the undertakings included in the consolidation taken as a whole, together with a description of the *principal risks and uncertainties* that 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
Chief Executive Officer


Robyn Perriss
Finance Director

1 March 2019

Peter Williams
Chairman of the
Remuneration Committee

Dear Shareholder

I am pleased to present our Directors' Remuneration Report for Rightmove (the Company) together with its subsidiary companies (the Group) for the year ended 31 December 2018.

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 page 60.

Performance and reward

The Committee is confident that the executive directors' remuneration fairly reflects the overall performance of the Group. Rightmove's 2018 results again show healthy growth in revenue and underlying operating profit⁽¹⁾, demonstrating the strength of the Rightmove business model and the effective implementation of the business strategy by our management team.

In keeping with the Remuneration Policy, the Committee has reviewed performance against the bonus plan objectives for 2018 and recommended an annual bonus payment of 78%. The bonus achieved reflects the growth in revenue and underlying operating profit⁽¹⁾ of 10%, audience growth that has outstripped Rightmove's closest competitors by over 800%, growth in revenue of 11% from our Other businesses and continued strong employee engagement with 91% of Rightmovers⁽²⁾ thinking that Rightmove is a great place to work. These performance targets are considered stretching and vital to Rightmove's continued success. Achievement against each performance target is detailed on page 78 and reflected in the higher bonus payout for 2018, compared with 2017. The Committee considers that the performance conditions set for 2018 were challenging and have supported the business objectives; the threshold for each target has been met or exceeded and the payout is therefore appropriate.

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

(2) Based on the number of employee respondents selecting 'Yes' as a response to this question in the annual employee survey.

(3) Before share-based payments and NI on share-based incentives with no related adjustment for tax. Prior year EPS has been adjusted for the 10:1 share subdivision effective on 31 August 2018.

The Group's performance over the last three financial years reflects strong revenue growth and efficient capital management. The 2016 Performance Share Plan (PSP) awards, measuring performance from 1 January 2016 to 31 December 2018, are due to vest in March 2019. 67% of the PSP awards will vest as a result of delivering underlying basic EPS⁽³⁾ growth of 51% versus a maximum target of 55% over the three-year performance period. The Company's TSR growth did not meet the threshold of TSR equal to the FTSE 350 Index over the same period. The Committee tested both performance conditions, which were set at the beginning of the performance period, and believes the overall outturn against the performance conditions is appropriate. The PSP awards will vest in March 2019.

Investor engagement and Remuneration Policy

The current Policy was approved by our shareholders in 2017 and is set out on pages 61 to 70. The Policy is designed to address 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 CEO and Finance Director. Rather than address this shortfall in a single significant increase the Committee implemented a plan, endorsed by investors in 2017, to phase the increase over the three-year period 2017 to 2019. The plan increases the executive directors' salary by 3% in excess of the average workforce rise each year over the period. All employees, including executive directors, receive the same inflationary pay rise, plus any 'market adjustment' which recognises the size and complexity of each role and the present incumbents' experience and capabilities and so this approach is consistent with that for other members of the workforce.

The Committee's key objective is to agree a remuneration framework that rewards and incentivises our management team to deliver Rightmove's longer-term strategy.



Rightmove's culture is based on the belief that 'we're all in it together' and reflected in the alignment of pay rises and benefits available to all employees in recognition of their commitment to the business and strong performance. The Remuneration Policy for executive directors seeks to deliver 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's KPIs. Performance-related pay is geared towards long-term sustainable performance, with a high level of annual bonus deferred into shares, long-term incentive awards and suitable share ownership guidelines.

In 2018, we consulted with our major shareholders (representing over 60% of the Company's share capital) on the proposed executive base salary increases for 2019 and the three-year vesting period for PSP awards. We received feedback from a number of investors that pay awards should be aligned to all employee rises and that a longer post-vesting holding period for LTIPs were considered to be the norm. Both Peter Brooks-Johnson and Robyn Perriss have been key members of the senior leadership team for more than ten years and built up significant shareholdings, in excess of the shareholding guidelines of 200% of current salaries. Since their appointment as directors in 2011 and 2013 respectively, Peter and Robyn have helped deliver consistently strong year on year revenue growth and generated significant returns for investors. The Committee has given careful consideration to investor comments and believes that in the context of the final year of a cohesive Remuneration Policy, the 2019 pay and share awards remain appropriate for the present executive directors.

The Committee will review all elements of executive remuneration in 2019, cognisant of recommended best practice in the 2018 Corporate Governance Code and investor policies on executive remuneration. A new Remuneration Policy will be proposed for shareholder approval at the 2020 AGM.

We continue to value the engagement and support of our shareholder base.

Peter Williams

Chairman of the Remuneration Committee

Governance | Remuneration at a glance

2018 Financial performance

Revenue	Underlying operating profit ⁽¹⁾	Returns to shareholders
+10%	+10%	£168.5m

Long-term incentive plan – outcome against maximum targets: 67%

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Annual bonus plan – outcome against maximum targets: 78%

Underlying operating profit ⁽¹⁾	Growth in absolute time on site in minutes relative to our nearest competitors ⁽⁴⁾	Growth in Other revenue ⁽³⁾	Employee survey respondents who think 'Rightmove is a great place to work'
Threshold target: £194.4m Actual: £203.3m	Threshold target: the same absolute growth in minutes Maximum target: 50% higher Actual: growth in time in minutes year on year over 800% larger than our nearest competitors	Threshold target: 10% Actual: 11%	Threshold target: 90% Actual: 91%

Pay and performance for 2018

	Chief Executive Officer	Finance Director
Salary	£472,268	£339,200
Benefits	£2,192	£1,414
Cash Bonus	£184,185	£132,288
Deferred Share Bonus	£276,277	£198,432
Long-term incentives	£555,256	£439,219
Total remuneration	£1,490,178	£1,110,552

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 PSP 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. Prior year EPS has been adjusted for the 10:1 share subdivision effective on 31 August 2018.

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

(4) Time in minutes spent on Rightmove platforms, measured by comScore, relative to our nearest competitors.

Remuneration Policy Report (unaudited)

Introduction

This report sets out the Company's Policy on directors' remuneration for the forthcoming year as well as information on remuneration paid to directors for the financial year ended 31 December 2018. 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 2016 UK Corporate Governance Code (the Code).

This report comprises a Policy Report and an Annual Report on Remuneration. The Remuneration Policy was approved by shareholders at the 2017 AGM. The Annual Report on Remuneration will be subject to an advisory vote at the 2019 AGM and a new Remuneration Policy will be proposed for shareholder approval at the 2020 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 Group 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, through the deferral of 60% of annual bonuses for a further two years after the performance targets have 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:

Governance | Directors' remuneration report *continued*

Remuneration Policy

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Salary	To provide a base salary which will attract and retain high calibre executives to execute the Group's business strategy.	<p>Base salaries are normally reviewed annually. The timing of any change is at the Committee's discretion and will usually be effective from 1 January.</p> <p>When considering the executive's eligibility for a salary increase, the Committee considers the following points:</p> <ul style="list-style-type: none"> • size and responsibilities of the role; • individual and Group performance; • increases awarded to the wider workforce; and • broader economic and inflationary conditions. <p>Executive directors' remuneration is benchmarked against external market data periodically (generally every three years). Relevant market comparators are selected for comparison, which include other companies of a similar size and complexity. The Committee considers benchmark data, alongside a broad review of the individual's skills and experience, performance and internal relativities.</p>	<p>Directors' current salaries are set out on page 72.</p> <p>These salary levels will be eligible for increases during the period that the Remuneration Policy operates from the effective date.</p> <p>During this time, salaries may be increased each year (in percentage of salary terms) in line with those of the wider workforce and will be capped at the average workforce increase plus 3%, subject to the Committee's consideration of the overall salary budget, individual and Group performance and factors in the wider economy including inflation.</p> <p>Increases beyond those linked to the workforce (in percentage of salary terms) will only be awarded where there is a change of incumbent, in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.</p>	The Committee considers both individual and Group performance in a broad context when determining base salary increases.
Benefits	To provide simple, cost-effective employee benefits which are the same as those offered to the wider workforce.	<p>The executive directors are enrolled in the Group's private medical insurance scheme and receive life assurance cover equal to four times base salary. Additionally, all executive directors are members of the Group's medical cash plan.</p> <p>Executive directors will be entitled to receive new benefits on the same terms as those introduced for the whole workforce.</p>	The value of benefits may vary from year to year depending on the cost to the Company from third party providers.	Not applicable



Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Pension	To provide a basic, cost-effective, long-term retirement benefit.	<p>The Group operates a stakeholder pension plan for employees under which the employer contributes 6% of base salary subject to the employee contributing a minimum of 3% of base salary. The Company does not contribute to any personal pension arrangements.</p> <p>The Company may introduce a cash alternative to a pension contribution where this would be more tax efficient for the individual.</p> <p>Whilst executives are not obliged to join, the Company operates a pension salary exchange arrangement whereby executives can exchange part of their salary for Company paid pension contributions. Where executives exchange salary and this reduces the Company's National Insurance Contributions the Company credits the full saving to the executive's pension.</p>	6% of base salary	Not applicable
Annual bonus including Deferred Share Bonus Plan (DSP)	To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of annual financial and operational objectives.	<p>The annual bonus comprises a cash award (40% of any bonus earned) and a DSP award (60% of any bonus earned). A greater proportion of the annual bonus may be deferred in future years at the Committee's discretion.</p> <p>Deferred shares will vest after two years and be potentially forfeitable during that period.</p> <p>Payments under the annual bonus plan may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.</p>	125% of base salary	<p>The bonus is determined by and based on performance against a range of key performance indicators which will be selected and weighted to support delivery of the business strategy.</p> <p>The primary bonus metric will be profit-based (e.g. underlying operating profit) with targets set in relation to a carefully considered business plan and requiring significant out-performance of that plan to trigger maximum payments.</p> <p>A minority of bonus will also be earned based on pre-set targets drawn from the Group's other key performance indicators relating to underlying drivers of long-term revenue growth.</p> <p>Details of the performance measures used for the current year and the targets set for the year under review and performance against them is provided on pages 72 and 78.</p> <p>25% of the awards vest for achieving the threshold performance target. Bonus is earned on a linear basis from threshold to maximum performance levels.</p>

Governance | Directors' remuneration report continued

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Performance Share Plan (PSP)	To incentivise and reward executives for the achievement of superior returns to shareholders over a three-year period, to retain key individuals and align interests with shareholders.	<p>The PSP was established in 2011 and permits annual awards of nil cost options, contingent shares and forfeitable shares which vest after three years subject to continued service and the achievement of challenging performance conditions.</p> <p>The Committee has discretion to introduce a two-year post-vesting holding period for future executive appointments to the Board.</p> <p>A dividend equivalent provision operates enabling dividends to be paid (in cash or shares) on shares at the time of vesting.</p> <p>PSP awards may be subject to clawback in the event of a material misstatement of the Group's financial results or misconduct.</p>	200% of base salary	<p>Awards vest based on three-year performance against challenging financial targets for EPS and relative TSR performance.</p> <p>Financial targets will determine vesting in relation to at least half of an award.</p> <p>25% of the awards vest for achieving the threshold performance target. Awards vest on a linear basis from threshold to maximum performance levels.</p> <p>The performance period for financial targets and relative TSR targets is three financial years, starting with the year in which the award is granted.</p>
All-employee Sharesave Plan	Provides all employees with the opportunity to own shares in the Company on similar terms.	Executive directors are entitled to participate on the same terms as all other employees in the Group's Sharesave Plan, which has standard terms.	Participation limits are set by HMRC from time to time.	None
Share Incentive Plan (SIP)	To provide all employees the opportunity to own shares in the Company on equal terms.	<p>Executive directors are entitled to participate in the SIP on the same terms as all other employees. The SIP has standard terms and currently only free shares are offered. However, executive directors routinely forfeit their entitlement to any free share awards.</p> <p>The Committee may award free shares to employees, subject to the continued strong Group performance. Share awards will typically be made annually and will be modest in value, historically shares to the value of £2,000 per employee.</p>	Participation in the SIP is based on HMRC rules. Share awards are discretionary and made within the SIP rules.	None
Share ownership guidelines	To provide alignment between the executive directors and shareholders.	<p>Executive directors are required to retain at least half of any share awards vesting or exercised (after selling sufficient shares to meet the exercise price and to pay any tax liabilities due) until they have met the shareholding guideline.</p> <p>The Committee will regularly monitor progress towards the guidelines.</p>	Shareholding guideline: 200% of base salary for all executive directors.	Not applicable



Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Non-executive directors	To provide a competitive fee which will attract and retain high calibre individuals and reflects their relevant skills and experience.	<p>The fees for non-executive directors (including the Company Chairman) are reviewed periodically (generally every three years).</p> <p>The Committee will consider the Chairman's fee, whilst the non-executive directors' fees are considered by the wider Board, excluding the non-executives.</p> <p>Fee levels for each role are determined after considering the responsibility of the role, the skills and knowledge required and the expected time commitments.</p> <p>Periodic benchmarking against relevant market comparators, reflecting the size and complexity of the role, is used to provide context when setting fee levels.</p> <p>In exceptional circumstances, where the normal time commitment has been substantially exceeded, an additional fee may be paid at the Board's discretion.</p>	<p>Fees for the Chairman and non-executive directors were reviewed in 2018 and are set out on page 73.</p> <p>Fee increases may take place if fee levels are considered to have become out of line with the responsibilities and time commitments of individual roles.</p> <p>Flexibility is retained to increase the above fee levels in the event that it is necessary to recruit a new Chairman or non-executive director of an appropriate calibre in future years.</p>	None
Business expenses	To reimburse directors for reasonable business expenses.	<p>Directors may claim reasonable business expenses within the terms of the Group's expenses policy and be reimbursed on the same basis as all employees.</p> <p>The Group may reimburse business expenses which are in future classified as taxable benefits by HMRC.</p>	Expenses vary from year to year according to each director's responsibilities, business activity and location.	Not applicable

Discretions maintained by the Committee in operating the incentive plans

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

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

- the selection of participants in the respective plan;
- the timing of grant of an award (if any) and payments;
- the size of an award and/or a payment (with limits as described in the table above);
- the extent of vesting based on the achievement of performance targets and applicable exercise periods where relevant;
- how to deal with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group;

- determination of a 'good'/'bad' leaver for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen including the timing of the delivery of shares;
- adjustments (if any) required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- the annual review of performance measures, targets and weightings for the annual bonus plan and PSP from year to year.

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

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

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

Selection of performance measures and how targets are set

The performance metrics used for the annual bonus and long-term incentive plans are derived from the Group's key performance indicators. Each performance measure has a threshold target, with 25% payable, and a stretching maximum target with 100% payable and a sliding scale for intermediate performance.

Underlying operating profit is the primary performance metric for the annual bonus as it is a key financial performance indicator used within the business and aligned to the Group's strategy of delivering profitable growth. Operating profit is measured on an underlying basis for consistency and 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 based around meeting and exceeding the business plan for the year.

The annual bonus is also payable for performance against other operational metrics, including a traffic market share target, growth in Other business 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, measured as the time consumers spend on Rightmove compared to our nearest competitors, is a key indicator of the size and engagement of our audience and the value which Rightmove brings to our customers. The Committee therefore considers it important to set a challenging target to increase Rightmove's share of this audience from an already very high starting point.

The Other revenue target measures growth in revenue from businesses other than Agency and New Homes. As some of these businesses are still at an early stage of development compared to Rightmove's core Agency and New Homes businesses, growth in revenue rather than in operating profit is considered to be a more appropriate measure; this element of the bonus remains a small proportion of the total bonus opportunity.

For the longer term PSP awards, a combination of underlying basic earnings per share (EPS) and relative TSR performance conditions are used as performance measures. 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 pay out for threshold performance levels, with the maximum award requiring substantial out-performance. For TSR, the range of targets measure how successful the Company is in out-performing the FTSE 350 Index with 25% of this part of the award vesting at the threshold performance level, through to full vesting for 25% out-performance of the Index over the three-year performance period. For historic PSP awards, performance against the FTSE 250 Index was the selected measure, however, the Company has resided in the top quartile of the FTSE 250 for some time and is a current FTSE 100 constituent and thus 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 shareholders and to maintain tax-favoured status the awards must operate on a consistent basis for all employees.

How the views of employees are taken into account

The Committee has not felt it necessary to consult directly with employees on executive remuneration matters, however, it always seeks employee views via management when considering remuneration proposals. The Committee is aware of 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 Group's strategy to keep remuneration simple and consistent, benefits and pension arrangements provided to executive directors are identical to 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 there is a stronger connection between 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. In 2018, the Committee consulted major

Reward scenarios

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

shareholders representing over 60% of the Company's share ownership on the application of the Policy in relation to 2019 executive director remuneration proposals. The shareholders consulted were generally supportive of the proposals for 2019. The Committee received constructive feedback in relation to the alignment of directors' pay to all employee rises in basic salary and shareholders' preference for post-vesting holding periods for long-term incentives. Shareholder feedback has been carefully considered by the Committee and will contribute to the development of the 2020 Remuneration Policy.

Assumptions:

1. Minimum = fixed pay only (salary + benefits + pension).
2. On-target = 55% payable of the 2019 annual bonus and 62.5% vesting of the 2019 PSP awards being the midpoint between threshold vesting of 25% and maximum vesting of 100%.
3. Maximum = 100% payable of the 2019 annual bonus and 100% vesting of the 2019 PSP awards.

Base salary is as set at 1 January 2019. The value of taxable benefits is based on the cost of supplying those benefits (using the cost as disclosed on page 76) for the year ended 31 December 2018. 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. The executive directors do not participate in the SIP and the value of any vested Sharesave options is included in the directors' remuneration set out on page 77.

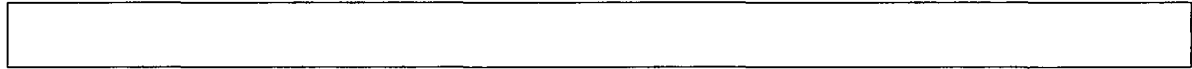
As required by the regulations no assumption is made as to future share price growth for reward elements (deferred bonus and long-term incentives) that are delivered in shares.

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

Recruitment and promotion policy

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

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



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

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

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

In addition, any statutory entitlements or sums to settle or compromise claims in connection with the termination would be paid as necessary. The Company may also provide a contribution toward reasonable legal fees or outplacement services.

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.

Governance | Directors' remuneration report continued

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 28 February 2019
Executive directors				
Peter Brooks-Johnson ⁽¹⁾	10 January 2011	22 February 2011	12	8 years 1 month
Robyn Perriss ⁽²⁾	30 April 2013	1 May 2013	12	5 years 10 months
Non-executive directors				
Scott Forbes (Chairman) ⁽³⁾	13 July 2005	21 February 2006	3	13 years 7 months
Peter Williams	3 February 2014	3 February 2014	3	5 years 1 month
Rakhi Goss-Custard	28 July 2014	28 July 2014	3	4 years 7 months
Jacqueline de Rojas	30 December 2016	10 October 2016	3	2 years 2 months
Andrew Findlay	1 June 2017	11 May 2017	3	1 year 9 months
Lorna Tilbian	1 February 2018	19 January 2018	3	1 year 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 13 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 11 years and 8 months.

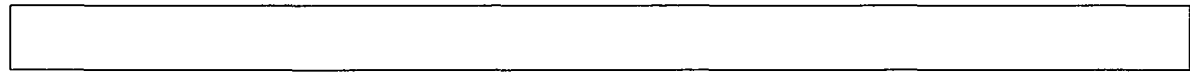
(3) The Chairman's letter of appointment was transferred from Rightmove Group Limited to Rightmove plc with effect from 28 January 2008 on completion of a Scheme of Arrangement.

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.

In October 2018, Peter Brooks-Johnson was appointed as a Non-Executive Director of the Interim Board of MPI – MarketPlaces International. MPI is the preliminary business name of the international online classifieds operation owned by Schibsted ASA, which will be spun off and established as an independent, listed company. Peter received a directors' fee of 149,250 Norwegian Krone from MPI for the period of his appointment to 31 December 2018.

Robyn Perriss currently holds no 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 2018:

Peter Williams (Chairman of the Committee)

Rakhi Goss-Custard

Jacqueline de Rojas (to 4 May 2018)

Lorna Tilbian (from 4 May 2018)

The Committee met five times during 2018 and attendance at meetings is shown in the Corporate Governance Report on page 42.

The quorum for meetings of the Committee is two members. The Committee will meet as necessary, but normally 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 CEO may also be invited to meetings when the Committee is considering his recommendations on the remuneration of executive colleagues and management below Board level. No executive director is involved in deciding their own remuneration.

External advisors

Aon, 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 Aon are available from the Company Secretary on request.

The total fees paid to Aon in respect of services to the Committee during the year were £27,000.

During 2018 Aon 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 five 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;
- review of 2018 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 2018 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;
- review of the 2018 AGM voting and feedback from institutional investors;
- approval of changes to the share plan rules for the new Data Protection Act;
- consultation with shareholders on the 2019 executive remuneration proposals;
- adoption of a new Restricted Share Plan for use with market purchase shares for senior managers;
- 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 2019

Salaries

The executive directors' salaries for the 2019 financial year are set out in the table below:

	Salary 1 January 2019	Salary 31 December 2018	Workforce increase plus	Change
Executive directors				
Peter Brooks-Johnson	£500,605	£472,268	3%	6%
Robyn Perriss	£359,552	£339,200	3%	6%

The 6% increase in base salaries for the executive directors represents an increase of 3% above the average workforce rise of 3% for 2019, 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. All employee salaries are subject to annual review and market adjustments as appropriate; the Committee approves salaries for the senior management team and other key roles.

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 on the same terms as all employees 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 2019 financial year will be consistent with the policy detailed on page 63 of the 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⁾	10%
Tenant Services ⁽⁴⁾	5%
Employee engagement ⁽⁵⁾	5%

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

(2) Measured on a time on site basis (minutes spent relative to our nearest competitors) by reference to comScore.

(3) Revenue excluding Agency and New Homes.

(4) Based on the number of Rightmove Tenant Passports delivered during 2019.

(5) 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 2019 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 Other revenue as a percentage of maximum bonus opportunity has been reduced from 15% in 2018 to 10% in 2019. A new tenant services operational business target has been introduced at 5%. The new measure reflects the business plan objective to grow the number of Rightmove Tenant Passports completed by prospective tenants, measured as a percentage of leads received by customers via Rightmove that contain a completed Passport. All other performance measures and weightings remain unchanged from 2018.

The targets themselves, as they relate to the 2019 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 by the Committee in 2018, remain at 200% of base salary for both executive directors.

Consistent with the current Policy and previous years, awards to the executive directors under the PSP in 2019 will be subject to a mixture of EPS (75% of awards) and relative TSR (25% of the awards) performance conditions. The 2019 targets are as follows:

EPS performance condition

The Group's EPS growth will be measured over the period of three financial years (2019 to 2021). 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 2019 awards:

Underlying basic EPS growth from 2019 to 2021 ⁽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 2018 from which these targets will be measured is 18.3p.

As in prior years, the targets that are intended to operate for the 2019 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 prior year awards.

Relative TSR performance condition

The vesting schedule for the relative TSR element of executive directors' 2019 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

In line with our Policy, the Chairman and non-executive directors' fees were reviewed in a market context and in light of directors' time commitments during 2018 and increased with effect from 1 January 2019. The next review is scheduled for 2021 with any increase taking effect in 2022.

The basic non-executive fee has been increased to £55,000 with an additional £15,000 fee per annum paid for the chairing of the Audit and Remuneration Committees. The extra fee of £5,000 for the Senior Independent Director is unchanged:

	Annual fee 1 January 2019	Annual fee 31 December 2018
Scott Forbes (Chairman)	£185,000	£170,000
Peter Williams	£75,000	£65,000
Andrew Findlay	£70,000	£56,558 ⁽¹⁾
Rakhi Goss-Custard	£55,000	£50,000
Jacqueline de Rojas	£55,000	£50,000
Lorna Tilbian	£55,000	£45,833 ⁽²⁾

(1) Fee for non-executive director to 4 May 2018 and for Audit Committee Chairman from that date.

(2) Fee for 11 months from appointment on 1 February 2018.

Statement of shareholder voting at AGM

At the AGM on 4 May 2018, shareholders overwhelmingly voted in favour of the Directors' Remuneration Report. The Committee believes this illustrates the strong level of shareholder support for the remuneration framework. The table below shows full details of the voting outcomes for the Directors' Remuneration Report:

	Votes for	% Votes for	Votes against	% Votes against	Votes withheld ⁽¹⁾
Directors' Remuneration Report	72,763,617	95.12	3,731,967	4.88	295,965

(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 will be made to our Policy where it is considered appropriate to do so.

Review of past performance

Share price performance

The Company's share price ended the year at £4.32, down 4.0% year-on-year (the FTSE 250 Index was down 15.6% and the FTSE 350 Index was down 13.0%). On a three-year basis the share price has increased by 4.6% and performance relative to FTSE 250 and FTSE 350 Indices over that period is shown in the graphs below.

Total shareholder return (TSR)

The first graph below compares the TSR of Rightmove's shares against the FTSE 250 Index and the FTSE 350 Index for the three-year period from 1 January 2016 to 31 December 2018. 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 (and more recently in the FTSE 100) 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 March 2019.

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 ten years to 31 December 2018.

TSR Graph – three years

Total shareholder return

TSR Graph – ten years

Total shareholder return

Total remuneration for the Chief Executive Officer

The table below shows the total remuneration figure for the Chief Executive Officer over a ten-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)
2018	Peter Brooks-Johnson	1,490,178	78%	67%
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.

Governance | Directors' remuneration report continued

Directors' remuneration (audited)

The information included below up to and including page 84 is audited.

The remuneration of the directors of the Company during 2018 for time served as a director is as follows:

	Fixed pay			Performance-related pay			Total remuneration in 2018 €
	Salary/fee €	Benefits ⁽¹⁾ €	Fixed pay subtotal €	Annual bonus ⁽²⁾ €	Long-term incentives ⁽³⁾ €	Performance-related pay subtotal €	
Executive directors							
Peter Brooks-Johnson	472,268	2,192	474,460	460,462	555,256	1,015,718	1,490,178
Robyn Perriss ⁽⁴⁾	339,200	1,414	340,614	330,720	439,219	769,939	1,110,553
Non-executive directors							
Scott Forbes	170,000	–	170,000	–	–	–	170,000
Ashley Martin ⁽⁵⁾	20,870	–	20,870	–	–	–	20,870
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⁾	56,558	–	56,558	–	–	–	56,558
Lorna Tilbian ⁽⁷⁾	45,833	–	45,833	–	–	–	45,833

(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 2018 including the deferred element (60% of annual bonus).

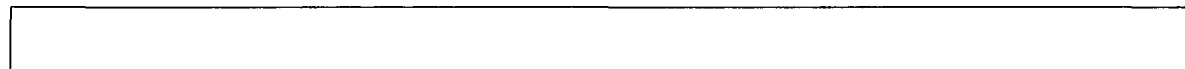
(3) The value of the long-term incentives includes nil cost PSPs where vesting is calculated by taking the number of nil cost options expected to vest in March 2019 (including dividend roll up), which are dependent on the three-year performance period ended 31 December 2018 and multiplying by the year-end closing share price of £4.32.

(4) In cash terms, Robyn received £6,523 less in relation to her base salary as she exchanged salary for five additional days' holiday benefit under the Group's flexible holiday policy.

(5) Fee for the period to retirement on 4 May 2018.

(6) Fee as a non-executive director to 4 May 2018 and as Audit Committee Chairman from that date.

(7) Fee for 11 months from appointment on 1 February 2018.



The remuneration of the directors of the Company during 2017 was:

	Fixed pay			Performance-related pay			Total remuneration in 2017 €
	Salary/fee €	Benefits ⁽¹⁾ €	Fixed pay subtotal €	Annual bonus ⁽²⁾ €	Long-term incentives ⁽³⁾ €	Performance- related pay subtotal €	
Executive directors							
Peter Brooks-Johnson ⁽⁴⁾	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 ⁽⁵⁾	18,102	–	18,102	–	–	–	18,102
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 31 December 2017 closing share price of £4.50; and
- the notional capital gain on Sharesave options exercisable on 1 November 2017 which reflects the difference between the option grant price and the market value of shares on the date they vested.

(4) 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.

(5) Fee for four months to 9 May 2017.

(6) Fee for seven months from 1 June 2017 to 31 December 2017.

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 either year. The Company does not contribute to any personal pension arrangements.

How was pay linked to performance in 2018?

Annual bonus plan

The incentive for the financial year ended 31 December 2018 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 2018 bonus targets set, the Committee determined that 78% of the maximum achievable cash and DSP bonus should be paid to the executive directors. Accordingly, a cash bonus of 39% of base salary (out of a maximum of 50%) will be paid to the executives and 58.5% of base salary (out of a maximum of 75%) will be granted to the executive directors under the DSP, which will be deferred until March 2021. 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: • £194.4m: 25% payout • £205.9m: 100% payout	65%	Underlying operating profit achieved: £203.3m The 2018 underlying operating profit represented growth of 10% on 2017	54%
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%	Growth in time in minutes spent on Rightmove platforms year-on-year was over 800% higher than our nearest competitors	15%
Other revenue ⁽²⁾	• Growth of 10%: 25% payout • Growth of 15%: 100% payout	15%	Revenue increased by 11% from £18.6m to £20.6m	7%
Employee engagement ⁽³⁾	Percentage of respondents to the employee survey who say 'Rightmove is a great place to work': • 90%: 25% payout • 95%: 100% payout	5%	91% of respondents say 'Rightmove is a great place to work'	2%
Total		100%		78%

(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 2016 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 2018.

The vesting schedule for the relative TSR element of executive directors' 2016 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 10.1% compared to 20.7% for the FTSE 350 Index. This performance is below the Index and therefore this part of the award (maximum 25%) will not vest on 1 March 2019.

Rightmove's EPS growth is measured over a period of three financial years (2016 to 2018). 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 2016 to 2018	% of award vesting (maximum 75%)
Less than 25%	0%
25%	18.75%
55%	75%
Between 25% and 55%	Straight-line vesting

At the end of the performance period, underlying basic EPS was 18.3p which from an underlying basic EPS-base of 12.1p (restated for comparability to reflect the 10:1 share subdivision effective 31 August 2018) results in three-year EPS growth of 51%, just below the maximum 55% EPS growth target and will result in 67% vesting of this part of the award (maximum of 75%) on 1 March 2019.

Share awards granted during the year

On 28 February 2018 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	212,310 ⁽²⁾	£944,536
Robyn Perriss	200% of base salary	152,490 ⁽²⁾	£678,400

(1) Based on the average mid-market share price for the three consecutive days prior to grant, taken from the Daily Official List, of £44.49 which is equivalent to £4.45 post the 10:1 share subdivision.

(2) Adjusted for 10:1 share subdivision effective on 31 August 2018.

Governance | Directors' remuneration report continued

The vesting schedule for the relative TSR element of executive directors' 2018 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 (2018 to 2020). 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 2018:

Underlying basic EPS growth from 2018 to 2020	% 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 2017 from which these targets will be measured is 16.3p (restated for comparability to reflect the 10:1 share subdivision effective 31 August 2018).

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Share-based incentives held by the directors and not exercised as at 31 December 2018

Date granted	Share-based incentives held 1 January 2018		Granted in year/ dividend roll-up	Exercise price	Share-based incentives adjusted for subdivision (10:1) ⁽¹⁾	Exercised post-subdivision	Exercise price post-subdivision	Average share price at date of exercise	Share-based incentives held at 31 December 2018	Vesting date	Expiry date
Executive directors											
Peter Brooks-Johnson											
05/03/2009 (Unapproved)	139,286	–	£2.24	1,392,860	1,392,860 ⁽²⁾	£0.22	£4.37	–	–	05/03/2012	04/03/2019
05/03/2010 (Unapproved)	52,553	–	£6.66	525,530	–	£0.67	–	525,530	–	05/03/2013	04/03/2020
03/03/2014 (PSP)	26,021	–	£0.00	260,210	260,210 ⁽³⁾	£0.00	£4.37	–	–	03/03/2017	02/03/2019
02/03/2015 (PSP)	24,556	895	£0.00	254,510	–	£0.00	–	254,510	–	02/03/2018	01/03/2020
01/10/2015 (Sharesave)	304	–	£29.60	3,040	–	£2.96	–	3,040	–	01/11/2018	30/04/2019
01/03/2016 (DSP)	6,617	–	£0.00	66,170	66,170 ⁽⁴⁾	£0.00	£4.37	–	–	01/03/2018	28/02/2019
01/03/2016 (PSP)	18,351	–	£0.00	183,510	–	£0.00	–	183,510	–	01/03/2019	28/02/2021
01/03/2017 (DSP)	6,141	–	£0.00	61,410	–	£0.00	–	61,410	–	01/03/2019	29/02/2020
01/03/2017 (PSP)	18,691	–	£0.00	186,910	–	£0.00	–	186,910	–	01/03/2020	28/02/2022
09/05/2017 (PSP)	3,457	–	£0.00	34,570	–	£0.00	–	34,570	–	09/05/2020	08/05/2022
01/10/2017 (Sharesave)	273	–	£32.89	2,730	–	£3.29	–	2,730	–	01/11/2020	30/04/2021
28/02/2018 (PSP)	–	21,231 ⁽⁷⁾	£0.00	212,310	–	£0.00	–	212,310	–	28/02/2021	27/02/2023
28/02/2018 (DSP)	–	4,249 ⁽⁸⁾	£0.00	42,490	–	£0.00	–	42,490	–	28/02/2020	27/02/2021
01/10/2018 (Sharesave)	–	–	–	2,313 ⁽⁹⁾	–	£3.89	–	2,313	–	01/11/2021	30/04/2022
Total	296,250	26,375	–	3,228,563	1,719,240	–	–	1,509,323	–		

Governance | Directors' remuneration report continued

Date granted	Share-based incentives held 1 January 2018		Granted in year/ dividend roll-up	Exercise price	Exercised prior to subdivision on 31 August 2018	Share-based incentives adjusted for subdivision (10:1) ⁽¹⁾	Exercise price post-subdivision	Average share price at date of exercise	Share-based incentives held at 31 December 2018	Vesting date	Expiry date
Robyn Perriss											
02/03/2015 (PSP)	19,425	708	£0.00	20,133 ⁽⁵⁾	–	£0.00	£49.48	–	02/03/2018	01/03/2020	
01/03/2016 (DSP)	5,234	–	£0.00	5,234 ⁽⁶⁾	–	£0.00	£49.48	–	01/03/2018	28/02/2019	
01/03/2016 (PSP)	14,516	–	£0.00	–	145,160	£0.00	–	145,160	01/03/2019	28/02/2021	
01/03/2017 (DSP)	4,858	–	£0.00	–	48,580	£0.00	–	48,580	01/03/2019	29/02/2020	
01/03/2017 (PSP)	16,029	–	£0.00	–	160,290	£0.00	–	160,290	01/03/2020	28/02/2022	
01/10/2017 (Sharesave)	547	–	£32.89	–	5,470	£3.29	–	5,470	01/11/2020	30/04/2021	
28/02/2018 (PSP)	–	15,249 ⁽⁷⁾	£0.00	–	152,490	£0.00	–	152,490	28/02/2021	27/02/2023	
28/02/2018 (DSP)	–	3,236 ⁽⁸⁾	£0.00	–	32,360	£0.00	–	32,360	28/02/2020	27/02/2021	
Total	60,609	19,193	–	25,367	544,350	–	–	544,350			

- (1) The Company's ordinary shares of 1 pence each were divided into 10 new ordinary shares of 0.1 pence each on 31 August 2018. The option prices and the number of shares under options granted before 31 August 2018 have been restated for the share subdivision. Options exercised before the share subdivision have not been restated.
- (2) The unapproved option granted on 5 March 2009 was exercised by Peter Brooks-Johnson and net settled by the Company on 27 November 2018. Peter subsequently sold 623,440 shares at a price of £4.37 per share to satisfy the resulting tax liability and retained the balance of 697,406 shares.
- (3) The nil cost performance shares awarded under the PSP to executive directors on 3 March 2014 vested in 2017 subject to EPS and relative TSR performance measures, which were met in full. Peter Brooks-Johnson exercised the nil cost option over 260,210 shares (which included a dividend roll-up of 8,810 shares) on 27 November 2018 and sold 122,820 shares at an average market price of £4.37 per share to satisfy the resulting tax liability and retained the balance of 137,390 shares.
- (4) The nil cost deferred shares granted under the DSP on 1 March 2016 vested in March 2017. Peter Brooks-Johnson exercised the nil cost option over 66,170 shares on 27 November 2018, sold 31,233 shares at an average market price of £4.37 per share to satisfy the resulting tax liability and retained the balance of 34,937 shares.
- (5) The nil cost performance shares awarded under the PSP to executive directors on 2 March 2015 vested in March 2018 subject to EPS and relative TSR performance measures, which were met in full. Robyn Perriss exercised the nil cost option over 20,133 shares (which included a dividend roll-up of 708 shares) on 16 August 2018 and sold 14,798 shares at an average market price of £49.48 per share to satisfy the resulting tax liability and retained 5,335 shares, being half the balance available after tax.
- (6) The nil cost deferred shares granted under the DSP on 1 March 2016 vested in March 2018. Robyn Perriss exercised the nil cost option over 5,234 shares on 16 August 2018 and sold all the shares at an average market price of £49.48 per share.
- (7) On 28 February 2018, the executive directors were awarded nil cost deferred shares under the DSP, which vest in March 2020. The average mid-market share price for the three consecutive preceding days, used to calculate the number of shares awarded, was £44.49.
- (8) On 28 February 2018, the executive directors were awarded nil cost performance shares under the PSP, which vest in March 2021. Further details are set out on pages 72 to 73.
- (9) On 1 October 2018, Peter Brooks-Johnson was granted a Sharesave option over 2,313 shares at an exercise price of £3.89. The option will be exercisable from November 2021.

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 2019 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 2018, treasury shares were used to satisfy vested DSP and PSP awards and unapproved options over 4,111,256 shares, representing 0.5% of issued share capital (less treasury shares) as at 31 December 2018.

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 0.1 pence		PSP & DSP awards (unvested)	Interests in share-based incentives		
	At 31 December 2018	At 1 January 2018 (restated 10:1 share subdivision)		PSP & DSP awards (vested but unexercised)	Options (unvested)	Options (vested but unexercised)
Executive directors						
Peter Brooks-Johnson	1,771,493	907,160	721,200	254,510	5,043	528,570
Robyn Perriss	241,150	187,890	538,880	–	5,470	–
Non-executive directors						
Scott Forbes	2,193,000	2,193,000	–	–	–	–
Peter Williams	37,280	37,280	–	–	–	–
Rakhi Goss-Custard	5,440	5,440	–	–	–	–
Jacqueline de Rojas	1,880	1,880	–	–	–	–
Andrew Findlay	–	–	–	–	–	–
Lorna Tilbian	–	–	–	–	–	–
Total	4,250,243	3,332,650	1,260,280	254,510	10,513	528,570

- The Company's shares in issue (including 14,813,304 shares held in treasury) as at 31 December 2018 comprised 907,684,330 ordinary shares of 0.1p each. (2017: 93,266,207 ordinary shares of 1p each).
- The closing share price of the Company was €4.32 as at 31 December 2018. The lowest and highest share prices during the year, restated for the share subdivision, were €4.18 and €5.35 respectively.
- The executive directors are regarded as being interested, for the purposes of the Companies Act 2006, in 2,248,020 ordinary shares of 0.1p each (2017: 263,767 ordinary shares of 1p each) in the Company currently held by the EBT at 31 December 2018 as they are, together with other employees, potential beneficiaries of the EBT.
- The directors' beneficial holdings represent 0.5% of the Company's shares in issue as at 31 December 2018 (2017: 0.4%) (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 64. The interests of the executive directors in office at 31 December 2018 in the share capital of the Company as a percentage of base salary were as follows:

	Base salary 1 January 2019	Number of shares held at 31 December 2018	Value of shares at 31 December 2018 ⁽¹⁾	Value of shares as a % of base salary
Executive directors				
Peter Brooks-Johnson	€500,605	1,771,493	€7,652,850	1,529%
Robyn Perriss	€359,552	241,150	€1,041,768	290%

(1) Based on €4.32 per share, being the closing share price on 31 December 2018.

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 6%, in line with the approved Remuneration Policy of awarding 3% above the average workforce inflationary increase for 2018. The annual bonus of the CEO increased relative to 2017 by 38% as a result of 78% of the maximum bonus being achieved in relation to the 2018 bonus targets, compared with a payout of 60% for 2017.

The average salary for all employees increased by 5% due to a 3% universal cost of living increase in January 2018, above cost of living increases for changing roles with greater responsibilities and market adjustments. The bonus increase was due to 78% of the maximum senior management bonus being achieved, compared with a payout of 60% for 2017.

	2018 £	2017 £	% change
Chief Executive Officer			
Salary	472,268	445,536	6%
Benefits	2,192	1,852	2%
Annual bonus	460,461	334,152	38%
Average of all employees⁽¹⁾			
Salary	48,193	45,995	5%
Benefits	854	770	11%
Annual bonus	1,805	1,571	28%
Ratio of CEO to average employee pay⁽²⁾	19x	16x	14%

(1) Based on 493 employees, which excludes the executive directors.

(2) 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 2018	Year ended 31 December 2017	% change
Employee costs (refer Note 7)	£30,506,000	£28,338,000	6%
Dividends paid to shareholders (refer Note 12)	£54,977,000	£49,611,000	11%
Purchase of own shares (refer Note 23)	£113,528,000	£90,809,000	25%
Income tax (refer Note 10)	£37,815,000	£34,120,000	11%
Average number of employees (refer Note 7) ⁽¹⁾	495	479	3%
Revenue	£267,821,000	£243,273,000	10%
Underlying operating profit ⁽²⁾	£203,329,000	£184,365,000	10%

(1) Average number of employees includes executive directors.

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

1. Our opinion is unmodified

We have audited the financial statements of Rightmove plc ("the Company") for the year ended 31 December 2018 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 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.
- 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 first 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 is for the 13 financial years ended 31 December 2018 as a public-interest entity and 19 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.

Overview

Materiality:	£8.5m (2017:£7.5m)				
Group financial statements as a whole	4.3% (2017: 4.2%) of profit before tax				
Coverage	99.8% (2017:100%) of Group profit before tax				
Key audit matters	vs 2017				
Recurring risks	<table border="0"> <tr> <td>Agency, New Homes and Overseas revenue recognition</td> <td>◀▶</td> </tr> <tr> <td>Recoverability of parent Company's investment in subsidiaries</td> <td>◀▶</td> </tr> </table>	Agency, New Homes and Overseas revenue recognition	◀▶	Recoverability of parent Company's investment in subsidiaries	◀▶
Agency, New Homes and Overseas revenue recognition	◀▶				
Recoverability of parent Company's investment in subsidiaries	◀▶				

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 2017), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results 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.

Governance | Independent auditor's report to the members of Rightmove plc *continued*

	The risk:	Our response:
<p>Revenue recognition (£267.8 million; 2017: £243.3m)</p> <p>Refer to page 46 (Audit Committee Report), pages 98 to 100 (accounting policy) and pages 112 to 113 (financial disclosures).</p>	<p>Processing error:</p> <p>The key revenue streams, being Agency, New Homes and Others, 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 products 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 particular revenue being recognised at the incorrect amount or not in the correct period. 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.</p>	<p>Our audit procedures included:</p> <p>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 as well as controls over the review of analysis of outliers in billing;</p> <p>Data comparison: Reconciling revenue transactions, through postings to trade receivables, to cash receipts, on a monthly basis by customer. We tested a sample of unreconciled revenue entries back to supporting evidence to assess whether revenue was recognised appropriately;</p> <p>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; we also reviewed the standard packages against the revenue recognition policy;</p> <p>Tests of details: We assessed the appropriateness of contract liabilities at the period end with reference to advance consideration where amounts are received in advance but revenue recognition deferred until the services are provided;</p> <p>Test of details: Inspecting a sample of credit notes raised post year end to determine whether they related to revenue recognised in the year;</p> <p>Tests of details: We obtained all journals posted in respect of revenue and, using computer assisted audit techniques, analysed these to identify any entries which were unexpected based upon the specific characteristic of the journal, considering in particular whether the opposite side of the journal entry was as expected, based on our business understanding. We tested a sample of all expected entries back to supporting evidence to assess whether revenue was recognised appropriately.</p> <p>Our results We found no exceptions performing the procedures described above.</p>
<p>Recoverability of parent Company's investment in subsidiaries (£551.5 million; 2017: £548.7m)</p> <p>Refer to page 46 (Audit Committee Report), page 106 (accounting policy) and pages 120 to 121 (financial disclosures).</p>	<p>Low risk, high value:</p> <p>The carrying amount of the parent Company's investments in the subsidiary company Rightmove Group Limited represents 99% (2017: 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 <i>financial statements</i>, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>	<p>Our audit procedures included:</p> <p>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.</p> <p>Our findings: We found no indicators of impairment.</p>



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 £8.5m (2017: £7.5m), determined with reference to a benchmark of Group profit before tax, of which it represents 4.3% (2017: 4.2%).

Materiality for the parent Company financial statements as a whole was set at £6.8m (2017: £6.0m), determined with reference to a benchmark of Company net assets, of which it represents 1.3% (2017: 1.1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.43m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's four (2017: three) reporting components, which includes the parent Company, we subjected two (2017: two) to full scope audits for Group purposes. The components within the scope of our work accounted for 100% of total Group revenue, 99.8% of Group profit before tax and 99.6% of total Group assets.

The remaining 0.4% of total Group assets is represented by two reporting components none of which individually represented more than 0.4% of any of total Group revenue, Group profit before tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on the two reporting components (2017: two components) was performed by the Group team, which includes the audit of the parent Company, with materiality for the components set at £6.8m (2017: £6.0m).

Profit before tax
£198.3m
(2017: £178.2m)

Group materiality
£8.5m (2017: £7.5m)

£8.5m
Whole financial statements materiality (2017: £7.5m)

£6.8m
Materiality at two components (£6.8m) (2017: £6.0m)

£0.43m
Misstatements reported to the Audit Committee (2017: £0.37m)

■ Profit before tax
■ Group materiality

Group revenue

100%
(2017: 100%)

Group profit before tax

99.8%
(2017: 100%)

Group total assets

99.6%
(2017: 99.8%)

- Full scope for Group audit purposes 2018
- Full scope for Group audit purposes 2017
- Residual components

4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

4. We have nothing to report on going concern *continued*

Based on this work, 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 page 97 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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 28 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.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

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

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.

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 57, 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's and the 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 general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation),

distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. 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 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.

Anna Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
1 March 2019

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Revenue	4, 5	267,821	243,273
Administrative expenses		(69,231)	(64,972)
Underlying operating profit		203,329	184,365
Share-based payments	25	(4,320)	(4,836)
NI on share-based incentives	25	(419)	(1,228)
Operating profit	6	198,590	178,301
Financial income	8	171	129
Financial expenses	9	(491)	(214)
Net financial expense		(320)	(85)
Profit before tax		198,270	178,216
Income tax expense	10	(37,815)	(34,120)
Profit for the year being total comprehensive income		160,455	144,096
Attributable to:			
Equity holders of the parent		160,455	144,096
Earnings per share (pence)*			Restated*
Basic	11	17.80	15.67
Diluted	11	17.69	15.51
Dividends per share (pence)*	12	6.10	5.40
Total dividends	12	54,977	49,611

* Following a ten for one subdivision of the Company's ordinary share capital, effective 31 August 2018, comparative earnings per share and dividend per share numbers have been restated for the 2017 financial year to ensure comparability of information.

Consolidated statement of financial position as at 31 December 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	13	15,203	2,709
Intangible assets	14	2,873	3,290
Deferred tax asset	16	2,798	5,745
Total non-current assets		20,874	11,744
Current assets			
Trade and other receivables	17	22,479	35,094
Contract assets	5	427	–
Money market deposits	18	4,090	4,045
Cash and cash equivalents	18	15,847	20,930
Total current assets		42,843	60,069
Total assets		63,717	71,813
Current liabilities			
Trade and other payables	19	(18,081)	(38,888)
Lease liabilities	21	(1,213)	–
Contract liabilities	5	(2,146)	–
Income tax payable		(16,753)	(14,693)
Provisions	22	(671)	(755)
Total current liabilities		(38,864)	(54,336)
Non-current liabilities			
Lease liabilities	21	(11,845)	–
Provisions	22	(424)	(294)
Total non-current liabilities		(12,269)	(294)
Total liabilities		(51,133)	(54,630)
Net assets		12,584	17,183
Equity			
Share capital	23	908	933
Other reserves		524	499
Retained earnings		11,152	15,751
Total equity attributable to the equity holders of the parent		12,584	17,183

The financial statements were approved by the Board of directors on 1 March 2019 and were signed on its behalf by:


Peter Brooks-Johnson
 Director


Robyn Perriss
 Director

Company statement of financial position as at 31 December 2018

	Note	2018 €000	2017 €000
Non-current assets			
Investments	15	551,478	548,827
Deferred tax asset	16	966	2,490
Total non-current assets		552,444	551,317
Total assets		552,444	551,317
Current liabilities			
Trade and other payables	19	(42,140)	(23,410)
Total current liabilities		(42,140)	(23,410)
Net assets		510,304	527,907
Equity			
Share capital	23	908	933
Other reserves		118,374	115,698
Retained earnings		391,022	411,276
Total equity attributable to the equity holders of the parent		510,304	527,907

The financial statements were approved by the Board of directors on 1 March 2019 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 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Profit for the year		160,455	144,096
Adjustments for:			
Depreciation charges	13	3,307	1,311
Amortisation charges	14	545	473
Financial income	8	(171)	(129)
Financial expenses	9	491	214
Loss on disposal of property, plant and equipment	13	7	20
Loss on disposal of intangible assets	14	–	203
Share-based payments	25	4,320	4,836
Income tax expense	10	37,815	34,120
Operating cash flow before changes in working capital		206,769	185,144
Increase in trade and other receivables		(5,344)	(5,154)
(Decrease)/increase in trade and other payables		(1,069)	3,212
Increase in provisions	22	46	689
Increase in contract assets		(261)	–
Increase in contract liabilities		287	–
Cash generated from operating activities		200,428	183,891
Financial expenses paid		(190)	(214)
Income taxes paid		(32,798)	(33,187)
Net cash from operating activities		167,440	150,490
Cash flows used in investing activities			
Interest received on cash and cash equivalents		118	94
Acquisition of property, plant and equipment	13	(1,614)	(1,755)
Proceeds from disposal of property, plant and equipment		–	3
Acquisition of intangible assets	14	(128)	(441)
Net cash used in investing activities		(1,624)	(2,099)
Cash flows used in financing activities			
Dividends paid	12	(54,977)	(49,611)
Purchase of own shares for cancellation	23	(113,528)	(90,809)
Purchase of own shares for share incentive plans	24	(685)	(761)
Share-related expenses	23	(778)	(757)
Payment of lease liabilities	21	(1,532)	–
Proceeds on exercise of share-based incentives		601	728
Net cash used in financing activities		(170,899)	(141,210)
Net (decrease)/increase in cash and cash equivalents		(5,083)	7,181
Cash and cash equivalents at 1 January		20,930	13,749
Cash and cash equivalents at 31 December	18	15,847	20,930

Company statement of cash flows for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Profit for the year		148,740	144,476
Adjustments for:			
Dividend income	27	(152,845)	(149,551)
Financial expenses	27	471	330
Share-based payments	25	1,669	2,211
Income tax credit		(799)	(1,136)
Operating cash flow before changes in working capital		(2,764)	(3,670)
Increase in trade and other payables	19	2,764	3,670
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 2018

	Note	Share capital £000	Own shares held £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
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	25	-	-	-	-	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	24	-	2,213	-	-	(1,485)	728
Purchase of shares for SIP	24	-	(761)	-	-	-	(761)
Cancellation of own shares	23	(22)	-	22	-	(90,809)	(90,809)
Share-related expenses	23	-	-	-	-	(637)	(637)
At 31 December 2017		933	(12,995)	361	138	28,746	17,183
At 1 January 2018		933	(12,995)	361	138	28,746	17,183
Total comprehensive income							
Profit for the year		-	-	-	-	160,455	160,455
Transactions with owners recorded directly in equity							
Share-based payments	25	-	-	-	-	4,320	4,320
Tax credit in respect of share-based incentives recognised directly in equity	10	-	-	-	-	10	10
Dividends to shareholders	12	-	-	-	-	(54,977)	(54,977)
Exercise of share-based incentives	24	-	2,542	-	-	(1,941)	601
Purchase of shares for SIP	24	-	(685)	-	-	-	(685)
Cancellation of own shares	23	(25)	-	25	-	(113,528)	(113,528)
Share-related expenses	23	-	-	-	-	(795)	(795)
At 31 December 2018		908	(11,138)	386	138	22,290	12,584

Company statement of changes in shareholders' equity for the year ended 31 December 2018

	Note	Share capital £000	Own shares held £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
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	25	-	-	-	-	2,211	2,211
Tax credit in respect of share-based incentives recognised directly in equity	10	-	-	-	-	586	586
Capital contribution	24	-	-	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	23	(22)	-	22	-	(90,809)	(90,809)
Share-related expenses	23	-	-	-	-	(637)	(637)
At 31 December 2017		933	(11,017)	12,178	103,520	422,293	527,907
At 1 January 2018		933	(11,017)	12,178	103,520	422,293	527,907
Total comprehensive income							
Profit for the year		-	-	-	-	148,740	148,740
Transactions with owners recorded directly in equity							
Share-based payments	25	-	-	-	-	1,669	1,669
Tax credit in respect of share-based incentives recognised directly in equity	10	-	-	-	-	83	83
Capital contribution	24	-	-	2,651	-	-	2,651
Dividends to shareholders	12	-	-	-	-	(54,977)	(54,977)
Transfer of shares to SIP		-	(1,446)	-	-	-	(1,446)
Exercise of share-based incentives		-	2,438	-	-	(2,438)	-
Cancellation of own shares	23	(25)	-	25	-	(113,528)	(113,528)
Share-related expenses	23	-	-	-	-	(795)	(795)
At 31 December 2018		908	(10,025)	14,854	103,520	401,047	510,304

Notes forming part of the financial statements

1 General information

Rightmove plc (the Company) is a public limited 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 2018 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 2018 are available upon request to the Company Secretary from the Company's registered office at 2 Caldecotte Lake Business Park, 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 1 March 2019.

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.

This is the first set of the Group's full financial statements where IFRS 9, IFRS 15 and IFRS 16 have been applied. Changes to significant accounting policies are described in Note 2.

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

Basis of consolidation

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

During the year the Group incorporated two new entities, Rightmove Rent Services Limited and Rightmove Property Services Limited, with further details of the investments set out in Note 15. The results of these entities have been consolidated in these Group financial statements, with no significant impact for the financial year.

Going concern

Throughout 2018, 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 £15,847,000 at 31 December 2018 (2017: £20,930,000). The Group also had £4,090,000 of money market deposits (2017: £4,045,000).

During the year £168,505,000 (2017: £140,420,000) of cash was returned to shareholders via dividends and discretionary share buybacks.

The Group agreed to extend a 12 month agreement with Barclays Bank plc for a £10,000,000 committed revolving loan facility on 13 February 2018. This agreement was extended for a further year on 15 January 2019 and will expire on 12 February 2020. No amount was drawn under the facility in either year.

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

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 35. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 19 to 23. In addition, Note 3 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.

1 General information *continued*

Capital structure – subdivision of shares

On 31 August 2018 the ordinary shares of 1 pence each in the capital of the Company were subdivided into ten ordinary shares of 0.1 pence each in the capital of the Company (the New Ordinary Shares); the purpose being to make the Company's shares more accessible to smaller investors, including Rightmove employees. Each New Ordinary Share has the rights and entitlements as before and continues to be subject to the restrictions set out in the articles of association of the Company. Group disclosures in relation to earnings per share, dividends, capital and reserves and share-based payments have been updated accordingly.

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.

Management has determined that there are no significant areas of estimation uncertainty or critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the consolidated and Company financial statements.

Alternative 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 alternative performance measures presented by the Group are:

- Underlying operating profit – which is defined as operating profit before share-based payments and National Insurance (NI) 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 ordinary shares in issue for the year.

The directors believe that these alternative performance 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 alternative performance measures are designed to increase comparability of the Group's financial performance year-on-year.

2 Significant accounting policies

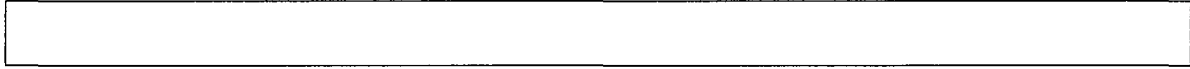
Changes in significant account policies

The Group has adopted IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases with effect from 1 January 2018 with IFRS 15 and IFRS 16 having a material effect on the Group's financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations.



2 Significant accounting policies continued

Under IAS 18 revenue was recognised either over time where there was continuing service provided by Rightmove to the customer or at the point in time when the risks and rewards of ownership transferred to the customer. Under IFRS 15 revenue is recognised when performance obligations are satisfied. For the Group the transfer of control under IFRS 15 and satisfaction of performance obligations remains consistent with the transfer of risks and rewards to the customer under IAS 18. Consequently, there were no profit or loss impacting adjustments required on application of IFRS 15.

On adoption of IFRS 15 the Group no longer recognises a trade receivable and a corresponding deferred income balance for amounts billed in advance for services which have not yet been provided. IFRS 15 classifies this as a contract liability, as the Group has not yet delivered the promised services to its customer, and a contract asset. IFRS 15 requires the offset of contract assets and contract liabilities within the same contract. Overall, this has resulted in no adjustment at the net asset level.

Accounting policy for revenue in 2018

Revenue is measured based on the consideration specified in a contract with a customer and is recognised when a customer obtains control of the services.

Revenue principally represents the amounts receivable from customers in respect of membership of the Rightmove platforms. Rightmove also provides non-property advertising services, including Data Services and third party advertising. Revenue is recognised as services are provided to customers. Contract assets primarily relate to the Group's rights to consideration for services provided but not invoiced at the reporting date. Contract assets are transferred to receivables when invoiced and the rights have become unconditional. Contract liabilities primarily relate to the advance consideration received from Estate Agency, Overseas and Commercial customers, for which revenue is recognised as or when the services are provided.

The table below covers the different types of products and services offered to customers along with the nature and timing of satisfaction of performance obligations:

Type of product/service: Property products

Nature and timing of satisfaction of performance obligations

For membership listing services customers pay monthly subscriptions to list their properties on the Rightmove platforms. Control is obtained by customers across the life of the contract as their properties are continuously listed on the different platforms. The continuous listing of properties is a distinct performance obligation for each customer. 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.

Agency, Overseas and Commercial services are typically billed in advance and New Homes developers are billed monthly in arrears.

For additional advertising products customers have the option to enhance their property listings and presence on Rightmove through additional advertising products. Each additional advertising product is a distinct performance obligation. For products that provide enhanced brand exposure or property exposure across the life of the product, control is passed to the customer over time. Revenue is only recognised at a point in time for additional advertising products where the customer does not receive the benefit until they choose to apply the product.

Additional advertising products are principally billed on a monthly subscription basis in line with core listing services, however certain products are billed on an individual charge basis.

Contract modifications occur on a regular basis as customers add or remove additional advertising products from their contracts. Each contract modification is treated as a separate performance obligation. Following a contract modification, the customer is billed in line with the delivery of the remaining performance obligations.

A receivable is recognised when the Group's right to consideration is only conditional on the passage of time.

Discounted services may be offered to customers as part of membership or package offers.

Notes continued

2 Significant accounting policies *continued*

Type of product/service: Non-property products

Nature and timing of satisfaction of performance obligations

Data Services revenue relates to fees generated for data and valuation services under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers either across the life of the contract where customers are licensed to use Rightmove's property tools or at a point in time when a one-off data service is provided. Discounted services may be offered to customers and are taken into consideration in the transaction price for each performance obligation.

Third party advertising revenue represents amounts paid in respect of non-property advertising on the Rightmove platforms and control is obtained by customers across the life of the contract as their advertising is displayed on the different platforms. Some of the Group's arrangements with third parties need to be considered to determine if the Group acts as a principal or an agent in providing the services to the customer. On evaluation of a number of indicators it is appropriate for the Group to be treated as the agent so revenue is recognised at a net amount reflecting the margin earned.

A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

Accounting policy for revenue in 2017

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. Data Services, third party advertising and Consumer Services revenue is typically billed in arrears.

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016, and was endorsed by the EU in 2017. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. The Group has decided to early adopt this standard using the modified retrospective approach with a date of initial application to the Group of 1 January 2018. Comparative information has not been restated and continues to be reported under IAS 17.

The adoption of IFRS 16 had a material impact on the Group's financial statements with the recognition of new right of use assets and lease liabilities on the Group's Consolidated Statement of Financial Position. The nature of expenses related to those leases has also changed as the straight-line operating lease expense has been replaced with a depreciation charge for right of use assets and interest expense on lease liabilities. On adoption there was no impact to the opening equity position.

Accounting policy for leases in 2018

At inception of a contract, the Group assesses whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts entered into before 1 January 2018, the Group determined whether the arrangement was or contained a lease based on the assessment of whether fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement had conveyed a right to use the asset.

2 Significant accounting policies continued

When a lease is recognised in a contract the Group recognises a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The weighted average incremental borrowing rate used to measure the lease liability at initial application was 2.3%. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group presents right of use assets in property, plant and equipment and leased liabilities in lease liabilities in the Statement of Financial Position.

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting policy for leases in 2017

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.

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and simplifies the classification of financial assets for measurement purposes. Comparative information has not been restated and continues to be reported under IAS 39.

There is no impact on the profit or loss or statement of financial position from the adoption of IFRS 9.

Accounting policy for financial instruments in 2018

IFRS 9 eliminates the previous IAS 39 category for financial assets of loans and receivables. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through profit or loss or fair value through other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Under IFRS 9 trade receivables, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information. The Group performs the calculation of expected credit losses separately for each customer group.

Notes continued

2 Significant accounting policies continued

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group assesses whether a financial asset is in default on a case by case basis when it becomes probable that the customer is unlikely to pay its credit obligations. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For all customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 1 January 2018.

	Weighted-average loss rate	Gross carrying amount £000	Loss allowance £000	Credit-impaired
Current	0.0%	10,055	(4)	No
Past due 1–30 days	3.7%	2,750	(101)	No
Past due 31–60 days	18.8%	659	(124)	No
Past due 61–90 days	55.4%	336	(186)	No
More than 91 days past due	16.8%	286	(48)	No
		14,086	(463)	

The loss allowance as a percentage of gross carrying amount within the category 61–90 days is higher than other categories due to a specific provision for one customer.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

Accounting policy for financial instruments in 2017

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.

Impact of adoption of IFRS 9, 15 and 16 on the financial statements

The following statements summarise the impacts of adopting IFRS 15 and IFRS 16 on the Group's Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and its Consolidated Statement of Cash Flows as at and for the year ended 31 December 2018. Adoption of IFRS 9 had no impact on any of the financial statements and adoption of IFRS 15 had no impact on the Consolidated Statement of Comprehensive Income.



2 Significant accounting policies continued

Impact on the consolidated statement of comprehensive income

Year ended 31 December 2018 €000	Note	As reported	IFRS 16 adjustments	Amounts without adoption
Revenue	4, 5	267,821	–	267,821
Administrative expenses		(69,231)	(143)	(69,374)
Underlying operating profit		203,329	(143)	203,186
Share-based payments	25	(4,320)	–	(4,320)
NI on share-based incentives	25	(419)	–	(419)
Operating profit		198,590	(143)	198,447
Financial income	8	171	–	171
Financial expenses	9	(491)	302	(189)
Net financial expenses		(320)	302	(18)
Profit before tax		198,270	159	198,429
Income tax expense	10	(37,815)	(28)	(37,843)
Profit for the year being total comprehensive income		160,455	131	160,586
Attributable to:				
Equity holders of the Parent		160,455	131	160,586

Notes continued

2 Significant accounting policies continued

Impact on the consolidated statement of financial position

31 December 2018 €000	Note	As reported	IFRS 15	IFRS 16	Amounts without adoption
Non-current assets					
Property, plant and equipment	13	15,203	–	(12,331)	2,872
Intangible assets	14	2,873	–	–	2,873
Deferred tax assets	16	2,798	–	(28)	2,770
Total non-current assets		20,874	–	(12,359)	8,515
Current assets					
Trade and other receivables	17	22,479	17,961	329	40,769
Contract assets	5	427	(427)	–	–
Money market deposits	18	4,090	–	–	4,090
Cash and cash equivalents	18	15,847	–	–	15,847
Total current assets		42,843	17,534	329	60,706
Total assets		63,717	17,534	(12,030)	69,221
Current liabilities					
Trade and other payables	19	(18,081)	(19,680)	(897)	(38,658)
Lease liabilities	21	(1,213)	–	1,213	–
Contract liabilities	5	(2,146)	2,146	–	–
Income tax payable		(16,753)	–	–	(16,753)
Provisions	22	(671)	–	–	(671)
Total current liabilities		(38,864)	(17,534)	316	(56,082)
Non-current liabilities					
Lease liabilities	21	(11,845)	–	11,845	–
Provisions	22	(424)	–	–	(424)
Total non-current liabilities		(12,269)	–	11,845	(424)
Total liabilities		(51,133)	(17,534)	12,161	(56,506)
Net assets		12,584	–	131	12,715
Equity					
Share capital	23	908	–	–	908
Other reserves		524	–	–	524
Retained earnings		11,152	–	131	11,283
Total equity attributable to the equity holders of the Parent		12,584	–	131	12,715



2 Significant accounting policies continued
Impact on the consolidated statement of cash flows

Year ended 31 December 2018 €000	Note	As reported	IFRS 15	IFRS 16	Amounts without adoption
Cash flows from operating activities					
Profit for the year		160,455	–	131	160,586
Adjustments for:					
Depreciation charges	13	3,307	–	(1,863)	1,444
Amortisation charges	14	545	–	–	545
Financial income	8	(171)	–	–	(171)
Financial expenses	9	491	–	(302)	189
Loss on disposal of property, plant and equipment	13	7	–	–	7
Share-based payments	25	4,320	–	–	4,320
Income tax expense	10	37,815	–	28	37,843
Operating cash flow before changes in working capital		206,769	–	(2,006)	204,763
Increase in trade and other receivables		(5,344)	(261)	(61)	(5,666)
(Decrease)/increase in trade and other payables		(1,069)	287	535	(247)
Increase in provisions	22	46	–	–	46
(Increase)/decrease in contract assets	5	(261)	261	–	–
Increase/(decrease) in contract liabilities	5	287	(287)	–	–
Cash generated from operating activities		200,428	–	(1,532)	198,896
Financial expenses paid		(190)	–	–	(190)
Income taxes paid		(32,798)	–	–	(32,798)
Net cash from operating activities		167,440	–	(1,532)	165,908
Cash flows from investing activities					
Interest received		118	–	–	118
Acquisition of property, plant and equipment	13	(1,614)	–	–	(1,614)
Proceeds on disposal of property, plant and equipment	13	–	–	–	–
Acquisition of intangible assets	14	(128)	–	–	(128)
Net cash used in investing activities		(1,624)	–	–	(1,624)
Cash flows from financing activities					
Dividends paid	12	(54,977)	–	–	(54,977)
Purchase of own shares for cancellation	23	(113,528)	–	–	(113,528)
Purchase of own shares for share incentive plans	24	(685)	–	–	(685)
Share related expenses	23	(778)	–	–	(778)
Payment of lease liabilities	21	(1,532)	–	1,532	–
Proceeds on exercise of share-based incentives		601	–	–	601
Net cash used in financing activities		(170,899)	–	1,532	(169,367)
Net decrease in cash and cash equivalents		(5,083)	–	–	(5,083)
Cash and cash equivalents at 1 January		20,930	–	–	20,930
Cash and cash equivalents at period end	18	15,847	–	–	15,847

2 Significant accounting policies continued

The following accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017.

(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

2 Significant accounting policies *continued*

(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 and leased assets	remaining life of the lease

(d) Impairment

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

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

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

(e) Cash and cash equivalents

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

(f) 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.

(g) 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.

2 Significant accounting policies continued

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

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

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

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

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

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

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

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

(h) 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.

(i) 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.

(j) Financial income and expenses

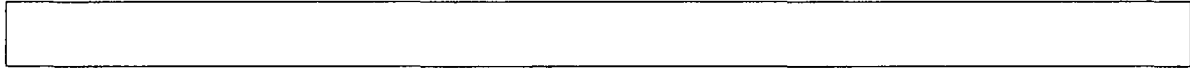
Financial income comprises interest receivable on cash balances and money market deposits and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established.

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

(k) 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.



2 Significant accounting policies *continued*

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.

(l) 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.

(m) 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. 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. The calculation of underlying basic and diluted EPS is disclosed in Note 11.

3 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.

3 Risk and capital management continued

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% (2017: 88.0%) of the Group's Agency and New Homes customers pay via monthly direct debit, minimising the risk of non-payment. The Group establishes an expected credit loss that represents its estimate of losses in respect of trade and other receivables. Further details of these are given in Note 26.

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

Liquidity risk

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

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

The Group and Company ensure that they have sufficient cash on demand to meet expected operational expenses excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Throughout the year, the Group typically had sufficient cash on demand to meet operational expenses, before financing activities, for a period of 138 days (2017: 107 days).

The Group agreed to extend a 12 month agreement with Barclays Bank plc for a £10,000,000 committed revolving loan facility on 13 February 2018. This agreement was extended for a further year on 15 January 2019 and will expire on 12 February 2020.

Market risk

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

(i) Currency risk

All of the Group's sales and more than 97.0% (2017: 95.0%) of the Group's purchases are Sterling denominated, accordingly it has no significant currency risk.

(ii) Interest rate risk

The Group has interest bearing lease liabilities, although the interest on these is insignificant. The Group is exposed to interest rate risk on cash and money market deposit balances. The Company has no interest bearing financial liabilities.



3 Risk and capital management *continued*

Capital management

The Board of directors' policy is to maintain an efficient statement of financial position so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors considers that the future working capital and capital expenditure requirements of the Group will continue to be low and accordingly return on capital measures are not key performance targets. The Board of directors monitors the spread of the Company's shareholders as well as underlying basic EPS.

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

(i) Dividend policy

The Board of directors has a progressive dividend policy and monitors the level of dividends to ordinary shareholders in relation to the growth in underlying basic EPS. The Board has adopted this policy in order to align shareholder returns with the underlying growth achieved in the profitability of 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 £391,022,000 (2017: £411,276,000) as set out in the Company statement of changes in shareholders' equity on page 95. The Group has cash and money market deposits at 31 December 2018 of £19,937,000 (2017: £24,975,000), 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 2018 cash generated from operating activities was £200,428,000 (2017: £183,891,000) 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 2018, 24,977,740 (2017: 22,240,590) shares were bought back and were cancelled at an average price of £4.55 (2017: £4.08).

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

Operational risk

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

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

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

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements, including Financial Conduct Authority (FCA) requirements for the provision of the Rightmove Passport through Rightmove Rent Services Limited;
- 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 ongoing succession planning; and
- risk mitigation, including insurance where this is effective.

Notes continued

4 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 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.

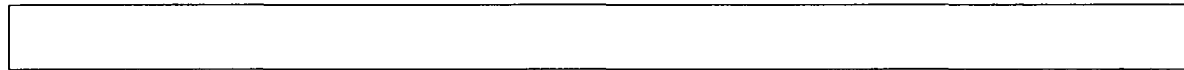
	Agency €000	New Homes €000	Subtotal €000	Other €000	Central €000	Adjustments €000	Total €000
Year ended 31 December 2018							
Revenue	201,022	46,167	247,189	20,632	–	–	267,821
Operating profit ⁽¹⁾	–	–	–	–	203,329 ⁽²⁾	(4,739) ⁽²⁾	198,590
Depreciation and amortisation	–	–	–	–	(3,852)	–	(3,852)
Financial income	–	–	–	–	171	–	171
Financial expenses	–	–	–	–	(491)	–	(491)
Trade receivables ⁽³⁾	5,367	9,942	15,309	1,461	–	167 ⁽⁴⁾	16,937
Other segment assets	–	–	–	–	46,768	12 ⁽⁴⁾	46,780
Segment liabilities	–	–	–	–	(50,934)	(179) ⁽⁴⁾	(51,113)
Capital expenditure	–	–	–	–	1,742	–	1,742
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

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

(2) Central operating profit does not include share-based payments charge of €4,320,000 (2017: €4,836,000) and NI on share-based incentives charge of €419,000 (2017: €1,228,000).

(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 trade receivables and debit balances in trade payables made on consolidation for statutory accounts purposes.



4 Operating segments *continued*

Geographic information

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

Group	2018		2017	
	Revenue £000	Trade receivables £000	Revenue £000	Trade receivables £000
UK	261,031	16,864	236,718	29,885
Rest of the world	6,790	73	6,555	408
	267,821	16,937	243,273	30,293

5 Revenue

The Group's operations and main revenue streams are those described in these annual financial statements. The Group's revenue is derived from contracts with customers.

The nature and effect of initially applying IFRS 15 on the Group's financial statements is disclosed in Note 2.

Disaggregation of revenue

In the following table, revenue is disaggregated by property and non-property advertising revenue. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 4).

Year ended 31 December 2018	Estate Agency £000	New Homes £000	Other £000	Total £000
Revenue stream				
Property products	201,022	46,167	12,300	259,489
Non-property products	–	–	8,332	8,332
	201,022	46,167	20,632	267,821

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

		31 December 2018 £000	1 January 2018* £000
Receivables, which are included in trade and other receivables	17	17,655	14,086
Contract assets		427	166
Contract liabilities		(2,146)	(2,724)

⁴ The Group recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance at 1 January 2018. The movement recognised in the cash flow for the year ended 31 December 2018 is the difference between the reported contract asset and contract liability balances at 31 December 2018 and the related balances on adoption of IFRS 15.

The contract assets primarily relate to the Group's rights to consideration for services provided but not invoiced at the reporting date. The contract assets are transferred to receivables when invoiced and the rights have become unconditional.

The contract liabilities primarily relate to the advance consideration received from Agency, Overseas and Commercial customers, for which revenue is recognised as or when the services are provided.

The full amount of £2,724,000 recognised in contract liabilities at 1 January 2018 has been recognised as revenue for the year ended 31 December 2018.

Notes continued

6 Operating profit

	2018 £000	2017 £000
Operating profit is stated after charging:		
Employee benefit expense	30,506	28,338
Depreciation of property, plant and equipment	3,307	1,311
Amortisation of intangibles	545	473
Bad debt impairment charge	819	466
Operating lease rentals		
Land and buildings	–	1,361
Other	–	547

Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor in respect of the audit		
Audit of the Company's financial statements	19	19
Audit of the Company's subsidiaries pursuant to legislation	132	122
Total audit remuneration	151	141

Fees payable to the Company's auditor in respect of non-audit related services

Half-year review of the condensed financial statements	19	18
All other services	9	12
Total non-audit remuneration	28	30

7 Employee numbers and costs

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

	2018 Number of employees	2017 Number of employees
Administration	461	449
Management	34	30
	495	479

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	26,087	24,249
Social security costs	3,280	3,168
Pension costs	1,139	921
	30,506	28,338

Wages and salaries include £7,541,000 (2017: £6,740,000) relating to the product development and technology teams; these teams spend a significant proportion of their time on research and development activities, including innovation of our product proposition and enhancements to the Rightmove platforms. Social security costs relating to NI on share-based incentives are not included within this amount.

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8 Financial income

	2018 £000	2017 £000
Interest income on cash and cash equivalents	126	110
Interest income on money market deposits	45	19
	171	129

9 Financial expenses

	2018 £000	2017 £000
Other interest payable	190	214
Interest unwind on lease liabilities	301	–
	491	214

10 Income tax expense

	2018 £000	2017 £000
Current tax expense		
Current year	37,744	34,582
Adjustment to current tax charge in respect of prior years	(106)	(292)
	37,638	34,290
Deferred tax credit		
Origination and reversal of temporary differences	50	(170)
Reduction in tax rate	127	–
	177	(170)
Total income tax expense	37,815	34,120

Income tax credit recognised directly in equity

	2018 £000	2017 £000
Current tax		
Share-based incentives	(2,780)	(2,666)
Deferred tax		
Share-based incentives (refer Note 16)	2,594	1,367
Reduction in tax rate	176	–
	2,770	1,367
Total income tax credit recognised directly in equity	(10)	(1,299)

Total income tax recognised directly in equity in respect of the Company was a credit of £83,000 (2017: £586,000 credit).

Notes continued

10 Income tax expense continued

Reconciliation of effective tax rate

The Group's income tax expense for the year is higher (2017: lower) than the standard rate of corporation tax in the UK of 19.0% (2017: 19.3%). The differences are explained below:

	2018 €000	2017 €000
Profit before tax	198,270	178,216
Current tax at 19.0% (2017: 19.3%)	37,671	34,307
Reduction in tax rate	127	-
Non-deductible expenses	127	103
Share-based incentives	(4)	2
Adjustment to current tax charge in respect of prior years	(106)	(292)
	37,815	34,120

The Group's consolidated effective tax rate on the profit of £198,270,000 for the year ended 31 December 2018 is 19.1% (2017: 19.1%). The difference between the standard rate and effective rate at 31 December 2018 of 0.1% (2017: (0.2%)) is primarily attributable to disallowable expenditure and a reduction in the rate at which the deferred tax asset is recognised of 0.1%, offset by an adjustment in respect of prior periods for research and development tax relief.

11 Earnings per share (EPS)

Following the ten for one subdivision of the Company's ordinary share capital on 31 August 2018 (refer Note 1), the 2017 comparatives have been restated in line with IAS 33.

	€000	Pence per share	
		Basic	Diluted
Year ended 31 December 2018			
Earnings	160,455	17.80	17.69
Underlying earnings	165,194	18.33	18.22
Year ended 31 December 2017 (Restated)			
Earnings	144,096	15.67	15.51
Underlying earnings	150,160	16.33	16.17

Weighted average number of ordinary shares (basic)

	2018 Number of shares	Restated 2017 Number of shares
Issued ordinary shares at 1 January less ordinary shares held by the EBT and SIP Trust	929,347,400	950,968,410
Less own shares held in treasury at the beginning of the year	(18,924,560)	(22,717,250)
Effect of own shares purchased for cancellation	(11,423,051)	(10,340,150)
Effect of share-based incentives exercised	2,284,329	1,390,112
Effect of shares purchased by the EBT	(7,768)	(9,110)
Issued ordinary shares at 31 December less ordinary shares held by the EBT and SIP Trust	901,276,350	919,292,012

11 Earnings per share (EPS) *continued*

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.

	2018	Restated 2017
	Number of shares	Number of shares
Weighted average number of ordinary shares (basic)	901,276,350	919,292,012
Dilutive impact of share-based incentives outstanding	5,515,657	9,481,838
	906,792,007	928,773,850

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:

	2018	2017
	£000	£000
Basic earnings for the year	160,455	144,096
Share-based payments	4,320	4,836
NI on share-based incentives	419	1,228
Underlying earnings for the year	165,194	150,160

12 Dividends

Following the ten for one subdivision of the Company's ordinary share capital on 31 August 2018 (refer Note 1), the 2017 comparatives have been restated in order to aid comparability of information.

Dividends declared and paid by the Company were as follows:

	2018		Restated 2017	
	Pence per share	£000	Pence per share	£000
2016 final dividend paid	–	–	3.20	29,507
2017 interim dividend paid	–	–	2.20	20,104
2017 final dividend paid (restated)	3.60	32,559	–	–
2018 interim dividend paid	2.50	22,418	–	–
	6.10	54,977	5.40	49,611

After the reporting date a final dividend of 4.0p (2017: 3.6p) per qualifying ordinary share being £35,613,000 (2017: £32,758,000) was proposed by the Board of directors.

The 2017 final dividend paid on 1 June 2018 was £32,559,000 being £199,000 lower than that reported in the 2017 Annual Report, which was due to a decrease in the ordinary shares entitled to a dividend between 31 December 2017 and the final dividend record date of 4 May 2018.

Notes continued

12 Dividends continued

The 2018 interim dividend paid on 3 November 2018 was £22,418,000 being £171,000 lower than that reported in the 2018 Half Year Report, which was due to a decrease in the ordinary shares entitled to a dividend between 30 June 2018 and the interim dividend record date of 2 November 2018.

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	Land & buildings £000	Office equipment, fixtures & fittings £000	Computer equipment £000	Leasehold improvements £000	Motor vehicles £000	Assets in progress £000	Total £000
Cost							
At 1 January 2018	–	857	7,824	834	–	187	9,702
Recognised on application of IFRS 16	10,059	–	–	–	671	–	10,730
Additions	–	266	1,165	183	–	–	1,614
Leased asset additions	3,194	–	–	–	270	–	3,464
Transfers	–	22	20	145	–	(187)	–
Disposals	–	(194)	–	(47)	–	–	(241)
At 31 December 2018	13,253	951	9,009	1,115	941	–	25,269
Depreciation							
At 1 January 2018	–	(567)	(6,143)	(283)	–	–	(6,993)
Charge for year	(1,467)	(110)	(1,226)	(108)	(396)	–	(3,307)
Disposals	–	187	–	47	–	–	234
At 31 December 2018	(1,467)	(490)	(7,369)	(344)	(396)	–	(10,066)
Net book value							
At 31 December 2018	11,786	461	1,640	771	545	–	15,203
At 31 December 2017	–	290	1,681	551	–	187	2,709

Included within land & buildings and motor vehicles are £12,331,000 of assets recognised as leases under IFRS 16. Further details of these leases are disclosed in Note 21.

The assets in progress consisted of capitalised costs relating to the leasehold improvements for the London office that were brought into use during the year.

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13 Property, plant and equipment continued

Group	Office equipment, fixtures & fittings €000	Computer equipment €000	Leasehold improve- ments €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 31 December 2016	151	1,952	185	–	2,288

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

14 Intangible assets

Group	Goodwill €000	Computer software €000	Market appraisal algorithm €000	Total €000
Cost				
At 1 January 2018	2,465	5,080	309	7,854
Additions	–	128	–	128
At 31 December 2018	2,465	5,208	309	7,982
Amortisation				
At 1 January 2018	–	(4,401)	(163)	(4,564)
Charge for year	–	(399)	(146)	(545)
At 31 December 2018	–	(4,800)	(309)	(5,109)
Net book value				
At 31 December 2018	2,465	408	–	2,873
At 31 December 2017	2,465	679	146	3,290

Notes continued

14 Intangible assets continued

Group	Goodwill £000	Computer software £000	Assets 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
Internally generated	–	–	(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 31 December 2016	2,465	608	203	249	3,525

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 4.

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 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 2018 were as follows:

Company	Nature of business	Country of incorporation	Holding	Class of shares
Rightmove Group Limited	Online property advertising	England and Wales	100%	Ordinary
Rightmove Rent Services Limited	Online rental services	England and Wales	100%	Ordinary
Rightmove Property Services Limited	Online rental services	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 Homes 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 2 Caldecotte Lake Business Park, Caldecotte Lake Drive, Caldecotte, Milton Keynes, MK7 8LE.

15 Investments continued

The shares in Rightmove Rent Services Limited, Rightmove Property Services Limited and The Outside View Analytics Ltd are attributed to the Company by virtue of their being held by Rightmove Group Limited.

Company	2018 £000	2017 £000
Investment in subsidiary undertakings		
At 1 January	548,827	546,202
Additions – subsidiary share-based payments charge	2,651	2,625
At 31 December	551,478	548,827

In 2008, the Company became the holding company of Rightmove Group Limited (formerly Rightmove plc, Company no. 03997679) 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 £2,651,000 (2017: £2,625,000) 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				Total £000	Company Share- based incentives £000
	Share- based incentives £000	Property, plant and equipment £000	Provisions £000	Market appraisal algorithm £000		
At 1 January 2018	5,222	315	231	(23)	5,745	2,490
Recognised in income	(191)	53	(62)	23	(177)	(278)
Recognised directly in equity	(2,770)	–	–	–	(2,770)	(1,246)
At 31 December 2018	2,261	368	169	–	2,798	966
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

The decrease in the deferred tax asset relating to share-based incentives at 31 December 2018 is due to increased exercises of share-based incentives in 2018 as well as the decrease in the Company's share price from £4.50 (adjusted for the 10:1 share subdivision effective 31 August 2018) at 31 December 2017 to £4.32 at 31 December 2018, which has outweighed the number of new share scheme awards.

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 2018 has been calculated at the rate of 18% which represents the average expected rate at which the net deferred tax asset will reverse in the future.

Notes continued

17 Trade and other receivables

Group	2018 €000	2017 €000
Trade receivables	17,655	30,756
Less provision for impairment of trade receivables	(718)	(463)
Net trade receivables	16,937	30,293
Prepayments	5,446	4,545
Accrued income	–	166
Interest receivable	24	16
Other debtors	72	74
	22,479	35,094

Following the application of IFRS 15, effective 1 January 2018, trade receivables have reduced (refer Note 2).

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

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

18 Cash and deposits

Group	2018 €000	2017 €000
Cash and cash equivalents	15,847	20,930
Money market deposits	4,090	4,045
	19,937	24,975

Cash balances with an original maturity of less than three months were held in current accounts during the year and attracted interest at a weighted average rate of 0.4% (2017: 0.3%).

The cash and cash equivalents balance includes €1,718,000 (2017: €1,803,000) 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% (2017: 1.1%).

The Company had no cash and cash equivalents either year.

19 Trade and other payables

	Group		Company	
	2018 €000	2017 €000	2018 €000	2017 €000
Trade payables	2,653	1,424	–	–
Trade accruals	5,197	6,867	1,483	3,393
Other creditors	368	99	–	–
Other taxation and social security	9,863	11,105	–	–
Deferred revenue	–	19,393	–	–
Inter-group payables	–	–	40,657	20,017
	18,081	38,888	42,140	23,410

Following the application of IFRS 15, effective 1 January 2018, deferred revenue is no longer recognised (refer Note 2).

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 on 13 February 2018. This agreement was extended for a further year on 15 January 2019 and will expire on 12 February 2020.

The Company had no bank loans and borrowings in either year.

21 Leases

The Group leases assets including land and buildings and motor vehicles that are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below.

Analysis of property, plant and equipment between owned and leased assets				2018
				€000
Net book value property, plant and equipment owned				2,872
Net book value right of use assets				12,331
				15,203
Net book value of right of use assets	Property	Vehicles	Total	
Balance at 1 January 2018	10,059	671	10,730	
Additions	3,194	270	3,464	
Depreciation charge	(1,467)	(396)	(1,863)	
Balance at 31 December 2018	11,786	545	12,331	
Lease liabilities				2018
				€000
Maturity analysis – contractual undiscounted cash flows				
Less than one year				1,517
One to five years				7,283
More than five years				5,736
				14,536
Lease liabilities included in the statement of financial position at 31 December 2018				2018
				€000
Current				1,213
Non-current				11,845
				13,058
Amounts recognised in profit or loss				2018
				€000
Interest on lease liabilities				301
Expenses relating to short-term leases				81
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets				37
				419
Amounts recognised in the statement of cash flows				2018
				€000
Total cash outflow for leases				1,532

Notes continued

21 Leases continued

Comparative amounts for 2017 represent the non-cancellable operating lease rentals under IAS 17:

Group	Plant & machinery £000	2017 Land & buildings £000	Total £000
Less than one year	304	929	1,233
Between one and five years	287	5,048	5,335
More than five years	–	5,700	5,700
	591	11,677	12,268

During 2017 the Group entered into three new operating lease arrangements for additional space at the London office. These leases were capitalised on adoption to IFRS 16 on 1 January 2018. For further detail, refer Note 2.

The Company had no operating lease commitments in 2017.

22 Provisions

	Dilapidations provision £000	2018 Employee provisions £000	Total £000	Dilapidations provision £000	2017 Employee provisions £000	Total £000
At 1 January	381	668	1,049	272	88	360
Utilised during the year	–	(250)	(250)	–	–	–
Charged in the year	43	253	296	109	580	689
At 31 December	424	671	1,095	381	668	1,049
Current	–	671	671	87	668	755
Non-current	424	–	424	294	–	294

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 the Group has 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.

23 Share capital

Following the ten for one subdivision of the Company's ordinary share capital on 31 August 2018 (refer Note 1), an adjustment has been made in the 2018 reconciliation of the number of ordinary shares in issue.

	Amount £000	2018 Number of 1 pence shares	Number of 0.1 pence shares	Amount £000	2017 Number of 1 pence shares
In issue ordinary shares					
At 1 January	933	93,266,207	–	955	95,490,266
Effect of 10:1 subdivision of shares	–	(93,266,207)	932,662,070	–	–
Purchase and cancellation of own shares	(25)	–	(24,977,740)	(22)	(2,224,059)
At 31 December	908	–	907,684,330	933	93,266,207

23 Share capital *continued*

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 2018 was 24,977,740 0.1 pence (2017: 2,224,059 1 pence) shares representing 2.8% (2017: 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 £113,528,000 (2017: £90,809,000). The maximum and minimum prices paid were £5.30 (2017: £44.50) and £4.15 (2017: £38.48) per share respectively. Share-related expenses in relation to stamp duty charges and broker expenses were £795,000 (2017: £637,000). Included within shares in issue at 31 December 2018 are 2,248,020 0.1 pence (2017: 263,767 1 pence) shares held by the EBT, 810,095 0.1 pence (2017: 67,700 1 pence) shares held by the SIP and 14,813,304 0.1 pence (2017: 1,892,456 1 pence) shares held in treasury.

24 Reconciliation of movement in capital and reserves

Following the ten for one subdivision of the Company's ordinary share capital on 31 August 2018 (refer Note 1), an adjustment has been made in the 2018 reconciliation of the number of ordinary shares in issue.

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 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
Own shares held as at 31 December 2017	(1,978)	(2,018)	(8,999)	(12,995)
Own shares held as at 1 January 2018	(1,978)	(2,018)	(8,999)	(12,995)
Shares purchased for SIP	(685)	–	–	(685)
Shares transferred to SIP	1,446	(1,446)	–	–
Share-based incentives exercised in the year	104	68	2,027	2,199
Reduction in shares released due to net settlement	–	–	(68)	(68)
SIP releases in the year	–	411	–	411
Own shares held as at 31 December 2018	(1,113)	(2,985)	(7,040)	(11,138)

Own shares held – number of shares

	EBT shares reserve	Number of shares		Total
		SIP shares reserve	Treasury shares	
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)
1 pence own shares held as at 31 December 2017	263,767	67,700	1,892,456	2,223,923

Notes continued

24 Reconciliation of movement in capital and reserves continued

	EBT shares reserve	SIP shares reserve	Number of shares Treasury shares	Total
Own shares held as at 1 January 2018	263,767	67,700	1,892,456	2,223,923
Effect of 10:1 subdivision of shares	2,373,903	609,300	17,032,104	20,015,307
Shares purchased for SIP	157,525	–	–	157,525
Shares transferred to SIP	(332,525)	332,525	–	–
Share-based incentives exercised in the year	(214,650)	(17,000)	(4,254,160)	(4,485,810)
Reduction in shares released due to net settlement	–	–	142,904	142,904
SIP releases in the year	–	(182,430)	–	(182,430)
0.1 pence own shares held as at 31 December 2018	2,248,020	810,095	14,813,304	17,871,419

(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 2018, the EBT held 2,248,020 0.1 pence (2017: 263,767 1 pence) ordinary shares in the Company representing 0.3% (2017: 0.3%) of the ordinary shares in issue (excluding shares held in treasury). The market value of the shares held in the EBT at 31 December 2018 was £9,711,000 (2017: £11,870,000).

(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 500 0.1 pence free shares with effect from 5 January 2018 and 475 0.1 pence free shares with effect from 21 December 2018, split across two different tax years. (2017: 50 1 pence shares with effect from 3 January 2017), subject to a three year service period. 182,430 0.1 pence shares were exercised and 17,000 0.1 pence (2017: 2,450 1 pence) shares were released by the SIP during the year in relation to good leavers and retirees. 332,525 0.1 pence (2017: 20,000 1 pence) shares were transferred to the SIP reserve from the EBT.

At 31 December 2018 the SIP held 810,095 0.1 pence (2017: 67,700 1 pence) ordinary shares in the Company, representing 0.09% (2017: 0.07%) of the ordinary shares in issue (excluding shares held in treasury). The market value of the shares held in the SIP at 31 December 2018 was £3,500,000 (2017: £3,047,000).

(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 per 1 pence share and may be used to satisfy certain share-based incentive awards. An additional 142,904 0.1 pence (2017: 6,277 1 pence) 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 £25,000 (2017: £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 £1,941,000 (2017: £1,485,000 loss) is the difference between the value that the shares held by the EBT, SIP and treasury shares were originally acquired at and the exercise price at which share-based incentives were exercised or released during the year. Details of share buybacks and cancellation of shares are included in Note 23.

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 £2,651,000 (2017: £2,625,000) in respect of the share-based incentives charge for employees of Rightmove Group Limited.

In addition, other reserves include £386,000 (2017: £361,000) of Capital Redemption Reserve. A movement of £25,000 (2017: £22,000) has been recorded in relation to the nominal value of ordinary shares cancelled during the year.

25 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.

Following the ten for one subdivision of shares effective 31 August 2018, the 2017 comparatives have been restated in order to aid comparability of information.

NI is being accrued, where applicable, at a rate of 13.8%, which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. The total NI charge for the year relating to all awards was £419,000 (2017: £1,228,000). The share price at 31 December 2018 was £4.32 (2017: £4.50).

The Group recognised a total share-based payments charge for the year of £4,320,000 (2017: £4,836,000) with a Company charge for the year of £1,669,000 (2017: £2,211,000), as set out below:

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Sharesave Plan	308	310	3	–
Performance Share Plan (PSP)	1,766	2,297	1,289	1,544
Deferred Share Bonus Plan (DSP)	1,585	1,441	377	667
Share Incentive Plan (SIP)	661	788	–	–
Total share-based payments charge	4,320	4,836	1,669	2,211
NI on applicable share-based incentives at 13.8%	419	1,228	205	876

A 2% reduction or increase in the employee leaver assumption (excluding executive directors) for the DSP and the PSP would have increased or decreased the share-based payments charge in the year by £34,000 (2017: £34,000).

Approved and Unapproved Plans

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

Group	2018		Restated 2017	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	3,317,720	29.41	5,465,270	30.74
Exercised	(2,792,190)	22.40	(2,147,550)	32.81
Outstanding at 31 December	525,530	66.60	3,317,720	29.41
Exercisable at 31 December	525,530	66.60	3,317,720	29.41

The weighted average market value per ordinary share for options exercised in 2018 was 436.51 pence (2017: 417.70 pence). The options outstanding at 31 December 2018 have an exercise price of 66.69 pence (2017: in the range of 22.40 to 66.60) in both years and a weighted average contractual life of 1.2 years (2017: 1.3 years).

Notes continued

25 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 2017	404.50	328.90	30.1	3.0	0.1	1.3	25.0	119.50
1 October 2018	476.35	389.00	25.4	3.0	0.8	1.3	25.0	118.49

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

The requirement that an employee has to save in order to purchase shares under the Sharesave Plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black Scholes pricing model. The discount has been determined by estimating the probability that the employee will stop saving based on expected future trends in the share price and past employee behaviour.

Group	2018		Restated 2017	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	971,400	318.25	1,169,330	271.27
Granted	315,208	385.44	369,390	328.90
Forfeited	(117,684)	325.92	(196,200)	293.81
Exercised	(214,650)	280.72	(371,120)	196.16
Outstanding at 31 December	954,274	349.15	971,400	318.25
Exercisable at 31 December	53,340	296.00	32,990	197.20

The weighted average market value per ordinary share for Sharesave options exercised in 2018 was 428.89 pence (2017: 413.60 pence). The Sharesave options outstanding at 31 December 2018 have an exercise price in the range of 296.00 pence to 389.00 pence (2017: 197.00 pence to 332.00 pence) and a weighted average contractual life of 2.2 years (2017: 2.4 years).

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.

364,800 PSP awards were made on 28 February 2018 (the Grant Date) subject to Earnings Per Share (EPS) and Total Shareholders Return (TSR) performance. Performance will be measured over three financial years (1 January 2018 – 31 December 2020). The vesting in February 2021 (Vesting Date) of 25% of the 2018 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 2018 PSP award will be dependent on the satisfaction of an EPS growth target measured over a three year performance period.



25 Share-based payments continued

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)
1 March 2017 (TSR dependent) ⁽¹⁾	406.50	nil	30.1	3.0	0.1	0.0	0.0	211.10
1 March 2017 (EPS dependent) ⁽¹⁾	406.50	nil	n/a	3.0	0.1	0.0	0.0	406.50
9 May 2017 (TSR dependent) ⁽¹⁾	424.40	nil	30.1	3.0	0.1	0.0	0.0	211.10
9 May 2017 (EPS dependent) ⁽¹⁾	424.40	nil	n/a	3.0	0.1	0.0	0.0	406.50
28 February 2018 (TSR dependent) ⁽¹⁾	427.70	nil	25.4	3.0	0.8	0.0	0.0	199.80
28 February 2018 (EPS dependent) ⁽¹⁾	427.70	nil	n/a	3.0	0.8	0.0	0.0	427.70

(1) For details of TSR and EPS performance conditions refer to the Directors' Remuneration Report on pages 71 to 84.

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

Group	2018 Number	Restated 2017 Number
Outstanding at 1 January	2,423,340	4,029,520
Granted	364,800	381,770
Forfeited	–	(236,350)
Exercised	(1,069,070)	(1,751,600)
Outstanding at 31 December	1,719,070	2,423,340
Exercisable at 31 December	245,562	251,400

The weighted average market value per ordinary share for options exercised in 2018 was 453.33 pence (2017: 412.54 pence). The weighted average exercise price was nil in both years. The PSP awards outstanding at 31 December 2018 have a weighted average contractual life of 2.7 years (2017: 2.7 years).

Notes continued

25 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 option (pence)
1 March 2017	1 March 2018 ⁽¹⁾	406.50	nil	3.0	0.1	1.3	10.0	391.50
28 February 2018	28 February 2019 ⁽²⁾	427.70	nil	3.0	0.8	1.3	10.0	411.80

(1) Following the achievement of 60% of the 2017 internal performance targets, 432,120 nil cost deferred shares were awarded to executives and senior management on 1 March 2018 (the Award Date) with the right to the release of the shares deferred until March 2020.

(2) Based on the 2018 internal performance targets, the Remuneration Committee determined that 78% of the maximum award in respect of the year will be made in March 2019. The number of shares to be awarded will be determined based on the share price at the Award Date in March 2019.

Group	2018 Number	Restated 2017 Number
Outstanding at 1 January	711,130	761,720
Awarded	432,120	384,160
Forfeited	–	(35,790)
Exercised	(353,610)	(398,960)
Outstanding at 31 December	789,640	711,130
Exercisable at 31 December	–	–

The weighted average market value per ordinary share for deferred shares exercised in 2018 was 450.86 pence (2017: 410.72 pence). The weighted average exercise price was nil in both years.

The DSP awards outstanding at 31 December 2018 have a weighted average contractual life of 1.7 years (2017: 1.7 years).

25 Share-based payments *continued*

Share Incentive Plan

In 2014, the Group established the Rightmove Share Incentive Plan Trust (SIP). Employees were offered 500 shares on 1 January 2018 and a further 475 shares on 21 December 2018 across two separate tax years (2017: 500 1 pence shares) 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 2017	394.50	nil	30.1	3.0	0.1	nil	33.0	394.50
1 January 2018	456.80	nil	25.4	3.0	0.8	nil	33.0	456.80
21 December 2018	420.90	nil	25.4	3.0	0.8	nil	33.0	420.90

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

Group	2018 Number	Restated 2017 Number
Outstanding at 1 January	592,000	443,000
Granted	475,400	236,000
Forfeited	(77,500)	(62,500)
Exercised	(182,430)	–
Released	(17,000)	(24,500)
Outstanding at 31 December	790,470	592,000
Exercisable at 31 December	55,570	–

The weighted average market value per ordinary share for SIP awards released and exercised in 2018 was 454.90 pence (2017: 416.61 pence). 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 SIP.

The SIP options outstanding at 31 December 2018 have a weighted average contractual life of 1.5 years (2017: 0.9 years).

Notes continued

26 Financial instruments

Credit risk

The carrying amount of financial assets, previously recognised as loans and receivables under IAS 39 now classified as amortised cost under IFRS 9, represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Group	Note	2018 £000	2017 £000
Net trade receivables	17	16,937	30,293
Accrued interest receivable	17	24	16
Contract assets	5	427	–
Other debtors	17	72	74
Cash and cash equivalents	18	15,847	20,930
Money market deposits	18	4,090	4,045
		37,397	55,358

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	2018 £000	2017 £000
UK		16,864	29,885
Rest of the world		73	408
	17	16,937	30,293

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

Group	Note	2018 £000	2017 £000
Property advertisers		15,688	29,020
Other		1,249	1,273
	17	16,937	30,293

The Group's most significant customer accounts for £791,000 (2017: £1,408,000) of net trade receivables as at 31 December 2018.

Expected credit loss assessment

For the Group's smaller Estate Agency and Overseas customers, expected credit losses are measured using a provisioning matrix based on the reason the trade receivable is past due. The provision matrix rates are based on actual credit loss experience over the past three years and adjusted, when required, to take into account current macro-economic factors. For all other customers the Group applies experienced credit judgement that is determined to be predictive of the risk of loss to assess the expected credit loss, taking into account external ratings, financial statements and other available information.

**26 Financial instruments** continued

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at 31 December 2018.

	Weighted-average loss rate	Gross carrying amount €000	Loss allowance €000	Credit-impaired
Current	2.1%	11,813	(249)	No
Past due 1–30 days	6.4%	4,064	(261)	No
Past due 31–60 days	10.9%	963	(105)	No
Past due 61–90 days	21.1%	370	(78)	No
More than 91 days past due	5.6%	445	(25)	No
		17,655	(718)	

Comparative information under IAS 39

The ageing of trade receivables at 31 December 2017 under IAS 39 was as follows:

Group	2017	
	Gross €000	Impairment €000
Not past due	26,725	(4)
Past due 0–30 days	2,750	(68)
Past due 30–60 days	659	(30)
Past due 60–90 days	336	(75)
Past due older	286	(286)
	30,756	(463)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39:

Group	2018 €000	2017 €000
At 1 January	463	428
Charged during the year	819	466
Utilised during the year	(564)	(431)
At 31 December	718	463

Notes continued

26 Financial instruments continued

The Group has identified specific balances for which it has provided an impairment allowance on a line by line basis across all ledgers, in both years. No general impairment allowance has been provided in either year.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

Liquidity risk

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

Group	Carrying amount £000	Contractual cash flows £000	6 months or less £000
At 31 December 2018			
Trade payables being non-derivative financial liabilities	2,653	(2,653)	(2,653)
At 31 December 2017			
Trade payables being non-derivative financial liabilities	1,424	(1,424)	(1,424)

The Company had no 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

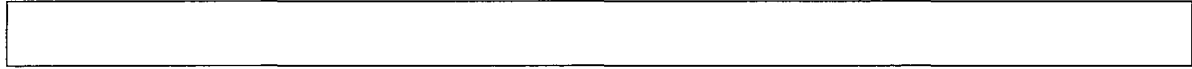
During 2018 all the Group's sales and more than 97.0% (2017: 95.0%) of the Group's purchases were Sterling denominated and accordingly it has no significant currency risk.

Interest rate risk

The Group has exposure to interest rate risk on its cash and cash equivalent balances and money market deposit balances. As at 31 December 2018 the Group had total cash and cash equivalents of £15,847,000 (2017: £20,930,000) and money market deposits of £4,090,000 (2017: £4,045,000).

Fair values

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



27 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 £471,000 (2017: £330,000) under this agreement and at 31 December 2018, the unsecured inter-group loan balance was £40,657,000 (2017: £20,017,000) including capitalised interest (refer Note 19).

On 26 June 2018 Rightmove Group Limited declared an interim dividend of 60p per ordinary share to the Company. Additionally, on 20 November 2018, Rightmove Group Limited declared a further interim dividend of 57p per ordinary share to the Company. The dividends of £151,399,000 (2017: £148,810,000) 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 £1,446,000 (2017: £741,000), representing the cost of the SIP shares transferred from the EBT to the SIP during the year.

The Company grants share options to employees of Rightmove Group Limited. This transaction is recognised as a recharge arrangement with an increase in the carrying value of the investment of Rightmove Group Limited (refer Note 15).

Inter-group transactions between subsidiaries

During the year Rightmove Rent Services Limited became a related party to the Company following its incorporation on 19 February 2018. During the year, Rightmove Group Limited has settled liabilities on behalf of Rightmove Rent Services Limited and the balance owing under the inter-group loan agreement dated 28 March 2018 was £365,000 as at 31 December 2018. Under IFRS 9 this loan has been fully impaired within Rightmove Group Limited as it is not expected to be recovered.

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 unsecured inter-group loan balance was £31,000 (2017: £25,000) as at 31 December 2018.

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 71 to 84.

During the year, the directors in office in total had gains of £8,157,000 (2017: £5,574,000) arising on the exercise of share-based incentive awards. The total share-based payments charge in relation to the directors in office was £1,669,000 (2017: £2,211,000).

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 71 to 84.

28 Contingent liabilities

The Group and the Company had no contingent liabilities in either year.

29 Subsequent events

There have been no subsequent events having a material impact on the financial statements between 31 December 2018 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

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Corporate advisers

Financial adviser
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UBS AG London Branch
Numis Securities Limited

Auditor
KPMG LLP

Bankers
Barclays Bank Plc
Santander UK Plc

Solicitors
EMW LLP
Slaughter and May
Herbert Smith Freehills LLP

Registrar
Link Asset Services*

Financial calendar 2019

2018 full year results	1 March 2019
Final dividend record date	3 May 2019
Annual General Meeting	10 May 2019
Final dividend payment	31 May 2019
Half year results	26 July 2019
Interim dividend	1 November 2019

*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 0391 (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.

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