savills

Report and Accounts

2016

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Our vision

To advise private, institutional and corporate clients seeking to acquire, manage, lease, develop or realise the value of prime residential and commercial property in the world's key locations.

Group highlights

Revenue
£1,445.9m
(2015: £1,283.5m)

Breadth of service (% non-transactional)
54%
(2015: 52%)

Underlying profit*
£135.8m
(2015: £121.4m)

Underlying profit margin
9.4%
(2015: 9.5%)

Underlying earnings per share
72.5p
(2015: 63.2p)

Property under management (sq ft)
1.8bn
(2015: 2.0bn)

Assets under management
€16.2bn
(2015: €17.1bn)

Geographical spread (% non-UK)
60%
(2015: 56%)

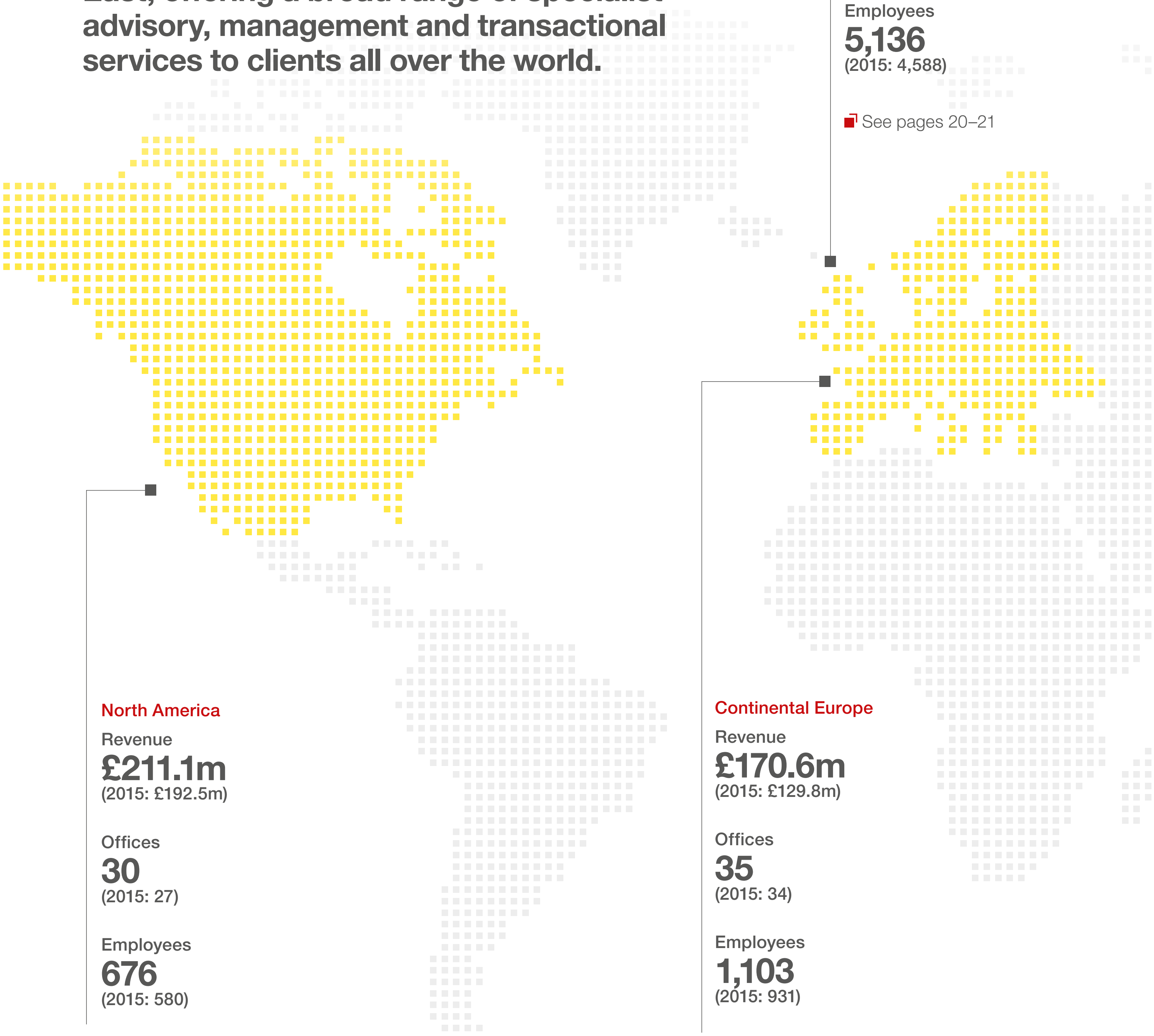
Operating cash generation
£93.3m
(2015: £122.0m)

Statutory profit after tax
£67.7m
(2015: £64.9m)

* Underlying profit is calculated by adjusting reported pre-tax profit for profit/loss on disposals, share-based payment adjustment, impairments, amortisation of acquired intangible assets (excluding software), restructuring costs and acquisition-related costs (refer to note 2.2 to the financial statements for further explanation).

Savills at a glance

Savills is a global real estate services provider listed on the London Stock Exchange. We have an international network of over 700 offices and associates and over 32,000 staff throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.



UK

Revenue
£578.3m
(2015: £560.1m)

Offices
130
(2015: 129)

Employees
5,136
(2015: 4,588)

See pages 20–21

North America

Revenue
£211.1m
(2015: £192.5m)

Offices
30
(2015: 27)

Employees
676
(2015: 580)

See pages 06–07

Continental Europe

Revenue
£170.6m
(2015: £129.8m)

Offices
35
(2015: 34)

Employees
1,103
(2015: 931)

See pages 12–13

Our services

Transaction Advisory
The Transaction Advisory business stream comprises commercial, residential, leisure and agricultural leasing, tenant representation and investment advice on purchases and sales.

See page 16

Consultancy
Provision of a wide range of professional property services including valuation, building and housing consultancy, environmental consultancy, landlord and tenant, rating, development, planning, strategic projects, corporate services and research.

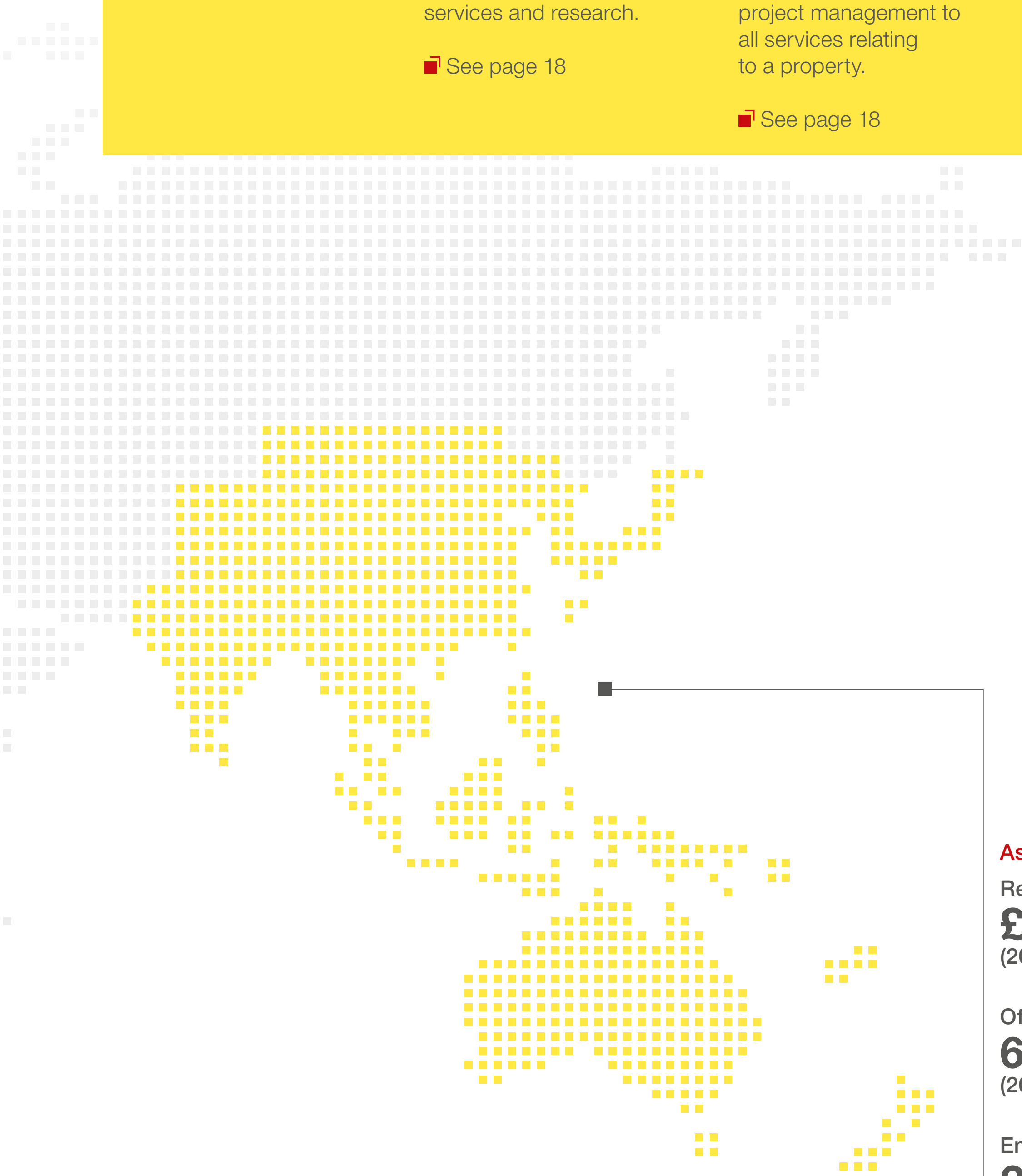
See page 18

Property and Facilities Management
Management of commercial, residential, leisure and agricultural property for owners. Provision of a comprehensive range of services to occupiers of property, ranging from strategic advice through project management to all services relating to a property.

See page 18

Investment Management
Investment management of commercial and residential property portfolios for institutional, corporate or private investors, on a pooled or segregated account basis.

See page 19



Asia Pacific

Revenue
£485.9m
(2015: £401.1m)

Offices
60
(2015: 59)

Employees
25,446
(2015: 24,597)

See pages 30–31

Our business model illustrates in simple terms how we create shareholder value through improving the strength of our premium brand, and through the delivery of profits and dividends to shareholders. We treat every client as an individual and take time to understand what they need and how we can best service them.

We have built our brand and reputation on the quality of our people, relationships, resources and processes. Savills has a strong and well embedded culture, founded on an entrepreneurial approach and underpinned by our values and operational standards. All that we do is underpinned by strong governance, a disciplined approach to risk management and high standards of responsibility, which supports the sustainable development of our business. More detail of our governance structure, policies and practices can be found later in this Annual Report on pages 40 to 59.

We are committed to delivering a high quality service and creating long-term relationships with our clients. Because of our personal approach to business, our people are fundamental to our business and we encourage an open and supportive culture in which every individual is respected. We strive to provide an environment in which our people can flourish and succeed. This allows us to recruit, motivate and retain talented people and build on our status as an employer of choice. We work hard to ensure that our people enjoy working at Savills promoting their personal and professional development. We encourage them to develop their careers within the Group, nurturing the entrepreneurs and leaders of the future to share in the success of the business.

We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives. They give us a unique perspective of the markets in which we operate and connect our clients with real estate opportunities and market intelligence. To be the real estate advisor of choice in our markets, and deliver superior financial performance, we aim to employ people of the highest quality supporting the delivery of the highest standards of client service. By choosing Savills, our clients have access to over 32,000 staff with a broad range of experience, skills and local knowledge, based in offices in key real estate locations across the globe and benefit from our extensive market research material.

Our resources and relationships

Outstanding people

- Local knowledge
- Entrepreneurial approach

Long-term client relationships

- Client care programmes
- High quality servicer

Intellectual property

- Market intelligence
- Brand and reputation

Financial

- Prudent capital structure
- Strong cash generation

Our business model

Defensive, scale business

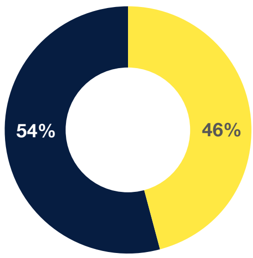
Revenue by business

Cyclical high-margin businesses

Property Management
33%

Consultancy
16%

Investment Management
5%



Commercial Transactions
35%

Residential Transactions
11%

Underpinned by

Our values

- Pride in everything we do
- Take an entrepreneurial approach to business
- Help our people fulfil their true potential
- Always act with integrity

Governance

- Board oversight
- High standards of governance

Disciplined approach to risk

- Risk mitigation to limit exposure to any one market or economy
- Business and geography diversification

Our value creation

Shareholders

Dividends
29.0p

Underlying earnings per share
72.5p

Underlying profit
£135.8m

People

- **Training and development**
  Restructured training programme
- **Employee engagement**
  Achieved One Star status
- **Diversity**
  UK Diversity Group

Clients

- **High quality service**
  Client Advocates
- **Client care**
  Client relationship management team

Community

- **Reducing environmental impact**
  Carbon emission reduction
- **Community investment**
  Community engagement programmes

Spotlight on

North America

US economy and real estate provides welcome stability in 2016.

The core drivers of demand for office space – payroll growth and business investment – continued to register positive trends in most markets during 2016. The private sector has increased employment for 76 consecutive months. New office development is rising, but remains below historical norms. In turn, the expansion cycle for the US office sector (as well as the industrial and housing sectors) continued on its upward trend over the last 12 months. We expect that 2017 will bring another year of steady demand in most office markets.

Leasing activity cooled from its intense pace in some of the most active markets, such as Dallas/Fort Worth and Atlanta, but is not expected to reduce significantly in 2017. Demand for office space in most tech markets (Silicon Valley, Boston and Seattle) and low-cost markets (Dallas/Fort Worth and Tampa) remained steady but returned to a pace that is on par with long-term trends. Atlanta and Chicago's CBD registered sustained leasing in 2014 and 2015, but slowed in 2016, in part due to price resistance among some tenants. Leasing is sporadic in markets that still depend primarily on traditional space users such as Midtown Manhattan and Washington, DC. Several markets – Boston, Los Angeles, the Bay Area in Northern California and Seattle – ended the year with a concentration of leasing activity.

Institutional investors and REITS invested selectively. They backed away slightly from some, but not all, of the top gateway markets. Office sales in Manhattan declined from $28.5 billion to $22.8 billion, but Los Angeles captured some of the shifting geographical focus – rising from $6.9 billion to $11.4 billion. Secondary markets with integral links to tech and strong long-term demographic trends were clear winners in 2016. These included Austin, Texas (up by 14.2% with $2.5 billion) and Charlotte, North Carolina (+64.6%, $1.7 billion). Additionally, other investors priced out of the core gateway markets invested in alternative locations just outside San Francisco (East Bay +49.5%, $2.6 billion) or Manhattan (Northern New Jersey +32.8%, $3.7 billion).

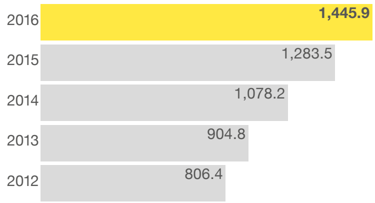
Case study
ABN AMRO Chicago acquisition

ABN AMRO, an Amsterdam-based bank, secured a 45,000 sq ft acquisition in Chicago. Savills Amsterdam engaged with the bank's HQ real estate team to revitalise the opportunity and Savills Studley Chicago completed the acquisition.

Key performance indicators

Financial KPIs

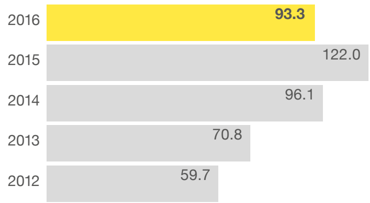
Revenue
(£m)



The measure
Revenue growth is the increase/decrease in revenue year-on-year.

The target
To deliver growth in revenue from expansion both geographically and by business segment.

Cash generation
(£m)

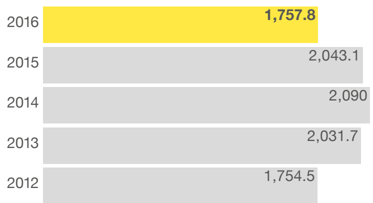


The measure
The amount of cash the business has generated from operating activities.

The target
To maintain strong cash generation to fund working capital requirements, shareholder dividends and strategic initiatives of the Group.

Non-financial KPIs

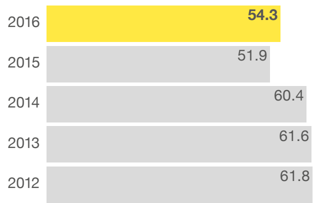
Property under management
(million sq ft)



The measure
Total sq ft property under management.

The target
To progressively increase the global square footage under management.

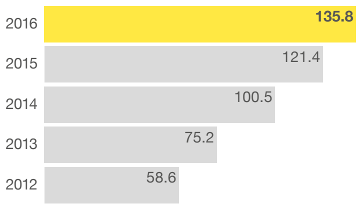
Breadth of service offering
(% non-transactional income)



The measure
Revenue by type of business.

The target
To maintain a healthy balance of transactional and less or non-transactional business revenues.

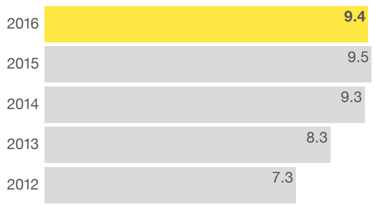
Underlying profit
(£m)



The measure
Underlying profit growth is the increase/decrease in underlying profit year-on-year.

The target
To deliver sustainable growth in underlying profit.

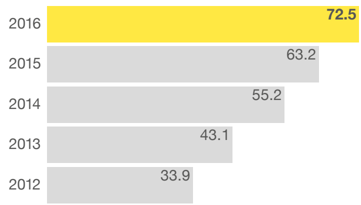
Underlying profit margin



The measure
Profitability after all operating costs but before the impact of exceptional costs and taxation.

The target
To deliver growth in operating margin by improving the efficiency with which services are offered.

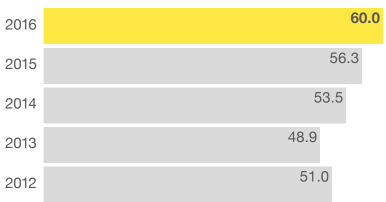
Underlying earnings per share
(p)



The measure
Earnings per share ('EPS') is the measure of profit generation. Underlying EPS is calculated by dividing underlying profit by the weighted average number of shares in issue.

The target
To deliver growth in underlying EPS to enhance shareholder value.

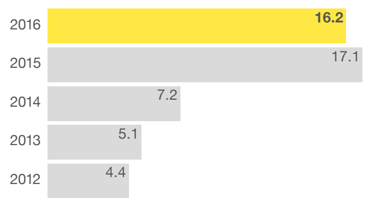
Geographical spread
(% non-UK)



The measure
Geographical diversity is measured by the spread of revenues by region.

The target
To progressively balance the Group's geographical exposure through expansion in our chosen geographic markets.

Assets under management
(€bn)



The measure
Growth in assets under management of our investment management business, Savills Investment Management.

The target
To increase the value of investment portfolios through portfolio management, new mandates and the launch of new funds.

Chairman's statement

Market share growth in key markets and the resilience afforded by the breadth of our operations, resulted in record revenue and profits in 2016.

"2016 again demonstrated the importance of Savills strengths in the prime markets of many of the world's key cities where we increased our share of market activity."

Nicholas Ferguson CBE Chairman

Total dividend 2016

29.0p

Underlying profit 2016

£135.8m

Results

The Group's underlying profit for the year increased by 12% to £135.8m (2015: £121.4m), on revenue which improved by 13% to £1,445.9m (2015: £1,283.5m). The Group's statutory profit before tax increased by 1% to £99.8m (2015: £98.6m).

Overview

2016 was a year of geopolitical changes in many parts of the world. In addition, while investors globally have continued to increase their allocation to real estate in the search for secure income in a low interest rate environment, they have experienced a number of headwinds including material rises in property taxes in a number of markets. Under these circumstances, it was understandable that Savills saw an increase in the volatility of transactional activity in many of our markets. Furthermore, sterling's weakness against most major currencies boosted overseas investor interest in the UK. 2016 again demonstrated the importance of Savills strengths in the prime markets of many of the world's key cities, where we increased our share of market activity. Savills Investment Management substantially increased revenue and profits both organically and through the performance of the former SEB Asset Management AG ('SEB'), which was acquired in August 2015. Finally, currency movements had a meaningfully positive effect on the Group, contributing approximately £9.0m in underlying profit on translation.

Our Transaction Advisory revenue grew by 7%, our Consultancy business revenue by 4% and our Property Management revenue by 21%, including the full year effect of the 2015 acquisition of Smiths Gore and the 2016 acquisition of GBR Phoenix Beard, both in the UK. Against the uncertain backdrop to world markets Savills commercial transaction business grew revenue by over 8% with strong performances in many markets including significant growth in Continental Europe. Our Residential businesses withstood changeable conditions and the imposition of tax increases in a number of the world's prime markets, with revenue growth of 3%. Finally, Savills Investment Management Assets Under Management ('AUM') reduced to €16.2bn (2015: €17.1bn) as a result of the distribution of sales proceeds to fund holders in advance of the anticipated liquidation of certain SEB mutual funds. Savills Investment Management revenue grew by over 60% year-on-year.

The Group's underlying profit margin was stable at 9.4% (2015: 9.5%) with the increased weighting of Investment Management and improved profitability in UK Residential Transaction business and Continental Europe largely offsetting a reduction in margins in the US and in Property Management, which both included significant levels of expenditure on business development.

Business development

Savills strategy is to be a leading advisor in the key markets in which we operate. Our global strategy is delivered locally by our experts on the ground with flexibility to adapt quickly to changes in circumstances and opportunities. They are supported by our regional and cross-border investment and occupier service specialists. Over the last few years we have acquired a number of complementary businesses and added teams and individual hires to our strong core business.

During 2016, we continued to build our US presence with a number of team hires and the acquisition of a commercial brokerage business in North Carolina. In Asia Pacific, we made some significant hires in Australia and Mainland China in particular. In Continental Europe, we benefited from uncertainties facing some of our peer group to attract a number of seasoned professionals and teams across our network. In the UK, the acquisition of GBR Phoenix Beard substantially increased our presence in the Midlands and enhanced our property management and transactional capabilities there and in London. In addition, the acquisition of Chainbow Limited, a London based residential block management company, further enhanced our ability to serve the growing Private Rental Sector ('PRS') market.

Technology has become a focal area in the real estate industry over the last few years and we constantly review emerging opportunities to improve or grow through its application in our business. Having maintained a watching brief for some time, in June 2016, we made our first external investment in this arena with the acquisition of a minority stake in YOPA, a digital hybrid residential estate agency focused on the mass market in the UK.

Board

On 11 May, I became Chairman on the retirement of Peter Smith, and Tim Freshwater became Senior Independent Director on the retirement of Martin Angle. Under their watch Savills business showed commendable growth and I would like to thank both Peter and Martin for their enormous contributions to the business.

Dividends

An initial interim dividend of 4.4p per share (2015: 4.0p) amounting to £5.9m was paid on 5 October 2016, and a final ordinary dividend of 10.1p (2015: 8.0p) is recommended, making the ordinary dividend 14.5p for the year (2015: 12.0p). This increase reflects the continued growth of Savills less transactional profits, which underpin the ordinary dividend. In addition, a supplemental interim dividend of 14.5p (2015: 14.0p) was declared, based upon the underlying performance of our Transaction Advisory business. Taken together, the ordinary and supplemental dividends comprise an aggregate distribution for the year of 29.0p per share, representing an increase of 12% on the 2015 aggregate dividend of 26.0p. The final ordinary dividend of 10.1p per ordinary share will, subject to shareholders' approval at the Annual General Meeting on 9 May 2017, be paid alongside the supplemental interim dividend of 14.5p per share on 15 May 2017 to shareholders on the register at 18 April 2017.

People

I would like to express my thanks to all our staff worldwide for their hard work, commitment and continued focus on client service, enabling the Group to deliver this record performance in 2016.

Outlook

We have made a solid start to 2017 with a pipeline of business carried over from last year in many markets, although the impact of global macro-economic and political concerns on real estate markets worldwide is uncertain. At this stage, we expect some improvement in the US as corporate occupiers become acclimatised to the new administration, but we retain a more cautious view in relation to the effect of the Brexit negotiation period, particularly on sentiment in the UK residential and commercial markets. However, the strength of our international operations and our strong balance sheet, position us well to take advantage of variable market conditions, and the Board's expectations for the year as a whole remain unchanged.

Nicholas Ferguson CBE
Chairman

Spotlight on

Continental Europe

Investor appetite for European real estate remains high.

According to the first estimates by the European Commission, real GDP grew by 1.7% year-on-year, unemployment dropped to 8.5% and private consumption remained the engine of recovery.

As a result, the property market also performed well; office take-up increased significantly (year-on-year) in the major European cities (Paris, Amsterdam, Brussels, Frankfurt, Milan, Stockholm) and there was high demand and low supply of high quality space across all sectors (average office vacancy rate dropped further to 8.1%).

Demand for prime retail units in the best high streets and shopping centres was also high, as effective omnichannel retail strategies demanded investment in both online and physical stores. At the same time, the expansion of ecommerce was fuelling demand for modern logistics facilities close to major urban centres and transport nodes across Europe.

Investment in the European property markets dropped by 15% to €207bn but was still the third highest on record. This was mainly a symptom of high competition for a limited supply of prime product, which left some investor requirements unsatisfied.

Overall, offices maintained their position as the preferred asset type and increased their share from 42.1% in 2015 to 45.4% last year. On the other hand, the share of retail dropped slightly from 25.7% to 23.1%, mainly due to less availability of product on the market. The share of industrial investments increased from 8.7% in 2015 to 10.8% in 2016.

In search of less competitive, higher-yielding, market segments, some investors were shifting their attention to alternative sectors; hotels, student housing, senior housing, apartments and other more niche segments which represented a growing share in investment activity.

The peripheral and Nordic markets experienced stronger yield compression as they were impacted somewhat earlier by the investment cycle. Nevertheless, across the markets, the spread with the risk-free rate remained historically high, due to record low interest rates.

Case study
France

Savills advised insurance company Groupama on the consolidation of several business units in Paris into one ‘campus’ comprising 46,000 sq m in Nanterre Prefecture, Paris.

Case study
Netherlands

Savills advised Deka on a 2,167 sq m lease to Tribes in Amsterdam's Adam Smith building and Savills advised Union Investment on the leasing of 2,400 sq m to Tribes in the SOM building in Amsterdam South Axis.

Group Chief Executive's review

"The strength of our key commercial market positions, and the resilience of our residential businesses drove an improved performance for Savills in 2016."

Jeremy Helsby Group Chief Executive

Our strategy

Our strategy is to deliver value as a leading advisor to private, institutional and corporate clients seeking to occupy, acquire, manage, lease, develop or realise the value of prime residential and commercial property in the world's key locations. The key components of our business strategy are as follows:

1. **Commitment to clients – we aim to deliver the highest standards of client service through motivated and high calibre people**
2. **Business diversification**
3. **Geographical diversification**
4. **Maintain financial strength**
5. **Strength in both prime residential and commercial property**

Key operating highlights

Profit growth in Continental Europe and Investment Management, the resilience of our UK business and sustained development of our business around the world together with our core strengths in Asia and the US, enabled Savills to deliver record results in 2016.

- Transaction Advisory revenues up 7% driven by market share gains in Asia Pacific, particularly China, and strong growth in Continental European markets
- 52% growth in profits in Continental Europe following improved market conditions, improved Investment Management performance and the benefit of business development activity in recent years
- Further consistent growth from less transactional services – Property Management revenue up 21%; Consultancy revenue up 4%
- Savills Investment Management revenues and profits up over 60% in first full year of ownership of the former SEB Asset Management business
- Continued acquisitions of complementary businesses and teams across all regions to enhance service offering to clients

As anticipated, we experienced quieter market conditions in certain markets worldwide including the UK, Japan and a number of US cities, but saw improved trading in Continental Europe, Investment Management in both Europe and Asia, and a number of markets in the Asia Pacific region.

Savills geographic and business diversity were key to achieving the year's result. Our performance analysed by region was as follows:

	Revenue £m			Underlying profit/(loss) £m		
	2016	2015	% growth	**2016**	2015	% growth
UK	**578.3**	560.1	3	**72.1**	71.7	1
Asia Pacific	**485.9**	401.1	21	**42.6**	34.2	25
Continental Europe	**170.6**	129.8	31	**13.5**	8.9	52
North America	**211.1**	192.5	10	**18.9**	18.8	1
Unallocated cost	**n/a**	n/a	n/a	**(11.3)**	(12.2)	7
Total	**1,445.9**	1,283.5	13	**135.8**	121.4	12

On a constant currency* basis, Group revenue grew by 6% to £1,355.3m and underlying profit grew by 4% to £126.8m. Our Asia Pacific business represented 34% of Group revenue (2015: 31%) and our overseas businesses as a whole represented 60% of Group revenue (2015: 56%). Our performance by service line is set out below:

	Revenue £m			Underlying profit/(loss) £m		
	2016	2015	% growth	**2016**	2015	% growth
Transaction Advisory	**660.8**	618.0	7	**80.0**	76.9	4
Property and Facilities Management	**472.8**	390.7	21	**23.6**	21.1	12
Consultancy	**240.3**	230.3	4	**25.9**	24.7	5
Investment Management	**72.0**	44.5	62	**17.6**	10.9	61
Unallocated cost	**n/a**	n/a	n/a	**(11.3)**	(12.2)	7
Total	**1,445.9**	1,283.5	13	**135.8**	121.4	12

Overall, our Commercial and Residential Transaction Advisory business revenues together represented 46% of Group revenue (2015: 48%). Of this, the Residential Transaction Advisory business represented 11% of Group revenue (2015: 12%). Our Property and Facilities Management businesses continued to perform well, growing overall revenue by 21% and represented 33% of Group revenue (2015: 30%). Our Consultancy businesses represented 16% of revenue (2015: 18%) where improved international performances were counter-balanced by a reduction, in particular, in development advisory work in the UK. The Investment Management business, in the first full year of our ownership of SEB Asset Management, achieved substantial growth in revenue and profit, to represent 5% of revenue (2015: 3.5%).

People

I am delighted that the UK business won the Residential Adviser of the Year award. Savills was named the Property Industry Superbrand of the Year for the ninth consecutive year and we were awarded the Times Graduate Employer of Choice in the property industry for the tenth year running and secured the only property company ranking in the Times Top 100 Graduate Employers list in the UK. In Asia, we won a number of accolades including Best Real Estate Agency China. These awards are a testament to the strength of our people and I thank them for their continued commitment, loyalty and hard work.

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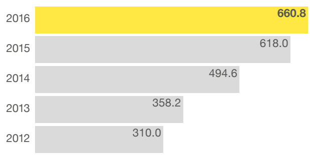
* Revenue and underlying profit for the year are translated at the prior year exchange rates to provide a constant currency comparison.

The Savills Group advises on commercial, rural, residential and leisure property. We also provide corporate finance advice, investment management and a range of property-related financial services. Operations are conducted internationally through four business streams:

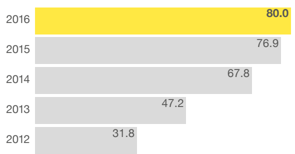
Transaction Advisory

Revenue
(£m)



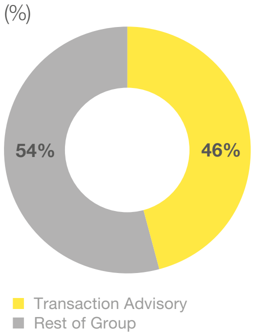
YOY % change
+7%

Underlying profit
(£m)



YOY % change
+4%

Contribution to Group revenue
(%)



2016 clearly demonstrated both the importance of having a breadth of transactional business around the world, and having resilience in the UK derived from our strong market position in all main real estate transactional markets/sectors.

This enabled us largely to withstand the effect of the significant reductions in UK market activity associated with Brexit and derive our growth from the performance of our international transaction teams across the rest of the globe. Of particular note was the resurgence in our Continental European business and a very strong performance in China. The Savills Residential business also proved highly resilient in changeable markets. This, together with the effect of sterling weakness, resulted in the increase in revenue and profit delivered by our Transaction Advisory business as a whole. Revenue grew by 7% to £660.8m (2015: £618.0m) and underlying profit increased by 4% to £80.0m (2015: £76.9m).

The effect of lower commercial transactional volumes in the UK market and business development costs in the US slightly reduced the underlying profit margin of the Transaction Advisory business as a whole to 12.1% (2015: 12.4%).

UK Residential
Revenue in our UK Residential business declined by 3% to £124.4m (2015: £127.9m). In the second hand estate agency business, a very strong first quarter, as buyers rushed to beat the increased stamp duty on second homes, was followed by low trading volumes in advance of the Brexit Referendum at the end of June. Then a relatively quiet but encouraging summer gave rise to a strong autumn selling season albeit with a slowing of transactions in December. Our strength in the top end of the market, benefiting from the weaker sterling and share gains in the 'Core' London market (prices in the range £0.75m – £1.5m) helped to protect the volume of our exchanges in London, which declined by 5% against larger declines in the volume of market activity overall. Outside London, we experienced a 7% increase in exchanges year-on-year. Our average selling price in London increased slightly to £2.9m (2015: £2.8m) primarily as a result of the weighting effect of an increase in sales of properties over £20m year-on-year. Meanwhile, outside London our average selling price remained unchanged at £1.1m.

Revenue from sales of new developments continued to increase during the year, ending up 7% on 2015, buoyed by continued strong interest in high quality developments in both the London and Country markets and good levels of stock availability. In our other residential transaction businesses, there was a reduction in traded volumes of UK farms and estates as the potential impact of Brexit weighed on expectations of agricultural subsidies. In addition, our Institutional residential transactions team saw a 30% decrease in activity compared with the record 2015 performance, largely due to lack of suitable sites for PRS investors.

During the year we opened new residential offices in Maida Vale and Primrose Hill, focusing on the core London market.

Overall, the UK Residential Transaction Advisory business showed significant resilience, recording a 2% decrease in underlying profits to £17.5m (2015: £17.8m).

Asia Pacific Residential
The Residential Transaction Advisory business in Asia is focused primarily on new development, secondary sales and leasing of prime properties in selected markets. It excludes mixed use developments, which are accounted for within the Commercial Transaction Advisory business. Overall, the Asia Pacific Residential business recorded a 25% increase in revenue to £38.1m (2015: £30.5m), up 13% in constant currency. This growth was principally driven by the performance of our operations in Mainland China, Vietnam and Hong Kong which, together with improved profits in Singapore, outweighed flat activity in Australia and Taiwan and continued weakness in the mid-market segment in Singapore. In Australia, the effect of some non-recurring reorganisation costs took the business there into loss for 2016. The net effect of all these factors resulted in a 6% increase in underlying profit to £3.3m (2015: £3.1m), in line with prior year in constant currency.

Asia Pacific Commercial

The Asia Pacific Commercial business performed strongly in 2016, driven by improved revenue and profits in Mainland China, Australia and Singapore, which largely offset the impact of market volume related declines in Korea and Japan. In Mainland China the significant recruitment activity of our Investment sales team over the previous 18 months resulted in substantial revenue growth of over 50% from transactions concluded mainly in Southern China. In Australia, the twin effects of historic recruitment and restructuring under new leadership resulted in a significant increase in transactional revenue through increased market share, particularly in Sydney, despite overall market trading volumes declining by over 15% year-on-year. In Singapore, the recruitment of a leading tenant representation team in 2015 and improved investment activity, helped to double our commercial transaction revenues year-on-year. Our investment market share in Hong Kong remained strong at over 50%. In Japan, our transactional revenues declined by 12% (29% in constant currency) against a backdrop of a 37% fall in overall market volumes.

Reported revenue rose by 16% to £129.7m (2015: £111.9m) which represented a 4% increase in constant currency.

The positive effect of sterling weakness offset business development and service expansion costs in the region, leading the Asia Pacific Commercial Transaction Advisory business to record a 26% increase in underlying profit to £20.6m (2015: £16.3m). This represented a 12% increase in constant currency.

UK Commercial

Revenue from UK commercial transactions decreased 13% to £86.0m (2015: £98.8m), reflecting a much stronger performance in the second half of the year. Overall, this was a resilient performance in the context of a significant reduction in the volume of investment transactions in the UK market, which declined 28% year-on-year. The weakness of sterling after the Brexit Referendum began to catalyse international investor interest over the summer, although there being little distress among owners, there was a significant mismatch between demand and supply of stock. Since then, a large majority of the stock traded, particularly in central London has been acquired by overseas investors, particularly from Asia Pacific and the Middle East. These dynamics strongly favoured Savills, with our direct representation in both those markets and across the regional markets of the UK, consequently we picked up significant market share to lead the ranking of UK commercial acquisition advisers for 2016. In addition, the leasing markets were generally characterised by lower levels of occupier demand as corporates took stock of the effect of the Brexit Referendum, the potential impacts of the Brexit negotiation, limited supply and rising rents.

The central London leasing market saw a 21% reduction in take-up of City offices year-on-year as occupiers elected to extend current leases pending greater certainty. The vacancy rate in the City rose somewhat to 5.7% against a backdrop of average rental increases of between 8% and 11% on the year. Take-up in the West End of London was down 9% on the total for 2015 at 3.9m sq ft, with new supply taking the vacancy rate up to 3.7% from below 3% a year earlier and average prime rents increased by circa 3%.

With less exposure to financial services tenants, our regional office businesses saw more resilient levels of take-up over the year with overall take-up circa 8% lower than 2015. The retail and logistics sectors, of which the latter showed record take-up in 2016, provided greater resilience to our regional transactional businesses during the year.

Against the backdrop of substantially declining market volumes the strength of Savills position in the domestic market and our international reach ensured that the underlying profit of the UK Commercial Transaction Advisory business only decreased by 13% to £14.7m (2015: £16.9m) with the margin stable at 17.1% (2015: 17.1%).

North America

During the year, we continued to build on our North American tenant representation platform, Savills Studley, through both recruitment and bolt-on acquisition. Our North American revenue grew by 10% to £211.1m (2015: £192.5m). In constant currency this equated to a year-on-year decline of 3% as corporate occupiers tended to hold-off substantial or complex space decisions in advance of the US Presidential Election. The pipeline of activity for 2017 shows a number of sizeable transactions deferred from 2016 which are expected to close in the current year.

We continued to grow our occupier services platform with the North American business contributing significantly to our global occupier services business, referring significant client projects to many parts of the Savills Asia Pacific, UK and European network.

In addition to occupier services, a number of cities such as New York, Chicago and Washington enjoyed strong performances during the year and offset the continued reduction in oil industry-related activity in our Texas offices.

Our North American business posted a 1% increase in underlying profit for the year to £18.9m (2015: £18.8m), an 11% decline in constant currency, primarily due to recruitment and business development costs incurred during the year.

Continental Europe

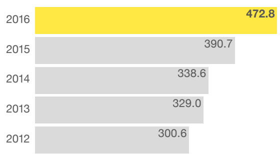
The Continental European Commercial Transaction Advisory business saw revenue increase by 27% to £71.5m (2015: £56.4m). In constant currency the increase was 14%. As the strength of transaction markets in Ireland over the last three years dissipated, Germany, France and the Netherlands all saw substantial increases in revenue from both investment and leasing/tenant representation. Newer teams in Italy and Poland also contributed significant performances.

During the year we continued to build on our Continental European platform with recruitment into investment, leasing and tenant representation services in Italy, the Netherlands, Poland and Belgium.

Despite these additional costs, the Continental European Transaction Advisory business recorded an increase in underlying profit of 25% to £5.0m (2015: £4.0m), up 3% in constant currency.

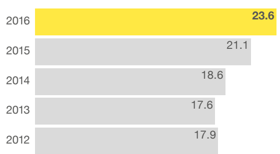
Property and Facilities Management

Revenue
(£m)



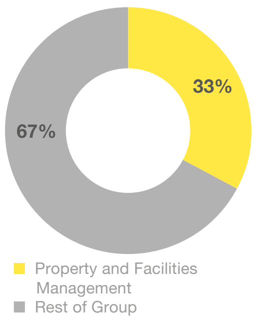
YOY % change
+21%

Underlying profit
(£m)



YOY % change
+12%

Contribution to Group revenue
(%)



Our Property and Facilities Management businesses continued to perform well, growing revenue by 21% (13% in constant currency) to £472.8m (2015: £390.7m). Underlying profit increased by 12% to £23.6m (2015: £21.1m), up 5% in constant currency.

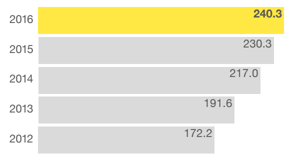
Asia Pacific
The Asia Pacific region grew revenue by 20% (8% in constant currency) to £273.8m (2015: £227.7m). The Property and Facilities Management business is a significant strength in the region, representing 57% of Savills Asia Pacific revenue and complementing our Transaction Advisory businesses in the region. The total square footage under management in the region was down 20% to approximately 1.4bn sq ft (2015: approximately 1.8bn sq ft), primarily due to developers taking the management of stalled development sites in-house. Revenue growth in Hong Kong, Japan and Korea offset marginal declines in Australia, Singapore, Thailand and Vietnam. In Hong Kong, which represented approximately 55% of Asia Pacific Property and Facilities Management revenue, the business grew revenue by 8% in local currency. Overall, the underlying profit of the Asia Pacific Property Management business grew 15% (4% in constant currency) to £14.5m (2015: £12.6m).

UK
Overall, our UK Property Management teams, comprising Commercial, Residential and Rural, grew revenue by 19% to £158.9m (9% excluding acquisitions) (2015: £133.9m) as a result of the full year effect of the acquisition of Smiths Gore in May 2015 and the acquisition of GBR Phoenix Beard in August 2016, a leading firm in the Midlands. In addition, the Property Management business won some significant new contracts across the country. The Residential management business and the UK Commercial business together grew area under management by 32% to approximately 289m sq ft (2015: 218m sq ft). Our Residential Property Management businesses, including Lettings, increased revenue by 6%. The effect of expansion in our Rural and Energy Projects business and the costs of integrating the two acquisitions temporarily affected underlying profit, which grew 4% to £11.3m (2015: £10.9m).

Continental Europe
In Continental Europe, revenue grew by 38% (23% in constant currency) to £40.1m (2015: £29.1m) with growth particularly in France, the Netherlands, Spain and Sweden. By the year end the total area under management had increased by 16% to 55.2m sq ft. Improvements in profitability in most locations were largely offset by expansion costs of Project Management in France and the Netherlands and business development costs in France and Poland. The net effect of these factors was a marginal improvement in the underlying loss for the year to £2.2m (2015: loss £2.4m).

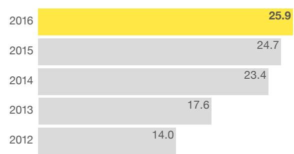
Consultancy

Revenue
(£m)



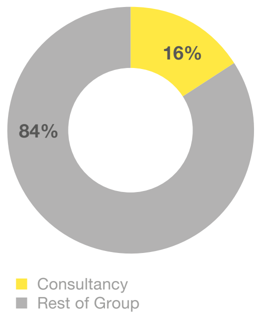
YOY % change
+4%

Underlying profit
(£m)



YOY % change
+5%

Contribution to Group revenue
(%)



Global Consultancy revenue increased by 4% to £240.3m (2015: £230.3m), 2% in constant currency and underlying profit grew by 5% to £25.9m (2015: £24.7m), 3% in constant currency.

UK
Consultancy revenue in the UK was broadly flat at £183.1m (2015: £182.8m). Strong performances in Hospitality and Leisure, Building and Project Consultancy, Planning and Professional and Financial Services were offset by reduced activity in Development, Rural and Energy Consultancy, each of which were affected by the uncertainty before and after the Brexit Referendum. Overall, underlying profit from the UK Consultancy business increased by 2% to £22.2m (2015: £21.8m).

Asia Pacific

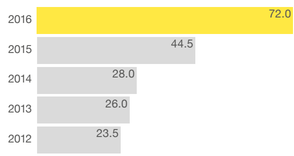
Revenue in the Asia Pacific Consultancy business increased by 22% to £37.9m (2015: £31.0m), 11% in constant currency. Singapore and Australia both grew valuation consultancy revenue significantly as a result of team recruitment in late 2015, with Vietnam, Korea and Taiwan contributing further growth. In Mainland China and Hong Kong, consultancy revenues were stable year-on-year. Underlying profit increased by 9% to £2.4m (2015: £2.2m) as the cost of recruitment increased and additional professional indemnity costs were incurred in Australia.

Continental Europe

Our Continental European Consultancy business, which principally comprises valuation and underwriting advisory services, saw revenue increase by 17% (5% in constant currency) to £19.3m (2015: £16.5m). There were stronger performances in Germany, France, Spain, Poland and the Netherlands in particular. Profitability was improved in all locations as the effect of uncovered recruitment costs from last year diminished. This led to an increase in underlying profit for the year of 86% (46% in constant currency) to £1.3m (2015: £0.7m).

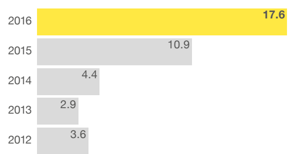
Investment Management

Revenue
(£m)



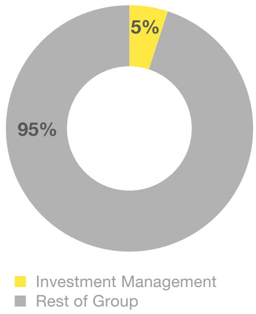
YOY % change
+62%

Underlying profit
(£m)



YOY % change
+61%

Contribution to Group revenue
(%)



2016 was a record year for Savills Investment Management which increased revenue by 62% (51% in constant currency) to £72.0m (2015: £44.5m). Assets Under Management ('AUM') decreased to €16.2bn (2015: €17.1bn), as the effect of liquidation distributions to unit holders in the former SEB German Open Ended Funds outweighed the €1.7bn of new capital raised in the year. During the year, transactions of approximately €5.1bn were executed on behalf of fund investors, equally divided between acquisitions and disposals. The SEB Asset Management business, which was acquired in August 2015, was renamed Savills Fund Management during the year and substantially integrated with our existing business, but largely remained focused on the orderly dissolution of four German Open Ended Funds, which were in regulatory controlled wind-down at the time of the acquisition. These funds achieved a larger volume of disposals of European, Asian and US assets during the year than we originally anticipated. This, in turn, contributed to the 61% improvement in underlying profit to £17.6m (2015: £10.9m), 47% in constant currency.

Summary

Overall, Savills delivered another record performance in 2016 despite the geopolitical distractions in some of our markets. We benefited from the scale of our operations across the globe, which have grown substantially over recent years, as well as a highly resilient performance in the UK.

Our less transactional businesses, particularly Property Management and Investment Management, grew strongly while our global Transaction Advisory business produced a solid performance despite variable conditions in many markets.

We entered 2017 with a continuation of global macro-economic concerns, rising bond yields, uncertainty over the impact of Brexit negotiations in the UK and Continental Europe and a new administration in the US.

Savills is a strong and diverse global firm and we continue to look at opportunities to develop our business. We have started the year well and our expectations for the full year remain unchanged.

Jeremy Helsby
Group Chief Executive

Spotlight on

United Kingdom

The UK commercial investment markets faltered briefly in the third quarter of 2016 due to the referendum on the UK's membership of the EU.

However, the final quarter saw a sharp uptick in activity, with particularly strong demand from non-domestic investors for secure investments.

Central London remained the world's most popular destination for cross-border investors in 2016, with 30% of the purchasers coming from the Asia Pacific region.

Occupational markets held up well across all commercial sectors in 2016, with low levels of supply and development continuing to push up rents in the office and industrial markets.

Market conditions remained challenging for the UK's prime residential markets in 2016. Transactions were given a boost in the first three months of the year as investment and second home buyers brought forward purchases in order to avoid the additional 3% stamp duty land tax introduced on 1 April.

However, underlying costs of stamp duty and uncertainty surrounding the decision to leave the EU weighed heavily on the market over the summer. Market activity gradually improved over the course of the Autumn, in part because of the weakness of sterling but primarily because sellers began to adjust their sale expectations to reflect these factors.

Over the course of the year, prices in the prime London markets fell by an average of 5%, though beyond the capital they fared much better, showing low single digit price growth.

By contrast, mainstream house prices showed a stronger performance. Together with ongoing government support, this helped to support the wider residential development markets.

Case study
30 Crown Place, EC2

Savills acquired 30 Crown Place, EC2, home of Pinsent Masons LLP, on behalf of Beijing Capital Development Holdings for £204 million (£1,031 per sq ft) from Samsung SRA. The acquisition provided another example of the strong appetite, particularly from overseas investors, for high quality City of London office buildings since the UK's vote to leave the EU.

Case study
St James's Park, SW1
Client: MRB Residential Holdings Limited

A Grade II listed development of eight apartments and one townhouse comprising 38,120 sq ft (3,542 sq m).

A landmark development situated directly opposite Buckingham Palace, The Buckingham enjoys a centrality of location that few others possess – alongside London's most distinguished address. The apartments feature interior design by some of the design industry's most celebrated names including Rose Uniacke, Veere Greeney and David Collins Studio.

Group Chief Financial Officer's report

Financial review

"Strong revenue and profit growth led to the Group's robust £187.8m net cash position at year end and supports a 12% increase in the annual dividend."

Simon Shaw Group Chief Financial Officer

Financial highlights

Group revenue up **13%** to **£1,445.9m** (£1,355.3m in constant currency, 2015: £1,283.5m)

Underlying profit up **12%** to **£135.8m** (£126.8m in constant currency, 2015: £121.4m)

Group profit before tax up **1%** to **£99.8m** (2015: £98.6m)

Underlying profit margin stable at **9.4%** (2015: 9.5%)

Underlying basic EPS up **15%** to **72.5p** (2015: 63.2p)

Total dividends for the year up **12%** to **29.0p** per share (2015: 26.0p)

Total ordinary dividend up **21%** to **14.5p** and supplementary dividend up **3.6%** to **14.5p**

Underlying profit margin

Underlying profit margin was stable at 9.4% (2015: 9.5%) with marginal reductions in the UK and North America, the latter due primarily to the effect of recruitment costs in advance of the delivery of revenue. These were largely offset by improvement in Continental Europe and Asia Pacific.

Taxation

The tax charge for the year reduced to £32.1m (2015: £33.7m) reflecting an effective tax rate on reported profits of 32.2% (2015: 34.2%). The improvement on the 2015 reported effective rate reflects a prior year tax credit adjustment. In both years, the Group's effective reported tax rate is higher than the UK effective rate of tax of 20.0% (2015: 20.25%), reflecting the geographic mix of profits and the effect of non-deductible acquisition costs. Of these, the most significant is the charge for employment-linked deferred consideration in respect of the 2014 acquisition of Studley Inc.

The underlying effective tax rate at 26.1% (2015: 28.3%), was lower, primarily because of the prior year tax credit adjustment.

Restructuring and acquisition-related costs

During the year the Group recognised a total of £34.5m in restructuring and acquisition-related costs (2015: £24.9m). These comprised an aggregate restructuring charge of £5.8m (2015: £1.6m), primarily in relation to the integration of the Smiths Gore and SEB acquisitions and acquisition-related costs of £28.7m (2015: £23.3m). These costs consist of £1.5m (2015: £2.8m) of transaction-related costs and £3.9m for payments in respect of Savills Investment Management's 2014 acquisition of Merchant Capital (Japan). In addition, there was a £23.3m (2015: £20.5m) charge for future consideration payments which are contingent on the continuity of recipients' employment in the future. This charge primarily relates to the 2014 acquisition of Studley.

These charges have been excluded from the calculation of underlying profit in line with Group policy.

Earnings per share

As a result of the restructuring and acquisition costs referred to above, basic earnings per share increased 4% to 48.8p (2015: 47.0p). Adjusted on a consistent basis for restructuring, acquisition-related costs, impairment charges, profits and losses on disposals, certain share-based payment adjustments and amortisation of acquired intangible assets (excluding software), underlying basic earnings per share increased by 15% to 72.5p (2015: 63.2p).

Fully diluted earnings per share increased by 3% to 47.7p (2015: 46.4p). The underlying fully diluted earnings per share increased by 14% to 71.0p (2015: 62.3p).

Cash resources, borrowings and liquidity

Year end gross cash and cash equivalents increased 23% to £223.6m (2015: £182.4m). This principally reflected improved profits during the period and currency gains on cash balances held in non-sterling currencies.

Gross borrowings at year end increased to £35.8m (2015: £31.4m). These principally include £34.0m drawn under the Group's multi-currency revolving credit facility ('RCF').

Cash is typically retained in a number of subsidiaries in order to meet the requirements of commercial contracts or capital adequacy. In addition, cash in certain territories is retained to meet future growth requirements where to remit it would result in the Group suffering withholding taxes.

The Group's net inflow of cash is greater in the second half of the year. This is as a result of seasonality in trading and the major cash outflows associated with dividends, profit-related remuneration payments and related payroll taxes in the first half. The Group cash inflow for the year from operating activities was £93.3m (2015: £122.0m). As much of the Group's revenue is transactional in nature, the Board's strategy is to maintain low levels of gearing, but retain sufficient credit facilities to enable it to meet cash requirements during the year and finance the majority of business development opportunities as they arise. The Group has a RCF of £250m, with an accordion facility of a further £50m, which expires on 15 December 2020.

Capital and shareholders' interests

During the year no (2015: 0.7m) new shares were issued to participants under the Performance Share Plan. 1.9m (2015: 1.9m) new shares were issued in the second of three instalments of deferred consideration for the acquisition of Studley. 1.9m shares remain to be issued on 30 May 2017. In accordance with IFRS, all EPS measures for the year include the dilutive effect of this future obligation. The total number of ordinary shares in issue at 31 December 2016 was 139.8m (2015: 137.9m).

Savills Pension Scheme

The funding level of the Savills Pension Scheme, which is closed to future service-based accrual, deteriorated during the year as a result of a reduction in long-term interest rates on the rate at which liabilities are discounted. The plan deficit at the year end amounted to £40.8m (2015: £15.8m).

Net assets

Net assets as at 31 December 2016 were £407.0m (2015: £365.0m). This movement reflected increased tangible assets, receivables and cash balances derived from the Group's trading performance, the effect of acquisitions and the impact of sterling weakness against all major currencies.

Key performance indicators ('KPIs')

The Group uses a number of KPIs to measure its performance and review the impact of management strategies. These KPIs are detailed under the Key Performance Indicators section on pages 8 to 9. The Group continues to review the mix of KPIs to ensure that these best measure its performance against its strategic objectives, in both financial and non-financial areas.

Financial policies and risk management

The Group has financial risk management policies which cover financial risks considered material to the Group's operations and results. These policies are subject to continuous review in light of developing regulation, accounting standards and practice. Compliance with these policies is mandatory for all Group companies and is reviewed regularly by the Board. Refer to Note 3 to the financial statements for further information on financial risk management.

Treasury policies and objectives

The Group treasury policy is designed to reduce the financial risks faced by the Group, which primarily relate to funding and liquidity, interest rate exposure and currency rate exposures. The Group does not engage in trades of a speculative nature and only uses derivative financial instruments to hedge certain risk exposures. The Group's financial instruments comprise borrowings, cash and liquid resources and various other items such as trade receivables and trade payables that arise directly from its operations. Surplus cash balances are generally held with A-rated banks.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group cash flow to interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 70% of its borrowings in fixed rate instruments.

Liquidity risk

The Group prepares an annual funding plan which is approved by the Board and sets out the Group's expected financing requirements for the next 12 months. These requirements are ordinarily expected to be met through existing cash balances, loan facilities and expected cash flows for the year.

Foreign currency

The Group operates internationally and is exposed to foreign exchange risks. As both revenue and costs in each location are generally denominated in the same currency, transaction-related risks are relatively low and generally associated with intra-group activities. Consequently, the overriding foreign currency risk relates to the translation of overseas profits and losses into sterling on consolidation. The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature. In a period when sterling weakened against all major currencies, the net impact of foreign exchange rate movements was material, representing a £90.6m increase in revenue (2015: £12.5m increase) and an increase of £9.0m in underlying profit (2015: £1.3m increase). Refer to Note 3.2 to the financial statements for further information on foreign exchange risk.

Simon Shaw
Group Chief Financial Officer

Risks and uncertainties facing the business

Identifying and managing our risks

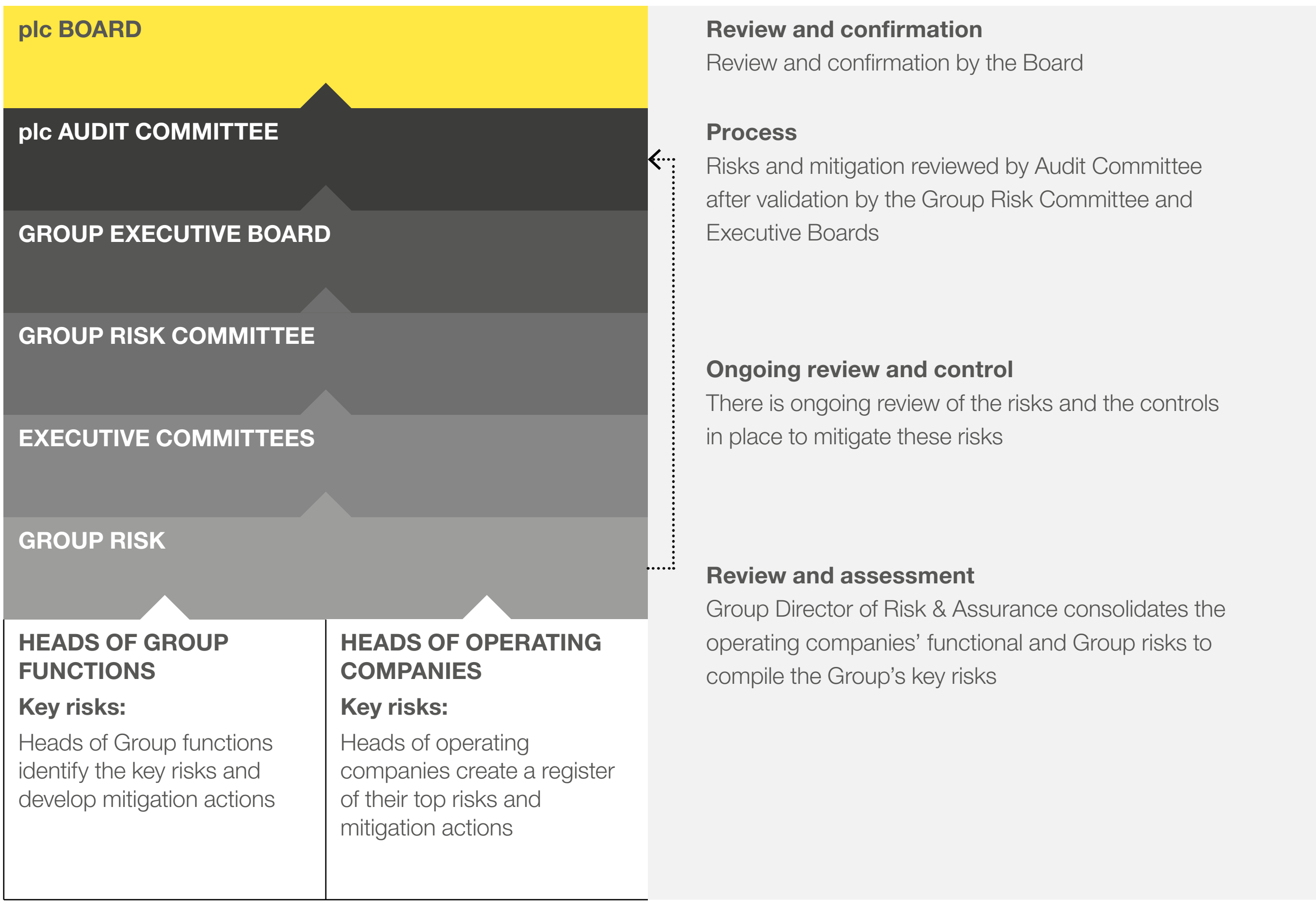
The Board is responsible for the Group's system of risk management and internal control. Risk management is recognised as an integral part of the Group's activities. The Board determines the Group's appetite for risk in pursuit of strategic objectives, and the level of risk that can be taken by the Group and its operating companies. Savills businesses worldwide are responsible for executing their activities in accordance with the risk appetite set by the Board, complemented by the Code of Conduct, Group policies and delegated authority limits.

Risk is assessed across the Group using a systematic risk management model covering both external and internal factors and the potential impact and likelihood of those risks occurring. Risk assessments are incorporated into risk registers at Group and business level, which evolve to reflect the reduction/increase in identified risks and the emergence of new risks. Where it is considered that a risk can be mitigated further to the benefit of the business, responsibilities are assigned and action plans are agreed.

The Group's Risk team facilitates the risk assessment and evaluation process with Group and business unit management on behalf of the Board and challenges risk findings and the internal control framework to ensure that these are effective. Group policies and delegated authority levels set by the Board provide the means by which risks are reviewed and escalated to the appropriate level within the Group, up to and including the Board, for review and confirmation.

We have a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be appropriate to the ever-changing environments in which we operate.

The following chart summarises our business risk management structure.



Risks and uncertainties facing the business continued

Roles and responsibilities

The Board regularly reviews the Group's key risks and is supported in the discharge of this responsibility by various committees, specifically the Audit Committee and the Group Risk Committee. The risk management roles and responsibilities of the Board, its Committees, and business management are set out below, and all of these responsibilities have been met during the year.

1. Board

Responsibilities

- Approve the Group's strategy
- Determine Group appetite for risk in achieving its strategic objectives
- Establish the Group's systems of risk management and internal control

The Audit Committee supports the Board by monitoring risk and reviewing the effectiveness of internal controls, including systems to identify, assess, manage and monitor risks.

Actions

- Receive regular reports on Internal and External Audit and other assurance activities
- Receive regular risk updates from the businesses
- Determine the nature and extent of the principal Group risks and assess the effectiveness of mitigating actions
- Annually review the effectiveness of risk management and internal control systems
- Approve the Group risk management policy

2. Group Executive Board

Responsibilities

- Strategic leadership of the Group's operations
- Ensure that the Group's risk management and other policies are implemented and embedded
- Monitor that appropriate actions are taken to manage strategic risks and key risks arising within the risk appetite of the Board
- Consider emerging risks in the context of the Group's strategic objectives
- Approve Group Policies
- Monthly/quarterly finance and performance reviews

Group Risk Committee

- Monitor the application of risk appetite and the effectiveness of risk management processes. The Group Risk Committee and Board also considers the Group's overall risk appetite in the context of the negative impact that the Group can sustain before it risks the Group's continued ability to trade

Actions

- Review of risk management and assurance activities and processes

3. Subsidiary Executive Committees

Responsibilities

- Responsible for risk management and internal control systems within their regions/businesses

Monitoring the discharge of their responsibilities by operating companies.

Actions

- Review key risks and mitigation plans
- Review results of assurance activities
- Escalate key risks to Group management and Group Executive or plc Boards

4. Heads of the Group functions and operating companies

Responsibilities

- Maintain an effective system of risk management and internal control within their function/operating company

Actions

- Regularly review operational, project, functional and strategic risks
- Review mitigation plans
- Plan, execute and report on assurance activities as required by region or Group

Savills regularly reviews and enhances its risk management process and seeks advice from independent advisers where applicable.

Principal risks

The Directors have carried out a robust assessment of the principal risks facing the Company – including those that would threaten its business model, future performance, solvency or liquidity. Our consideration of the key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigations in place, is set out below. There may be other risks and uncertainties besides those listed below which may also adversely affect the Group and its performance. More detail can be found in the Audit Committee Report on pages 52 to 56.

In summary, our principal risks are:

1. Economic/country risks, particularly the impact of a global economic downturn
2. Achieving the right market positioning in response to the needs of our clients
3. Recruitment and retention of high-calibre staff
4. Reputational and brand risk
5. Legal risk
6. Failure or significant interruption to IT systems causing disruption to client service
7. Business conduct
8. Changes in the regulatory environment
9. Acquisition/integration risk

Risk	Description	Mitigation
1 **Economic/country risks, particularly the impact of a global economic downturn** **Change from 2015** Increase **Strategic objective:** Geographic diversification / Financial strength	Global market conditions are currently volatile, with economic uncertainty in some sectors and markets, particularly the UK after Brexit. Group earnings and/or our financial condition could be adversely affected by these and other macro-economic uncertainties. Savills operates in a number of countries where the transactional business is the largest component and thereby increases the level of economic risk. There is a currency risk from operating in a large number of countries.	The strength of Savills' business and brand and the focus on client service. Our strategy of diversifying our service offering and geographic spread mitigates the impact on the business of economic downturns and weak market conditions in specific geographies, but these factors cannot entirely mitigate the overall risk to earnings. To manage these risks, we continually focus on our cost base and seek to improve operational efficiencies. Contingency plans are in place to enable us to respond quickly to market information and economic trends. Continual monitoring of market conditions and market changes against our Group strategy, supported by the reforecasting and reporting in all of our businesses, are key to our ability to respond rapidly to changes in our operating environment. The actual impacts of Brexit are still unclear, but we are monitoring developments closely. Our exposure to countries with economies which are currently weak is balanced by our business in more stable markets. When considering new market entry we undertake due diligence including the impact assessment of political and economic issues in that particular country. We manage currency risk in local operations through natural hedging and matching revenue and costs in the same currency.
2 **Achieving the right market positioning in response to the needs of our clients** **Change from 2015** No change **Strategic objective:** Business diversification / Strength in Residential and Commercial markets / Geographical diversification / Commitment to clients	The markets in which we operate are highly competitive. Competition could lead to a reduction in market share and/or a decline in revenue. Our focus is on retaining existing clients as well as engaging with new clients. Our service offering continuously evolves and improves to meet the changing needs of our clients.	To remain competitive in all markets, we continue to promote and differentiate our strengths whilst focusing on providing the quality of service that our clients require. We continue to invest in the development of client relationships globally and associated systems/digital technology to support our client service offering.
3 **Recruitment and retention of high-calibre staff** **Change from 2015** No change **Strategic objective:** Financial strength / Commitment to clients	We recognise that the future success of our business is dependent on attracting, developing, motivating and retaining people of the highest quality.	We continue to invest in the development of our people and our training and development programmes across the businesses. Our partnership style culture and profit-sharing approach to remuneration is combined with selective use of share-based and other rewards to incentivise and retain our best people for the long-term benefit of the Group.

Risks and uncertainties facing the business continued

Risk	Description	Mitigation
4 **Reputational and brand risk** **Change from 2015** No change **Strategic objective:** Strength in Residential and Commercial markets / Commitment to clients	Savills is a strong brand with an excellent reputation in the markets in which we operate. The Group's reputation could be damaged as a result of negative media coverage. We recognise the need to maintain this reputation by ensuring the quality of the service we provide.	We recognise that our brand strength is vital to maintaining market share in established and new markets. A brand management programme is in place to ensure the brand's positioning and identity is clearly and consistently promoted. Our social media policy is supported by guidance and training as well as ongoing monitoring. All external statements have to be appropriately approved. We recognise that the quality of the service we offer is vital to maintaining the brand and we have in place policies, controls and processes to monitor the quality of our client service to support our programme of continuous improvement. The Group has established corporate social responsibility programmes.
5 **Legal risk** **Change from 2015** No change **Strategic objective:** Financial strength / Commitment to clients	Failure to fulfil our legal or contractual obligations to clients could subject the Group to action and/or claims from clients. The adverse outcome of such actions/claims could negatively impact our reputation, financial condition and/or the results of our businesses. For example: • in accepting client engagements, Group companies may be subject to duty of care obligations. Failure to satisfy these obligations could result in claims being made against the relevant operating Company; • in our Property Management business, we may be responsible for appointing third party contractors that provide construction and engineering services. Failure to discharge these responsibilities in accordance with our obligations could result in claims being made against the operating companies; • in our valuation consultancy businesses, we can be subject to claims alleging the over-valuation of properties.	The Group has a range of policies in place including client acceptance, legal and regulatory compliance, procurement, contractor management and valuation. We have Best Practice groups' policies, procedures and training which are designed to mitigate against the risk of such actions/claims being made and where such claims occur, to limit liability, particularly in relation to consultancy services such as valuations. Such policies are regularly reviewed. The Group maintains professional indemnity insurance to respond to and mitigate the Group's financial exposure to such claims. As described below, our strong emphasis on appropriate business conduct by all our employees, contractors and associates further mitigates this risk.
6 **Failure or significant interruption to our IT systems causing disruption to client service** **Change from 2015** Increase **Strategic objective:** Financial strength / Commitment to clients	Major failures in our IT systems may result in client service being interrupted or data being lost/ corrupted causing damage to our reputation and consequential client and/or revenue loss. There is a risk that an attack on our infrastructure by a malicious individual or group could be successful and impact the availability of critical systems.	Specific back-up and resilience requirements are built into our systems. Our critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful attack. Our data centres are accredited to international information security standards. Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated. We are constantly reviewing our resilience to cyber security attacks due to the increasing threat.
7 **Business conduct** **Change from 2015** No change **Strategic objective:** Business diversification / Geographical diversification / Commitment to clients	We operate in international markets that may present business conduct-related risks involving, for example, fraud, bribery or corruption. Failure by the Group and its employees to observe the highest standards of integrity and conduct in dealing with clients, suppliers and other stakeholders could result in civil and/or criminal penalties, regulatory sanction, debarring and/or reputational damage.	We have programmes to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement. We have a zero tolerance approach to breaches of our Code of Conduct.

Risk	Description	Mitigation
8 **Changes in the regulatory environment** **Change from 2015** No change **Strategic objective:** Commitment to clients	We are required to meet a broad range of regulatory compliance requirements in each of the markets in which we operate. For example: • some of our operations have regulatory licences; • in the UK, the Financial Conduct Authority ('FCA') regulates the conduct of Savills Capital Advisors and, both generally and in relation to the Alternative Investment Fund Managers Directive, Savills Investment Management, and the insurance intermediary services provided to clients by Savills UK; our businesses are regulated by The Royal Institution of Chartered Surveyors ('RICS'); • Savills Investment Management entities are variously regulated by the Bank of Italy, FCA in Japan, BaFin in Germany and CSSF in Luxembourg; • various countries, corporate entities and individuals are subject to financial sanctions, which require continuous monitoring in response to global events. Failure to satisfy regulatory compliance requirements may result in fines being imposed, adverse publicity, brand/reputation damage and ultimately the withdrawal of regulatory approvals. We also have a number of key statutory obligations including the protection of the health, safety and welfare of our staff and others affected by our activities. Environmental reporting requirements place data-gathering responsibilities on our business in common with other listed companies.	Our Group Policy Framework, which sets out our standards for professional, regulatory, statutory compliance and business conduct, is reviewed regularly. To support this Framework each business has its own regulatory and statutory compliance resources (who monitor regulatory developments and maintain the internal processes and controls required to fulfil our compliance obligations). Our compliance environment, at all levels, is subject to regular review by Internal Audit and external assurance providers.
9 **Acquisition/integration risk** **Change** NEW **Strategic objective:** Business diversification / Geographical diversification / Strength in Residential and Commercial markets / Financial strength	The structuring and integration of acquisitions is critical to realising the benefits sought. People, systems and processes are key components	We apply the Group acquisitions policy and procedures and use professional advisers in the due diligence process, and allocate responsibility and accountability to individuals for integration. Post-acquisition reporting keeps the Board aware of progress against plan.

Viability Statement

As set out in last year's Annual Report and Accounts, the UK Corporate Governance Code (the 'Code') requires the Company to issue a viability statement stating whether the Board believes that the Group is able to continue to operate and meet its liabilities, taking into account its current position and principal risks. In accordance with provision C2.2 of the Code, the Directors have assessed the viability of the Group over a three-year period to 31 December 2019, taking account of the Group's current position and the potential impact of the principal risks documented in the Strategic Report on pages 2 to 39.

The Directors have concluded that the three-year period is appropriate for this assessment being consistent with the period covered by the Group's strategic plan and the inherent volatility of property markets. In making this viability statement the Directors have considered the resilience of the Group, taking account of its current position and prospects, the Group's strategic plan, the principal risks and uncertainties facing the business and the Board's risk appetite as detailed in the Strategic Report on pages 2 to 39. The strategy and associated principal risks which underpin the Group's three-year plan, are reviewed by the Directors at least annually.

Sensitivity analysis was undertaken on the three year plan, including financing projections, to flex the financial forecasts under a variety of scenarios, which involve applying different assumptions to the underlying forecast both individually and in aggregate, including assessing the potential impact of a severe economic downturn analogous to that experienced during the Global Financial Crisis in 2008/09. The results of this sensitivity analysis showed that the Group would be able to withstand the impact of such scenarios over the period of the financial forecast. Performance against the three year plan is monitored on an ongoing basis, including regular Board briefings provided by the Heads of the Principal Businesses on the progress made by those businesses. These reviews consider both the market opportunity and the associated risks. These risks are considered within the Board's risk appetite framework. Based on the results of their analysis, the Directors confirm that 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 three-year period ending 31 December 2019. The Directors also considered it appropriate to prepare the financial statements on the going concern basis as explained in Note 2.1 to the accounts.

Spotlight on

Asia Pacific

China proved to be the most active investment market in Asia in 2016, overtaking Japan for the first time in a clear sign of the maturity and depth which the Mainland market has achieved. Intra-Asian capital flows continued to account for a greater share of capital within the region in 2016, a trend which we expect to see continuing into 2017.

2016 Asia Pacific investment volumes fell 14% year-on-year. Despite this, yields in core markets continued to compress and we noted a rise in the volume of large-scale deals (above US$1 billion), particularly for development sites, as well as far higher levels of cross-border activity across the region. China was the most active market in the region in 2016 (overtaking Japan for the first time) and the foremost destination of cross-border capital in APAC.

Net flows of real estate capital are now firmly outbound from Asia Pacific. During 2016 around US$57 billion left the region, fully two-thirds of it heading for the Americas while the rest went to EMEA. Mainland and Hong Kong capital accounted for over half (US$29.4 billion) of the US$57 billion as Chinese firms continued to source business opportunities overseas, looking for the benefits of portfolio diversification and respite from a weakening RMB.

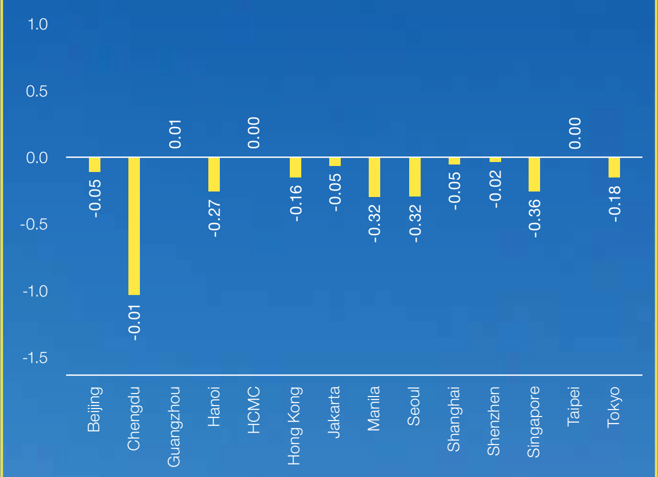
Most active Asia Pacific markets 2016

Metro	Sales volume ($m)
Tokyo	16,334
Shanghai	14,675
Hong Kong	13,497
Seoul	9,922
Sydney	9,036
Singapore	7,964
Beijing	6,226
Melbourne	5,483
Brisbane	2,918
Osaka	2,913
Shenzhen	2,591
Nanjing	1,987
Mumbai	1,687
Fukuoka	1,314
Taipei	1,264
Chongqing	1,139
Perth	1,124
Chiba	957
Chengdu	911
Hangzhou	849
Nagoya	849
Auckland	814
Tianjin	813
Kawasaki	778
Adelaide	773

Case study
Suntec City Tower One

Savills represents this large global corporate as exclusive advisor in the disposal of five floors at Suntec City Tower One, which amounts to approx 55,000 sq ft of office space at circa S$130 million. This represents the largest transaction of strata-titled office space in Suntec City Office Towers and in Singapore.

World office Asian CBD grade A effective yield change (%) Jun-16 to Dec-16



Case study
Hong Kong – One HarbourGate

A new Wheelock development comprising two office towers and a retail villa, was sold to two PRC firms for HK$10.35 billion in a landmark deal by Savills. Totalling 675,000 sq ft, the flagship HQs for China Life Insurance and Cheung Kei Group now take pride of place on the Hung Hom promenade.

Corporate responsibility

Corporate responsibility ('CR') is our commitment to the positive impact that our business can make, through our people, to our stakeholders and the communities in which we live and work.

Our business philosophy

Pride in Everything We Do	**We** • Take great pride in delivering the highest quality service. • Go the extra mile. • Seek to employ only the best people. • Enjoy what we do.
Take an Entrepreneurial Approach to Business	**We** • Seek out new markets and opportunities for clients. • Take a creative and entrepreneurial approach to delivering value. • Are forward-thinking, and always aim to build long-term client relationships. • Aim to be a leader in every market we enter.
Help our People Fulfil Their True Potential	**We** • Encourage an open and supportive culture in which every individual is respected. • Help our people to excel through appropriate training and development. • Share success and reward achievement. • Recognise that our people's diverse strengths combined with good teamwork produce the best results. • Believe that a rewarding workplace inspires and motivates. • Strive to provide an environment in which our people can flourish and succeed – this allows us to recruit, motivate and retain talented people and build on our status as an employer of choice. • Engage with our people to communicate our vision and strategy through well-established internal channels.
Always Act With Integrity	**We** • Behave responsibly. • Act with honesty and respect for other people. • Adhere to the highest standards of professional ethics.

The FTSE Group confirms that Savills plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to remain a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

Key highlights in 2016

People

- We expanded our leadership programme to our European and Asia Pacific businesses.
- We launched the Savills Studley Academy, a multi-year business mentorship programme aimed at harnessing the talent of the rising stars in the US business.

Clients

- Maintained our long-term partnerships with our clients though delivering high quality service.

Environment

- We continued to expand the scope of our data collection for our global greenhouse gas emissions. We now report from our UK, Europe, US, Australia, New Zealand, Hong Kong, Japan, Singapore and key Chinese operations.

Community

- Retained our membership of FTSE4Good, evidencing our commitment to meeting globally recognised corporate responsibility standards.

Corporate responsibility at Savills

Overall responsibility for our CR programme sits with the Group Chief Executive and the Board. CR strategy is co-ordinated by our CR Steering Group, comprising senior representatives from a range of businesses and central teams. CR strategy is implemented and delivered at country level across the four areas of CR which we believe are key to the success of our business and where we believe we can make the most difference: People, Clients, Environment and Community. Through a localised approach and by focusing on these key areas we give our businesses the freedom to adapt quickly and to respond at local level to new opportunities in the markets in which they operate. The Board receives annual and ad hoc updates on CR activities and progress. To ensure that we can readily identify emerging issues and respond to them on a timely basis, we continue to include the consideration of CR-related issues in our Key Risk Registers.

Policy

Savills is committed to being a good corporate citizen in all aspects of its operations and activities. The Company, therefore, holds itself accountable for its social, environmental and economic impacts on the people and places where it does business. We endeavour to manage these impacts in a responsible and sustainable manner. To fulfil this aim the Group actively embraces a range of policies and practices that aim to foster a positive approach towards corporate responsibility as an integral part of our day-to-day activities.

Our CR policy focuses on those key areas where we believe we can make a difference. All of our businesses are expected to comply with local legal standards as an absolute minimum, while our localised approach provides the flexibility required to have meaning and impact at local level. At Savills, we learn through experience and we actively encourage our businesses to share their experiences and develop best practice to ensure that we continue to improve as an organisation.

People

Throughout this Report we refer to the importance of our people. They are key to our continued success.

It is our vision to be the real estate advisor of choice in our selected markets and deliver superior financial performance and this can only be achieved through the dedication, commitment and excellence of our people.

Savills is committed to providing employment on an equal basis irrespective of gender, sexual orientation, marital or civil partner status, gender reassignment, race, nationality, ethnic or national origin, religion or belief, disability or age.

We are committed to doing the right thing in the right way and this is reflected in the Savills Code of Conduct. The Code, which underpins our social, ethical and environmental commitments, clearly sets out the standards of behaviour that we expect our employees to demonstrate and adhere to in their day-to-day working life at Savills.

As an absolute minimum, our employee policies comply with local legislation in the jurisdictions in which we operate. We fully support the principles of UN Global Compact, the UN Declaration of Human Rights and the International Labour Organization's (ILO) Core Conventions.

Any breaches of our Code of Conduct may be reported in accordance with the Company's whistleblowing procedure.

The Modern Slavery Act 2015 came into force in the UK in October 2015. We are publishing a statement required under the Modern Slavery Act setting out the steps we have taken to ensure that no slavery or human trafficking is taking place within the organisation or its supply chains. This will be published on the Group's website in April.

Our people strategy remains focused on supporting delivery of the highest standards of client service through motivated and engaged people. We believe that a positive culture is essential to high quality client service. This positive culture is encapsulated in our business philosophy and our values. Our reputation has been built on our people and we believe that staff whose behaviours reflect in our business philosophy deliver the excellent client service that we strive to provide. Our business philosophy also captures our commitment to ethical, professional and responsible conduct and our entrepreneurial value-enhancing approach.

The following section highlights our progress in the key areas behind our people strategy.

Increasing employee engagement

In 2015 we asked our employees in the UK to participate in the Best Companies to Work for Employee Engagement survey, a people survey which allows us to measure and compare ourselves against other large organisations and helps to identify ways to improve how we do things. Over 400 companies and 540,000 employees participated. We have been recognised as reaching 'One Star Status', demonstrating our commitment to progressive and engaging employment practices. This year, we have continued to focus on developing our approach in those areas highlighted for improvement and we intend to repeat the Best Companies Survey in 2017.

Developing our people for the long term

We want people to grow their careers at Savills and develop the skills and talent needed to grow our business. We firmly believe in the value of developing future talent from within the Group and the wider business community and we are working hard to help nurture the entrepreneurs and leaders of the future.

We continue to invest significantly in the development of all our people, for whom we recognise that career development and progression is very important. In the UK, we rebranded and restructured our training programme. We invested in a dedicated Training Suite at our London office and achieved external recognition of our flagship course, Savills Raising the Bar. During the year, we also expanded our leadership programme to our European and Asia Pacific businesses, and launched the Savills Studley Academy.

We deliver training and development in all areas including management and leadership, client and business skills and professional and technical skills. We recognise that personal development occurs in many ways and we encourage all our staff to attend conferences, internal events, and participate in projects to supplement their Continuous Professional Development ('CPD').

Corporate responsibility continued

For example, in the UK, the format of our training varies from one-hour masterclasses, webinars, video content, to two-day pitching courses and management and leadership workshops. We encourage and support all our staff to complete their CPD and all our internal courses/programmes have CPD points associated with them. All of this is supported by a dedicated training team, who offer individual career development advice and a dedicated page on the Company intranet which pulls together all the information our people need to plan their personal development.

In Asia, we are progressively extending our CPD programme, tailoring it as appropriate to best meet local requirements.

We will also be extending our CPD programme across the US.

Savills passionately believes that our graduates are the future leaders. Our graduates are given responsibility from the day they join the business, in teams which highly value their contribution, allowing them to be involved in some of the world's most high-profile property deals and developments. Graduates are surrounded by experienced professionals and team members from whom they can seek advice and learn. Individual achievement is rewarded and Savills look for graduates with entrepreneurial flair and diverse skills. In the UK, Savills were proud to be named The Times Graduate Employer of choice for Property for the tenth year in a row and we continue to see a record number of applicants for this, and our student summer scheme and work placement programmes. In 2016 Savills was also ranked 94 in the Times Top 100 Graduate Employers. We continue to work with some of our UK industry peers, the Changing the Face of Property ('CTFOP' group), on initiatives such as an apprenticeship programme to offer jobs to school leavers.

In the US, we are committed to implementing a Young Leaders Programme, and launched the Savills Studley Academy a multi-year business mentorship programme aimed at harnessing the talent of the rising stars.

In 2017, in Asia Pacific, we are launching the Inspire Programme, which is a two-year course for emerging leaders of the business who will be assigned a lifetime mentor and schooled in the art of business leadership.

Valuing diversity

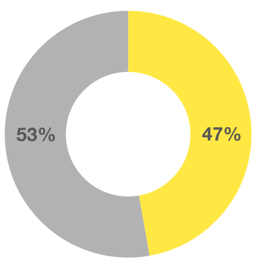
Savills is a global company and across all parts of our business we look to create an inclusive culture in which difference is accepted and valued. We believe that our 'inclusive' approach gives us a competitive advantage and underpins the success of our business by giving us the ability to select our employees from the highest quality individuals in the widest available pool of talent.

Our employees come from a wide range of backgrounds and have a diverse range of skills and experience. We have created a culture in which those skills, experience and perspectives are nurtured and encouraged.

We believe that creating an inclusive and diverse culture supports the attraction and retention of talented people and supports effective performance. We respect our people for who they are, their knowledge, skills and experience as individuals and as valued members of the Savills team. We work together to bring out the best in each other and to sustain the strong working relationship ethic that has nurtured our 'can do' attitude. As at 31 December 2016 our total global workforce of 32,548 colleagues comprised 17,245 males and 15,303 females. Of these, 175 were senior executives (160 males, 15 females) comprising members of the Group Executive Board and Board members of the corporate entities whose financial information is incorporated in the Group's 2016 consolidated accounts in this Annual Report. The Company's Board of Directors comprised seven members – six males and one female.

Gender diversity

(%)



Historically, ours has been a sector which has struggled to recruit a high percentage of female graduates and we are encouraged that our graduate recruitment programme is helping to redress the balance at Savills where we have a 50/50 male to female ratio of graduates at entry.

Prior to any new appointment consideration is given to diversity in its broadest sense, with a view to appointing the best-placed candidate for the role.

One of our initiatives was to launch a Diversity Group in the UK which is now in its second year. The objective is to highlight the diversity of our business and ensure that we are communicating clearly and effectively about our people and our clients. Initiatives which the Diversity Group have been involved during the year include:

1. **Savills with schools**
   Our current graduates attend a local state secondary school to deliver presentations about careers in property. This highlights the variety of roles in real estate as well as opportunities for students to engage on an individual basis.

2. **Careers in property**
   Savills Graduate team collate a guide to the real estate industry, looking at careers in the industry from governing bodies, educational institutions and employers to provide candidates with a comprehensive guide to joining the industry. This is currently shared with all UK university careers services in the UK.

3. **Apprenticeships**
   We launched a Surveying Apprenticeship in 2015. In 2016 we took on five Apprentices into teams across the UK to work in different teams. After six years in the business they will gain their BSc in Real Estate and their full MRICS status.

4. **Changing the Face of Property (CTFOP)**
   We continue to be a member of the CTFOP group, a collaboration of employers, governing bodies and education providers who work together to raise awareness of the industry, and drive equality. During 2016 we attended Skills London as well as a number of career fairs, and supported the Trailblazer Apprenticeship scheme with RICS. We also ran a number of internal diversity events for our Gender and LGBT groups. For the first time, we also participated in the London Pride March with the rest of the CTFOP companies.

"Across our global business Savills is committed to reducing the impact that our operations have on the natural environment."

Building a diverse and inclusive culture

Our aim is to have a workforce that is representative of the countries and the communities in which we live and work and we will continue to endeavour to improve the representation of women at Board and senior levels within the organisation and to sustain an inclusive culture in which all talent can thrive.

We are keen to improve diversity further, in its broadest sense. As an example of our commitment, in the UK we are committed to increasing the diversity of our business in order to reflect the needs of our clients and have achieved the RICS Equality Mark. We have a diversity programme 'Changing the Face of Property' which focuses on improving diversity across social and economic background, disability, LBGT, age and gender. We have also improved our maternity policy, introduced mentoring and coaching for women and held a number of events with clients and keynote speakers. In addition, we proactively review our promotions to ensure that the numbers going forward for promotion, by gender, are in line with the make-up of the division. For the LBGT network, we have held a number of events, participated in the London Pride March and are now listed on the Stonewall Diversity Index.

As an organisation committed to diversity in its workforce, we will continue to strengthen our policies, processes and practices to develop our diversity and inclusion plans within the Group's markets and geographies, in alignment with our corporate goals.

Ethical commitment

Savills is committed to doing business legally and ethically wherever it operates. Savills Ethical Trading Policy is detailed in our Group Code of Conduct which is readily accessible in local languages to all staff to support their day-to-day decision making.

We continue to maintain our focus on ensuring that our people worldwide work within our specified financial, operational and compliance framework and that these standards are consistently applied. We demand the highest professional standards from all of our people all of the time and have a zero tolerance to breaches. However, given the breadth of activities and the number of people we employ there may be occasions when we do not meet the high standards we aspire to. Where we fail to reach these high standards, we treat any breach with the utmost seriousness.

Clients

Client care

Excellent client service is at the core of our business, and we are committed to creating long-term partnerships with all of our clients. To do this, we place great importance on delivering exce ptional client service over the longer term through building sustained relationships and ensuring that the Savills client experience is second to none.

Gaining a deep understanding of our clients business through regular communications is fundamental to delivering a service which matches the needs of our clients. Client review meetings are a vital part of our approach to client care and we invest in an independent client review programme to focus on how well we are doing in the way we plan and execute the services we provide, how well we communicate and what additional value we give our clients. This provides an important independent rating of the standard of our client service which is reviewed regularly and used to refine service delivery.

We have developed our approach in the UK, for example, Savills' top clients have a dedicated client relationship lead (client advocate) whose core responsibility is to act as a focal point for client servicing enquiries, and, in particular, to allow any service issues on current instructions to be quickly identified and addressed. These client advocates also play a key role in reviewing our performance with the client in tandem with the client research programme to ensure that we understand where we have met or exceeded expectations and those areas in which we can do better. Ultimately this ensures that we have awareness of our clients' real estate plans so that we can make the appropriate resources available.

Our client advocates are supported by a client management system which consolidates client data into readily accessible client intelligence reports. To complement this initiative we recognise that there are clients that benefit from a full Savills service offering and to meet these demands, we have a full client management programme in place with a dedicated Client Relationship Management ('CRM') team. Each of these clients has a client care plan which includes a review of the current year, meeting schedule for key contacts, financials for the year to date and future years, a client communication plan and a list of agreed actions and responsibilities.

We will progressively extend this approach globally, tailored to meet local requirements.

Environment

Safe working practices form an integral part of our day-to-day business and we aim to find practical solutions to health and safety risks.

Savills is committed at the highest level to providing a safe and healthy working environment for all staff and others who are affected by our businesses so as to minimise the risk of injury and ill health.

Safe working practices form an integral part of our day-to-day business and we aim to find practical solutions to health and safety risks. To this end, our safety strategy is focused on priorities such as reducing occupational exposure to workplace hazards, maintaining regulatory compliance and seeking to continuously develop and strengthen our health and safety arrangements.

In 2016, a principal achievement was the successful introduction by the UK business of a system that tracks the identification of each individual health and safety risk item posing a potential risk to certain key teams. During the current year we will continue to promote our positive safety culture.

Environmental impact

Across our global business Savills is committed to reducing the impact that our operations have on the natural environment. By actively seeking to reduce our environmental impact, we are able to achieve increased operational efficiencies and savings, both internally and for our clients.

As one of the leading property advisors, Savills acknowledges the importance of demonstrating leadership in this area. This includes measuring, and being accountable for, our global environmental impact. For example, in Australia, we engage proactively with several key industry and not-for-profit environmental groups, including Property Council Australia, The Green Building Council, and Sydney's Better Building Partnership. As one of the first companies to achieve national signatory status, Savills is particularly pleased to partner with CitySwitch – Australia's flagship tenant energy efficiency programme. In 2016 Savills claimed the CitySwitch South Australia signatory of the year award for significant reduction in office-based emissions. This followed the recent refurbishment of our Adelaide premises, which not only resulted in reduced energy costs, but also improved work place productivity and employee satisfaction.

Similarly, in the UK, Savills, acting on behalf of client Deka, achieved a BREEAM in-use rating of Outstanding for Management status, the highest ever achieved in the UK. The property is one of only two UK buildings to achieve this status, and one of only 56 globally.

As part of this continuing drive to mitigate our impacts, and as a hallmark of quality, our offices continue to work to secure ISO14001 2004 status: the international standard for environmental management systems. 104 Savills offices in the UK have now achieved this accreditation.

In Hong Kong, Savills conducted an extensive campaign to drive higher rates of paper, metals and plastics recycling in the buildings we manage. Broadening this measure to enable a more human-orientated approach, Savills actively promoted awareness of the benefits of 'green diets', along with smoke-free buildings. This latter initiative resulted in 13 of our managed buildings, as well as our Property Management Headquarters, being awarded the 'Certificate of Merit' in the HK Smoke-Free Leading Company Awards.

Greenhouse gas emissions

Our Greenhouse Gas Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for the financial year to 31 December 2016, compared against our baseline year to 31 December 2013.

Scope

Our Greenhouse Gas Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic Report) and Directors' Reports) Regulations 2013 for the financial year to 31 December 2016, compared against our baseline year to 31 December 2013. For comparative purposes, data is also shown for 2015. For 2016, we continued to expand the scope of our data collection for our global greenhouse gas ('GHG') emissions. We are now reporting on GHG emissions from our UK, Europe, USA, Australia, New Zealand, Hong Kong, Japan, Singapore and key Chinese operations. In subsequent years, we will seek to further expand this reporting.

Methodology

A network of Environmental Reporting Nominees has been established, reporting to the Group Legal Director & Company Secretary, to coordinate more efficient data collection worldwide. Specialist third party-verified environmental reporting software has been adopted by this network to ease data collection, ensure conformity and complete the subsequent emission calculations.

The calculations use a GHG Protocol Corporate Accounting and Reporting Standard methodology. In a few cases complete or wholly reliable data was not available. We have therefore determined the relevant emissions by using a range of standard carbon accounting measures, including extrapolating data from other parts of the reporting period. To allow easier year-on-year comparison, a per capita intensity ratio (based on our number of full-time equivalent employee numbers) has been chosen. We consider that this is the best means of reflecting our wide range activities in a quantifiable common factor.

As evident in the table below, our total emissions increased by approximately 3% in 2016. This increase, however, reflects the aforementioned expansion of our reporting boundary in 2016, particularly with the addition of the Chinese offices. Importantly, we were able to reduce our Scope 2 emissions by more than 350 tonnes, which is close to a 5% reduction.

The corresponding figures for our per capita intensity ratio show a 10% reduction compared to the previous year, which is particularly pleasing given our global FTE numbers increased by more than 13% during the reporting period. When measured against our base year of 2013, this now represents an improvement of more than 20%.

This substantial reduction has been achieved through progressive initiatives to reduce lighting, thermal comfort and computer energy in our offices. These measures are complemented by broader sustainability strategies at the corporate level and include the application of green building principles during the selection/refurbishment of our occupied spaces, the shift to low-emission vehicles and the continued focus on improving energy metering/monitoring. Through these and other supporting measures, Savills is confident of making even greater reductions to our corporate environmental footprint in the coming years.

Greenhouse gas emissions data

Total Global Emissions for Carbon Reporting	**2016**	2015	2014
GHG Emissions Scope 1 (Direct)	**2,518 TCO_2e/yr**	1,898 TCO_2e/yr	1,292 TCO_2e/yr
GHG Emissions Scope 2 (Energy Indirect)	**6,450**	6,808	5,132
Total Gross Emissions (Scopes 1+2)	**8,968**	8,706	6,424
Total Employees (FTE av.)	**7,998**	7,039	4,508
GHG Intensity Ratio	**1.12**	1.24	1.42

Notes:
1 Emissions factors based on Defra/DECC Guidelines 2011 and other globally recognised methodologies.
2 Total global emissions for Carbon Reporting 2014: UK, Rest of Europe, Australia/New Zealand and Hong Kong.
3 Total gross emissions, divided by total full-time equivalent employees (FTE) year average.

Community

Social and community investment. Supporting communities in which we operate remains an integral part of our operations.

Our offices and our people are actively involved in their communities through our support of charitable causes and other social and business organisations, including making financial, in kind and time contributions. At a local level, we have developed a series of community engagement programmes which have a positive impact on the areas where our people live and work to ensure that Savills is firmly engaged with the communities we serve. The case studies below represent only a few examples from across the globe of the wide variety of activities undertaken by Savills and its employees during 2016.

The UK business continues to sponsor events including a number of graduate-led initiatives. These include Harry Wentworth-Stanley's recent Atlantic Challenge in aid of the James Wentworth-Stanley Memorial Fund, a fund which was established to create greater awareness of the causes of suicide and the prevalence of suicide amongst young persons. The funds raised by the Atlantic Challenge, which involved 39 days of rowing across the Atlantic, will help establish a non-clinical crisis centre where people experiencing emotional or suicidal crises can go for help.

Savills are delighted to have been partnered with Dreams Come True for the last three years and we are proud that our graduates have been successful in raising in excess of £200k for the charity. 2016 saw Savills graduates participate in a number of events including 24 staff cycling 100km around Surrey, 11 staff participating in the 2016 London Marathon and an auction at the Savills annual cricket match. In March 2017, 21 staff will be trekking 100km across the Arctic Circle.

In Asia, Savills Corporate Sevens Charity Tournament is a December fixture in Hong Kong's social calendar. The tournament attracts many of the city's major companies for a day of competitive rugby and fund raising. This year we updated the format to tag rugby, a new and more inclusive format allowing mixed teams to get involved and, in doing so, significantly broadened the appeal of the event. With the tournament in its 32nd year, over the past four years alone we have raised over HK$3.5 million for various children's rugby charities including Po Leung Kuk (Pitch Perfect and Tackling Life projects) and the Hong Kong Society for the Protection of Children. We are enormously proud of this event and staff willingly give their time and energy to participate in the games and help with the considerable amount of organisation involved. In recognition of Savills Guardian's efforts in support of charitable causes, Savills Guardian was awarded a number of corporate volunteer awards. This includes an acknowledgement of Savills Guardian's participation in the Caring Company Scheme with it now holding the 'Caring Company 10 consecutive years' logo.

In Australia, we have partnered with The Salvation Army to create the Savills Housing Project. Based in western Sydney, this project has been a great success in providing safe and stable housing for a family looking to recover from a history of domestic violence and homelessness. In 2016 the children were able to attend regular schooling and the mother undertook training that will assist her in gaining employment.

During 2016 Savills Studley in the US actively participated and contributed to not-for-profit organisations both nationally and on a local level. We participated in Innovations for Learning, an initiative we have been involved with since 2013. Innovations for Learning is a non-profit organisation focused on improving literacy instruction for children in the primary grades, and through their Tutormate programme, As Tutormates, we work with the students every week to practice word exercises and help them learn to read. To date, 44 Savills Studley employees have participated and mentored students on a weekly basis. We also participated in the Lee National Denim Day, which Savills Studley have been involved with since 2005. Across all offices nationwide, we encourage strong employee participation in the fundraiser and our local branches hold their own fundraising activities.

The UK operates a Give As You Earn scheme which allows staff to donate a portion of their monthly salary to a registered charity. We also operate a profit share waiver scheme whereby staff can elect to waive an element of any annual profit share in favour of registered charities of their choice upon which the Group augments the donation to the chosen charity by 10%.

Spotlight on

Investment Management

Total available capital reaches record highs reflecting sustained institutional appetite for real estate.

183 private equity real estate funds raised total capital of $108.5bn in 2016, a drop from the $123.5bn raised in 2015. The average amount raised in final closings by private closed-ended funds also fell, from the record high in 2015 of $624m to $499m in 2016. The number of funds closing saw a similar decrease, representing the fourth annual drop from a post-GFC peak in 2012 of 211 and the lowest number of funds since 2009. However, this fall in the number of funds closing is not matched by a fall in total funds raising at present, with Preqin reporting that there are a record 533 closed-ended funds in the market (up from 489 at the start of the year). This record number of funds in the market is matched by a record level of capital available, which has now reached a record high of $237bn. This available capital heading into 2017 ensures property will remain a key asset class for investors worldwide.

This status is reinforced by the cumulative total of capital raised in the last four years outstripping figures from 2005-2008, reflecting the sustained institutional appetite for real estate. The weight of money and continued improvement of occupier market fundamentals has continued to see capital values increase while yields decrease. The increase in asset capital values has led to an increase in investor capital moving up the risk curve, with debt, value-added and opportunistic funds taking a greater share of investor capital in 2016, while fundraising for Core and Core Plus strategies fell.

Deal flow dropped from $241bn in 2015 to $202bn in 2016 owing to financial market volatility and political concerns in the UK and US, as well as a crowded market, but this still represented a significant increase on the $169bn transacted in 2014. Savills IM's sale of Potsdamer Platz registered as the tenth largest deal in the year.

Case study
Launch of Mercury Fund

2016 saw the launch of the Mercury Fund, managed on behalf of CONAD (the largest consortium of independent retailers in Italy) and Gruppo Cattolica Assicurazioni (a leading Italian insurance company).

The Fund enabled CONAD to sell and lease back 66 of its retail properties in Italy, worth approximately €300m, allowing the firm to focus on its core retail activities. It was financed by two leading Italian banks and the Fund will have a 20-year lifespan.

The Mercury Fund, along with other initiatives launched in 2016, saw our AuM in Italy pass the €2bn mark. We also transacted over €1.1bn of deals in the country last year, representing c.15% of the total market.

Number of real estate funds closed in 2016:

183

(down from 244 in 2015)

Average amount of capital raised by private equity real estate funds in 2016:

$499m

(down from record high of $624m in 2015)

Total capital raised in 2016:

$108.5bn

(down from $123.5bn in 2015)

Total capital available to fund managers:

$237bn

(up from $229bn in 2015)

Chairman's introduction

I am pleased to introduce this year's Corporate Governance Report. With this Report we describe the Group's compliance with the UK Corporate Governance Code (the 'Code') and explain how the Board and its Committees have operated in 2016. The Main Principles of the Code provide the framework for the reporting model which we have used for the last three years. Our approach to: Leadership and Effectiveness is described on pages 41 to 50; Relations with Shareholders and Other Stakeholders is described on page 51; and Accountability is described on pages 51 to 56.

On 11 May, at the conclusion of the 2016 Annual General Meeting ('AGM'), I became Chairman following the retirement of Peter Smith, and Tim Freshwater became Senior Independent Director on the retirement of Martin Angle. Under their watch, Savills businesses showed commendable growth and I would like to thank both Peter and Martin for their enormous contributions to the Group.

Responsibility for good governance lies with the Board. As a Board we are committed to maintaining the highest standards of corporate governance and understand that an effective, challenging and diverse Board is essential to enable the Group to deliver its strategy and long-term shareholder value. Further information on our Strategy and Business model can be found on pages 4, 5 and 14.

We fully recognise that at the core of every successful organisation is a strong and healthy culture supported by a robust governance structure. As custodian of Savills, culture, the Board demands openness and transparency to maintain an environment in which honesty, integrity and fairness are valued and practised by our people every day. The Board's behaviour and the values it demonstrates set the tone to guide our people's behaviour and ensure that we live by and demonstrate the right values. This in turn enables entrepreneurial and prudent management to deliver long-term success for the Group and its stakeholders.

Ensuring that we do the right thing in the right way requires the right leadership and it is important in my role as Chairman to ensure that the Board has the right blend of skills and experience. As an international business, we benefit from our Non-Executive Directors' knowledge of and involvement with businesses in Hong Kong and China, Europe and the US. At least half of the Board members throughout the year were Independent Non-Executive Directors (excluding me, as Chairman). The details of their skills and experience are, along with those of the other Board Members, set out on pages 44 to 46. In accordance with the Code, each Director will stand for re-election at the 2017 AGM on 9 May 2017. The Board also reviews Non-Executive Director independence on an annual basis and takes into account the individual's experience, their behaviour at Board meetings and their contribution to unbiased and independent debate. All of the Non-Executive Directors are considered by the Board to be independent, including Charles McVeigh, notwithstanding his long service.

The Board is committed to a culture that attracts and retains talented people to deliver outstanding performance and further enhance the success of the Group. The Board recognises the benefits of having diversity across all areas of the Group. In particular, in a sector which historically has struggled to retain a high percentage of female leaders, we are striving to redress the gender balance with our successful graduate recruitment programme, which aims to have a balanced intake of males and females and should help to ensure that there continues to be a diversity of talent within the Group from which we can draw the future leaders of our Company. The Company's policy on diversity applies across all levels of the Group and further details of the policy can be found in the Corporate Responsibility ('CR') section on pages 32 to 37.

The Board is collectively responsible for the long-term success of the Group and how it is directed and controlled, so we test the Board effectiveness and performance annually through a formal evaluation. This year's evaluation was facilitated by an independent external consultant, JCA. The process and key conclusions are explained on page 48. We are confident that your Board has the right balance of skills, experience and diversity of personality to continue to encourage open, transparent debate and challenge. Following this review, I am satisfied that the Board is performing effectively.

As a responsible organisation, we believe that engaging with Shareholders and encouraging an open, meaningful dialogue between Shareholders and the Company is vital to ensuring mutual understanding. We are in regular contact with our major Shareholders and potential shareholders through a regular, scheduled programme of meetings as part of our continuing commitment to this open and transparent dialogue. This programme included updating Shareholders on the Group's performance and future strategy and, in particular this year, consulting major Shareholders about the renewal of approval for the Company's Directors' Remuneration Policy. You can read more about Shareholder engagement on page 51. My fellow Directors and I look forward to continued dialogue and meeting with Shareholders at our AGM in May where I will be happy to answer any further questions.

Nicholas Ferguson CBE
Chairman of Savills plc
21 March 2017

UK Corporate Governance Code

The Company is reporting its corporate governance compliance against the 2014 UK Corporate Governance Code (the 'Code'). In April 2016, the Financial Reporting Council issued an update to the Code. The Company will report its governance compliance against the revised Code in its 2017 Annual Report. The Board confirms that during 2016 it has applied the Main Principles set out in the 2014 Code and was compliant with all relevant provisions. Further information about how the Board complies with the Main Principles is set out on pages 57 to 59 of this Annual Report.

Leadership

The Group's current corporate governance structure is set out below.

Board (Chairman, two Executive Directors and four Non-Executive Directors)

- has primary responsibility for providing entrepreneurial leadership
- oversees the overall strategic development of the Group
- sets the Group's values and standards
- ensures that the Group's businesses act ethically and that obligations to Shareholders are understood and met
- delegates the management of the day-to-day operation of the business to the Group Chief Executive, supported by the Group Executive Board subject to appropriate risk parameters

Matters reserved to the Board
The Board has adopted a formal schedule of matters specifically reserved to it for decision-making. A full schedule of matters reserved for the Board's decision along with the Terms of Reference of the Board's principal Committees can be found on the Company's website at www.savills.com/en/company-information/corporate-governance.aspx

Audit Committee

- responsible for assisting the Board in fulfilling its financial and risk responsibilities, and in particular for ensuring that the financial statements are fair, balanced and understandable
- oversees financial reporting, internal control, risk management and reviews the work of the Internal and External Auditors
- advises the Board on the appointment of the External Auditors.

Chair: Liz Hewitt
Number of meetings in the year: 4

See pages 52–56

Remuneration Committee

- responsible for the broad policy governing senior staff pay and remuneration
- sets the actual levels of all elements of the remuneration of the Executive Directors
- reviews the remuneration of Group Executive Board members.

Chair: Rupert Robson
Number of meetings in the year: 5

See pages 60–80

Nomination Committee

- responsible for size, structure and composition of the Board
- reviewing and progressing appointments to the Board
- responsible for succession planning to ensure that the Board is refreshed progressively such that the balance of skills and experience available to the Board remains appropriate to the needs of the business
- makes recommendations to the Board on the membership of the principal Committees of the Board.

Chair: Nicholas Ferguson
Number of meetings in the year: 2

See pages 49–50

Group Chief Executive

- responsible for the day-to-day management of the Group

Group Executive Board

Key management committee of the Group:
- responsible for the day-to-day management of the Group
- oversees the development and implementation of strategy, capital expenditure, and investment budgets, for the ongoing review and control of Group risks reporting on these areas to the Board for approval
- implements Group policy
- monitors financial and operational performance of the Group and other specific matters delegated to it by the Board.

Chair: Group Chief Executive
Composition: Group Chief Financial Officer, the Heads of the Principal Businesses and the Group Legal Director & Company Secretary

CR Steering Group

- coordinate CR activity to deliver Savills' agreed goals
- oversee Savills' CR Strategy for the Group globally and recommending changes to it when appropriate
- monitor Group-wide CR progress and performance and identifying to the GEB areas where action needs to be taken
- ensure that key CR responsibilities and achievements are communicated to all staff globally and externally to interested parties
- gather and record information about all existing CR programmes and initiatives taking place within the Group
- help to identify indicators and measures that will be used to ascertain performance against prioritised CR impact areas
- help to identify on any external indices, initiatives, codes and standards for Savills to use or adopt to help validate CR performance
- responsible for overseeing preparation of the CR section of the Annual Report and Accounts.

Executive Committees

Lead each Principal Business
- responsible for the day-to-day management of the relevant Principal Business
- oversees the development and implementation of strategy, capital expenditure, and investment budgets, for the ongoing review and control of Group risks reporting on these areas to the Group Executive Board and, as necessary, the Board for approval
- implements Group policy
- monitors financial and operational performance of the relevant Principal Business and other specific matters delegated to it by the Group Executive Board.

Group Risk Committee

- identify and evaluate Group level risks
- review and challenge risks reported by subsidiaries
- champion the ongoing Group-wide development of risk management and the internal controls framework
- monitor internal audit and other sources of assurance on the effectiveness of internal controls.

Leadership continued

Attendance at Board and Committee meetings

The Board met formally nine times during the year. Attendance at all Board and Committee meetings by Directors is as shown in the table below.

	Board meetings attended	Meetings eligible to attend	Audit Committee meetings attended	Meetings eligible to attend	Nomination Committee meetings attended	Meetings eligible to attend	Remuneration meetings attended	Meetings eligible to attend
Non-Executive Directors								
Nicholas Ferguson[1]	7	8	–	–	2	2	–[3]	–[3]
Tim Freshwater	9	9	4	4	2	2	5	5
Liz Hewitt	8	9	4	4	2	2	5	5
Rupert Robson	8	9	4	4	1	2	5	5
Charles McVeigh	9	9	–	–	–	–	–	–
Peter Smith (retired 11 May 2016)	4	4	1	1	1	1	3	3
Martin Angle (retired 11 May 2016)	3	4	1	1	1	1	3	3
Executive Directors								
Jeremy Helsby[2]	9	9			2	2		
Simon Shaw[2]	9	9						

1 Was appointed to the Board on 26 January 2016
2 Members of the Group Executive Board
3 The Chairman attended two remuneration meetings by invitation

The Board

The principal matters reserved for the Board are set out below:

Strategy and objectives

- Review and approve the Group's strategy, objectives, business plans and budgets with a view to maintaining the Group's established entrepreneurially driven business culture.
- The Board continuously monitors and analyses actual performance against desired outcomes and, where necessary, agrees adjustments or changes to the strategic plan to ensure the Group achieves its short, medium and long-term objectives.
- Consider, test and approve significant capital investment projects in line with strategy and taking a measured approach with the aim of maintaining Savills position as a market leader.
- Strengthening the Group's presence in existing markets or establish the Savills brand in new markets through targeted recruitment or acquisitions, strategic alliances, associations with well-established high-calibre local businesses with a market and client service focus consistent with those of the Group and with an offering which complements existing capabilities in whichever market.
- Where necessary, reviewing and approving disposal initiatives.

Financial performance

- Review business growth and profit and cash management performance, and in each case, assess against the Group's strategy, objectives, business plans and budgets to ensure that the financial resources generated by the Group's businesses work to create additional value, costs are controlled and that resources can be made available at the appropriate time to exploit business opportunities.
- Review changes to the Group's capital structure and the issue of any securities in the context of achieving efficiencies or reducing the cost of capital to the Group.
- Approve annual and half year results and trading updates, and accounting policies so as to ensure that communication with the Group's Shareholders is fair, balanced and understandable; and, subject to Shareholder approval, the appointment and the remuneration of the External Auditors.
- Approve the dividend policy and interim and supplemental dividends and recommend final dividends which are appropriate to the Group's financial position and reflect the performance and prospects of the Group and give the Group the ability to continue to attract inward investment.

Risk management

- Establish, monitor and regulate the levels of risk which the Group is willing to accept in return for economic success and implementing systems of internal control, governance and approval authorities to safeguard Shareholder investments.
- Regularly analyse the impact of the Group's adopted risk appetite against expected outcomes to ensure that the level of risk adopted by the Board is appropriate such that it can be effectively managed by the Group's businesses and neither constrains growth nor has a materially negative impact on the Group's reputation or finances.
- In response to actual outcomes and/or changes in the internal and external environments, regulate acceptable risk levels to reflect the evolution of strategy.

Governance	• Oversee the performance of the Board and its principal Committees and that of individual Directors to ensure that they continue to be effective in support of Group strategy, policy and practice. • Plan to refresh or replace retiring or outgoing Directors so as to ensure that the different skills, experience and knowledge of the Directors is such that the Group remains capable of adapting to the changing environment as a consequence of it being directed by a set of competent, well-rounded individuals who have the ability to formulate sensible and practical ideas capable of being translated into strategies which deliver results. • In line with the Board's commitment to operate the Group's businesses on an ethically, morally and legally sound basis from the top down, overseeing the development and approval of the Group's governance structure and policies such as the Group's Code of Conduct, standards of ethics and policies in relation to business practice, health, safety, environment, social and community responsibilities to ensure that the Group companies continue to do the 'right thing' and remain compliant with regulatory and legal requirements in each of the jurisdictions in which they operate.

Board meetings

The Board and Committee meetings are structured to allow open discussion. To enable the Board to discharge its duties, each Director receives appropriate and timely information, including detailed papers in advance of Board meetings. When unable to be present in person, Directors may attend by audio or video conference. When Directors are unable to attend a Board or Committee meeting, their views on the key items of business to be considered at that meeting are relayed in advance to the Chairman of that meeting in order that these can be presented at the meeting and influence the debate.

At its meetings during the year, the Board discharged the duties above and received updates on the Group's financial performance, key management changes, material new projects, financial plans, and legal and regulatory updates.

The Chairman, together with the Group Legal Director & Company Secretary, ensures that the Directors receive management information, including financial, operating and strategic reports, in advance of Board meetings.

The Board receives presentations from the Heads of the Principal Businesses on matters of significance, and periodically meetings are held in regional centres to give the Board greater insight into the business in that region. The Group Legal Director & Company Secretary provides the Board with updates and reports covering legal developments and regulatory changes.

Board activity in 2016

As detailed above, although the Board has a schedule of matters reserved to it for formal decision, there has to be a level of flexibility to meet the evolving needs of the Group's businesses and we endeavour to develop our processes in order to support growth and to achieve continuous improvement across the Group. The following chart shows in simple terms those areas on which your Board has been focused during 2016 and which will remain key in the coming year.

Leadership and risk	Strategy
– Entrepreneurial support – Succession planning – Oversight of operational management – Determination of principal risks and risk appetite	– Strategy setting – Target delivery – Achievement of goals
Governance	**Finance**
– Assurance and compliance – Board management and effectiveness – Remuneration policy in support of strategy	– Optimising our internal control framework – Capital allocation, financing and funding – Overview and preparation of financial statements

In 2016, the Board additionally undertook evaluations of the acquisitions completed in 2015, including the acquisitions of SEB Asset Management GmbH, Savills Malaysia Sdn. Bhd. and that of the business of Smiths Gore, as well as a review of regulatory and compliance matters globally.

One of the Board's meetings during the year was specifically devoted to the review and reconfirmation of the Group's strategy. This meeting benefited from presentations and discussions with a number of the Heads of the Principal Businesses. The delivery of strategic plans continues to be monitored and reviewed by the Board and periodic updates on progress and market developments will be presented by the Heads of the Principal Businesses.

Board of Directors

Nicholas Ferguson CBE
Chairman of Savills plc and Chairman of the Nomination Committee

Appointment to the Board
Nicholas was appointed to the Board as a Non-Executive Director on 26 January 2016 and became Chairman in May 2016.

Background and relevant experience
Nicholas has held a number of leadership roles in the private equity and investment sectors. He was co-founder of Schroder Ventures (the private equity group which later became Permira) of which he served as chairman from 1984 to 2001. He later served as chairman of SVG Capital plc, a publicly quoted private equity group, from April 2005 to November 2012. Nicholas was chairman of Sky Plc from April 2012 to May 2016, having been appointed to the board as a non-executive director in June 2004 and having previously served as Deputy Chairman and Senior Independent Non-Executive Director.

Other appointments
He is also currently chairman of Alta Advisers Limited, an investment advisory firm; chairman of African Logistical Properties; and chairman and founder of The Kilfinan Group, which provides mentoring by chairmen and CEOs to heads of charities.

Committee Membership
Nomination Committees.

Jeremy Helsby
Group Chief Executive

Appointment to the Board
Jeremy joined Savills in 1980 and was appointed to the Board in 1999.

Background and relevant experience
He was Chairman and Chief Executive Officer of Savills Commercial and Savills Europe for seven years until he was appointed as Group Chief Executive on 7 May 2008.

Committee Membership
Nomination Committee.

Simon Shaw
Group Chief Financial Officer

Appointment to the Board
Simon joined Savills as Group Chief Financial Officer in March 2009.

Background and relevant experience
Simon is a chartered accountant. He was formerly chief financial officer of Gyrus Group PLC, a position he held for five years until its sale to the Olympus Corporation. Simon was chief operating officer of Profile Therapeutics plc for five years and also worked as a corporate financier, latterly at Hambros Bank Limited.

Other appointments
Non-executive chairman of Synairgen plc.

Charles McVeigh
Independent Non-Executive Director

Appointment to the Board
Charles was appointed to the Board as a Non-Executive Director on 1 August 2000.

Background and relevant experience
Formerly, he was co-chairman of Citigroup's European Investment Bank and served on the boards of Witan Investment Company plc, Clearstream, the London Stock Exchange, LIFFE, British American Business Inc and was a member of both the development board and advisory council of the Prince's Trust. He was also a non-executive director of Petropavlovsk plc until mid-2015. He was appointed by the Bank of England to serve on the City Capital Markets Committee and the Legal Risk Review Committee and was a member of the Fulbright Commission.

Other appointments
Charles has recently become chairman of Rubicon Fund Management, a successful London based hedge fund. He is vice chairman of Citigroup's European Advisory Board as well as senior advisor to the Private Bank. He is also a non-executive director of EFG–Hermes. He is a trustee of the Landmark Trust and serves on the board of governors of Sandroyd School.

Tim Freshwater
Independent Non-Executive Director

Appointment to the Board
Tim was appointed to the Board as a Non-Executive Director on 1 January 2012.

Background and relevant experience
Tim is chairman of Goldman Sachs Asia Bank Limited and was formerly chairman of Corporate Finance for Goldman Sachs (Asia). He was also chairman of Grosvenor Asia Pacific Limited until 2013. Before joining Goldman Sachs, Tim worked at Jardine Fleming, becoming group chairman in 1999, and was a partner at Slaughter and May from 1975 to 1996.

Other appointments
Non-executive director of Swire Pacific Limited, Corney & Barrow Group Limited, Chelsfield Asia Limited (former name: Dymon Asia Real Estate Limited) and Hong Kong Exchanges and Clearing Limited.

Committee Membership
Audit, Remuneration and Nomination Committees.

Liz Hewitt
Independent Non-Executive Director and Chair of the Audit Committee

Appointment to the Board
Liz was appointed to the Board as a Non-Executive Director on 24 June 2014.

Background and relevant experience
Liz previously held senior executive roles at Smith & Nephew plc and 3i Group plc having spent her early career with Gartmore, CVC and 3i as a private equity investor. She qualified as a chartered accountant with Arthur Andersen.

Other appointments
Non-executive director of Melrose Industries PLC and Novo Nordisk A/S. External member of the House of Lords Commission.

Committee Membership
Audit, Remuneration and Nomination Committees.

Rupert Robson
Independent Non-Executive Director and Chair of the Remuneration Committee

Appointment to the Board
Rupert was appointed to the Board as a Non-Executive Director on 23 June 2015.

Background and relevant experience
Rupert has held a number of senior roles in financial institutions, most recently chairman of Charles Taylor plc and non-executive director of London Metal Exchange Holdings Limited, Tenet Group Limited and OJSC Nomos Bank. Prior to that he was global head, Financial Institutions Group, Corporate Investment Banking and Markets at HSBC and head of European Insurance, Investment Banking at Citigroup Global Markets.

Other appointments
Chairman of TP ICAP plc, Sanne Group plc, EMF Capital Partners and governor of Sherborne School

Committee Membership
Audit, Remuneration and Nomination Committees.

Leadership continued
Group Executive Board

Michael Colacino
(alternate member with Mitch Steir)
President – Savills Studley

Appointment to the Group Executive Board
Michael was appointed to the Group Executive Board when Studley, Inc. joined Savills in May 2014.

Background and relevant experience
He joined Studley, Inc. in October 1991 and became president in 2002.

Other appointments
Michael serves on the real estate board of New York's Board of Governors and the advisory board of the Zell-Lurie Real Estate Center at Wharton.

Simon Hope
Global Head of Capital Markets

Appointment to the Group Executive Board
Simon was appointed to the Group Executive Board when it was formed in February 2008.

Background and relevant experience
He joined Savills in September 1986 and he is Head of our Global Capital Markets business. He is also a member of the Board of the Charities Property Fund and Chairman of Tilstone LLP.

Chris Lee
Group Legal Director & Company Secretary

Appointment to the Group Executive Board
Chris joined Savills in June 2008 and was appointed to the Group Executive Board in August 2008. He has responsibility for legal and compliance issues globally.

Background and relevant experience
He held equivalent roles with Alfred McAlpine plc, Courts plc and Scholl plc between 1997 and 2008, prior to which he was deputy group secretary of Delta plc from 1990 to 1997.

Raymond Lee
Chief Executive – Hong Kong, Macau and Greater China

Appointment to the Group Executive Board
Raymond was appointed to the Group Executive Board in January 2011.

Background and relevant experience
He joined Savills in 1989. In 2003, Raymond became the Managing Director in Hong Kong and Macau and in 2010 was appointed CEO of Greater China. Raymond is a Fellow Member of the Hong Kong Institute of Directors and holds an Honorary Fellowship at the Quangxi Academy of Social Science. Raymond is also an Honorary Doctor of Management at Lincoln University and holds a Fellowship at the Asian College of Knowledge Management (ACKM). He became a Fellow Member of the Royal Institute of Chartered Surveyors (RICS) in 2016.

Christian Mancini
Chief Executive – Asia Pacific
(ex-Greater China)

Appointment to the Group Executive Board
Christian was appointed to the Group Executive Board on 1 July 2016.

Background and relevant experience
Christian was made CEO of Savills Japan in 2007 and appointed CEO of Savills Northeast Asia in 2012.

Other appointments
Christian also serves as non-executive director in Savills Asset Advisory, the wholly-owned asset management subsidiary of Savills Japan Co, Ltd created in May 2012.

Justin O'Connor
Chief Executive Officer – Savills Investment Management

Appointment to the Group Executive Board
Justin was appointed to the Group Executive Board in September 2010.

Background and relevant experience
He joined Cordea Savills in January 2004 as Head of Business Development. He was subsequently appointed Chief Executive of Savills Investment Management (formerly Cordea Savills) in January 2006. Justin previously held a number of senior positions at Henderson Global Investors, Lend Lease and the AMP Society.

Mark Ridley
Chief Executive – Savills UK and Europe

Appointment to the Group Executive Board
Mark was appointed to the Group Executive Board when it was formed in February 2008.

Background and relevant experience
He became Chief Executive of Savills UK and Europe in October 2014, previously holding the position of Chief Executive for Savills UK following the merger of the Commercial and L&P businesses in January 2013. He previously served as Chairman and Chief Executive of Savills Commercial Limited from January 2008 and prior to this was Head of the Manchester office which he opened for Savills from the time he joined in July 1996.

Mitch Steir
(alternate member with Michael Colacino)
Chairman & CEO – Savills Studley

Appointment to the Group Executive Board
Mitch was appointed to the Group Executive Board when Studley, Inc. joined Savills in May 2014.

Background and relevant experience
He joined Studley, Inc. in 1988 after beginning his commercial real estate career at Huberth & Peters in New York.

Other appointments
Mitch serves on the boards of The Museum of the City of New York, the Film Society of Lincoln Center, The Realty Foundation of New York, The Avenue of Americas Association, The Mount Sinai Hospital Surgery advisory board and the Citizens Budget Commission.

Effectiveness

Board composition and balance

Balance of Non-Executive Directors and Executive Directors

Length of tenure of Non-Executive Directors

At all times during the year at least half of the Board members, excluding the Chairman, were Independent Non-Executive Directors.

Chairman and Chief Executive

The roles of Chairman and Group Chief Executive are distinct and separate and their roles and responsibilities are clearly established. The Chairman leads the Board and has particular responsibility for the effectiveness of the Group's governance. In promoting a culture of openness he ensures the effective engagement and contribution of all Executive and Non-Executive Directors. To help ensure a proper dialogue with all Directors, the Chairman meets with the Directors individually. The Group Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated by the Board. There are a number of areas where the Board has delegated specific responsibility to management, including responsibility for the operational management of the Group's businesses as well as reviewing strategic issues and risk matters in advance of these being considered by the Board and/or its Committees. The Board considers that throughout the year the Company was in full compliance with the Code.

Independence of Non-Executive Directors

The Board reviews the independence of its Non-Executive Directors, particularly those with long service. The Non-Executive Directors are responsible for bringing independent and objective judgement and scrutiny to matters before the Board and its Committees. The Board considers that all of the Non-Executive Directors bring considerable management expertise and are an Independent Non-Executive Directors, being independent of management and having no business or other relationship which could interfere materially with the exercise of their judgement. In particular, notwithstanding his long service on the Board, the Board continues to consider that Charles McVeigh remains entirely independent in character and judgement. His experience provides valuable insight, knowledge and continuity.

Senior Independent Director

Tim Freshwater is the Senior Independent Director and is available to Shareholders if they have concerns which have not been addressed by contact with the Chairman and/or Group Chief Executive.

Time commitment and conflicts

The Board is satisfied that the Chairman and each of the Non-Executive Directors committed sufficient time during the year to enable them to fulfil their duties as Directors of the Company.

The Companies Act 2006 places a duty on each Director to avoid a situation in which he or she has or can have a direct or indirect interest which conflicts or may conflict with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the other Directors in accordance with the Articles. The Board has adopted a set of guiding principles on managing conflicts and approved a process for identifying current and future actual and potential conflicts of interest. The Nomination Committee review authorised conflicts at least annually or if and when a new potential conflict situation was identified or a potential conflict situation materialised. During 2016, actual and potential conflicts of interest that were identified by each Director were subsequently authorised by the Nomination Committee, subject to appropriate conditions in accordance with the guiding principles. Procedures adopted to deal with conflicts of interest continue to operate effectively and the Board's authorisation powers continue to be exercised properly in accordance with the Company's Articles of Association.

Induction, training and support

To ensure a full understanding of Savills and its businesses, following their appointment to the Board, each Director undergoes a comprehensive and tailored induction programme which introduces the Director to the Group's businesses, its operations, strategic plans and key risks. New Directors are also provided with information on relevant share dealing policies, Directors' duties, Company policies and governance. The induction also includes one to one briefings from the Heads of the Principal Businesses and an introduction to each Group business's development strategy.

The Group Legal Director & Company Secretary, whose appointment is a matter reserved for the Board, is responsible for advising and supporting the Chairman and the Board on company law and corporate governance matters and for ensuring that Board procedures are followed, as well as ensuring that there is a smooth flow of information to enable effective decision making. The Group Legal Director & Company Secretary is responsible for ensuring that the Directors receive regular updates on developments in legal and regulatory matters. All the Directors have access to the advice and services of the Group Legal Director & Company Secretary and through him have access, if required, to independent professional advice in respect of their duties at the Company's expense.

Board evaluation

The Board undertakes a rigorous and formal evaluation of its performance and that of its Committees and its Directors annually. In accordance with the Code requirements, the Board believes that an external independent evaluation of Board effectiveness and performance and that of its principal Committees at least every three years brings further insight into its performance. As well as looking to continually improve the Board's processes, the evaluation process is used to reflect on areas that the Board would like to see more focus on. The last externally-facilitated external evaluation of its performance took place in the year ended 31 December 2013 and therefore this year its annual review was externally facilitated by Alice Perkins of JCA.

The evaluation covered the performance of the Board as a whole as well as that of its Committees. This year's review took the form of confidential one to one meetings with each Director and the Group Legal Director & Company Secretary conducted by Alice Perkins of JCA and covering areas including board effectiveness; the mix of skills and experience on the Board: the development of the Company's strategy; the effectiveness of Board procedures and processes; the connectivity between the Board and the Group's businesses; the performance of Board Committees; relations with Shareholders and other stakeholders; and the individual performance of Board members. The facilitator consolidated the responses and the output was initially reviewed by the Chairman and then by the Board.

The key outcomes from the evaluation related to:

- ensuring that the Board had the mix of skills and experience required for the next stages of the Group's development, in particular ensuring that Board membership was appropriately diverse, in the widest sense; and
- increasing focus on reviewing the progress and development of the Group's Principal Businesses and ensuring greater awareness of key individuals in each business below Executive Committee level.

As a result of the evaluation, the Board considers the performance of each Director to be effective and concluded that both the Board and its Committees continue to provide effective leadership and exert the required levels of governance and control. The Shareholders should therefore support their re-election to the Board at the AGM in May. The Board will continue to review its procedures, effectiveness and development.

The skills and experience of the Directors are set out on pages 44 and 45.

Nomination Committee Report

The Nomination Committee has an important role to play in ensuring that the Board and its principal Committees have the right mix of skills, experience and diversity to deliver Group strategy and to create value. The Committee keeps under review and evaluates the composition of the Board and its Committees to maintain the appropriate balance of skills, knowledge and independence to be able to function effectively.

Committee objective and activities
The primary objective of the Committee is to review the size and composition of the Board and its key Committees and to plan for the Board's progressive refreshing, with regard to balance and structure.

The Committee has standing items that it considers regularly under its Terms of Reference; for example, the Committee considered and approved Directors' potential conflicts of interest and reviewed its own Terms of Reference (which are reviewed at least annually or as required, e.g. to reflect changes to the UK Corporate Governance Code or as a result of changes in regulations or best practice).

In addition, and specifically during the year, the Committee reviewed the Group's senior level succession plans to ensure that these remained appropriate.

More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at www.savills.com.

In consultation with the Chairmen of the principal Committees, the Nomination Committee will continue to monitor the needs of the Board and its Committees in the context of Group strategy, with the aim of ensuring that the Group's succession planning policy evolves such that there is an identifiable supply of talent and experience available to the Board and its Committees from which to select successors.

Composition
As at 31 December 2016 and up to the date of this Report, the Committee comprised Tim Freshwater, Liz Hewitt and Rupert Robson, together with the Chairman and the Group Chief Executive. Biographical details relating to each of the Committee members is shown on pages 44 and 45. I became the Committee Chairman when Peter Smith retired from the Board at the close of the 2016 AGM on 11 May 2016. I chair the Committee save in circumstances where the Chairman's succession is considered. Any other Director, the Group Legal Director & Company Secretary or an external advisor may be invited by the Committee to attend the meetings from time to time, as appropriate.

The Committee meets at least twice a year, or as required, and met two times during 2016. The attendance at meetings by members, is shown in the table on page 42. Members of the Committee also attend the Company's AGM at which there is an opportunity to meet with Shareholders. The Committee Chairman is on hand to answer questions in the event that Shareholders ask specific questions related to the Nomination Committee and its activities.

Activity during the year
The Committee's activities during the year included:

- reviewing leadership needs of the organisation and succession plans with a view to ensuring the Company has executive leadership of the highest quality to ensure that it continues to be able to compete effectively in the various markets in which Group companies operate;
- focusing on succession planning including the tenure, mix and diversity of skills and experience of the existing Board in the context of the Group's strategy;
- Considering the proposed reappointment of the Non-Executive Directors, before making a recommendation to the Board regarding their re-election; and
- considering and approving the Directors' potential conflict of interests.

New Directors receive a tailored induction as detailed on page 47.

Succession planning and diversity
The Committee recognises the importance of planning for the future and of having a succession planning policy designed to bring in new skills and perspectives to the Board which complement the experience of the existing Board members. The Committee continues to keep the Board's composition under review and considers how the composition may be enhanced to ensure that the Board continues to reflect the needs of the Company and its Shareholders.

Effectiveness continued

The Committee has sought to maintain a balance of skills and experience on the Board and its Committees. The Company adopts a formal, rigorous and transparent procedure for the appointment of new Directors and key senior executives with consideration to gender and diversity in its widest sense. Before making an appointment, the Committee assesses the balance of skills, knowledge, independence, experience and diversity of the Board and, in view of this assessment, will draw up a description of the role and competencies needed, with a view to appointing the best-placed individual for the role. In making a recommendation to the Board on a Non-Executive Director appointment, the Nomination Committee specifically considers the expected time commitment of the proposed Non-Executive Director and other commitments they may already have. The Company uses recruitment consultants to assist the Committee in delivering its objectives and responsibilities; and the search firms are required to present a mix of suitable male and female candidates. No Director is involved in decisions regarding his or her own succession.

The Committee is aware that the number of women on boards remains a topic for debate for companies and regulators. We fully agree with the spirit and aspirations of the Davies Report to increase the number of women on company boards. All appointments to the Board are made on merit and within this context, whilst having regard to the recommendations of the Davies Report, the Board continues to view diversity in the widest sense, with a view to appointing the best-placed individual for the role. Appointing the best people to the Board is critical to the success of the Company and our focus remains on attracting the right talent and skills irrespective of gender or diversity.

The biographies of the Board members appear on pages 44 and 45.

Nicholas Ferguson CBE
Chairman of the Nomination Committee
21 March 2017

Accountability

Internal control and risk management

The principal risks and uncertainties faced by the Group and the associated mitigating actions for these are set out on pages 25 to 29.

The Board has overall responsibility for the Group's systems of risk management and internal control across the Group. This responsibility includes the determination of the nature and extent of the principal risks the Board is willing to take to achieve its strategic objectives and for ensuring that an appropriate culture has been embedded throughout the organisation. Risk management is implemented from the top down. The Board is supported by the Audit Committee in discharging its oversight duties with regard to internal control and risk management.

Whilst the Board is responsible for ensuring that an appropriate culture has been embedded throughout the organisation and establishing and maintaining the Group's system of risk management and internal control to safeguard Shareholders' investments and the Group's assets (and for reviewing the effectiveness of this system), such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board's attitude and appetite to risk is communicated to the Group's businesses through the strategy planning processes. The Audit Committee monitors the ongoing status and progress of action plans against key risks on a regular basis and reports its findings to the Board.

Going concern

The Group's business activities, together with the factors considered likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 39. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on page 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 hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources, including a £250m committed revolving credit facility (augmented by a £50m 'accordion' option which can be activated to increase the facility) that runs to December 2020. The Group has a broad geographic presence, service offering and extensive client spread ensuring that the Group is not over-dependent on one geography, service line or client. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue as a going concern for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Report and Accounts.

Dialogue with Shareholders

The Group recognises the importance of an ongoing relationship with its Shareholders and fully supports the principles encouraging dialogue between companies and their Shareholders in the Code. The Group Chief Executive and Group Chief Financial Officer have primary responsibility for investor relations and lead a regular programme of meetings and presentations with analysts and investors. This includes presentations following the publication of the Company's full and half year results. This programme maintains a continuous two-way dialogue between the Company and Shareholders, and helps to ensure that the Board is aware of Shareholders' views on a timely basis. The Board also normally receives feedback twice each year from its corporate brokers on investors' and the market's perceptions of the Company. The Chairman and the Senior Independent Director are also available to meet Shareholders if so required. The Company has enjoyed and is appreciative of the significant Shareholder support that it has had in recent years in relation to the Group's remuneration policy and continues to welcome Shareholder views with regard to the Group's Remuneration Policy. Details of the Company's response to any Shareholder views raised would be included in the relevant year's Remuneration Report.

The AGM provides the Board with a valuable opportunity to communicate with private Shareholders and is generally attended by all of the Directors. Shareholders are given the opportunity to ask questions before and during the meeting and to meet Directors following the conclusion of the formal part of the meeting. In accordance with the Code, the level and manner of voting of proxies lodged on each resolution at the AGM is declared at the meeting and published on the Company's website. The notice of the AGM is sent out at least 20 working days before the meeting and at least 14 working days notice is given before other general meetings in accordance with the UK Corporate Governance Code.

Details of the resolutions to be proposed at the 2017 AGM can be found in the AGM Notice which accompanies this Report and Accounts.

In accordance with the Articles of Association, electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a general meeting.

The Group's website includes a specific investor relations section containing all RNS announcements, share price information and annual reports available for download. The Company has taken advantage of the provisions within the Companies Act 2006 ('CA 2006') which allow communications with Shareholders to be made electronically where Shareholders have not requested hard copy documentation. Details of the information available to Shareholders can be found on page 155.

Audit Committee Report

As Chair of the Audit Committee, I am pleased to present the Audit Committee's report for the financial year ended 31 December 2016. This report is intended to explain how the Committee has met its responsibilities throughout the year and what it has done to address continued regulatory change. The key matters considered in the year are set out on pages 53 and 54. The report provides an overview of the significant issues that the Audit Committee assessed and details the Committee's major considerations and activities during the 2016 financial year in ensuring that the Company's governance processes remain appropriate, robust, of a high standard and are rigorously applied.

The Audit Committee has a key role in ensuring the integrity of the Group's financial statements, internal controls and the effectiveness of its risk management processes. The Audit Committee also has a role in representing the interests of Shareholders by monitoring the activities and conduct of management and the auditors.

During the year, the Committee continued to focus on the effectiveness of the Group's internal controls and reviewed the principal risks, to ensure the alignment of these with the Company's strategic objectives. It monitored the effectiveness of the control environment through the review of reports from Internal Audit, management and the External Auditor and ensured the quality of the Company's financial reporting by reviewing the 2015 Report and Accounts and the 2016 Half Year Financial Statements, and subsequently, in 2017, the Company's 2016 Report and Accounts. The Committee also considered the processes supporting the assessment of the Group's longer-term solvency and liquidity in support of the viability statement. Looking ahead, the Committee will continue to monitor changes in regulation and continue to focus on the audit, assurance and risk processes within the Principal Businesses.

At the request of the Board, the Audit Committee has reviewed the content of this year's Annual Report and Accounts and has advised the Board that in its opinion the Report taken as a whole is fair, balanced and understandable and it provides the information necessary for Shareholders to assess the Group's position, performance, business model and strategy.

The Committee noted the unqualified opinion from the External Auditor on the 2016 Annual Report.

Liz Hewitt
Chair of the Audit Committee

Role of the Committee

The Committee is authorised to investigate any matter within its Terms of Reference (a copy of which can be found in the governance section of the Company's website at www.savills.com/en/company-information/corporate-governance.aspx) and has access to the services of the Group Legal Director & Company Secretary and, where necessary, the authority to obtain external legal or other independent professional advice to fulfil its duties.

The Committee's role is to assist the Board in discharging its duties and responsibilities for financial reporting, internal control, the effectiveness of the risk management process and in making recommendations to the Board on the appointment of the External Auditor. The Committee is responsible for the scope and results of the External Audit work, its cost effectiveness and for ensuring the independence and objectivity of the External Auditor. The Committee is also responsible for reviewing the Group's whistle-blowing arrangements as they relate to matters of financial integrity, including ensuring that appropriate arrangements are in place for employees to be able to raise in confidence matters of alleged financial improprieties and for ensuring that appropriate follow-up actions are taken.

Composition

The Committee is a fundamental element of the Company's governance framework. The Committee is chaired by Liz Hewitt. Three Independent Non-Executive Directors, Liz Hewitt, Tim Freshwater and Rupert Robson are members of the Committee. Members of the Committee are appointed by the Board following recommendations by the Nomination Committee and membership is reviewed annually by the Nomination Committee as part of the annual Board performance evaluation. As at 31 December 2016 and up to the date of this Report, the Audit Committee was comprised entirely of Independent Non-Executive Directors. The Board considers the Committee members to have recent and relevant financial experience as per the UK Corporate Governance Code. Biographical details of the Committee members are shown on pages 44 and 45.

All members of the Committee receive induction including an overview of the business, its financial dynamics and risks, and meetings with senior management. Committee members are expected to have an understanding of the principles of, and recent developments in, financial reporting and internal controls, risk management, and Internal and external audit roles and responsibilities.

Engagement

The Chair of the Committee meets informally, and is in regular contact with the Group Chief Financial Officer, Group Director of Risk Assurance and the Group Legal Director & Company Secretary and prior to each Committee meeting, meets with each of them and the External Auditor individually.

A standing invitation has been extended by the Committee to the Non-Executive Chairman and Group Chief Executive to attend the Committee's meetings. The Group Chief Financial Officer, Group Financial Controller, Group Director of Risk & Assurance, Group Legal Director & Company Secretary and the External Auditor attend each of the Committee's meetings . Other senior executives from across the Group are invited to present reports to assist the Audit Committee in discharging its duties. During each year, the Committee meets privately with the External Auditor and the Group Director of Risk & Assurance.

The Chair of the Committee also attends the AGM to respond to shareholder questions on its activities.

The Committee met four times during the year and reports to the Board after each Committee meeting. Attendance at meetings during 2016 is shown in the table below:

Committee member	Member since	Meetings attended	Meetings eligible to attend	% of eligible meetings attended
Liz Hewitt	June 2014	4	4	100%
Tim Freshwater	January 2012	4	4	100%
Martin Angle (until 8 March 2016)	January 2007	1	1	100%
Rupert Robson	June 2015	4	4	100%

Martin Angle retired as a member of the Committee at the Committee's March 2016 meeting.

During the year, in addition to its established review processes, the Committee considered and reviewed a number of other areas. These included reviews of the effectiveness of risk management and internal control in the Group's Asia, Europe and Investment Management businesses. In addition, the Committee examined the EMEA IT systems strategy including the approach to cyber security. The Committee also considered the processes supporting the assessment of the Group's longer-term solvency and liquidity which support the viability statement, and considered and provided input into the determination of which of the Group's principal risks might have an impact on the Group's longer-term solvency and liquidity. It also reviewed the results of management's scenario modelling, including severe downside modelling, and the stress testing of those financial models supporting the viability analysis.

Financial Reporting

Activities of the Committee

To enable the Committee to carry out its duties and responsibilities effectively it works to a structured programme of activity focused on key events in the annual financial reporting cycle. This work includes items that the Committee considers regularly in accordance with its Terms of Reference. In addition to its core work, the Committee undertakes additional work in response to the evolving audit and external reporting landscape. The Committee relies on information and support from management across the business, receiving reports and presentations from, business management, the heads of key Group functions, Internal Audit and the External Auditor, which it challenges as appropriate, and reports its findings to the Board.

The principal activities of the Committee during the year are set out below:

Responsibilities	How the Committee discharged its responsibilities	Mar	July	Aug	Dec
Financial Reporting	Reviewed and discussed the key accounting considerations and judgements reflected in the Group's results for the half year			X	
	Reviewed and discussed the key accounting considerations and judgements reflected in the Group's results	X			
	Reviewed going concern status and considered whether any asset impairments were required	X		X	
	Reviewed the viability statement and considered the processes supporting the assessment of the longer-term solvency and liquidity	X			X
External Audit	Agreed the external audit strategy and scope				X
	Considered and, where appropriate, approved the instruction of the Group's External Auditor on non-audit assignments	X			
	Reviewed and considered the External Auditor Report, including the External Auditor observations on the Group's internal control environment	X		X	
	Discussed the External Auditor performance				X
	Met with the External Auditor without management present to discuss their remit and any concerns	X		X	
	Discussed and agreed the External Auditor remuneration in respect of audit services provided				X
	Assessed the External Auditors' independence and recommended their reappointment to the Board				X
Compliance, Whistleblowing and Fraud	Reviewed the Group's arrangements by which staff can, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee also considers any reports made under these arrangements				X

Accountability continued

Responsibilities	How the Committee discharged its responsibilities	Mar	July	Aug	Dec
Internal Audit	Considered and approved the remit of the Internal Audit function and the Internal Audit plan				X
	Received and considered reports from the Group's Internal Audit team covering various aspects of the Group's operations, controls and processes and monitored the progress made by management in addressing recommendations arising out of these reports		X		X
	Monitored and reviewed the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk management arrangements				X
	Met with the Group Director of Risk and Assurance privately to discuss his remit and any concerns				X
Internal Controls and Risk Management Systems	Reviewed the effectiveness of the Group's risk management system and internal controls in place to manage the Group's principal risks				X
	Reviewed and considered the Group's risk register		X		X
	Reviewed risk management arrangements for the Group's regional businesses by receiving presentations from the Chief Operating / Financial Officers of the Principal Businesses		X		X
	Reviewed the Committee's own performance, composition and Terms of Reference, and recommended any changes the Committee considers necessary for Board approval	X			

As part of its monitoring of the integrity of the financial statements, the Committee considers the appropriateness of the accounting policies proposed for adoption and whether management has made appropriate estimates and judgements. To support its decision-making, the Committee seeks support from the External Auditor in these areas. After discussions with management and the External Auditor, the Committee determined that the significant issues and other accounting judgements relating to the 2016 financial statements were:

Matter considered	Action
Impairment of goodwill	Focus on European businesses
Risk of fraud in revenue recognition in relation to cut-off for transaction income in the Investment Management and Transactional Advisory businesses	The Committee considered the presumed risk of fraud as defined by the auditing statements and was satisfied that there were no issues arising
Provisions for litigation	The Committee reviewed the provisions held in relation to each significant legal case and assessed the appropriateness of these as at 31 December 2016 taking into account the Group's insurance cover and the advice received from external counsel to ensure that appropriate provision had been made. The Committee agreed with the position taken by management in respect of these matters
Recoverability of trade receivables	The Committee considered the recoverability of trade receivables and was satisfied that there were no issues arising
Regulatory compliance obligations	During the year the Committee reviewed the Group's policies and procedures around regulatory risks including but not limited to: Whistleblowing reports; Anti-bribery and corruption procedures; and The Group's Client Acceptance procedures The Committee was satisfied that no significant issues had been identified in these areas

Internal Audit

The provision of Internal Audit services during 2016 was delivered by the Group's Internal Audit team with support from EY where country and/or subject matter expertise was required, or where local language reviews were required or internal resources were not available. The Board's responsibility for internal control and risk is detailed on page 42 and is incorporated into this Report by reference.

During the year, the Committee reviewed and approved the Internal Audit plan, having regard to the complementary roles of the Internal Audit function and the External Auditor. The Committee ensured that the Internal Audit team had the necessary resources and information made available to it to enable it to fulfil its mandate to the appropriate professional standards.

The Committee reviewed Internal Audit reports on a regular basis and the Group Director of Risk & Assurance attended meetings and presented to the Committee. In assessing the performance of the Internal Audit function, the Committee considered and monitored its effectiveness in the context of the Company's risk management system and took into account management's assessment of and responsiveness to the Internal Auditor's findings and recommendations and reports from the External Auditor on any issues identified during the course of their work.

Internal Control and Risk Management

The Audit Committee, on behalf of the Board, undertook a robust review of the effectiveness of the system of risk management and internal control. In performing its review of effectiveness, the Committee reviewed and assessed the following reports and activities:

- Internal Audit reports on the review of the controls across the Group and the monitoring of management actions arising from these reviews;
- management's own assessment of risk and the performance of the system of risk management and internal control during 2016;
- reports from the Group Director of Risk & Assurance including reports on Group-wide risk assessment activity and annual self-assessment findings; and
- reports from the External Auditor on any issues identified during the course of their work.

Having reviewed the effectiveness of the system of internal control, the Committee was satisfied that necessary actions have been, or are being, taken to remedy any failings or weaknesses identified.

External Audit

The Committee holds private meetings with the External Auditor at the March and August Committee meetings to provide additional opportunity for open dialogue and feedback to/from the Committee and the External Auditor without management being present. The Committee chair also meets with the external lead audit partner outside the formal Committee process throughout the year.

The Committee monitored the performance of the External Auditor during the year and carried out a review of the effectiveness of the External Audit process and considered the reappointment of PricewaterhouseCoopers LLP ('PwC') and the appropriateness of its fees. The review covers a broad range of matters including amongst other matters, the quality of staff, its expertise, resources and the independence of the audit. The Committee considered the External Audit plan for the year and assessed how the External Auditor had performed. In deciding whether to recommend the reappointment of PwC, the Committee considered the robustness of their challenge and findings on areas which require judgement, the strength and depth of the lead partners and feedback from the Group's management.

The Committee formally concluded the assessment of the performance of the External Auditor at the December Committee meeting and made a corresponding recommendation on the appointment of PwC for the forthcoming financial year to the Board. Shareholders formally appoint the External Auditor at the AGM in May. There were no significant findings arising from the evaluation this year and the Committee concluded that both the audit and the audit process were effective. The Committee considered the appropriateness of the reappointment of PwC as the Group's External Auditor and it was satisfied that it should recommend to the Board their reappointment as the Group's External Auditor.

In light of the assessment and review undertaken during the year, the Board endorsed the Committee's recommendation that PwC be re-appointed as the External Auditor for a further year and that their re-appointment would be put to the shareholders at the 2017 AGM.

PwC has been the Company's Auditor since 2001, following a tender for the External Audit. The senior partner responsible is rotated every five years to ensure objectivity and the last lead partner change took place at the close of the 2015 audit. The Committee continues to review the auditor appointment and the need to tender the audit, ensuring compliance with the UK Corporate Governance Code. The Committee has considered the timing of a potential External Audit tender timetable and processes and concluded that the tender process should take place at the end of the next lead audit partner term in 2020. The Committee is satisfied that the proposed retender of audit services in 2020 was in the best interests of the shareholders of the Company.

The Committee recognises the importance of External Auditor objectivity and monitors their independence. The Committee reviews the External Auditor's own policies and procedures for safeguarding its objectivity and independence. The Committee's assessment of PwC's independence is underpinned by the Group's policy on the use of PwC for the provision of non-audit services. In accordance with the Group's policy in place to 31 December 2016, the following non-audit services were not provided by the External Auditor:

- bookkeeping or other services related to the accounting records or financial statements;
- financial information systems design and implementation;
- Internal Audit outsourcing services;
- management functions or human resources advice; or
- advising on senior executive (including Executive Director) remuneration.

To further safeguard the independence of the Company's External Auditor and the integrity of the audit process, recruitment of senior employees from the External Auditor is not allowed for an appropriate period after they cease to provide services to the Company.

During the year, PwC was paid £1.6m for audit services and £0.6m for non-audit services, principally for advice on taxation and transaction-related matters. Details of the fees paid to the External Auditor can be found in Note 7.2 on page 115. During the financial year ending 31 December 2016, contracts for non-audit services in excess of £0.1m require Committee approval and the Chair of the Audit Committee is notified of new instructions for the delivery of non-audit services below this level.

The Committee was satisfied that in view of their knowledge and experience of the Company, PwC was best placed to provide such non-audit services and that their objectivity and independence had not been impaired by reason of this further work. In line with the Company's policy for the financial year ending 31 December 2016 on the provision of non-audit work, the Committee reviewed the provision of non-audit work provided by the External Auditor on a case-by-case basis. The Committee was satisfied that the overall levels of audit related and non-audit fees were not material relative to the income of the External Auditor firm as a whole.

The Committee has assessed the FRC's Revised Ethical Standard for Auditors June 2016 which will implement new restrictions on the supply of non-audit services that the External Auditor can provide, including the cap on the amount of non-audit fees that can be billed and a list of prohibited services. The restrictions are effective for the Group from 1 January 2017 and the Group's policy on using the External Auditor for non-audit engagements has been reviewed and subsequently amended to reflect these additional restrictions. The External Auditor will no longer provide taxation services. As part of the Group's monitoring system, all non-audit instructions with the External Auditor must be approved by either the Group Chief Financial Officer or the Group Financial Controller and management must seek approval from the Committee for all non-audit contracts in excess of £0.1m. The Group's policy also requires that non-audit fees must not exceed 70% of the average External Audit fees billed over the previous three years.

The Directors confirm that, insofar as they are each aware, there is no relevant audit information of which PwC is unaware and each Director has taken the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that PwC is aware of that information.

Compliance with the UK Corporate Governance Code

The governance rules applicable to all UK companies admitted to the Official List of the UK Listing Authority with a Premium listing and with accounting periods ended before 17 June 2016 are set out in the UK Corporate Governance Code 2014 (the 'Code') published by the Financial Reporting Council and publicly available at www.frc.org.uk. Throughout the financial year ended 31 December 2016 the Code remained the standard against which we measured ourselves and the Board fully supports the principles set out in the Code. The Main Principles have been applied as follows:

A. Leadership

A1 The Board's Role
The Board met formally eight times during the year with specific focus on strategy, performance, leadership and risk, governance and finance. There is a schedule of matters reserved for the Board.

A2 Clear Division of Responsibilities
The roles of the Chairman and Group Chief Executive are clearly defined. The Chairman, Nicholas Ferguson, is responsible for the leadership and effectiveness of the Board, and the Group Chief Executive, Jeremy Helsby is responsible for leading the day-to-day management of the Group within the strategy set by the Board.

A3 Role of the Chairman
The Chairman sets the Board's agenda, manages the meeting timetable (in conjunction with the Group Legal Director & Company Secretary) and promotes a culture of open and constructive dialogue during meetings.

The Chairman on appointment met and continues to meet the independence criteria set out in B.1.1 of the Code.

A4 Role of the Non-Executive Directors
The Chairman promotes an open and constructive environment in the boardroom and actively invites the Non-Executive Directors' views. The Non-Executive Directors provide objective, constructive and rigorous challenge to management and meet regularly in the absence of the Executive Directors.

B. Effectiveness

B1 The Board's Composition.
The Board is made up of a majority of Independent Non-Executive Directors, excluding the Chairman.

The Board has determined that each Non-Executive Director is independent in character and judgement, commits sufficient time and energy to the role, and continues to make a valuable contribution to the Board and its Committees, including Charles McVeigh, notwithstanding his long service.

The Nomination Committee's primary objective is to review the composition of the Board. In making appointments to the Board, the Nomination Committee assesses the balance of skills, knowledge, independence, experience and diversity required in order to maintain an effective Board.

B2 Board appointments
The Nomination Committee leads the appointment of new Directors to the Board.

B3 Time commitments
On appointment, Directors are notified of the time commitment expected of them. The Non-Executive Directors have ensured that they have sufficient time to carry out their duties.

B4 Development
To ensure a full understanding of Savills and its businesses, on appointment each new Director undergoes a comprehensive and tailored induction programme which introduces the Director to the Group's businesses, its operations, strategic plans, key risks and its governance policies. The induction also includes one to one meetings with the Heads of the Principal Businesses and an introduction to each Group business' development strategy.

B5 Provision of information and support
To enable the Board to discharge its duties, each Director received appropriate and timely information, including detailed papers in advance of Board meetings.

Each Director has access to the advice and services of the Group Legal Director & Company Secretary and through him have access to independent professional advice in respect of their duties at the Company's expense.

B6 Board and Committee performance evaluation
In 2016, the Board's annual evaluation was facilitated by Alice Perkins of JCA, an independent consultancy. The process and key findings are explained on page 48 of the Annual Report.

B7 Re-election of the Directors
All Directors are subject to election by Shareholders at the AGM. All Directors will stand for (re-)election by Shareholders at the AGM on 9 May 2017. Directors' biographies are given on pages 44 and 45 of the Annual Report, enabling Shareholders to take an informed decision when determining their re-election.

Compliance with the UK Corporate Governance Code continued

C. Accountability

C1 Financial and business reporting

The strategic report is set out on pages 2 to 39 of the Annual Report and provides information about the performance of the Group, the business model, strategy and the principal risks and uncertainties.

The Directors' going concern statement is given on page 51 of the Annual Report.

C2 Risk management and internal control systems

The Board sets out the Group's risk appetite and, through the Audit Committee, annually reviews the effectiveness of the Group's risk management and internal control systems.

The Directors carried out a robust assessment of the principal risks including those that would threaten the business model, future performance, solvency or liquidity. Those risks and how they are being managed or mitigated is set out in the Annual Report at pages 25 to 29.

Taking account of the Company's current position and principal risks, the Directors assessed the viability of the Group over a three-year period. The Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period. The viability statement is set out on page 29 of the Annual Report.

The Board monitors the Group's risk management and internal control systems and, at least annually, carries out a review of the effectiveness of the Group's systems of internal control, covering all material controls, including financial, operational and compliance. The activities of the Audit Committee are summarised on pages 53 and 54 of the Annual Report.

C3 Roles and Responsibilities of the Audit Committee

The main roles and responsibilities of the Audit Committee are set out in written Terms of Reference which are available on our website. The Committee is authorised to investigate any matter within its Terms of Reference and has access to the services of the Group Legal Director & Company Secretary and, where necessary, the authority to obtain external legal or other independent professional advice in the fulfilment of its duties.

The Audit Committee's role is to assist the Board in discharging its duties and responsibilities for financial reporting, internal control and in making recommendations to the Board on the appointment of the independent External Auditors. The Committee is responsible for the scope and results of the audit work, its cost effectiveness and the independence and objectivity of the External Auditors.

The Committee has responsibility for reviewing the Group's whistleblowing arrangements, including ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of alleged impropriety, and for ensuring that appropriate follow-up actions are taken.

D. Remuneration

D1 Levels and components of remuneration

The Remuneration Committee is principally responsible for determining Company policy on senior executive remuneration and for setting the remuneration arrangements of the Executive Directors and reviewing those of the members of the Group Executive Board. The Committee (excluding the Non-Executive Chairman) also determines the level of fees payable to the Non-Executive Chairman.

The Committee is advised by FIT Remuneration Consultants LLP, who provide an independent commentary on matters under consideration by the Committee and updates on market developments, legislative requirements and best practice, and internally by the Group Legal Director & Company Secretary.

E. Relations with Shareholders

D2 Development of remuneration policy and packages
The Group's focus and business policy is founded on the premise that staff in the real estate advisory sector are motivated through highly incentive-based (and therefore variable) remuneration consistent with the Group's partnership style culture, which also ensures that the Group's reward arrangements are consistent with – and sensitive to – the cyclical nature of real estate markets.

The Group's Remuneration Policy is designed to deliver these objectives and to provide the reward potential necessary for the Company to attract, retain and motivate the high-calibre individuals on whom its continued growth and development depend. Reflecting this philosophy, the salaries for the Executive Directors, Group Executive Board members and senior fee-earners are set significantly below market medians for similar businesses, with a greater emphasis on the performance-related elements of profit share and/or, outside of the UK, commission in the total reward package.

The Committee is mindful of its responsibility to reward appropriately, but not excessively, and rigorously assesses competitive positioning in setting remuneration and determining targets to ensure that reward properly reflects performance, that it supports the delivery of our strategic and operational objectives and that it is fair to management and Shareholders alike.

The established policy has been reviewed during the year and is proposed for re-approval by Shareholders at the 2017 AGM (as required by the Directors Remuneration Regulations 2013). The policy proposed for re-approval at the 2017 AGM is substantially the same as the expiring established policy, with some refinements to ensure its consistency with emerging governance best practice. Full details of the proposed policy are on pages 64 to 73 of the Annual Report.

E1 Shareholder engagement and dialogue
The Group Chief Executive and Group Chief Financial Officer lead a regular programme of meetings and presentations with analysts and investors, including presentations following the publication of the Company's full and half year results. This programme maintains a continuous two-way dialogue between the Company and Shareholders, and helps to ensure that the Board is aware of Shareholders' views on a timely basis. The Board also normally receives feedback twice each year from the Company's corporate brokers on investors' and the market's perceptions of the Company.

The Chairman and the Senior Independent Director are also available to meet with Shareholders if so required.

E2 Constructive use of the AGM
The AGM provides the Board with a valuable opportunity to communicate with private Shareholders and is generally attended by all of the Directors.

The Notice of Meeting and related papers for the AGM are sent to Shareholders at least 20 working days before the meeting.

Directors' remuneration report
Annual statement

Governance
This Report has been prepared on behalf of the Board by the Remuneration Committee (the 'Committee') in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('Regulations') and the auditable disclosures referred to in the External Auditor's Report on pages 86 to 92 as specified by the UK Listing Authority and the Regulations.

2012–2016 Overview

Underlying Profit

+123%

Dividend Payments to Shareholders*

+94%

Executive Director Remuneration**

+58%

Total Shareholder Return

+69%

* The dividend cost for 2016 comprises the cost of the final dividend recommended by the Board (amounting to £13.5m), payment of which is subject to shareholder approval at the Company's Annual General Meeting ('AGM') scheduled to be held on 9 May 2017, the cost of the supplemental dividend (£19.5m) declared by the Board on 21 March 2017 (payable to shareholders on the Register of Members as at 18 April 2017) and the interim dividend (£5.9m) paid on 5 October 2016.

** Executive Director remuneration comprises the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer job-holders between 1 January 2012 and 31 December 2016. Since 1 July 2010 the Executive Director representation on the Board has comprised these job holders.

Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2016 Directors' Remuneration Report (the 'Report'). Included within this Report is the Directors' Remuneration Policy (the 'Policy'), which subject to Shareholder approval at the 2017 Annual General Meeting ('AGM') will apply from that date, 9 May 2017, replacing the Policy which was approved by Shareholders at the AGM in 2014. The Policy, together with our Annual Report on Directors Remuneration, will be presented to Shareholders for approval at the AGM on 9 May 2017.

Our remuneration philosophy
As previously reported, our long-standing focus and business policy is founded on the premise that staff in our sector are motivated through highly incentive and performance-based (and, therefore, variable) remuneration consistent with our partnership style culture. We firmly believe that this approach best aligns shareholders' and management's interests and incentivises superior performance and the creation of long-term Shareholder value. This approach also ensures that our reward arrangements are consistent with and sensitive to the cyclical nature of real estate markets.

Our Policy is designed to deliver these objectives and to provide the reward potential necessary for the Company to attract, retain and motivate the high-calibre individuals on whom its continued growth and development depend. Reflecting this philosophy, the salaries for the Executive Directors, Group Executive Board members and senior fee-earners are set significantly below market medians for similar businesses, with a greater emphasis on the performance-related elements of profit share and/or, outside the UK, commission in the total reward package.

The Committee is mindful of its responsibility to reward appropriately, but not excessively. As such, it places great emphasis on the calibration of Executive Director remuneration and structure against internal relativities, whilst also rigorously assessing competitive positioning in setting remuneration. Finally, it determines targets to ensure that reward properly reflects performance, that it supports the delivery of our strategic and operational objectives and that it is fair to management and shareholders alike. Overall, we continue to expect employment costs over the cycle to be in the range of 65%–70% of revenues.

2016 performance and remuneration
Annual performance-related profit share
Savills delivered excellent performance in 2016, against a tough background that included increased stamp duty rate in UK residential, the Brexit vote and the slowdown in the market leading up to the US presidential election. Key financial highlights for the year included:

- Revenue of £1,445.9m, representing growth of 13% on 2015
- Underlying profit before tax of £135.8m, which represented 12% growth on 2015
- Transaction Advisory revenues up 7% driven by market share gains in Asia Pacific, particularly China, and strong growth in Continental European markets
- 52% growth in profits in Continental Europe following improved market conditions, improved Investment Management performance and the benefit of business development activity in recent years
- Further consistent growth from less transactional services – Property Management revenue up 21%; Consultancy revenue up 4%

In addition to this, 2016 also saw further strong progress in the delivery of the Group's longer-term strategic objectives, in particular:

- the ongoing development of our US platform, in particular by extending geographic coverage to Atlanta, the Carolinas and Denver, and ensuring the full integration of the Silicon Valley and Toronto businesses acquired in 2015;
- the successful completion of the full integration of the former SEB Asset Management business acquired in September 2015 into Savills Investment Management, which saw overall revenues up more than 60% in the first full year of the combined business;
- the further strengthening of our service offering in Asia Pacific, particularly in Australia and China, through targeted recruitment; and
- the further improvement in the connectivity between our businesses globally, enhancing the client offering.

At the beginning of 2016, the Committee set stretching financial targets for the 70% of the performance-related profit share relating to the delivery of underlying profit before tax ('UPBT'). The Group delivered a very strong financial performance in 2016, notwithstanding the market uncertainties noted above, and financial performance exceeded the maximum target. As such, the Executive Directors received the maximum potential award in relation to financial performance. In relation to the objectives-based element which accounts for up to 30% of annual award, the Executive Directors were deemed to have performed towards the top end of their personal strategic and operational objectives. Full details of the annual performance-related profit share awards approved by the Committee for the Executive Directors are included along with the other elements of remuneration in the total remuneration table on page 74 of this Report.

Policy for 2017–19

In my letter introducing our Directors' Remuneration Report for 2015, I advised that during the course of 2016 the Committee intended to undertake a review of the Directors' Remuneration Policy approved by Shareholders in 2014 in anticipation of seeking Shareholder approval at the 2017 AGM for the Policy which will apply for the next three years. This review has been completed and the Committee has concluded that the Group's long-standing approach to Executive Director (and senior management) reward should be maintained and that accordingly we should leave the expiring policy essentially unchanged save for some amendments to ensure consistency with emerging governance best practice. The Committee therefore recommends that the Directors' Remuneration Policy is renewed on the following basis:

- Base salaries: no change to the established approach of offering low base salaries, relative to market medians (which approach applies to the Executive Directors, Group Executive Board Members and other senior fee-earners) is proposed. Salaries will continue to be reviewed each year (although not necessarily increased). For 2017, the Committee approved in principle a 2.5% increase in the Executive Directors' base salaries, which will be used as the reference salary in future years when considering subsequent salary increases, but no actual increase will be applied in 2017
- Benefits & pension: again no changes are proposed, so these will continue to be set below market rates
- Annual performance-related profit share: maximum opportunity to be increased in line with increases in RPI annually (or if no increase in RPI to remain unchanged), to incentivise and reward the Executive Directors for delivering further significant improvements in performance. For 2017, the cap on the profit share opportunity will, for Group Chief Executive Officer, therefore be £2.05m and for the Group Chief Financial Officer, therefore be £1.5375m, being 2.5% higher than the cap applying in 2016, reflecting year-on-year growth in RPI (2016 caps: Group CEO £2m; Group CFO £1.5m). Annual awards will be determined as follows:
  - 75% based on a Group UPBT performance (previously 70% of opportunity)
  - 25% on the achievement of pre-set personal strategic and operational objectives (previously 30% of opportunity)

The Group UPBT payment scale will be adjusted for any acquisitions/disposals in the year which impact Group UPBT by more than 7.5% (on an annualised basis). In such cases the scale will be adjusted to neutralise the benefit of any overage above the 7.5% level.

- As now, the first element of any award (equal to up to 100% of base salary) will be paid as cash. Above the level of this first element,50% of any award (previously progressively up to 33%) will be deferred in the form of shares for three years, receipt of which will be contingent on continued employment (subject to normal good leaver protections). The minimum cash threshold reflects Savills' highly unusual approach of a low base salary, which with regard to bonus deferral unfairly penalises Executive Directors relative both to internal and external comparators. For completeness, the 50% bonus deferral will also operate after taking account of any charitable donations made out of awards (i.e. if an Executive Director elects to waive part of a bonus to gift it to charity, deferral will not apply to that element)
- Performance Share Plan: annual grants to be made at the existing award levels of up to 2x base salary for the Group Chief Executive Officer and the Group Chief Financial Officer. The EPS growth and relative Total Shareholder Return targets will initially remain unchanged from those applying in 2016, but will be subject to ongoing review to ensure that these continue to provide meaningful targets in the light of market developments. A two year post-vesting holding period will be introduced
- Share Ownership Guidelines will be increased to 500% (from c. 400%) of salary, which can be achieved through purchase or the retention of any after-tax shares which vest until the guideline is met. This moves the Company's approach to a position which is ahead of the latest best practice guidance (even when taking into account the lower than market base salaries).

Governance developments

On behalf of the Committee, I wanted to take the opportunity to thank Peter Smith and Martin Angle, who served as members of the Committee until their retirement from the Board at the conclusion of the 2016 AGM.

As a Committee, we continue to monitor best practice developments in executive remuneration and have incorporated a number of these features in the proposed refined Directors' Remuneration Policy. We have consulted with our major shareholders in relation to the proposed Policy who, I am pleased to report, were broadly supportive. The Committee is appreciative of the significant shareholder support that it has enjoyed in recent years and welcomed shareholders' endorsement of the 2015 Annual Remuneration Report at the 2016 AGM. We hope that you find this year's Annual Remuneration Report equally clear and informative and that you will continue to support us by voting in favour of the resolutions at this year's AGM on 9 May 2017.

Rupert Robson
Chairman of the Remuneration Committee

Role of the Committee

The principal role of the Committee is to support the Group to achieve its strategic objectives by designing a remuneration policy consistent with the Group's business model such that we have the ability to attract, recruit, retain and motivate the high-calibre individuals needed to deliver the Group's strategy while promoting the long-term interests of the Company. The Committee also considers the broader implications of the policy to mitigate any potential environmental, social or governance implications. The Committee is responsible for the broad policy governing senior staff pay and remuneration. It sets the actual levels of all elements of the remuneration of the Executive Directors and reviews that of Group Executive Board members. The policy remains under periodic review to ensure that it remains consistent with the Company's scale and scope of operations, supports business strategy and growth plans and helps drive the creation of shareholder value. The Committee also oversees the operation of Savills' employee share schemes.

Committee members and attendees

As shown in the table below, the Committee comprises the Independent Non-Executive Directors:

Committee member	Position	Status
Rupert Robson	Chair of the Committee	Independent
Tim Freshwater	Member of the Committee	Independent
Liz Hewitt	Member of the Committee	Independent
Peter Smith	Member of the Committee (to 11 May 2016)	Non-Executive Chairman
Martin Angle	Member of the Committee (to 11 May 2016)	Independent

Committee attendee	Position	Status
Nicholas Ferguson	Non-Executive Chairman	
Jeremy Helsby	Group Chief Executive Officer	Attends by invitation (except when his own remuneration is discussed)
Chris Lee	Group Legal & Company Secretary	Provides advice and support (except when his own remuneration is discussed) as well as acting as Secretary to the Committee

Simon Shaw, Group Chief Financial Officer, may be invited to attend meetings to provide an overview of market conditions and the Group's prospective financial performance.

Meetings

Attendance table

Committee member	Meetings attended	Meetings eligible to attend
Rupert Robson	5	5
Tim Freshwater	5	5
Liz Hewitt	5	5
Peter Smith (retired 11 May 2016)	3	3
Martin Angle (retired 11 May 2016)	3	3

As at 31 December 2016 and up to the date of this Report, the Committee comprises the Independent Non-Executive Directors. Biographical details relating to each of the Committee members are shown on pages 44 and 45.

The Committee met five times during the year. The principal agenda items considered by the Committee during the year were as follows:

- reviewing the Group's remuneration policy;
- agreeing performance targets for both the annual performance-related profit share and Performance Share Plan awards;
- preparing an Annual Remuneration Report consistent with the legislation relating to executive remuneration;
- agreeing the remuneration packages of the Executive Directors and reviewing those of Group Executive Board members;
- approving the grant of Performance Share Plan awards; and
- approving the grant of share awards to fee-earners and senior managers across the Group.

Advisors to the Committee

In determining Executive Director remuneration, the Committee has access to detailed external information and research on market trends and peer practice provided by its independent external advisor. To ensure that the Committee continued to receive appropriate external advice, particularly in the context of renewing the remuneration policy, it reviewed its ongoing external advice requirements. Following a formal review process, FIT Remuneration Consultants were appointed by the Committee to be its external independent advisor. FIT Remuneration Consultants are members of the Remuneration Consultants Group, and adhere to the voluntary code of conduct in relation to executive remuneration consulting in the UK. FIT Remuneration Consultants' fees are based on a time and material basis, within the parameters of an overall annual budget. In 2016, FIT Remuneration Consultants received fees of £61,069 plus VAT and the outgoing adviser, Deloitte, received fees of £23,300 plus VAT in relation to advice provided to the Committee. Neither FIT Remuneration Consultants nor Deloitte provided any other services to the Group during the year.

The Committee is satisfied that the advice received from FIT Remuneration Consultants and Deloitte during the year was entirely objective and independent. The Committee will continue to keep these arrangements under review to ensure that they remain appropriate to the needs of the Committee in developing remuneration policy to support the delivery of Group strategy.

The Committee is also advised internally by the Group Legal Director & Company Secretary (save in relation to matters concerning his own remuneration).

Given the fundamental role that remuneration plays in the success of the Group, in terms of the recruitment, motivation and retention of high-quality staff, the Group Chief Executive Officer attends meetings by invitation and is consulted on the remuneration package of the Group Chief Financial Officer.

Terms of Reference

The Committee's Terms of Reference, which are reviewed annually, or by exception to take account of regulatory changes or best practice, are available from the Group Legal Director & Company Secretary upon request or can be viewed on the Company's website (www.savills.com).

The Group's remuneration arrangements for the Executive Directors, Group Executive Board members and senior fee-earners are structured to provide a competitive mix of variable performance-related (i.e. annual performance profit share and longer-term incentives) and fixed remuneration (principally base salary) to reflect individual and corporate performance. The objective is to set targets which provide an appropriate balance between being achievable and stretching.

In determining the remuneration of the Executive Directors and reviewing that of the Group Executive Board members, the Committee reviews the role and responsibility of the individual, their performance, the arrangements applying across the wider employee group and internal pay relativities. It also considers sector and broader market practice in the context of the prevailing economic conditions and corporate performance on environmental, social and governance issues.

Overview of the Policy

A summary of the proposed policy for Executive Directors and how it will be applied for 2017 is set out below.

Element	Summary of approach	Change from previous policy	Application of policy for 2017
Base salary	Base salaries are set significantly below market median levels, in line with the Group's philosophy to place greater emphasis on variable, performance-related remuneration.	Maximum salary introduced, the cap being introduced to comply with regulatory guidance and not representing any form of aspiration.	The Committee has approved in principle an increase in the base salaries of the Executive Directors of 2.5% for 2017 ('Reference Salary'), however these increases have not actually been implemented Salaries in 2017 will therefore be as follows: • Group Chief Executive Officer: £275,000 • Group Chief Financial Officer: £210,000
Pension	Pension benefits are provided through a Group personal pension plan, as a non-pensionable salary supplement or as a contribution to a personal pension arrangement. The CEO receives a pension from the legacy defined benefit pension plan but no longer accrues benefits under the plan.	No material changes.	Pension contributions / salary supplements for 2017 are: • Group Chief Executive Officer: 14% of salary • Group Chief Financial Officer: 18% of salary.
Benefits	Benefits include: • Medical insurance benefits; • Annual car/car allowance (up to £10,000); • Permanent Health Insurance; • Life insurance; and • Relocation expenses	Maximum value of car allowance and relocation expenses introduced.	Benefits in line with policy.
Annual performance-related profit share	Reflects the Group's annual profit performance and personal performance against pre-set objectives and overall contribution. In line with the Group's philosophy that there is greater emphasis (than under listed company norms) on variable performance-related pay. 50% of any award payable above 100% of base salary is deferred into shares for three years. Malus and clawback provisions apply.	Maximum potential award increased from £2m to £2.05m and to increase annually thereafter in line with increases in RPI over the previous 12 months. Deferral simplified and increased to apply to 50% of all payments above 100% of base salary.	The maximum potential annual profit share awards for 2017 are: • Group Chief Executive Officer: £2.05m • Group Chief Financial Officer: £1.5375m. For 2017 profit share awards, 75% will be based on the Group's annual profit performance and 25% will be based on the delivery of strategic and operational performance goals. The Committee reserves its ability to vary these proportions or apply different / additional measures in future years.

Element	Summary of approach	Change from previous policy	Application of policy for 2017
Performance Share Plan	Awards of shares are made subject to a three-year performance period. Any vested awards will then be subject to an additional two-year holding period. The maximum award potential remains at 200% of base salary, subject to an overall annual maximum of shares with a value of £1m on award per participant. Malus and clawback provisions apply.	Two-year holding period introduced.	The awards for 2017 will be up to 200% of base salary. For 2017 Performance Share Plan awards, 50% of the award will vest subject to Earnings Per Share performance and 50% will vest subject to relative TSR performance against the FTSE Mid 250 Index (excluding investment trusts).
Share Ownership Guidelines	Achieved through share purchase and/or retention of any after-tax shares which vest pursuant to the Group's share plans until the guideline is met.	Increased to 500% of base salary.	500% of base salary for the Group Chief Executive Officer and Group Chief Financial Officer.

Directors' Remuneration Policy

This part of the Report sets out the policy which will be put forward for shareholder approval at the 2017 AGM in accordance with section 439A of the Companies Act 2006 (the 'Policy'). The Policy will apply from the 2017 AGM, subject to shareholder approval.

Policy table

The following table sets out the Policy for each component of Executive Directors' remuneration.

Purpose and link to strategy	Operation	Potential	Performance measures
Base salary			
• A core component of the total reward package, which package overall is designed to attract, motivate and retain individuals of the highest quality.	The Committee considers base salary levels annually taking into consideration: • the Group's philosophy to place greater emphasis on variable performance-related remuneration • the individual's experience • the size and scope of the role • the general level of salary reviews across the Group • appropriate external market competitive data.	Set significantly below market median levels with greater emphasis on the performance-related elements of reward. For 2017, the Committee in principle approved an increase in base salaries of 2.5%; however, these increases were not implemented. The Committee will consider the higher Reference Salary when considering subsequent increases: • Group Chief Executive Officer: £275,000 (Reference Salary £282,000) • Group Chief Financial Officer: £210,000 (Reference Salary £215,000). Although base salaries are reviewed annually, in line with the Group's philosophy, the Committee does not intend to make annual incremental base salary increases for Executive Directors. However, the Committee retains the flexibility to award base salary increases taking into consideration the factors considered as part of the annual review. • The annual base salary for any existing Executive Director shall not exceed £500,000.	n/a

Purpose and link to strategy	Operation	Potential	Performance measures
Pension			
• Provides appropriate retirement benefits. • Rewards sustained contribution.	Defined contribution pension arrangements are provided. HMRC-approved salary and profit share sacrifice arrangements are in place. Pension benefits are provided either through a Group personal pension plan, as a non-pensionable salary supplement, contribution to a personal pension arrangement, or equivalent arrangement for overseas jurisdictions.	For 2017 the pension contributions/supplements are: • Group Chief Executive Officer: 14% of annual base salary • Group Chief Financial Officer: 18% of annual base salary. As part of the funding arrangements agreed when Savills Defined Benefit Pension Plan ('the Plan') was closed to future accrual in 2010, the Group Chief Executive Officer receives a minimum contribution of 14%. The maximum contribution will be no more than the maximum contribution for all other former members of the plan. The maximum annual pension contribution for the current Chief Financial Officer is 18%. The Plan is closed to future accruals. However, legacy arrangements will be honoured. New recruits would normally participate in defined contribution arrangements or take a non-pensionable salary supplement. The level of contribution would be determined at the time of appointment and may be set at a higher level than that set out above although a contribution limit of 20% of annual base salary per Executive Director has been set for the duration of this policy. For international appointments, the Committee may determine that alternative pension provisions will operate, and when determining arrangements, the Committee will have regard to the cost of the arrangements, market practice in the relevant international jurisdiction and the pension arrangements received elsewhere in the Group.	n/a

Purpose and link to strategy	Operation	Potential	Performance measures
Benefits			
• To provide market competitive benefits.	Benefits currently comprise: • Medical insurance benefits • Car/car allowance • Permanent Health Insurance • Life insurance. Other benefits may be provided if the Committee considers it appropriate. Where an Executive Director is located in a different international jurisdiction, benefits may reflect market practice in that jurisdiction. In the event that an existing Executive Director or new Executive Director is required by the Group to relocate, other benefits may be provided including (but not limited to) a relocation allowance, housing allowance and tax equalisation.	Car allowance (currently up to a maximum of £9,000 p.a.). There is no overall maximum as the cost of insurance benefits depends on the individual's circumstances but the provision of taxable benefits will normally operate within an annual limit of 30% of an Executive Director's annual base salary. The Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Committee considers to be reasonable in all the circumstances. Relocation expenses are subject to a maximum limit of £200,000 (£300,000 in the case of an international relocation) plus, if relevant, the cost of tax equalisation.	n/a
Annual performance-related profit share			
• To encourage the achievement of challenging financial, strategic and/or operational targets. • Further alignment with shareholders' interests through deferral of a significant amount of any award into shares.	Annual profit share awards reflect the Group's annual profit performance and personal performance and contribution. Awards are delivered part in cash and part in shares subject to a minimum cash threshold of 100% of annual salary. Thereafter, 50% of any award is delivered in shares. The share element of any award is normally deferred for a period of three years. The number of shares in that part of the award deferred for three years is increased at the time of vesting to reflect the value of dividends declared over the deferral period. Alternatively the cash equivalent is paid. The Committee may exercise its judgement to adjust (on a downwards only basis) individual annual bonus payouts should they not reflect overall business performance or individual contribution. Malus/clawback provisions apply, allowing for the reduction of awards as explained in the notes to this table.	In line with the Group's philosophy, there is greater emphasis on variable performance-related pay, while base salaries are set significantly below market median levels. The maximum potential annual profit share awards for 2017 are: • £2.05m for the Group Chief Executive Officer • £1.5375m for the Group Chief Financial Officer. For a new Executive Director, the Committee would determine the appropriate normal maximum taking into account the role and responsibility, subject to a maximum of £2.05m p.a. Each of these caps will increase in line with the rate of any increase in RPI for the preceding financial year (if there is no increase in RPI, the cap will remain unchanged).	For 2017, the weighting will be 75% in relation to the Group's annual profit performance defined as underlying profit before tax performance and 25% in relation to delivery against a mix of personal, strategic and operational objectives. The Committee reserves the right to vary these proportions in subsequent years and/or to add additional or substitute measures to ensure that incentive remains appropriate to business strategy. The scale for the profit share element of any award will be disclosed annually in arrears. Unless the Committee determines otherwise, this scale will normally be adjusted for any acquisitions/disposals in a single year which impact (on an annualised basis) UPBT by more than 7.5%. In such cases the scale will be adjusted to neutralise the benefit of any overage above the 7.5% level. If there is significant transaction that results in the scale becoming inappropriate then Shareholders will be consulted about any adjustment to the scale. The award potential at threshold is 25%. As the arrangement is an annual profit share there is no pre-set award level for on-target performance.

Purpose and link to strategy	Operation	Potential	Performance measures
Performance Share Plan ('PSP')			
• To drive and reward the delivery of longer-term sustainable shareholder value, aid retention and ensure alignment of senior management and shareholder interests.	Awards of shares subject to a performance period of normally no less than three years. A holding period will apply so that Executive Directors may not normally exercise vested PSP awards until the fifth anniversary of the award date. PSP awards may be in the form of nil cost options or conditional awards over shares. Awards may incorporate an award of tax-advantaged Company share option plan options. The Committee awards dividend equivalents on a reinvested basis in respect of dividends paid over the vesting or any subsequent holding period. Malus/clawback provisions apply, allowing for the reduction of awards as explained in the notes to this table. The Committee may adjust vesting of awards if it considers that the outcome of the measurement of the performance conditions does not accurately reflect the underlying performance or financial health of the Company. In the event the Committee proposed to make an upward adjustment the Committee would consult with major shareholders in advance. The Committee may adjust or amend awards in accordance with the PSP rules.	Maximum annual award potential of 200% of salary (plan rules limit). Subject to an overall maximum of £1m per annum per participant. For a new Executive Director, the Committee would determine the appropriate normal maximum taking into account the role and responsibility, subject to a maximum of 200% of base salary p.a. (or if lower, £1m p.a.).	Performance conditions for future awards are reviewed annually to ensure that the measures and their targets remain appropriate to business strategy and are sufficiently challenging, and that the relative balance of the performance measures remains appropriate for properly incentivising and rewarding the creation of longer-term sustainable shareholder value. Performance conditions are currently based on two measures: • Relative TSR against the FTSE 250 (excluding investment trusts) or other appropriate comparator group • Earnings per share. The Committee may review the performance measures for the PSP to ensure they remain aligned to the strategy. The Committee would consult with major shareholders in advance of a change in performance measures used for the PSP. No more than 25% of an award vests for threshold performance.
UK tax advantaged all-employee share plans			
• Share plans available to all UK employees in the Group who satisfy the statutory requirements.	Executive Directors are eligible to participate in any of the Group's all-employee share plans on the same terms as other UK employees.	Maximum Partnership Shares in accordance with statutory limits. The Company does not presently offer Free Shares, Matching Shares or Dividend Shares.	n/a

Purpose and link to strategy	Operation	Potential	Performance measures
Shareholding Guidelines			
• To encourage share ownership by the Executive Directors and ensure interests are aligned.	Executive Directors are expected to purchase and/or retain all shares (net of tax) which vest under the Group's share plans (or any other discretionary long-term incentive arrangement introduced in the future) until such time as they hold a specified value of shares. Only beneficially-owned shares and vested share awards (including PSP vested awards subject to a holding period discounted for anticipated tax liabilities) may be counted for the purposes of the guidelines. Share awards do not count towards this requirement prior to vesting. Once shareholding guidelines have been met, individuals are expected to retain these levels as a minimum. The Committee will review shareholdings annually in the context of this policy.	500% of salary for all Executive Directors.	n/a

When satisfying awards made under its Sharesave Scheme and the PSP (under which some options remain available for exercise), the Company may use newly-issued shares, subject to compliance with institutional guidelines. For all other share schemes, including the Deferred Share Plan and Deferred Share Bonus Plan, awards are satisfied via employee benefit trusts (EBTs) following purchase in the market. Currently, the Company makes use of two EBTs, a US 'Rabbi Trust' for US tax residents and a Guernsey-based EBT for all other share scheme participants. As previously agreed with shareholders, up to 15% of the Group's issued share capital can be held in aggregate in the EBTs at any time. There are no powers to issue new shares (or to reissue its existing treasury shares) under either the Deferred Share Bonus Plan, Deferred Share Plan or the EBTs and, therefore, there is no further dilution of existing shareholdings.

Malus and clawback

Malus (being the forfeiture of unvested awards) and clawback (being the ability of the Company to reclaim paid amounts as a debt) provisions apply to the annual performance-related profit share and the PSP. These provisions may be applied where the Committee considers it appropriate to do so following: a material misstatement of the Group's financial results; serious misconduct by the individual; a factual error in calculating an award or vesting; and other exceptional developments which have an actual or potential material adverse effect on the value or reputation of the Group as determined by the Committee.

Clawback will apply for a two-year period post the vesting of awards. In the event of a regulatory or criminal inquiry being ongoing at that point, the clawback period will be extended to a six-month period post the conclusion of such an inquiry.

Remuneration policy for Non-Executive Directors

Approach to fees	Operation	Other items
Fees for the Chairman and other Non-Executive Directors are set at an appropriate level taking into consideration individual roles and responsibilities, the time commitment required and external market practice. Fees will generally be increased annually in line with increases in RPI over the previous 12 months. All fees for membership of the Board are subject to the maximum payable to Non-Executive Directors as stated in the Company's Articles of Association (currently £500,000 for the Chairman and NED base fees) and within an additional limit determined by the Non-Executive Chairman and the Executive Directors on behalf of the Board of £200,000 for any additional responsibility or other special fees.	Fees payable to the Non-Executive Directors are determined by the Non-Executive Chairman and the Executive Directors on behalf of the Board. Fees payable to the Chairman are determined by the Committee. The Non-Executive Director fee policy is to pay: • a basic fee for membership of the Board • Committee chairmanship and Senior Independent Director fees to reflect the additional responsibilities and time commitment of the roles. The Chairman receives an all-inclusive fee for the role. Additional fees for membership of a Committee or chairmanship or membership of subsidiary Boards or other fixed fees may be introduced, if considered appropriate.	Non-Executive Directors are not entitled to participate in any of the Group's incentive arrangements or share schemes. Non-Executive Directors do not currently receive any taxable benefits (however, they are covered by Directors' and Officers' liability insurance). Expenses incurred in the performance of Non-Executive duties for the Company may be reimbursed or paid for directly by the Company, including any tax due on the benefits. Additional benefits may be provided in the future if the Board considered this appropriate.

The Committee may make minor amendments to the Policy (for example for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed before the policy came into effect or at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes pension payments under legacy defined benefit pension plans and the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment were 'agreed' at the time the award was granted.

Clawback or malus may apply where stated in the above table. Other elements of remuneration are not subject to clawback or malus.

The Committee may increase the proportion of annual performance-related profit share deferred into shares.

The PSP will be operated in accordance with the rules of that plan as approved by shareholders. In accordance with those rules the Committee has discretion in the following areas (as well as general administrative discretion):

- the Committee may adjust the number of shares under award if there is a capitalisation, rights issue, subdivision, reduction or any other variation in the share capital, a demerger or special dividend;
- a performance condition for an existing award may be amended if an event occurs which causes the Committee to consider that an amended performance condition would be a fairer measure of performance and would be no less difficult to satisfy;
- on a change of control or winding up the number of shares will be subject to any relevant performance conditions and time pro-rated. The Committee has discretion not to apply this reduction or to apply an alternative or no performance condition. Additionally, participants may have the opportunity to exchange their awards for equivalent awards in the new holding Company; and
- the Committee has the discretion to treat a demerger as an early vesting event on the same basis as a change of control.

Performance measures and target setting

Annual Performance-Related Profit Share

Performance measures for the annual performance-related profit share are intended to provide a balance between incentivising executives to meet near-term profit objectives and the creation of longer-term shareholder value through an appropriate mix of strategic, operational and personal performance goals.

Consistent with the Group's partnership style culture, annual profit performance is the primary performance measure. Targets are set to be appropriately stretching, by reference to the Group's internal business plans and to align with returns to shareholders over the cycle.

A portion of the award relates to strategic, operational and personal objectives. These objectives are determined annually by the Committee and incentivise sustainable improvements in the underlying drivers of performance and the continued development and further growth of the Group.

Performance Share Plan

For the PSP, the use of a mix of relative Total Shareholder Return and earnings measures ensures that the Group's Executive Directors are focused on delivering both absolute bottom line growth and strong returns to shareholders relative to an appropriate comparator group.

In the event the Committee considered it appropriate to change the performance measures for the PSP, any new measure would be selected to be in line with the Group's long-term business strategy and to support long-term shareholder value creation. The Committee would consult with major shareholders in advance of a change in a performance measure used for the PSP.

The performance targets for the PSP are reviewed periodically and set taking into account market conditions, external market forecasts, internal business forecasts and market practice. The Committee may also adjust the targets in the light of corporate activity (e.g. merger and acquisition activity), capital events or changes to accounting rules to ensure that targets remain appropriate.

Remuneration arrangements throughout the Group

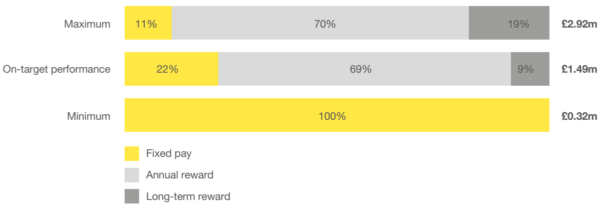
The remuneration policy for Executive Directors follows the same key principles as that for senior and fee-earning employees generally in the Group – that salaries are below the market median with a greater emphasis placed on variable, performance-related remuneration. Any differences in the specific policies generally reflect differences in market practice for differences in seniority. For support staff, salaries are set around market median levels to ensure the Group is able to recruit and retain high quality individuals.

Other than Executive Directors, only Group Executive Board members are currently eligible to receive awards under the PSP on an annual basis. Other senior staff may be granted share awards under the Company's Deferred Share Plan if there are particular business reasons for applying a retention element to remuneration.

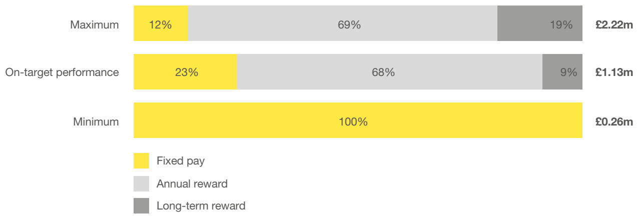
Illustrations of application of the Policy

The charts below illustrate how much the current Executive Directors could earn under three different performance scenarios for 2017: ‘Minimum’, ‘On-target performance’ and ‘Maximum’ – based on the assumptions below.

Group Chief Executive Officer



Group Chief Financial Officer



Element in the above chart	Component	‘Minimum’	‘On-target’	‘Maximum’
Fixed Pay	Base salary	2017 annual base salary		
	Pension	14% of salary for the Group Chief Executive, 18% of salary for the Group Chief Financial Officer		
	Benefits	Annual taxable value of benefits provided in 2016		
Annual reward	Annual performance-related profit share	0% of maximum award	50% of maximum award	Group Chief Executive Officer – £2,050,000 Group Chief Financial Officer – £1,537,500
Long-term reward	PSP	0% of maximum award	25% of maximum award	Group Chief Executive Officer – £550,000 Group Chief Financial Officer – £420,000
Other assumptions	• A constant share price has been used • Excludes additional shares representing the value of dividends declared during the vesting period which may attach to the deferred element of any annual performance-related profit share award or PSP award at vesting • Assumes that no awards are made under tax-advantaged all-employee share plans • The proposed new Policy does not include an on-target level for the annual performance-related profit share so the on-target in line with the previous policy has been used as the overall intent of the changes was not to change payouts for target performance levels			

Approach to remuneration on recruitment

In the event that the Board appoints a new Executive Director, in determining his or her new remuneration package the Committee would take into consideration all relevant factors including the calibre, skills and experience of the individual and the market from which they are recruited. In determining the remuneration package the Committee remains mindful of the need to avoid paying more than is necessary on recruitment.

‘Buy-outs’

To facilitate the recruitment of a new Executive Director, the Committee may make awards to ‘buy-out’ remuneration forfeited on leaving the previous employer. In doing so, the Committee would take into account all relevant factors including the form of awards, the vesting conditions attached to the awards and any performance conditions. The overriding principle will be that any replacement ‘buy-out’ awards will be of up to a comparable commercial value of the awards that have been forfeited. The Committee may make use of LR9.4.2 of the Listing Rules for the purpose of buy-outs only.

Fixed remuneration

The remuneration policy for current Executive Directors reflects the Group’s overall philosophy of paying base salaries which are significantly below market medians and greater emphasis on performance-related elements of reward. However, the Committee is mindful of the need to retain flexibility for the purpose of recruitment, taking into account the range of potential circumstances which might give rise to the need to recruit a new Executive Director. Against that background, the policy for the fixed element of reward for a new Executive Director allows:

- the base salary for a new appointee to be set in line with market levels rather than below market levels; or
- provision of a salary supplement for a period of time as an Executive Director transitions to a lower fixed pay over time.

Where an Executive Director is located in a different international jurisdiction, benefits may reflect market practice in that jurisdiction.

New recruits would normally participate in defined contribution arrangements or take a non-pensionable salary supplement. The level of contribution would be determined at the time of appointment and may be set at a higher level than set out above. This might arise, for example, where a newly appointed Executive Director is recruited on a significantly lower salary than in his or her previous position taking into account the structure of remuneration at Savills. For international appointments, the Committee may determine that alternative pension provisions will operate, and when determining arrangements the Committee will give regard to the cost of the arrangements, market practice in the relevant international jurisdiction and the pension arrangements received elsewhere in the Group.

Consistent with the Regulations, the formal caps on fixed pay in the Policy do not apply on recruitment although the Committee would seek to apply such caps in any element to the extent it considers it to be feasible to do so.

Variable remuneration

The variable remuneration (annual performance-related profit share and PSP awards) for a new recruit would be consistent with the policy in the table on pages 64 and 65 (excluding buy-outs).

In the case of an employee who is promoted to the position of Executive Director (including if an Executive Director is appointed following an acquisition or merger), it is the Company's policy to honour pre-existing awards and contractual commitments.

Non-Executive Directors

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will normally be in line with those detailed in the relevant table above.

Interim appointments

In the event that an interim appointment is made to fill an Executive Director role on a short-term basis or a Non-Executive Director taking on an executive function on a short-term basis, then an additional fee or salary supplement (and/or participation in the variable pay arrangements) may be provided.

Director service contracts and termination policy

When determining the leaving arrangements for an Executive Director, the Committee takes into account any pre-established agreements including the provision of any incentive plans, typical market practice, the performance and conduct of the individual and the commercial justification for any payments.

The following summarises our policy in relation to Executive Director service contracts and payments in the event of a loss of office:

Notice periods	12 months' notice by either the Company or the Executive Director. For new appointees, the Committee reserves the right to increase the period of notice required from the Company in the first year of employment to up to 24 months, decreasing on a monthly basis to 12 months on the first anniversary of employment.
Contract dates	Jeremy Helsby – 1 May 1999 Simon Shaw – 16 March 2009
Expiry dates	Contracts are rolling service contracts with no expiry date.
Elements of remuneration	Executive Directors' service contracts contain provisions relating to base salary, pension, private medical insurance, car allowance (or the provision of a Company car) and confirm their eligibility to participate (although not necessarily receive any award) in the Company's annual performance-related profit share arrangements, the PSP and other employee share schemes.
Termination payments and treatment of the annual performance-related profit share	If an Executive Director's employment is to be terminated, the Committee's policy in respect of the service contract, in the absence of a breach by the Director, is to agree a termination payment based on the value of base salary and contractual benefits and pension entitlements in their notice period. In addition, if they are classified as 'good leavers' as defined in their service agreements (which expression does not include dismissal due to poor performance or voluntary resignation unless the Committee so determines), they may also receive a pro-rata annual performance-related profit share and retain outstanding incentive awards. The policy is that, as is considered appropriate at the time, the departing Executive Director may work, or be placed on garden leave, for all or part of his/ her notice period, or receive a payment in lieu of notice in accordance with the service agreement. The Committee will consider mitigation to reduce the termination payment to a leaving Director when appropriate to do so, having regard to the circumstances. No performance-related profit share element would be paid in respect of notice periods not worked. In addition, where the Director may be entitled to pursue a claim against the Company in respect of his/ her statutory employment rights or any other claim arising from the employment or its termination, the Company will be entitled to negotiate settlement terms (financial or otherwise) with the Director that the Committee considers to be reasonable in the circumstances and in the best interests of the Company and to enter into a settlement agreement with the Director to effect both the terms agreed under the service agreement and any additional statutory or other claims, and to record any agreement in relation to any annual performance-related profit share award, in line with the policies described above and/ or, as below, share awards.

Treatment of share incentives	**Deferred share awards** Deferred share awards made (or to be made) under the annual performance-related profit share scheme are subject to forfeiture if the award-holder leaves service prior to the vesting date other than in defined 'good leaver' situations. Good leaver circumstances are death, ill-health, injury or disability, redundancy, retirement, the employing Company being sold or transferred outside of the Group, or any other reason at the discretion of the Committee. For 'good leavers', any outstanding deferred share award will normally vest on the normal maturity date (although the Committee has discretion to accelerate to the date of cessation). Where a good leaver circumstance is at the Committee's discretion rather than a prescribed circumstance, vesting may be on such date and such terms as it may determine. **PSP** In the event that a participant is a 'good leaver', any outstanding unvested PSP awards will normally be pro-rated for time in service during the relevant performance period with performance measured to the end of the performance period and vesting occurring at the normal vesting date. Any applicable holding period will also normally apply although the Committee may choose to release such shares earlier. In particular circumstances (e.g. death), the Committee has the power to vary these provisions, including to allow for early vesting. For all other leavers, outstanding unvested awards lapse. Good leaver circumstances are leaving due to death, injury, ill-health, disability, redundancy, or any other reason at the discretion of the Committee (for example, retirement). If an award has been granted as an option and a participant ceases to work for the Group after the option has become exercisable, he/she will normally be permitted to exercise outstanding options within a period of six months following the end of the performance period or cessation of employment where this is after the end of the performance period (as appropriate). In the event of the death of a participant the personal representatives will be able to exercise an option in accordance with the PSP rules. **All-employee share plans** Sharesave: Awards vest in accordance with their terms, under which 'good leavers' are entitled to receive shares on or shortly after cessation, but other leavers normally forfeit any awards. Share Incentive Plan ('SIP'): shares which have been held in the SIP for at least five years are released to leavers free from income tax and social security charges. Some tax and social security charges will be payable on shares taken out of the SIP within five years of purchase unless the participant is a 'good leaver'.
Other awards	Where an award is made for the purpose of recruitment (for example a buy-out award under LR 9.4.2) then the leaver provisions would be determined at the time of award having regard to the circumstances of the recruitment, the terms of awards being bought out and the principles for leavers in the current policy.
Other information	Executive Directors are subject to post-employment restrictive covenants for a period of six months post-cessation. The Company may also meet ancillary costs, such as outplacement consultancy and/or reasonable legal costs, if the Company terminates an Executive Director's service contract.

Consideration of conditions elsewhere in the Group

In making remuneration decisions, the Committee considers the pay and employment conditions elsewhere in the Group. As part of decisions being made on the annual pay review, the Committee is informed about the approach to salary increase and the outcome of annual performance-related profit share (and other incentive arrangements such as fee-earner commission schemes) across the Group. The Committee is also provided with comparative metrics on total employment costs across the Group as a percentage of revenue.

The Company operates a consistent remuneration philosophy across the Group. In this context, the Committee does not consider it necessary to consult with employees in the Group on the specific remuneration policy for Executive Directors.

Consideration of shareholder views

The Committee takes into account the views of the Group's shareholders and investor bodies. The Board and the Committee (through the Committee Chairman) has open and regular dialogue with our major shareholders on remuneration matters, including consulting with major shareholders where the Committee is considering making material changes to the remuneration policy.

Total remuneration for 2016

Set out below are details of Executive Director remuneration for 2016.

Executive Directors' 'single figure' for the financial year ended 31 December 2016 and as a comparison for the financial year ended 31 December 2015 (audited).

	Jeremy Helsby		Simon Shaw	
	2016 £	2015 £	**2016 £**	2015 £
Salary[1]	**275,000**	266,667	**210,000**	204,167
Benefits[2]	**11,055**	10,885	**11,216**	11,216
Pension: contribution	**38,500**	40,958	**37,800**	36,750
Pension: defined benefit deferred pension[4]	**–**	29,213	**–**	–
Annual profit share – cash[3]	**1,314,800**	1,340,000	**1,040,000**	1,040,000
Annual profit share – deferred shares[3]	**598,200**	610,000	**435,000**	425,000
Near-term remuneration	**2,237,555**	2,297,723	**1,734,016**	1,717,133

The aggregate near-term remuneration paid to the Executive Directors in the year ended 31 December 2016 was £3.97m (2015: £4.01m).

Notes:
1. No increases in base salary were awarded to the Executive Directors in 2016 (in respect of 2015, base salaries were increased effective 1 March 2015)
2. Benefits comprise private medical insurance and car allowance.
3. The 2016 and 2015 figures exclude any charity/ pension waiver. For 2016, Jeremy Helsby waived £45,000 (2015: £50,000) and Simon Shaw waived £25,000 (2015: £35,000) in favour of contributions to registered charities.
4. Jeremy Helsby took his pension from the defined benefit pension plan on 9 July 2015 and no benefits/costs accrued in this regard in 2016.
5. (see the table below) For 2016, the notional value of the PSP award with a performance period which ended on 31 December 2016 (i.e. where the award will vest in August 2017) has been valued based on the number of shares that will vest and the three month average share price for the period to 31 December 2016 (692.44p per share). The actual value has been split between the relevant value on the date of the original award of the relevant shares (the PSP – performance element) and subsequent increase in value (PSP – share price appreciation). The Company did not grant PSP awards in 2013 and accordingly no PSP award vested in respect of performance achieved in the three-year period ended 31 December 2015.

	Jeremy Helsby		Simon Shaw	
	2016 £ Notional	2015 £ Actual	**2016 £ Notional**	2015 £ Actual
Gain on long-term share-based awards				
Performance Share Plan – performance element[5] **(for 2016: notional)**	**225,000**	–	**125,000**	–
Performance Share Plan – share appreciation element[5] **(for 2016: notional)**	**34,665**	–	**19,256**	–
Long-term share-based reward (non cash[5] **for 2016: notional**)	**259,665**	–	**144,256**	–
Total i.e. 'Single Figure' (for 2016: part notional)	**2,497,220**	2,297,723	**1,878,272**	1,717,133

The information in this table has been audited by the Auditor, PricewaterhouseCoopers LLP.

Performance-related remuneration for 2016

Annual performance-related profit share

UPBT performance-related element

The following near-term performance measures applied to the 2016 annual performance-related profit share arrangements:

70% of the award was based on profit performance, defined as UPBT performance. The Committee set targets at a level which were significantly higher than the previous year. The target range and Savills performance were as follows:

Minimum (0% of element)	Target (50% of element)	Maximum target (100% of element)	Savills UPBT performance	Bonus award (% of element)
£80m	£117m	£134m	£135.8m	100%

There were pre-defined hurdles between minimum, target and maximum rather than straight-line vesting.

Reflecting the Group's very strong performance in 2016, awards at 100% of the maximum potential were earned by the Executive Directors in respect of the UPBT performance-related element (2015: 100%).

The remaining 30% of annual performance-related profit share awards was based on individual performance against key strategic and operational objectives. The Executive Directors were respectively awarded (CEO) 93% and (CFO) 100% of this 30%.

The Committee set strategic and operational objectives for the Executive Directors which were aligned with value-creation for Savills.

Details of Jeremy Helsby's achievement against the key objectives set included the following:

- driving the continued development of the Group's US business, in particular by further building-out the tenant rep and corporate services platforms and progressing the strengthening of the capital markets offering (with the new capital markets team having joined Savills Studley effective 3 January 2017);
- ensuring that appropriate resource and management was in place to facilitate and improve the cross-border servicing of business/clients across the Group's geographies;
- ensuring that appropriate senior management succession plans were in place for each of the Group's Principal Businesses; and
- sponsoring the launch of the Group's new Asia Pacific and US 'future leaders' development programmes (building on the established UK model) to ensure that the Group has ready access to the talent required to drive its next stages of growth.

Details of Simon Shaw's achievement against the key objectives set are as follows:

- overseeing the successful integration of the former SEB Asset Management business into the Savills Investment Management platform, with the newly-combined business delivering a 62% increase in revenues in its first full year;
- continuing to drive the development of the Group's technology offering and upgrade the systems operating platform to complement the Group's global business strategies, in particular overseeing the Group's investment in YOPA, a leading UK 'hybrid' residential agency and the launch of 'Work There' (a digital office space locator); and
- driving the Group's Profit/ROCE improvement initiatives, which initiatives in particular contributed to the maintenance of the Group's 2016 UPBT margin at 9.4% (2015: 9.5%)

For Jeremy Helsby, 33% of the overall award was deferred for a further three-year period in the form of shares, of which Jeremy Helsby elected to waive £45,000 to charity. For Simon Shaw, 30% of the award was deferred for a further three years in the form of shares, of which Simon Shaw elected to waive £25,000 to charity.

Long-term incentives

The PSP award granted in 2014 will vest in August 2017, subject to performance in the three years to 31 December 2016. Following an assessment of Savills' performance against targets set at grant, the Committee determined that 50% of the award should vest. The targets and Savills' performance were as follows:

	Weighting	Threshold target (25% vesting)	Maximum target (100% vesting)	Savills performance	Vesting (% of maximum)
Relative TSR versus FTSE Mid 250 index (excluding investment trusts)	50%	Equal to index	Outperform index by 8% p.a.	Below index	0%
% EPS growth	50%	RPI plus 3% p.a. compounded	RPI plus 10% p.a. compounded	61.5%	100%

Non-Executive Directors fees (audited)

The Non-Executive Director fees for 2016 were as follows:

	Nicholas Ferguson (Chairman)	Martin Angle (resigned 11 May 2016)	Tim Freshwater	Liz Hewitt	Charles McVeigh	Rupert Robson	Peter Smith (resigned 11 May 2016)
Basic fee	£149,406	£18,200	£50,000	£50,000	£50,000	£50,000	£60,000
Additional fees							
Senior Independent Director		£1,800	£3,200				
Remuneration Committee Chairman						£7,500	
Audit Committee Chairman				£10,000			
2016 Total	£149,406	£20,000	£53,200	£60,000	£50,000	£57,500	£60,000
2015 Total	-	£59,167	£55,625	£55,833	£50,000	£30,303	£165,000

The fees payable to the Non-Executive Directors are determined by the Non-Executive Chairman and the Executive Directors after considering external market research and individual roles and responsibilities. The fees for the Non-Executive Chairman are determined by the Remuneration Committee (excluding the Non-Executive Chairman).

The fee payable to Nicholas Ferguson as Chairman is £190,000 p.a.. Nicholas received a fee of £95,000 p.a. (pro-rata) for the period from his appointment on 26 January 2016 to him being appointed as Chairman on 11 May 2016.

The Non-Executive Directors do not participate in incentive arrangements or share schemes.

The information in this table has been audited by the Auditor, PricewaterhouseCoopers LLP.

Operation of Policy in 2017

Base salary

The Committee approved a 2.5% salary increase for the Executive Directors for 2017, but this will not be actually implemented. The base salaries for the Executive Directors will therefore remain as follows:

- Group Chief Executive Officer: £275,000 p.a.; and
- Group Chief Financial Officer: £210,000 p.a.

The Committee will use the Reference Salary (being the base salaries above increased by 2.5%) when considering future salary increases.

In line with our Policy, the base salaries for the Executive Directors continue to be positioned significantly below market median against the FTSE 250.

Variable remuneration

Annual performance-related profit share

The maximum annual performance-related profit share opportunity for 2017 will be:

- £2.05m for the Group Chief Executive Officer
- £1.5375m for the Group Chief Financial Officer

For the 2017 performance-related profit share, 75% of award potential will reflect the Group's UPBT performance and 25% of award potential will reflect delivery against a mix of personal, strategic and operational objectives.

The Committee considers prospective disclosure of individual objectives to be commercially sensitive and disclosure will, therefore be on a retrospective basis.

The Committee will retain a general discretion to reduce (but not, as previously, increase) the payout level to reflect exceptional events over the performance period.

Performance Share Plan

The remuneration policy is for maximum awards of 200% of base salary. The PSP awards for 2017 will be up to 2x each Executive Director's base salary.

Awards will vest subject to the satisfaction of EPS targets for 50% of the award as follows:

- 25% (i.e. threshold) of the element to vest if the Company's EPS growth is RPI plus 3% p.a. compounded;
- 100% (i.e. the maximum) of the element to vest if the Company's EPS growth is RPI plus 8% p.a. compounded or more; and
- with straight-line vesting between the two points.

The Committee considers that if EPS growth of RPI plus 8% p.a. were achieved from the strong 2016 EPS base starting position, this would represent outstanding performance for shareholders.

The other 50% of the award will vest subject to the satisfaction of relative TSR performance versus the FTSE Mid 250 Index (excluding investment trusts) (the Index) as follows:

- 25% (i.e. threshold) of the element to vest if the Group's TSR performance equals that of the Index;
- 100% (i.e. the maximum) of the element to vest if the Group's TSR performance outperforms the Index by 8% p.a.; and
- with straight-line vesting between the two points.

The awards made to Executive Directors will also be subject to a holding period so that any PSP awards for which the performance vesting conditions are satisfied will not normally be released for a further two years from the third anniversary of the original award date. Dividend accrual for PSP awards will continue until the end of the holding period.

Relative spend on pay

To provide context and outline how remuneration for Executive Directors compares with other disbursements, such as dividends and general employment costs, the table below illustrates general employment costs, Executive Director reward, tax charges and dividend payments to shareholders in 2016 and 2015.

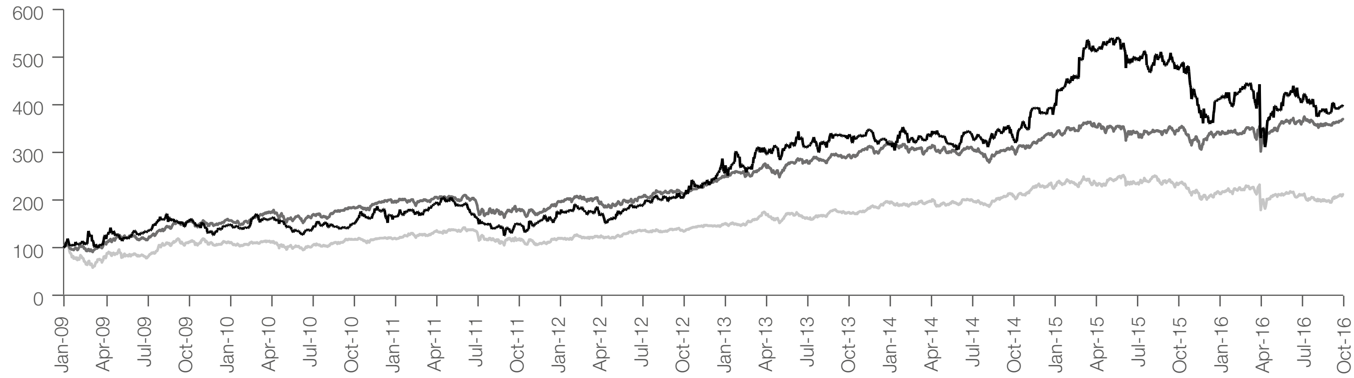
	2016 £m	2015 £m	% increase
Employment costs	**948.6**	853.2	11
Underlying profit before tax	**135.8**	121.4	12
Dividend payment to Shareholders	**38.9**	34.7	12
Executive Director remuneration	**4.9**	4.9	0
Tax	**99.9**	99.1	1

- Employment costs (excluding arrangements for Executive Directors) comprise basic salaries, profit share and commissions, social security costs, other pension costs and share-based payments.
- Tax comprises corporation tax, employers' social security and business rates and equivalent payments.
- The dividend cost for 2016 comprises the cost of the final dividend recommended by the Board (amounting to £13.5m), payment of which is subject to shareholder approval at the Company's AGM scheduled to be held on 9 May 2017, the cost of the supplemental dividend (£19.5m) declared by the Board on 21 March 2017 (payable to shareholders on the Register of Members as at 18 April 2017) and the interim dividend (£5.9m) paid on 5 October 2016 and is based on the number of shares in issue as at 31 December 2016.
- Executive Director remuneration is the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer role-holders and comprises basic salaries, profit share, pension costs and share-based payments, and the Company's social security costs in relation to their remuneration.

Total Shareholder Return and Group Chief Executive Officer remuneration

The Total Shareholder Return delivered by the Company over the last eight years is shown in the chart below. Over this period the Company has delivered Total Shareholder Return of 19% per annum (FTSE 250 (excluding investment trusts): 18% per annum; FTSE 350 Super Sector Real Estate: 10% per annum). Savills was ranked 72nd by TSR performance in the FTSE 250 (excluding investment trusts) and ranked sixth by performance in the FTSE 350 Super Sector Real Estate over the eight years to 31 December 2016.

Total Shareholder Return ('TSR') (rebased)
8 years to 31 December 2016



The Board believes that the FTSE 250 Index (excluding investment trusts) remains the most appropriate index against which to compare TSR over the medium term as it is an index of companies of similar size to Savills. Savills TSR relative to that of the FTSE 350 Super Sector Real Estate Index is also shown, as this index better reflects conditions in real estate markets over recent years.

Pay for performance

Year	Total single figure Remuneration £'000	UPBT £m	UPBT annual % change	Annual variable element: performance-related profit share – annual award against maximum potential %	Long-term incentive fully-vested (maximum potential of award) 100%
2016	2,497	135.8	+12	98	50
2015	2,298	121.4	+21	100	N/A
2014	3,279	100.5	+34	100	100
2013	2,630	75.2	+28	86	100
2012	1,786	58.6	+16	65	100
2011	1,268	50.4	+7	49	0

Total remuneration in 2012, 2013, 2014 and 2015 includes, as required, the notional value of PSP awards and executive share options which vested (but were not exercised) in those years (note that no PSP awards were made in 2013 with the consequent effect on Total Single Figure Remuneration in 2015 compared to the 2013, 2014 and 2016 years). The awards granted in 2008 lapsed in 2011.

Group Chief Executive Officer pay increase in relation to all UK employees

	Percentage change in remuneration from 31/12/2015 to 31/12/2016		
	Percentage change in base salary %	Percentage change in benefits %	Percentage change in profit share award %
Group Chief Executive Officer	0%	+1.6%	-2.1%
All UK employees	+1.8%	-1.7%	-13.7%

Notes:
1. Salary, benefits and bonus is compared against full-time equivalent UK employees. The UK workforce was chosen as a suitable comparator group as Jeremy Helsby is based in the UK (notwithstanding his global role and responsibilities) and is in line with policy benefits which vary across the Group by reference to local market conditions and practice. (Audited information).
2. The base salary for the Group Chief Executive Officer continues to be positioned significantly below the market median against the FTSE 250.

Pensions disclosure

From March 2015 the Group Chief Executive Officer received a non-pensionable salary supplement equal to 14% of pensionable earnings. This had reduced from 20% per annum in 2014. For the Group Chief Financial Officer, the Company contributes 18% per annum of pensionable earnings to his personal pension plan.

The Group Chief Executive Officer no longer accrues a pension benefit under the Savills Defined Benefit Pension Plan (the 'Plan'). The value of the legacy benefit is shown below.

Executive Director	**Defined benefit pension accrued at 31 December 2016**	Defined benefit pension accrued at 31 December 2015	Defined benefit pensions value for 2016 remuneration table	Defined benefit pensions value for 2015 remuneration table
Jeremy Helsby	**51,112**	49,935	–	29,213

Notes
1. Jeremy Helsby reached Plan retirement age on 9 July 2015 since which date his pension increases in line with the standard provisions of the Plan applicable to all pensioners.
2. The valuation of the increase in the defined benefit pension over the year has been determined in accordance with the prescribed methodology for remuneration reporting. At 31 December 2015, this was based on the pension immediately before retiring of £61,113 p.a.. Under this methodology, no further cost is expected to be reported now that Jeremy Helsby is in receipt of his pension from the Plan.

Share interests

Details of shares in the Company which the Directors beneficially held or had a beneficial interest in as at 31 December 2016 are shown below. Where any vested PSP awards in the future are subject to a holding period requirement, the vested PSP award shares (discounted for anticipated tax liabilities) will count towards the shareholding requirements:

Executive Directors	Number of shares (including beneficially held under the SIP)	Unvested shares subject to performance conditions (PSP)	Deferred share bonus plan awards (vesting not subject to performance conditions) (DSBP)	Extent to which shareholding guideline met
Jeremy Helsby	637,303	219,157	230,400	424%
Simon Shaw	179,226	119,386	167,434	170%

The Company currently applies shareholding requirements of 150,000 shares for the Group Chief Executive Officer and 105,000 shares for the Group Chief Financial Officer. On the approval of the new Policy by Shareholders, the shareholding requirement will change to a requirement that the Group Chief Executive Officer and Group Chief Financial Officer hold shares to the value of five times their respective base salaries. New Executive Directors will be expected to build holdings to this level over time, principally through the retention of shares released to them (after settling any tax due) following the vesting of share awards.

Non-Executive Directors	**At 31 December 2016**
Nicholas Ferguson	**29,286**
Tim Freshwater	**–**
Liz Hewitt	**3,400**
Charles McVeigh	**–**
Rupert Robson	**7,981**

As at 21 March 2017, no Director had bought or sold shares since 31 December 2016, with the exception of Simon Shaw who, as a participant in the Savills Share Incentive Plan (SIP), has acquired 47 shares through the SIP since 31 December 2016. As at 21 March 2017 Simon Shaw holds 179,273 shares.

The Sharesave Scheme

No Directors hold outstanding options under the Sharesave Scheme and no options were exercised during the year.

Scheme interests granted in 2016

The following table sets out details of awards made under the PSP in 2016.

	Type of award	Basis of award (face value)	Performance period	% vesting for threshold performance	% vesting for maximum performance	Performance criteria
Jeremy Helsby	Nil-cost options	£550,000	1 January 2016 to 31 December 2018	25%	100%	– 50% of award Earnings per share growth – 50% of award Relative Total Shareholder Return against the FTSE 250 (excluding investment trusts)
Simon Shaw	Nil-cost options	£250,000				

Awards were also made during the year under the Deferred Share Bonus Plan. Details of awards under this plan are set out below.

The Performance Share Plan ('PSP')
Number of shares

Directors	At 31 December 2015	Awarded during year	Vested during year	At 31 December 2016	Closing mid-market price of a share the day before grant	Market value at date of vesting	First vesting date
Jeremy Helsby	75,000	–	–	75,000	600.0p	–	12.08.17
	67,073	–	–	67,073	820.0p	–	23.04.18
	–	77,084	–	77,084	713.5p	–	27.04.19
Simon Shaw	41,666	–	–	41,666	600.0p	–	12.08.17
	42,682	–	–	42,682	820.0p	–	23.04.18
	–	35,038	–	35,038	713.5p	–	27.04.19

No shares vested under the PSP to Executive Directors during the year.

The Deferred Share Bonus Plan ('DSBP')
Number of shares

Directors	At 31 December 2015	Awarded during year	Vested during year	At 31 December 2016	Closing mid-market price of a share the day before grant	Market value at date of exercising	Normal vesting date
Jeremy Helsby	54,828	–	54,828	–	549.5p	612.2p	26.06.16
	70,767	–	–	70,767	653.0p	–	13.05.17
	73,170	–	–	73,170	820.0p	–	24.04.18
	–	86,463	–	86,463	705.5p		
Simon Shaw	39,571	–	39,571	–	549.5p	612.2p	26.06.16
	53,048	–	–	53,048	653.0p	–	13.05.17
	54,146	–	–	54,146	820.0p	–	24.04.18
	–	60,240	–	60,240	705.5p		14.03.19

Under the DSBP awards over 94,399 shares and 11,265 shares in lieu of dividends vested to Executive Directors during the year. The total pre-tax gain on awards vested during the year was £646,833. No DSBP awards lapsed.

During the year, the aggregate gain on the exercise of share options and shares vested was £646,833. The mid-market closing price of the shares at 30 December 2016, the last business day of the year, was 700.5p and the range during the year was 548.5p to 886p.

Exit payments
No Executive Director left the Company during the year ended 31 December 2016. No payments for compensation for loss of office were paid to, or receivable by, any Director for that or any earlier year.

External directorships
Savills recognises that its Executive Directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden experience and knowledge which can benefit Savills. Subject to approval by the Board and any conditions which it might impose, the Executive Directors and Group Executive Board members are allowed to accept external non-executive directorships and retain the fees received, provided that these appointments are not likely to lead to conflicts of interest. For non-executive directorships which are considered to arise by virtue of an Executive Director's or Group Executive Board member's position within Savills, the fees are paid directly to Savills.

During 2016, Simon Shaw received a fee of £30,000 in relation to his continuing appointment as Non-Executive Chairman of Synairgen plc which he was permitted to keep (as this appointment is not linked to his role within the Company).

Service contracts
The Executive Directors have rolling service contracts which are terminable on 12 months' notice by either the Company or the Executive Director.

Directors	Contract date
Jeremy Helsby	1 May 1999
Simon Shaw	16 March 2009

The Non-Executive Directors and the Chairman have letters of appointment. In line with the UK Corporate Governance Code, all Directors are subject to annual re-election at the AGM. The Chairman's letter of engagement allows for six months' notice. Appointment of other Non-Executive Directors may be terminated by either party with three months' notice.

Director	Date appointed to Board	End date of current letter of appointment
Nicholas Ferguson	26 January 2016	25 January 2019
Tim Freshwater	1 January 2012	31 December 2017
Liz Hewitt	25 June 2014	24 June 2017
Charles McVeigh	1 August 2000	1 August 2017
Rupert Robson	23 June 2015	22 June 2018

Shareholder votes on remuneration matters
The table below shows the voting outcomes for the 2015 Annual Remuneration Report at the AGM held on 11 May 2016 and on 12 May 2014 in respect of the Directors' remuneration policy.

	Number of votes 'For' and discretionary	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'*
2015 Annual Directors' Remuneration Report (2016 AGM)	102,054,526	99.07%	960,356	0.93%	103,014,882	233,227
Directors' Remuneration Policy (2014 AGM)	91,230,892	99.68%	290,799	0.32%	91,521,691	3,672,289

* A vote withheld is not a vote in law.

Directors' report

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual Report and Accounts, where applicable, under LR 9.8.4, is set out in this Directors' Report.

Operations
The Company and its subsidiaries (together the 'Group') operate through a network of offices and associates throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East.

Results for the year
The results for the Group are set out in the consolidated income statement on page 93 which shows a reported profit for the financial year attributable to the shareholders of the Company of £66.9m (2015: £64.3m).

Dividend
An interim dividend of 4.4p per ordinary share amounting to £5.9m (2015: £5.33m) was paid on 5 October 2016. It is recommended that a final dividend of 10.1p per ordinary share (amounting to £13.5m) is paid, together with a supplemental interim dividend of 14.5p per ordinary share (amounting to £19.5m) to be declared by the Board on 21 March 2017, on 15 May 2017 to shareholders on the register at 18 April 2017. More details of the proposed dividend and the Company's performance can be found in the Chairman's statement on pages 10 and 11.

Principal developments
The principal developments of the business are detailed in the Strategic Report on pages 2 to 32 and incorporated into this Report by reference.

The principal risks and uncertainties are detailed on pages 27 to 29 and incorporated into this Report by reference.

Directors
Short biographical details of the current Directors are shown on pages 44 and 45. All the Board members served throughout the year save for Nicholas Ferguson who was appointed as an Independent Non-Executive Director with effect from 26 January 2016 and Martin Angle and Peter Smith who resigned as Non-Executive Directors with effect from 11 May 2016. As at 31 December 2016 the Board comprised the Non-Executive Chairman, two Executive Directors and five Independent Non-Executive Directors.

Interests in the issued share capital of the Company held at the end of the period under review and up to the date of this Report by the Directors or their families are set out on pages 78 and 79 of the Remuneration Report. Details of share options held by the Directors pursuant to the Company's share option schemes are provided in the Remuneration Report on page 79. It is the Board's policy that the GEB Members should retain at least 105,000 shares (value at 31 December 2016: £735,525) in the Company and that the Group Chief Executive retains at least 150,000 shares (value at 31 December 2016: £1.05m) (based on the mid-market share price of 700.5p per share on 30 December 2016) at all times. On approval of the new Remuneration Policy by Shareholders, the shareholding requirement will change to a requirement that the Group Chief Executive Officer and Group Chief Financial Officer hold shares to the value of five times their respective salaries.

Directors' interests in significant contracts
No Directors were materially interested in any contract of significance.

Statement of Directors' responsibilities
In accordance with the Code and the Disclosure Guidance and Transparency Rules ('DTR') DTR4, the Directors' Responsibilities Statement is set out on page 84 and is incorporated into this Report by reference.

Corporate Governance Statement
In accordance with the Code and DTR 7.2.9R, the Corporate Governance Statement on page 40 is incorporated into this Report by reference.

Management Report
This Directors' Report, on pages 81 to 83, together with the Strategic Report on pages 2 to 32, form the Management Report for the purposes of DTR 4.1.5R.

Additional Information Disclosure
Pursuant to regulations made under the CA2006 the Company is required to disclose certain additional information. Those disclosures not covered elsewhere within this Annual Report are as follows:

Share capital and major shareholdings
The issued share capital of the Company as at 31 December 2016 comprised 139,809,677 2.5p ordinary shares, details of which may be found on pages 138 and 139.

The Company has only one class of share capital formed of ordinary shares. All shares forming part of the ordinary share capital have the same rights and each carries one vote.

Votes may be exercised in person, by proxy or by corporate representatives (in relation to corporate members). The Articles provide a deadline for the submission of proxy forms (electronically or by paper) of not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting.

There are no unusual restrictions on the transfer of ordinary shares. The Directors may refuse to register a transfer of a certificated share unless the instrument of transfer is: (i) lodged at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the shares to be transferred and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; or (ii) in respect of only one class of shares.

The Directors may also refuse to register a transfer of a share (whether certificated or uncertificated), whether fully paid or not, in favour of more than four persons jointly.

As at 31 December 2016 the Company had been notified of the following interests in the Company's ordinary share capital in accordance with DTR 5:

Shareholders	Number of shares	%
Standard Life Investments (Holdings) Limited	11,986,846	8.57
Old Mutual plc	11,977,937	8.57
Norges Bank	5,404,296	3.87

Note: On 3 January 2017, Old Mutual plc disclosed a shareholding of 9.15% and on 13 January 2017, Standard Life Investments (Holdings) Limited disclosed a shareholding of 4.81%. No other changes to the above have been disclosed to the Company in accordance with DTR 5, between 31 December 2016 and 21 March 2017.

As at 31 December 2016, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 5,706,307 shares. Any voting or other similar decisions relating to these shares are taken by the trustees of the EBT, who may take account of any recommendation of the Company. The EBT waives all but 0.01p per share of its dividend entitlement. For further details of the EBT please refer to Note 2.21 to the financial statements.

Purchase of own shares

In accordance with the Listing Rules, at the AGM on 11 May 2016, shareholders gave authority for a limited purchase of Savills shares of up to 10% of the issued share capital. During the year, no shares were purchased under the authority.

The Board proposes to seek shareholder approval at the AGM on 9 May 2017 to renew the Company's authority to make market purchases of its own ordinary shares of 2.5p each for cancellation or to be held in treasury. Details of the proposed resolution are included in the Notice of AGM circulated to shareholders with this Annual Report (the 'AGM Notice').

Change of control

There are no significant agreements which take effect, alter or terminate in the event of change of control of the Company except that under its banking arrangements, a change of control may trigger an early repayment obligation.

Articles of Association

The Company's Articles are governed by relevant statutes and may be amended by special resolution of the shareholders in a general meeting.

The Company's rules about the appointment and replacement of Directors are contained in the Articles. The powers of the Directors are determined by UK legislation and the Articles in force from time to time.

Unless determined by ordinary resolution of the Company, the number of Directors shall be not less than three and not more than 18. A Director is not required to hold any shares in the Company by way of qualification. However, as more fully described on page 78, in accordance with Board policy, the members of the GEB (which includes the Executive Directors) are expected to build-up and maintain a shareholding in the Company. The Board may appoint any person to be a Director and such Director shall hold office only until the next AGM when he or she shall then be eligible for reappointment by the shareholders. The Articles provide that each Director shall retire from office at the third AGM after the AGM at which he or she was last elected. A retiring Director shall be eligible for re-election. However, in accordance with the Code, all Directors of the Company are subject to annual re-election.

Annual General Meeting

The AGM is to be held at 33 Margaret Street, London W1G 0JD at 12 noon on 9 May 2017; details are contained in the AGM Notice circulated to shareholders with this Report.

Half Year Report

Like many other listed public companies, we no longer circulate printed Half Year reports to shareholders. Rather, Half Year results' statements are published on the Company's website. This is consistent with our target of saving printing and distribution costs.

Political contributions

There were no political contributions during the year (2015: £nil).

Employees' policies and involvement

The Directors recognise that the quality, commitment and motivation of Savills staff is a key element in the success of the Group; see pages 33 and 34 for more information.

The Group provides regular updates covering performance, developments and progress to employees through regular newsletters, video addresses, the Group's intranet, social media and through formal and informal briefings. These arrangements also aim at ensuring that all of our staff understand our strategy and to build knowledge on the part of employees of matters affecting the performance of the Group. The Group also consults with employees so as to ascertain their views in relation to decisions which are likely to affect their interests.

Employees are able to share in the Group's success through performance-related profit share schemes (see page 70 for more details) and for UK employees (including Executive Directors), share plans which include a Sharesave Scheme and a Share Incentive Plan ('SIP'). The Sharesave Scheme is an HMRC-approved save-as-you-earn share option scheme which allows participants to purchase shares out of the proceeds of a linked savings contract at a price set at the time of option grant. Participants may elect to save up to £500 per month and options may normally be exercised in the six months following the maturity of the linked three-year savings contract. The potential for extending the Sharesave Scheme internationally remains under consideration. The SIP is also HMRC-approved and through which participants may make regular purchases of shares (up to £150 per month which is the current statutory limit) from pre-tax income. Shares under the SIP normally vest after five years, free from income tax and national insurance contributions.

Human rights and equal opportunities

We support the principles of the UN Universal Declaration of Human Rights and the Core Principles of the International Labour Organization.

It is Group policy to provide employment on an equal basis irrespective of gender, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age. In particular, the Group gives full consideration to applications for employment from disabled persons. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment and to provide training and career development and promotion to disabled employees.

Independent Auditors

In accordance with Section 489 of the CA2006, a resolution for the reappointment of PricewaterhouseCoopers LLP as Auditors of the Company will be proposed at the forthcoming AGM.

Whistleblowing

The Group encourages staff to report any concerns which they feel need to be brought to the attention of management. Whistleblowing procedures, which are published on the Group's intranet site, are available to staff who are concerned about possible impropriety, financial or otherwise, and who may wish to ensure that action is taken without fear or victimisation or reprisal.

Greenhouse gas emissions

Details of the Group's global greenhouse gas emissions for the financial year under review can be found on page 36 and are incorporated into this Report by reference.

By order of the Board

Chris Lee
Group Legal Director & Company Secretary
21 March 2017

Savills plc
Registered in England No. 2122174

Directors' responsibilities

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company and Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. 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 Company and the Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 44 and 45, confirms that to the best of his or her knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report set out on pages 2 to 39 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For the purposes of Section 418 of the Companies Act 2006, each of the Directors as at the date of the approval of the Annual Report and Accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the External Auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the External Auditors are aware of that information.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

On behalf of the Board

Jeremy Helsby
Group Chief Executive

Chris Lee
Group Legal Director & Company Secretary

Forward-looking statements

Forward-looking statements have been made by the Directors in good faith using information up until the date on which they approved the Annual Report and Accounts. Forward-looking statements should be regarded with caution due to uncertainties in economic trends and business risks.

21 March 2017

Financial statements

Independent auditors' report to the members of Savills plc

Report on the financial statements

Our opinion

In our opinion:

- Savills plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

What we have audited

The financial statements, included within the Report and Accounts (the 'Annual Report'), comprise:

- the Consolidated and Company statements of financial position as at 31 December 2016;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and Company statements of cash flows for the year then ended;
- the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

Our audit approach

Context

Savills plc is listed on the London Stock Exchange and is structured across four business lines: Transactional Advisory, Property Consultancy, Property and Facilities Management, and Investment Management Services. The Group financial statements are a consolidation of reporting units that make up the four business lines, spread across four geographical regions, UK, US, Europe and Asia Pacific.

Overview

Materiality

- Overall Group materiality: £6.8 million, which represents 5% of Group underlying profit before tax as defined in Note 2.2 to the financial statements.

Audit scope

- We conducted audit work in the UK, Germany, US and Asia Pacific, and across all four of the Group's business lines.
- Audits of the complete financial information were performed on the businesses in the UK, US, Hong Kong, Shanghai (China Central) and Australia, as well as the German Investment Management business acquired in 2015.
- We carried out procedures on parts of the business which accounted for 83% (2015: 83%) of Group revenues and 92% (2015: 86%) of Group underlying profit before tax.

Areas of focus

- Goodwill impairment assessment – particularly for the Group's European businesses.
- Risk of fraud in revenue recognition in relation to cut-off for transaction income in the investment management and transactional advisory businesses.
- Provisions for litigation on valuations.
- Recoverability of trade receivables.
- Regulatory compliance obligations.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus'" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Goodwill impairment assessment – particularly for European businesses Refer to page 52 (Audit Committee Report), pages 102 and 112 (Significant Accounting Policies) and pages 124 to 125 (notes). The Group carried £309.8m of goodwill at 31 December 2016 (2015: £269.7m) of which £4.4m related to new acquisitions made during 2016. The carrying value of goodwill is contingent on future cash flows of the underlying cash-generating units ('CGUs') and there is a risk that if these cash flows do not meet the Directors' expectations, the goodwill will be impaired. No impairment charge was recognised in the year ended 31 December 2016. Given their materiality, we did not regard the acquisitions in the year as warranting particular focus in relation to impairment of goodwill. We focused our assessment on the CGUs in Europe with material amounts of goodwill. The Group's performance in Europe improved during 2016, but there is continued political and economic uncertainty across European markets.	Focusing on the European businesses, we evaluated and challenged the Directors' future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations. We compared management's forecast with the latest Board-approved budget and found them to be consistent. We challenged: • the key assumptions for short and long-term growth rates in the forecasts by comparing them with historical results, as well as economic and industry forecasts for the relevant international property markets; and • the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations, and assessed the specific risk premium applied to each CGU in question. We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer-term growth rates and profit margins in Europe due to continued uncertainty in the macro-economic environment for a number of countries in the region. We ascertained the extent to which a reduction in these assumptions, both individually or in aggregate, would result in goodwill impairment, and considered the likelihood of such events occurring. We did not regard this to be reasonably possible. Given the level of headroom and improved business performance in Savills Europe for 2016, we were satisfied that the carrying value of goodwill in Europe had been appropriately assessed.
Risk of fraud in revenue recognition in relation to cut-off for transaction income in the investment management and transactional advisory businesses Refer to page 52 (Audit Committee Report) and Note 2 to the financial statements for the Directors' disclosures of the related accounting policies, judgements and estimates. Our specific audit focus was on the risk that revenue may be recorded in the incorrect period in respect of transaction fees in the transactional advisory and investment management businesses, in light of the incentive schemes for management in those businesses designed to reward performance. For more complex contracts, the recognition of revenue is largely dependent on the date the underlying transaction is deemed to be completed.	For material transactions, we evaluated the commercial rationale and the revenue recognition process adopted and determined that the related revenue had been recorded on a consistent basis across the Group in accordance with Group policies and applicable IFRSs. We tested a sample of revenue transactions to underlying contracts and third party completion documentation, for example, property sales completion statements, or asset or property management contracts, determining that these sales had taken place and were recorded in the correct period. We additionally tested a sample of revenue to supporting documentation, cash receipts and related contracts, in order to verify that the income was correctly calculated. There were no material issues identified by our testing of revenue recognition in the period.

Independent auditors' report to the members of Savills plc continued

Area of focus	How our audit addressed the area of focus
Provisions for litigation on valuations Refer to page 52 (Audit Committee Report), pages 105 and 112 (Significant Accounting Policies) and page 138 (notes). The Group is subject to a number of legal claims in the normal course of business on valuations performed, which are judgemental in nature and therefore susceptible to challenge. The number of new claims has continued to decline in recent years, particularly in respect of UK valuations. Our audit procedures took into account both the potential exposure and the extent to which liabilities are likely to crystallise, as well as the adequacy of the insurance cover held by the Group. There is also the risk that legal exposures may arise for which adequate provisions are not held.	In order to assess the accuracy and completeness of the provisions held at the balance sheet date we performed the following procedures; • Obtained and read the legal claim letters and accompanying third party documentation received by the Group. • Obtained and read the legal insurance contract, and verified that the terms were appropriately accounted for. • Met with the Group's internal and external counsels to consider in detail a number of the cases, including the potential exposure after taking into account the Group's insurance cover. • Checked the amounts and other details in respect of each new claim to the relevant supporting documentation. • Reviewed the legal cases settled during the year and, where relevant, traced the related cash payments to bank statements. • Examined board minutes, legal expenses incurred during the year and any litigation-related matters arising after the year-end. We determined, based on these procedures, that management had made reasonable judgements in their assessment process for determining the level of provision held. Our procedures did not identify any further legal cases other than those identified by management.
Recoverability of trade receivables Refer to page 52 (Audit Committee Report), page 103 (Significant Accounting Policies) and page 134 (notes). There is a heightened risk of customers defaulting on payments, given the current global economic environment. The Group is therefore exposed to a heightened risk of default in respect of trade receivables, and this increased risk is factored into our audit approach with respect to the provision against trade receivables.	In order to test the recoverability of trade receivables, we performed the following procedures; • Requested confirmations for a sample of client debtor balances in certain locations. • Where a response to our request was not received, we sought to agree the relevant trade receivables balances to post-year end cash receipts. • Where both a response and cash had not been received post year-end, we performed alternative procedures, by agreeing amounts recorded to underlying sales contracts and completion documentation. • Discussed and assessed the reasons that the amounts were not yet paid with Savills' local management teams. We did not encounter any issues through these audit procedures that indicated further provisioning against trade receivables was required. We also evaluated the Group's credit control procedures, and assessed the ageing profile on trade receivables, focusing on older debts. We challenged management as to the recoverability of the older, unprovided amounts, corroborating management explanations with underlying documentation and correspondence with the customer. Based upon the above, we are satisfied that management had taken reasonable judgements that were supported by the available evidence in respect of the relevant receivables.

Area of focus	How our audit addressed the area of focus
Regulatory compliance obligations The Group is subject to Financial Services, Chartered Surveyor, tax, anti-bribery and anti-money laundering laws and regulations across a number of international jurisdictions. Failure to comply with any of these applicable laws and regulations could have a material impact on the results of the business and the reputation for integrity on which it relies. The Directors did not identify any material instances of non-compliance in the year.	We updated our understanding of the legal and regulatory framework within which the Group operates, discussed the Group's approach to regulatory compliance with management internationally and with internal legal counsel, and evaluated management's internal control procedures. We considered that appropriate procedures are in place to identify any instances of non-compliance that would have a material impact on the results and reputation of the business. We read relevant correspondence with regulators to support management's assertions, as well as board minutes and internal audit reports. We examined legal expense accounts and considered the results of our audit work in other areas to determine whether there was any evidence of non-compliance with applicable laws and regulations. We identified no evidence of such instances of non-compliance with applicable laws and regulations.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Taken together, our audit procedures accounted for 83% (2015: 83%) of Group revenues and 92% (2015: 86%) of Group underlying profit before tax.

The Group's accounting process is structured around a local finance function in each of the territories in which the Group operates. In Europe, these functions maintain their own accounting records and controls and report to a Head Office finance team in the UK through submission of management reporting packs. In Asia Pacific, these functions similarly report to a regional finance team in Hong Kong, and in the US the local functions report to the US finance team in New York. At a Group level, a separate finance team consolidates the reporting packs of Europe, Asia Pacific, UK, US and the central functions.

In our view, due to their significance and/or risk characteristics, as defined in our areas of focus, those businesses in the UK and US, Hong Kong, Shanghai (China Central) and Australia within the Asia Pacific region, and the German Investment Management business acquired in 2015, required an audit of their complete financial information. We used component auditors from PwC network firms who are familiar with the local laws and regulations in each of the identified territories outside the UK to perform this audit work. Specific risk-based audit procedures were performed by local teams in Beijing, Shenzhen, Japan and Singapore, focusing on revenue and receivables based on the audit risks we had identified in these areas.

Based upon Group materiality, we did not carry out detailed audit procedures on Savills Europe. Local audit teams perform statutory audits of subsidiary companies in Europe where required by local legislation. These audits were carried out to the same timetable as the Group audit and, accordingly, we were able to incorporate the results of their work into our overall risk assessment.

In order to direct and supervise the Group audit, the Group engagement team sent detailed instructions to significant component audit teams. This included communication of the areas of focus above and other required communications. The Group engagement team held regular meetings throughout the year, and visited the audit teams located at the Savills Asia Pacific head office in Hong Kong, given the significance of this region to the Group, the US head office in New York and the regional office in Shanghai. This ensured that we had a comprehensive understanding of the results of their work – particularly insofar as it related to the identified areas of focus.

The Group consolidation, financial statement disclosures and a number of complex items were audited by the Group engagement team at the head office. These included pensions, tax and share-based payments.

Taken together, these procedures gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£6.8 million (2015: £6.0 million).
How we determined it	5% of Group underlying profit before tax as defined in Note 2.2 to the financial statements.
Rationale for benchmark applied	Based on our professional judgement, we determined materiality by applying a benchmark of 5% of underlying profit before tax. We believe that underlying profit before tax is the most appropriate measure as it eliminates any disproportionate effect of exceptional charges and provides a consistent year-on-year basis for our work.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.3 million (2015: £0.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 84, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page 84, in accordance with provision C.1.1 of the UK Corporate Governance Code (the 'Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on pages 53-56, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 26 of the Annual Report, in accordance with provision C.2.1 of the Code, 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 or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 29 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider 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.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Independent auditors' report to the members of Savills plc continued

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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

Other Companies Act 2006 reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 84, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.
- We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 March 2017

Consolidated income statement
for the year ended 31 December 2016

	Notes	2016 £m	2015 £m
Revenue	6	**1,445.9**	1,283.5
Less:			
Employee benefits expense	9.1	**(953.5)**	(858.1)
Depreciation	16	**(12.7)**	(11.2)
Amortisation of intangible assets	15	**(6.9)**	(5.7)
Other operating expenses	7.1	**(382.7)**	(321.3)
Other operating income	7.1	**2.5**	1.1
Profit on disposal of joint ventures and associates	8	**0.5**	2.9
Loss on disposal of available-for-sale investments	8	**(0.4)**	–
Operating profit		**92.7**	91.2
Finance income	11	**1.6**	1.8
Finance costs	11	**(2.4)**	(1.3)
		(0.8)	0.5
Share of post-tax profit from joint ventures and associates	17.1	**7.9**	6.9
Profit before income tax		**99.8**	98.6
Comprising:			
– underlying profit before tax	8	**135.8**	121.4
– restructuring and acquisition-related costs	8	**(34.5)**	(24.9)
– other underlying adjustments	8	**(1.5)**	2.1
		99.8	98.6
Income tax expense	12	**(32.1)**	(33.7)
Profit for the year		**67.7**	64.9
Attributable to:			
Owners of the parent		**66.9**	64.3
Non-controlling interests		**0.8**	0.6
		67.7	64.9
Earnings per share			
Basic earnings per share	14.1	**48.8p**	47.0p
Diluted earnings per share	14.1	**47.7p**	46.4p
Underlying earnings per share			
Basic earnings per share	14.2	**72.5p**	63.2p
Diluted earnings per share	14.2	**71.0p**	62.3p

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

	Notes	2016 £m	2015 £m
Profit for the year		**67.7**	64.9
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme obligation	10.2	**(35.2)**	(3.5)
Tax on items that will not be reclassified	12	**7.2**	0.7
Total items that will not be reclassified to profit or loss		**(28.0)**	(2.8)
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on available-for-sale investments	17.2	**(0.6)**	0.4
Currency translation differences		**52.6**	4.2
Tax on items that may be reclassified	12	**(0.7)**	2.5
Total items that may be reclassified subsequently to profit or loss		**51.3**	7.1
Other comprehensive income for the year, net of tax		**23.3**	4.3
Total comprehensive income for the year		**91.0**	69.2
Total comprehensive income attributable to:			
Owners of the parent		**90.0**	68.6
Non-controlling interests		**1.0**	0.6
		91.0	69.2

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company are not presented as part of these financial statements. The Company has produced its own income statement and statement of comprehensive income for approval by its Board. The Company receives dividends from subsidiaries and charges subsidiaries for the provision of Group-related services. The profit after income tax of the Company for the year was £80.9m (2015: £47.5m).

Consolidated and Company statements of financial position

as at 31 December 2016

	Notes	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Assets: Non-current assets					
Property, plant and equipment	16	**59.7**	57.0	**1.9**	2.8
Goodwill	15	**309.8**	269.9	**–**	–
Intangible assets	15	**29.2**	25.4	**1.4**	0.5
Investments in subsidiaries	17.3	**–**	–	**118.7**	109.7
Investments in joint ventures and associates	17.1	**28.9**	26.7	**–**	–
Deferred income tax assets	18	**36.5**	33.4	**2.5**	1.8
Available-for-sale investments	17.2	**20.8**	13.2	**–**	–
Retirement benefits	10.2	**–**	1.3	**–**	–
Derivative financial instruments	24	**0.1**	–	**–**	–
Non-current receivables		**9.6**	4.6	**–**	–
		494.6	431.5	**124.5**	114.8
Assets: Current assets					
Work in progress		**5.3**	5.7	**–**	–
Trade and other receivables	19	**419.4**	374.2	**16.5**	20.9
Current income tax receivable		**4.3**	1.2	**1.3**	3.5
Derivative financial instruments	24	**0.2**	0.1	**–**	–
Cash and cash equivalents	20	**223.6**	182.4	**88.3**	82.2
		652.8	563.6	**106.1**	106.6
Liabilities: Current liabilities					
Borrowings	23	**35.8**	31.4	**–**	–
Derivative financial instruments	24	**0.3**	0.2	**–**	–
Trade and other payables	21	**550.2**	455.7	**21.3**	26.0
Current income tax liabilities		**17.5**	12.0	**–**	–
Employee benefit obligations	25.2	**9.2**	7.3	**0.1**	0.1
Provisions for other liabilities and charges	25.1	**10.2**	8.8	**–**	–
		623.2	515.4	**21.4**	26.1
Net current assets		**29.6**	48.2	**84.7**	80.5
Total assets less current liabilities		**524.2**	479.7	**209.2**	195.3
Liabilities: Non-current liabilities					
Trade and other payables	22	**44.9**	69.0	**–**	–
Retirement and employee benefit obligations	10.2 and 25.2	**57.0**	27.3	**2.3**	0.9
Provisions for other liabilities and charges	25.1	**11.7**	15.7	**1.9**	1.3
Deferred income tax liabilities	18	**3.6**	2.7	**–**	–
		117.2	114.7	**4.2**	2.2
Net assets		**407.0**	365.0	**205.0**	193.1
Equity: Capital and reserves attributable to owners of the parent					
Share capital	26	**3.5**	3.4	**3.5**	3.4
Share premium		**91.1**	91.1	**91.1**	91.1
Shares to be issued		**11.3**	22.9	**11.3**	22.9
Other reserves	28	**103.9**	39.1	**26.9**	15.3
Retained earnings	28	**195.8**	207.8	**72.2**	60.4
		405.6	364.3	**205.0**	193.1
Non-controlling interests		**1.4**	0.7	**–**	–
Total equity		**407.0**	365.0	**205.0**	193.1

The consolidated and Company financial statements on pages 93 to 154 were authorised for issue by the Board of Directors on 21 March 2017 and were signed on its behalf by:

J C Helsby
S J B Shaw

Savills plc
Registered in England and Wales
No. 2122174

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

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to owners of the parent							
Balance at 1 January 2016		**3.4**	**91.1**	**22.9**	**39.1**	**207.8**	**364.3**	**0.7**	**365.0**
Profit for the year		–	–	–	–	66.9	66.9	0.8	67.7
Other comprehensive income/(loss):									
Remeasurement of defined benefit pension scheme obligation	10.2	–	–	–	–	(35.2)	(35.2)	–	(35.2)
Fair value loss on available-for-sale investments	17.2	–	–	–	(0.6)	–	(0.6)	–	(0.6)
Tax on items directly taken to reserves	12	–	–	–	–	6.5	6.5	–	6.5
Currency translation differences		–	–	–	52.4	–	52.4	0.2	52.6
Total comprehensive income for the year		–	–	–	51.8	38.2	90.0	1.0	91.0
Transactions with owners:									
Employee share option scheme:									
– Value of services provided		–	–	–	–	13.4	13.4	–	13.4
Purchase of treasury shares		–	–	–	–	(23.2)	(23.2)	–	(23.2)
Shares issued		0.1	–	(11.6)	11.6	–	0.1	–	0.1
Dividends	13	–	–	–	–	(35.4)	(35.4)	(0.9)	(36.3)
Transfer between reserves		–	–	–	1.4	(1.4)	–	–	–
Transactions with non-controlling interests	17.4	–	–	–	–	(3.6)	(3.6)	0.6	(3.0)
Balance at 31 December 2016		**3.5**	**91.1**	**11.3**	**103.9**	**195.8**	**405.6**	**1.4**	**407.0**

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to owners of the parent							
Balance at 1 January 2015		3.4	90.1	34.9	22.5	178.6	329.5	0.8	330.3
Profit for the year		–	–	–	–	64.3	64.3	0.6	64.9
Other comprehensive income/(loss):									
Remeasurement of defined benefit pension scheme obligation	10.2	–	–	–	–	(3.5)	(3.5)	–	(3.5)
Fair value gain on available-for-sale investments	17.2	–	–	–	0.4	–	0.4	–	0.4
Tax on items directly taken to reserves	12	–	–	–	–	3.2	3.2	–	3.2
Currency translation differences		–	–	–	4.2	–	4.2	–	4.2
Total comprehensive income for the year		–	–	–	4.6	64.0	68.6	0.6	69.2
Transactions with owners:									
Employee share option scheme:									
– Value of services provided		–	–	–	–	11.1	11.1	–	11.1
Purchase of treasury shares		–	–	–	–	(14.9)	(14.9)	–	(14.9)
Shares issued		–	1.0	(12.0)	12.0	–	1.0	–	1.0
Dividends	13	–	–	–	–	(30.3)	(30.3)	(0.4)	(30.7)
Transactions with non-controlling interests		–	–	–	–	(0.7)	(0.7)	(0.3)	(1.0)
Balance at 31 December 2015		3.4	91.1	22.9	39.1	207.8	364.3	0.7	365.0

* Included within other reserves on the face of the statement of financial position are the capital redemption reserve, merger relief reserve, foreign exchange reserve and revaluation reserve as disclosed in Note 28.

** Included within retained earnings on the face of the statement of financial position are treasury shares, share-based payments reserve and the profit and loss account as disclosed in Note 28.

Company statement of changes in equity

for the year ended 31 December 2016

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Capital redemption reserve* £m	Merger relief reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total shareholders' equity £m
		Attributable to owners of the Company								
Balance at 1 January 2016		**3.4**	**91.1**	**22.9**	**0.3**	**12.0**	**3.0**	**3.5**	**56.9**	**193.1**
Profit for the year		–	–	–	–	–	–	–	80.9	80.9
Other comprehensive income:										
Remeasurement of defined benefit pension scheme obligation	10.2	–	–	–	–	–	–	–	(1.9)	(1.9)
Tax on items directly taken to reserves	12	–	–	–	–	–	–	–	0.2	0.2
Total comprehensive income for the year		–	–	–	–	–	–	–	**79.2**	**79.2**
Employee share option scheme:										
– Value of services provided		–	–	–	–	–	–	2.4	–	2.4
– Exercise of share options		–	–	–	–	–	–	(0.9)	(10.3)	(11.2)
Distribution for Employee Benefit Trust		–	–	–	–	–	–	–	(23.2)	(23.2)
Shares issued		0.1	–	(11.6)	–	11.6	–	–	–	0.1
Dividends	13	–	–	–	–	–	–	–	(35.4)	(35.4)
Balance at 31 December 2016		**3.5**	**91.1**	**11.3**	**0.3**	**23.6**	**3.0**	**5.0**	**67.2**	**205.0**

	Notes	Share capital £m	Share premium £m	Shares to be issued £m	Capital redemption reserve* £m	Merger relief reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total shareholders' equity £m
		Attributable to owners of the Company								
Balance at 1 January 2015		3.4	90.1	34.9	0.3	–	3.0	4.3	52.6	188.6
Profit for the year		–	–	–	–	–	–	–	47.5	47.5
Other comprehensive income:										
Remeasurement of defined benefit pension scheme obligation	10.2	–	–	–	–	–	–	–	(0.2)	(0.2)
Tax on items directly taken to reserves	12	–	–	–	–	–	–	–	(0.4)	(0.4)
Total comprehensive income for the year		–	–	–	–	–	–	–	46.9	46.9
Employee share option scheme:										
– Value of services provided		–	–	–	–	–	–	1.9	–	1.9
– Exercise of share options		–	–	–	–	–	–	(2.7)	(10.7)	(13.4)
Distribution for Employee Benefit Trust		–	–	–	–	–	–	–	(1.6)	(1.6)
Shares issued		–	1.0	(12.0)	–	12.0	–	–	–	1.0
Dividends	13	–	–	–	–	–	–	–	(30.3)	(30.3)
Balance at 31 December 2015		3.4	91.1	22.9	0.3	12.0	3.0	3.5	56.9	193.1

* Included within other reserves on the face of the statement of financial position are the capital redemption reserve, the merger relief reserve and other reserves as disclosed above.
** Included within retained earnings on the face of the statement of financial position are share-based payments reserve and retained earnings as disclosed above.

Consolidated and Company statements of cash flows
for the year ended 31 December 2016

		Group		Company	
	Notes	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Cash flows from operating activities					
Cash generated from operations	31	**117.8**	140.5	**70.3**	33.2
Interest received		**1.6**	2.0	**1.0**	1.1
Interest paid		**(1.3)**	(0.6)	**–**	–
Income tax (paid)/received		**(24.8)**	(19.9)	**3.9**	2.8
Net cash generated from operating activities		**93.3**	122.0	**75.2**	37.1
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**0.2**	0.2	**–**	–
Proceeds from sale of available-for-sale investments		**5.1**	–	**–**	–
Proceeds from sale of interests in joint ventures and associates		**2.0**	5.3	**–**	–
Dividends received from joint ventures and associates		**7.5**	4.8	**–**	–
Loans to joint ventures, associates and subsidiaries		**–**	–	**(9.0)**	(0.2)
Repayment of loans by joint ventures, associates and subsidiaries		**1.2**	–	**–**	–
Acquisition of subsidiaries, net of net borrowings acquired		**(4.4)**	(24.4)	**–**	–
Deferred consideration paid in relation to current and prior year acquisitions		**(6.8)**	(40.3)	**–**	–
Purchase of property, plant and equipment	16	**(12.8)**	(20.0)	**(0.5)**	(1.6)
Purchase of intangible assets	15	**(4.7)**	(1.7)	**(1.1)**	(0.3)
Purchase of investment in joint ventures, associates and available-for-sale investments	17.1 and 17.2	**(12.6)**	(6.0)	**–**	–
Net cash used in investing activities		**(25.3)**	(82.1)	**(10.6)**	(2.1)
Cash flows from financing activities					
Proceeds from issue of share capital	26	**0.1**	1.0	**0.1**	1.0
Proceeds from borrowings		**144.6**	139.3	**–**	–
Repayments of borrowings		**(141.2)**	(112.0)	**–**	–
Contribution to Employee Benefit Trust		**–**	–	**(23.2)**	(1.6)
Purchase of own shares for Employee Benefit Trust	28	**(23.2)**	(14.9)	**–**	–
Purchase of non-controlling interests	17.4	**(3.3)**	(1.0)		
Proceeds from disposal of non-controlling interests	17.4	**0.3**	–	**–**	–
Dividends paid	13	**(36.3)**	(30.7)	**(35.4)**	(30.3)
Net cash used in financing activities		**(59.0)**	(18.3)	**(58.5)**	(30.9)
Net increase in cash, cash equivalents and bank overdrafts		**9.0**	21.6	**6.1**	4.1
Cash, cash equivalents and bank overdrafts at beginning of year		**182.2**	158.1	**82.2**	78.1
Effect of exchange rate fluctuations on cash held		**32.2**	2.5	**–**	–
Cash, cash equivalents and bank overdrafts at end of year	20 and 23	**223.4**	182.2	**88.3**	82.2

Notes to the financial statements

Year ended 31 December 2016

1. General information

Savills plc (the 'Company') and its subsidiaries (together the 'Group') is a global real estate services Group. The Group operates through a network of offices in the UK, Continental Europe, Asia Pacific, North America, Africa and the Middle East. Savills is listed on the London Stock Exchange and employs 32,361 staff worldwide.

The Company is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is 33 Margaret Street, London W1G 0JD.

These consolidated financial statements were approved for issue by the Board of Directors on 21 March 2017.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated, and are also applicable to the parent Company.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared on a going concern basis and under the historical cost convention as modified by the revaluation of available-for-sale investments and derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and for management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

2.2 Use of non-GAAP measures

The Group believes that the consistent presentation of underlying profit before tax, underlying effective tax rate, underlying basic earnings per share and underlying diluted earnings per share provides additional useful information to shareholders on the underlying trends and comparable performance of the Group over time. The 'underlying' measures are also used by Savills for internal performance analysis and incentive compensation arrangements for employees. All the adjustments made to the GAAP measures are considered exceptional and/or non-operational in nature. These terms are not defined terms under IFRS and may therefore not be comparable with similarly-titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

The term 'underlying' refers to the relevant measure of profit, earnings or taxation being reported excluding the impact (pre and post-tax where applicable) of the following items:

- amortisation of acquired intangible assets (excluding software);
- the difference between IFRS 2 charges related to outstanding bonus-related deferred share awards and the estimated value of the current year bonus pool expected to be allocated to deferred share awards (refer to Note 8 for further explanation);
- items that are considered exceptional by size or nature including restructuring costs, impairments of goodwill, intangible assets and investments and profits or losses arising on disposals of subsidiaries and other investments; and
- significant acquisition costs related to business combinations.

The underlying effective tax rate represents the underlying income tax expense expressed as a percentage of underlying profit before tax. The underlying income tax expense is the income tax expense excluding the tax effect of the adjustments made to arrive at underlying profit before tax and other tax effects related to these adjustments.

Underlying basic earnings per share and underlying diluted earnings per share both utilise the underlying profit after tax measure instead of GAAP earnings. The weighted average number of shares remain the same as the GAAP measure.

A reconciliation between GAAP and underlying measures are set out in Note 8 (underlying profit before tax) and Note 14.2 (underlying basic earnings per share and underlying diluted earnings per share).

The Group also refers to revenue and underlying profit on a constant currency basis which are both non-GAAP measures. Constant currency results are calculated by translating the current year revenue and underlying profit using the prior year exchange rates. This measure allows the Group to assess the results of the current year compared to the prior year, excluding the impact of foreign currency movements.

2.3 Consolidation

The consolidated financial statements include those of the Company and its subsidiary undertakings, together with the Group's share of results of its associates and joint ventures.

2. Accounting policies continued

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries held by the Company are held at cost, less any provision for impairment.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 17.1).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

The carrying amount of associates is tested for impairment in accordance with the policy described in Note 2.9.

2. Accounting policies continued

(e) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of joint ventures is tested for impairment in accordance with the policy described in Note 2.9.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Board.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

As the Group is strongly affected by both differences in the types of services it provides and the geographical areas in which it operates, the matrix approach of disclosing both the business and geographical segments format is used.

Revenues and expenses are allocated to segments on the basis that they are directly attributable or the relevant portion can be allocated on a reasonable basis.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is also the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss and are recognised in the income statement, except for available-for-sale equity investments, which are recognised in other comprehensive income. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

(c) Group entities

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are taken directly to the foreign exchange reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange reserve is transferred to the income statement.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Accounting policies continued

Provision for depreciation is made at rates calculated on a straight-line basis to write-off the assets over their estimated useful lives as follows:

Freehold property	50 years
Short leasehold property (less than 50 years)	Over unexpired term of lease
Equipment and motor vehicles	3–10 years

Residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Goodwill

Goodwill represents the excess of the cost of acquisition of a subsidiary or associate over the Group's share of the fair value of identifiable net assets acquired.

In respect of associates, goodwill is included in the carrying value of the investment.

Goodwill is carried at cost less accumulated impairment losses. Separately recognised goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of value-in-use and fair value less costs of disposal. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in the geographical region in which it operates (Note 15).

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.8 Intangible assets other than goodwill

Intangible assets acquired as part of business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life. Fair value on acquisition is determined by third party valuation where the acquisition is significant.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Measurement subsequent to initial recognition is at cost less accumulated amortisation and impairment.

Amortisation charges are spread on a straight-line basis over the period of the assets' estimated useful lives as follows:

Customer relationships	3–15 years
Order back-log	5 years
Contracts – investment, property management and other existing business contracts	2–20 years
Computer software	3–5 years

Acquired investment management contracts relating to open-ended funds have been attributed indefinite useful lives.

2. Accounting policies continued

2.9 Impairment of other non-financial assets

Assets that have indefinite useful lives are not subject to amortisation or depreciation and are tested annually for impairment or whenever an indicator of impairment exists. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever an indicator of impairment exists. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value-in-use. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Value-in-use is determined using the discounted cash flow method, with an appropriate discount rate to reflect market rates and specific risks associated with the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.10 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position at fair value when the Group becomes party to the contractual provisions of the instrument. Subsequent measurement depends on the classification and is discussed in paragraphs 2.11–2.16.

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of consideration received is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

2.11 Available-for-sale investments

Available-for-sale investments are stated at fair value, with changes in fair value being recognised in other comprehensive income. When such investments are disposed or become impaired, the accumulated gains and losses, previously recognised in other comprehensive income, are recognised in the income statement.

2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Receivables are discounted where the time value of money is material.

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 original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other operating expenses'. When a trade receivable is uncollected, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short-term highly liquid investments with original maturities of three months or less and working capital overdrafts, which are subject to an insignificant risk of changes in value. Bank overdrafts are included under borrowings in the statement of financial position.

2.14 Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method.

2.15 Trade payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2. Accounting policies continued

2.16 Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

Certain derivatives do not qualify for hedge accounting. In these cases, changes in the fair value of all derivative instruments are recognised immediately in the income statement.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares which are not cancelled, or shares purchased for the Employee Benefit Trust, are classified as treasury shares and presented as a deduction from total equity.

2.18 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Pension obligations

The Group operates both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

The defined benefit scheme charge consists of net interest costs, past service costs and the impact of any settlements or curtailments and is charged as an expense as they fall due.

All actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise.

2. Accounting policies continued

The Group also operates a defined contribution Group Personal Pension Plan for new entrants and a number of defined contribution individual pension plans. Contributions in respect of defined contribution pension schemes are charged to the income statement when they are payable. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The net defined benefit cost is allocated amongst participating Group subsidiaries on the basis of pensionable salaries.

2.20 Share-based payments

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

All equity-settled share-based payments are measured at fair value at the date of grant. Fair value is predominantly measured by use of the Actuarial Binomial option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Any cash proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.21 Employee Benefit Trust

The Company has established the Savills plc 1992 Employee Benefit Trust (the 'EBT'), the purposes of which are to grant awards to employees, to acquire shares in the Company pursuant to the Savills Deferred Share Bonus Plan and the Savills Deferred Share Plan and to hold shares in the Company for subsequent transfer to employees on the vesting of the awards granted under the schemes. The assets and liabilities of the EBT are included in the Group statement of financial position. Investments in the Group's own shares are shown as a deduction from equity.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(a) Professional indemnity claims

Provisions on professional indemnity claims are recognised when it is probable that the Group will be required to settle claims against it as a result of a past event and the amount of the obligation can be reliably estimated.

(b) Dilapidation provisions

The Group is required to perform dilapidation repairs and restore properties to agreed specifications on leased properties prior to the properties being vacated at the end of their lease term. Provision for such cost is made where a legal obligation is identified and the liability can be reasonably quantified.

(c) Onerous leases

A provision is recognised where the costs of meeting the obligations under a lease contract exceed the economic benefits expected to be received and is measured as the net least cost of exiting the contract, being the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it.

(d) Restructuring provision

A provision is recognised when there is a present constructive obligation to meet the costs of restructure. This arises when there is a detailed formal plan for the restructuring, identifying at least the business or part of the business concerned, principal locations affected and the location, function and approximate number of employees to be compensated for terminating their services and when the plan has been communicated to those affected by it, raising an expectation that the plan will be carried out.

2.23 Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and amounts due to third parties and after elimination of revenue within the Group.

(a) Residential transactional fees

Generally, where contracts are unconditional, revenue is recognised on exchange of contracts. However, on more complex contracts, revenue will be recognised on the date of completion. On multi-unit developments, revenue is recognised on a staged basis, based on each contract, commencing when the underlying contracts are exchanged.

2. Accounting policies continued

(b) Commercial transactional fees
Generally, revenue is recognised on the date of completion or when unconditional contracts have been exchanged.

(c) Property consultancy
Revenue in respect of property consultancy represents commissions and fees recognised on a time basis, fixed fee or percentage of completion. Percentage of completion is principally measured by the proportion of actual costs incurred in relation to the best estimate of total costs expected for completion of the contract.

(d) Property and facilities management
Revenue represents fees earned for managing properties and providing facilities and is generally recognised in the period the services are provided using a straight-line basis over the term of the contract.

(e) Investment management
Revenue represents commissions and fees receivable, net of marketing costs in accordance with the relevant fee agreements.

Annual management fees are recognised, gross of costs, in the period to which the service has been provided, in accordance with the contracted fee agreements. Transaction fees are recognised on the date of completion of a purchase or sale transaction. Distribution fees are recognised on the completion of a signed subscription agreement and performance fees are recognised as earned and when approved by the fund.

(f) Work in progress
Work in progress generally relates to consultancy revenue and is stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads.

(g) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.

(h) Dividend income
Dividend income is recognised when the right to receive payment is established.

(i) Other income
Other income includes interest and dividend income on available-for-sale investments plus fair value gains and losses on assets at fair value through profit or loss.

2.24 Leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. The assets are then depreciated over the lower of the lease terms or the estimated useful lives of the assets.

The capital elements of future obligations under finance leases are included as liabilities in the statement of financial position. Leasing payments comprise capital and finance elements and the finance element is charged to the income statement.

The annual payments under all other lease agreements (operating leases) are charged to the income statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into the operating lease are also spread on a straight-line basis over the lease term.

A lease is classified as onerous where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.25 Dividends
Dividend distributions are recognised as a liability in the Group’s financial statements in the period in which they are approved by the Company’s shareholders.

Interim dividends are recognised when paid.

2. Accounting policies continued

2.26 Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations mandatorily effective for the first time for the financial year beginning 1 January 2016 that are not relevant or considered significant to the Group include the following:

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities – Applying the Consolidation Exception
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IAS 1	Disclosure Initiative
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2017, and have not been early adopted:

- IFRS 16, 'Leases', effective for the accounting periods beginning on or after 1 January 2019 (subject to EU endorsement). The standard addresses the classification, measurement and recognition of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard supersedes IAS 17 'Leases'. The impact of the standard is currently being assessed.
- IFRS 15, 'Revenue from contracts with customers', including amendments, effective for accounting periods beginning on or after 1 January 2018. The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The application of IFRS is not expected to have a material impact on the amounts recognised in the Group's consolidated financial statements however, it may have a material impact on the disclosures. The impact of the standard is currently being assessed.
- IFRS 9, 'Financial instruments', including amendments, effective for accounting periods beginning on or after 1 January 2018. This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The application of IFRS 9 is not expected to have a material impact on the amounts reported in the Group's consolidated financial statements.

Other standards, amendments and interpretations not yet effective and not discussed above are not relevant or considered significant to the Group.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group. The Group uses financial instruments to manage material foreign currency and interest rate risk.

The treasury function is responsible for implementing risk management policies applied by the Group and has a policy and procedures manual that sets out specific guidelines on financial risks and the use of financial instruments to manage these.

3.2 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks primarily with respect to the euro, Hong Kong dollar and US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. When there is a material committed foreign currency exposure the foreign exchange risk will be hedged. The Group may finance some overseas investments through the use of foreign currency borrowings. The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature and the high costs associated with such hedging.

The sensitivity analysis has been prepared for the major currencies to which the Group is exposed. Recent historical movements in these currencies has been considered and it has been concluded that a 5–10% movement in rates is a reasonable benchmark.

3. Financial risk management continued

For the year ended 31 December 2016, if the average currency conversion rates against sterling for the year had changed with all other variables held constant, the Group post-tax profit for the year would have increased or decreased as shown below:

£m	Movement of currency against sterling -10.0%	-5.0%	+5.0%	+10.0%
2016				
Estimated impact on post-tax profit				
Euro	**(1.3)**	**(0.7)**	**0.7**	**1.5**
Hong Kong dollar	**(0.5)**	**(0.3)**	**0.3**	**0.6**
US dollar	**0.8**	**0.4**	**(0.4)**	**(0.9)**
Estimated impact on components of equity				
Euro	**1.1**	**0.5**	**(0.6)**	**(1.3)**
Hong Kong dollar	**(13.7)**	**(7.2)**	**7.9**	**16.7**
US dollar	**(11.4)**	**(6.0)**	**6.6**	**13.9**
2015				
Estimated impact on post-tax profit				
Euro	(0.5)	(0.3)	0.3	0.6
Hong Kong dollar	(0.5)	(0.3)	0.3	0.6
US dollar	0.7	0.4	(0.4)	(0.8)
Estimated impact on components of equity				
Euro	2.1	1.1	(1.2)	(2.5)
Hong Kong dollar	(11.8)	(6.2)	6.9	14.5
US dollar	(10.2)	(5.4)	5.9	12.5

3.3 Interest rate risk

The Group has both interest-bearing assets and liabilities. The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group cash flow to interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 70% of its borrowings in fixed rate instruments.

For the year ended 31 December 2016, if the average interest rate for the year had changed with all other variables held constant, the Group's post-tax profit for the year and equity would have increased or decreased as shown below:

£m	Increase in interest rates +0.5%	+1.0%	+1.5%	+2.0%
2016				
Estimated impact on post-tax profit and equity	**0.4**	**0.8**	**1.2**	**1.6**
2015				
Estimated impact on post-tax profit and equity	0.1	0.4	0.7	1.0

£m	Decrease in interest rates -0.5%	-1.0%	-1.5%	-2.0%
2016				
Estimated impact on post-tax profit and equity	**(0.5)**	**(0.5)**	**(0.2)**	**(0.2)**
2015				
Estimated impact on post-tax profit and equity	(0.5)	(0.7)	(0.9)	(0.9)

The rationale behind the 2.0% sensitivity analysis is based upon historic trends in interest rate movements and the short-term expectation that any increase or decrease greater than 2.0% is unlikely to occur.

3.4 Credit risk

Credit risk arises from cash and cash equivalents, available-for-sale investments, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. The Group has policies that require appropriate credit checks on potential customers before engaging with them. A risk control framework is used to assess the credit quality of clients, taking into account financial position, past experience and other factors.

Individual risk limits for banks and financial institutions are set based on external ratings and in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

3. Financial risk management continued

As at the reporting date, no significant credit risk existed in relation to banking counterparties. No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties. There were no other significant receivables or individual trade receivable balances as at 31 December 2016. Refer to Note 19 for information on the credit quality of trade receivables and the maximum exposure to credit risk arising on outstanding receivables from clients.

The table below shows Group cash balances split by counterparty ratings at the reporting date:

Counterparty rating (provided by S&P)	2016 £m	2015 £m
AA-	**23.1**	15.5
A+	**65.1**	60.0
A	**101.7**	63.8
A-	**13.7**	22.8
BBB+ or below	**20.0**	20.3
Total	**223.6**	182.4

3.5 Liquidity risk

The Group maintains appropriate committed facilities to ensure the Group has sufficient funds available for operations and expansion. The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months.

Management monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities (Note 23) and cash and cash equivalents (Note 20) on the basis of expected cash flow. This is carried out at local level in the operating companies of the Group in accordance with Group practice as well as on a Group consolidated basis.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Amounts due within 12 months and non-current amounts both equal their carrying balances, as the impact of discounting is not significant.

£m	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2016				
Borrowings	**35.8**	**–**	**–**	**–**
Derivative financial instruments	**0.3**	**–**	**–**	**–**
Trade and other payables	**497.8**	**18.6**	**24.2**	**2.1**
	533.9	**18.6**	**24.2**	**2.1**
2015				
Borrowings	31.4	–	–	–
Derivative financial instruments	0.2	–	–	–
Trade and other payables	409.0	44.1	23.3	1.6
	440.6	44.1	23.3	1.6

3.6 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Group's overall strategy remains unchanged from 2015.

Savills plc is not subject to any externally-imposed capital requirements, with the exception of its regulated entities within the Savills Investment Management group and its FCA (Financial Conduct Authority) regulated entity, Savills Capital Advisors Ltd, in the UK. All regulated entities complied with the relevant capital requirements during the year ended 31 December 2016. The Savills Investment Management group has regulated entities in the UK, Jersey, Luxembourg, Germany, Italy and Japan. For more information on Savills Investment Management group's regulated entities and regulatory requirements, please visit www.savillsim.com.

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. Financial risk management continued

The Board has put in place a distribution policy which takes into account the degree of maintainability of the Group's different profit streams and the Group's overall exposure to cyclical Transaction Advisory profits, as well as the requirement to maintain a certain level of cash resources for working capital and corporate development purposes. The Board will recommend an ordinary dividend broadly reflecting the profits derived from the Group's less volatile businesses. In addition, when profits from the cyclical Transaction Advisory business are strong, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend. The value of any such supplemental dividend will vary depending on the performance of the Group's Transaction Advisory business and the Group's anticipated working capital and corporate development requirements through the cycle. It is intended that, in normal circumstances, the combined value of the ordinary and supplemental dividends declared in respect of any year are covered at least 1.5 times by statutory retained earnings and/or at least 2.0 times by underlying profits after taxation. The Group complied with this policy throughout the year.

The Group's policy is to borrow centrally if required to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are then on-lent or contributed as equity to certain subsidiaries. The Board of Directors monitors a number of debt measures on a rolling forward 12-month basis including: gross cash by location; gross debt by location; cash subject to restrictions; total debt servicing cost to operating profit; gross borrowings as a percentage of EBITDA (earnings before interest, tax, depreciation and amortisation); and forecast headroom against available facilities. These internal measures indicate the levels of debt that the Group has and are closely monitored to ensure compliance with banking covenants and to confirm that the Group has sufficient unused facilities. The Group complied with all banking covenants throughout the year and met all internal counterparty exposure limits set by the Board.

The capital structure is as follows:

	Group		Company	
£m	2016	2015	2016	2015
Equity	**407.0**	365.0	**205.0**	193.1
Cash and cash equivalents	**223.6**	182.4	**88.3**	82.2
Bank overdrafts	**(0.2)**	(0.2)	**–**	–
Borrowings	**(35.6)**	(31.2)	**–**	–
Net cash	**187.8**	151.0	**88.3**	82.2

3.7 Categories of financial instruments

	Financial asset at fair value 2016 £m	Available-for-sale financial assets 2016 £m	Loans and receivables 2016 £m	Total carrying amount 2016 £m	Financial asset at fair value 2015 £m	Available-for-sale financial assets 2015 £m	Loans and receivables 2015 £m	Total carrying amount 2015 £m
Financial assets:								
Available-for-sale investments	**–**	**20.8**	**–**	**20.8**	–	13.2	–	13.2
Trade and other receivables	**–**	**–**	**363.0**	**363.0**	–	–	321.7	321.7
Derivative financial instruments	**0.2**	**–**	**–**	**0.2**	0.1	–	–	0.1
Cash and cash equivalents	**–**	**–**	**223.6**	**223.6**	–	–	182.4	182.4
Total financial assets	**0.2**	**20.8**	**586.6**	**607.6**	0.1	13.2	504.1	517.4

	Financial liabilities at fair value 2016 £m	Financial liabilities at amortised cost 2016 £m	Total carrying amount 2016 £m	Financial liabilities at fair value 2015 £m	Financial liabilities at amortised cost 2015 £m	Total carrying amount 2015 £m
Financial liabilities:						
Borrowings	**–**	**35.8**	**35.8**	–	31.4	31.4
Trade and other payables	**–**	**542.7**	**542.7**	–	478.0	478.0
Derivative financial instruments	**0.3**	**–**	**0.3**	0.2	–	0.2
Total financial liabilities	**0.3**	**578.5**	**578.8**	0.2	509.4	509.6

3. Financial risk management continued

3.8 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2016:

£m	Level 1	Level 2	Level 3	Total
2016				
Assets				
Available-for-sale investments				
– Unlisted	–	20.8	–	20.8
Derivative financial instruments	–	0.2	–	0.2
Total assets	–	21.0	–	21.0
Liabilities				
Derivative financial instruments	–	0.3	–	0.3
Total liabilities	–	0.3	–	0.3

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015:

£m	Level 1	Level 2	Level 3	Total
2015				
Assets				
Available-for-sale investments				
– Unlisted	–	13.2	–	13.2
Derivative financial instruments	–	0.1	–	0.1
Total assets	–	13.3	–	13.3
Liabilities				
Derivative financial instruments	–	0.2	–	0.2
Total liabilities	–	0.2	–	0.2

Level 1 instruments are those whose fair values are based on quoted market prices. The Group has no Level 1 instruments.

The fair value of unlisted available-for-sale investments is determined using valuation techniques using observable market data where available and rely as little as possible on entity estimates. The fair value of investment funds is based on underlying asset values determined by the Fund Manager's audited annual financial statements. The fair value of other unlisted investments is based on price earnings models. These instruments are included in Level 2.

The fair value of derivative financial instruments is determined by using valuation techniques using observable market data. The fair value of derivative financial instruments is based on the market value of similar instruments with similar maturities. These instruments are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

4. Offsetting financial assets and financial liabilities

The table below shows the amounts of financial assets and financial liabilities before and after offsetting. The amounts offset in the balance sheet were established in accordance with IAS 32. The assets and liabilities offset stem from the multi-currency cash pooling implemented within the Group.

£m	Gross financial assets/ (liabilities)	Amounts offset in the balance sheet	Net amount in the balance sheet
As at 31 December 2016			
Assets			
Cash and cash equivalents	375.7	(152.1)	223.6
Liabilities			
Bank overdrafts	(152.3)	152.1	(0.2)
As at 31 December 2015			
Assets			
Cash and cash equivalents	350.0	(167.6)	182.4
Liabilities			
Bank overdrafts	(167.8)	167.6	(0.2)

5. Critical accounting estimates and management judgements

Estimates are continually evaluated and are based on historical experience, current market conditions and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience. The estimates and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Pension benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 10.2.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred taxes

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised, especially with regard to the extent that future taxable profits will be available against which losses can be utilised.

(d) Estimated impairment of assets

The Group tests annually whether goodwill has suffered any impairment. All other assets are tested for impairment where there are indicators of impairment.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The use of this method requires the estimate of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates. The estimates used in these financial statements are contained in Note 15.2.

(e) Valuation of intangible assets and useful life

The Group has made assumptions in relation to the potential future cash flows to be determined from separable intangible assets acquired as part of business combinations. This assessment involves assumptions relating to potential future revenues, appropriate discount rates and the useful life of such assets. These assumptions impact the income statement over the useful life of the intangible asset.

(f) Provisions

The Group and its subsidiaries are party to various legal claims. Provisions made within these financial statements and further details are contained in Note 25.1. Additional claims could be made which might not be covered by existing provisions or by insurance as detailed in Note 29.

(g) Fair value of options granted to employees

The Group uses the Binomial Model in determining the fair value of options granted to employees under the Group's various schemes as detailed in the Remuneration Report. Information on such assumptions is contained in Note 27.5. The alteration of these assumptions may impact charges to the income statement over the vesting period of the award.

6. Segment analysis

Operating segments reflect internal management reporting to the Group's chief operating decision maker, defined as the Group Executive Board (GEB). The operating segments are determined based on differences in the nature of their services. Geographical location also strongly affects the Group and both are therefore disclosed. The reportable operating segments derive their revenue primarily from property-related services. Refer to the Group overview on page 3 and the segmental reviews on pages 16 to 19 for further information on revenue sources.

Operations are based in four main geographical areas. The UK is the home of the parent Company with segment operations throughout the region. Asia Pacific segment operations are based in Hong Kong, Macau, China, South Korea, Japan, Taiwan, Thailand, Singapore, Vietnam, Australia, Indonesia, Malaysia and Myanmar. Continental Europe segment operations are based in Germany, France, Spain, Netherlands, Belgium, Sweden, Italy, Ireland and Poland. North America segment operations are based in a number of states throughout the the US and in Canada. The sales location of the client is not materially different from the location where fees are received and where the segment assets are located.

Within the UK, both commercial and residential services are provided. Other geographical areas, although largely commercial-based, also provide residential services, in particular Hong Kong, China, Vietnam, Singapore, Australia, Taiwan and Thailand.

The GEB assesses the performance of operating segments based on a measure of underlying profit before tax which adjusts reported pre-tax profit by profit/(loss) on disposals, share-based payment adjustment, significant restructuring costs, acquisition-related costs, amortisation of acquired intangible assets (excluding software) and impairments. Segmental assets and liabilities are not measured or reported to the GEB, but non-current assets are disclosed geographically on page 114.

The segment information provided to the GEB for revenue and profits for the year ended 31 December 2016 is as follows:

2016	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
Revenue						
United Kingdom – commercial	86.0	145.3	130.4	25.9	–	387.6
– residential	124.4	37.8	28.5	–	–	190.7
Total United Kingdom	210.4	183.1	158.9	25.9	–	578.3
Continental Europe	71.5	19.3	40.1	39.7	–	170.6
Asia Pacific – commercial	129.7	37.9	273.8	6.4	–	447.8
– residential	38.1	–	–	–	–	38.1
Total Asia Pacific*	167.8	37.9	273.8	6.4	–	485.9
North America	211.1	–	–	–	–	211.1
Revenue	660.8	240.3	472.8	72.0	–	1,445.9
Underlying profit/(loss) before tax						
United Kingdom – commercial	14.7	16.3	8.7	6.4	(11.3)	34.8
– residential	17.5	5.9	2.6	–	–	26.0
Total United Kingdom	32.2	22.2	11.3	6.4	(11.3)	60.8
Continental Europe	5.0	1.3	(2.2)	9.4	–	13.5
Asia Pacific – commercial	20.6	2.4	14.5	1.8	–	39.3
– residential	3.3	–	–	–	–	3.3
Total Asia Pacific	23.9	2.4	14.5	1.8	–	42.6
North America	18.9	–	–	–	–	18.9
Underlying profit/(loss) before tax**	80.0	25.9	23.6	17.6	(11.3)	135.8

6. Segment analysis continued

The segment information provided to the GEB for revenue and profits for the year ended 31 December 2015 is as follows:

2015	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
Revenue						
United Kingdom – commercial	98.8	138.3	107.1	16.7	–	360.9
– residential	127.9	44.5	26.8	–	–	199.2
Total United Kingdom	226.7	182.8	133.9	16.7	–	560.1
Continental Europe	56.4	16.5	29.1	27.8	–	129.8
Asia Pacific – commercial	111.9	31.0	227.7	–	–	370.6
– residential	30.5	–	–	–	–	30.5
Total Asia Pacific*	142.4	31.0	227.7	–	–	401.1
North America	192.5	–	–	–	–	192.5
Revenue	618.0	230.3	390.7	44.5	–	1,283.5
Underlying profit/(loss) before tax						
United Kingdom – commercial	16.9	15.4	9.2	4.3	(12.2)	33.6
– residential	17.8	6.4	1.7	–	–	25.9
Total United Kingdom	34.7	21.8	10.9	4.3	(12.2)	59.5
Continental Europe	4.0	0.7	(2.4)	6.6	–	8.9
Asia Pacific – commercial	16.3	2.2	12.6	–	–	31.1
– residential	3.1	–	–	–	–	3.1
Total Asia Pacific	19.4	2.2	12.6	–	–	34.2
North America	18.8	–	–	–	–	18.8
Underlying profit/(loss) before tax**	76.9	24.7	21.1	10.9	(12.2)	121.4

* Revenues of £204.7m (2015: £178.6m) are attributable to the Hong Kong and Macau region.

** Transaction Advisory underlying profit before tax includes depreciation of £5.7m (2015: £5.4m), software amortisation of £0.8m (2015: £0.6m) and share of post-tax profit from joint ventures and associates of £2.3m (2015: £1.6m). Consultancy underlying profit before tax includes depreciation of £2.0m (2015: £1.7m), software amortisation of £0.5m (2015: £0.2m) and share of post-tax loss from joint ventures and associates of £0.1m (2015: £0.2m profit). Property and Facilities Management underlying profit before tax includes depreciation of £3.4m (2015: £2.7m), software amortisation of £0.7m (2015: £0.5m) and share of post-tax profit from joint ventures and associates of £6.3m (2015: £5.1m). Investment Management underlying profit before tax includes depreciation of £0.4m (2015: £0.2m) and software amortisation of £0.5m (2015: £0.3m). Included in Other underlying profit is depreciation of £1.2m (2015: £1.2m), software amortisation of £0.4m (2015: £0.4m) and share of post-tax loss from joint ventures and associates of £0.1m (2015: £nil).

The Other segment includes costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

A reconciliation of underlying profit before tax to profit before tax is provided in Note 8.

Inter-segmental revenue is not material. No single customer contributed 10% or more to the Group's revenue for both 2016 and 2015.

Non-current assets by geography are set out below:

	2016 £m	2015 £m
Non-current assets		
United Kingdom	**125.3**	121.9
Continental Europe	**45.1**	42.6
Asia Pacific	**87.4**	75.8
North America	**169.7**	140.0
Total non-current assets	**427.5**	380.3

Non-current assets include goodwill and intangible assets, plant, property and equipment, investments in joint ventures and associates and retirement benefits. Available-for-sale investments, non-current receivables and deferred tax assets are not included.

7. Operating profit

7.1 Operating profit

Operating profit is stated after charging/(crediting):

	Group 2016 £m	Group 2015 £m
– Net foreign exchange (gains)/losses (excluding net losses on forward foreign exchange contracts)	**(1.4)**	0.4
– Net loss on forward foreign exchange contracts	**–**	0.1
– Provision for receivables impairment	**7.2**	6.0
– Restructuring costs*	**5.8**	1.6
– Acquisition-related costs**	**28.7**	23.3
– Operating lease costs	**48.9**	42.8
– Other income – dividend and investment income	**(2.5)**	(1.1)

* Restructuring costs include staff related costs of £3.7m (2015: £0.9m).
** Refer to Note 8 for a further breakdown of acquisition-related costs.

7.2 Fees payable to the Company's auditors, PricewaterhouseCoopers LLP, and its associates

	Group 2016 £m	Group 2015 £m
Audit services		
Fees payable to the Company's auditors for the audit of parent Company	**0.2**	0.2
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**1.4**	1.2
	1.6	1.4
Tax advisory services	**0.2**	0.4
Services relating to acquisition of new businesses	**0.3**	0.6
Other services	**0.1**	0.2
	0.6	1.2
Total	**2.2**	2.6

8. Underlying profit before tax

	2016 £m	2015 £m
Reported profit before tax	**99.8**	98.6
Adjustments:		
Amortisation of acquired intangible assets (excluding software)	**4.0**	3.6
Share-based payment adjustment	**(2.4)**	(2.8)
Net profit on disposal of available-for-sale investments, joint ventures and associates	**(0.1)**	(2.9)
Restructuring costs	**5.8**	1.6
Acquisition-related costs	**28.7**	23.3
Underlying profit before tax	**135.8**	121.4

The adjustment for share-based payments relates to the impact of the accounting standard for share-based compensation. The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS, the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge in relation to outstanding bonus-related share awards and the estimated value of the current year bonus pool to be awarded in deferred shares. This adjustment is made in order to better match the underlying staff cost in the year with the revenue recognised in the same period.

Net profit on disposal includes £0.5m recognised in relation to the disposal of the Group's joint venture interest in Savills Solar Ltd and a loss on disposal of £0.4m in relation to the disposal of the Group's available-for-sale investment, Cordea Savills Italian Opportunities Fund 2.

Acquisition-related costs include £18.4m of provisions for the future payments in relation to the acquisition of Studley, Inc. which are expensed through the income statement to reflect the requirement for the recipients to remain actively engaged in the business at the payment date. Acquisition-related costs also include £3.9m for payments in relation to Savills Investment Management's acquisition of Merchant Capital (Japan) in May 2014, and £1.5m of transaction related costs and £4.9m of provisions for future payments relating to acquisitions in the United Kingdom (primarily GBR Phoenix Beard and Smiths Gore), North America and Continental Europe.

Restructuring costs includes costs of integration activities in relation to significant business acquisitions (primarily Smiths Gore in the United Kingdom and Savills Investment Management's acquisition of SEB).

9. Employees

9.1 Employee benefits expense

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Basic salaries and wages	**497.6**	424.9	**7.7**	6.8
Profit share and commissions	**360.8**	345.3	**5.9**	7.2
Wages and salaries	**858.4**	770.2	**13.6**	14.0
Social security costs	**58.5**	56.4	**1.9**	2.1
Pension costs	**23.2**	20.4	**0.4**	0.4
Share-based payments	**13.4**	11.1	**2.4**	1.9
	953.5	858.1	**18.3**	18.4

9.2 Staff numbers

The monthly average number of employees (including Directors) for the year was:

	Group 2016	Group 2015	Company 2016	Company 2015
United Kingdom	**5,136**	4,588	**122**	113
Continental Europe	**1,103**	931	**–**	–
Asia Pacific	**25,446**	24,597	**–**	–
North America	**676**	580	**–**	–
	32,361	30,696	**122**	113

The average number of UK employees (including Directors) during the year included 139 employed under fixed-term and temporary contracts (2015: 192).

9.3 Key management compensation

	Group 2016 £m	Group 2015 £m
Key management		
– Short-term employee benefits	**20.1**	20.3
– Post-employment benefits	**0.2**	0.3
– Share-based payments	**3.3**	2.7
	23.6	23.3

The key management of the Group for the year ended 31 December 2016 comprised Executive Directors and the GEB members. Details of Directors' remuneration is contained in the Remuneration report on pages 60 to 80.

During the year five (2015: eight) GEB members made aggregate gains totalling £1.2m (2015: £9.0m) on the exercise of options under DSBP schemes (2015: PSP, ESOS and DSBP schemes).

Retirement benefits under the defined benefit scheme are accruing for three (2015: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2015: two) GEB members.

10. Pension schemes

10.1 Defined contribution plans

The Group operates the Savills UK Group Personal Pension Plan, a defined contribution scheme, a number of defined contribution individual pension plans and a Mandatory Provident Fund Scheme in Hong Kong, to which it contributes. The total pension charges in respect of these plans were £23.0m (2015: £20.3m). The amount outstanding as at 31 December 2016 in relation to defined contribution schemes is £1.5m (2015: £1.4m).

10.2 Defined benefit plan

The Group operates two defined benefit plans.

The Pension Plan of Savills (the 'UK Plan') is a UK-based plan which provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010. From 1 April 2010, pension benefits for former employees of the UK Plan are provided through the Group's defined contribution Personal Pension Plan.

The UK Plan is administered by a separate Trust that is legally separated from the Company. The board of the pension fund is composed of six trustees. The board of the pension fund is required by law and by its Article of Association to act in the interest of the fund and of all relevant stakeholders in the scheme. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

A full actuarial valuation of the UK Plan is currently being carried out as at 31 March 2016 and has been updated to 31 December 2016 by a qualified independent actuary.

The Savills Fund Management GMBH Plan (the 'SFM Plan') is a Germany-based plan which provides final salary benefits to 23 active employees and 95 former employees. The plan is closed to future service-based benefit accrual.

The SFM Plan is administered by an external Trust that is legally separated from the Company. The Trust Agreement requires the trustee to maintain the plan assets in the interest of the beneficiaries of the plan and to fulfil their pension entitlements in the event of insolvency to the extent of the plan assets held. The Investment Committee of the fund, advised by expert investment managers, is responsible for the investment policy with regards to the assets of the fund. The contributions are determined based on the annual valuations of an independent qualified actuary.

A full actuarial valuation of the SFM Plan was carried out as at 31 December 2016 by a qualified independent actuary.

The table below outlines the Group's and Company's defined benefit pension amounts in relation to the UK Plan:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Liability in the statement of financial position	**40.8**	15.8	**2.3**	0.9
Net interest cost included in finance costs	**0.4**	0.6	**–**	–
Actuarial losses included in other comprehensive income	**33.6**	3.8	**1.9**	0.2

The amounts recognised in the statement of financial position in relation to the UK Plan are as follows:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Present value of funded obligations	**298.4**	225.7	**16.5**	12.5
Fair value of plan assets	**(257.6)**	(209.9)	**(14.2)**	(11.6)
Liability recognised in the statement of financial position	**40.8**	15.8	**2.3**	0.9

10. Pension schemes continued

The movement in the defined benefit obligation for the UK Plan over the year is as follows:

	Group			Company		
	Present value of obligation £m	Fair value of plan assets £m	Total £m	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2016	**225.7**	**(209.9)**	**15.8**	**12.5**	**(11.6)**	**0.9**
Interest expense/(income)	**8.3**	**(7.9)**	**0.4**	**0.4**	**(0.4)**	**–**
Remeasurements:						
– Return on plan assets, excluding amounts included in interest income	**–**	**(35.0)**	**(35.0)**	**–**	**(1.9)**	**(1.9)**
– Loss from change in financial assumptions	**65.7**	**–**	**65.7**	**3.6**	**–**	**3.6**
– Gain from change in demographic assumptions	**(0.8)**	**–**	**(0.8)**	**–**	**–**	**–**
– Experience losses	**3.7**	**–**	**3.7**	**0.2**	**–**	**0.2**
Employer contributions	**–**	**(9.0)**	**(9.0)**	**–**	**(0.5)**	**(0.5)**
Benefit payments	**(4.2)**	**4.2**	**–**	**(0.2)**	**0.2**	**–**
At 31 December 2016	**298.4**	**(257.6)**	**40.8**	**16.5**	**(14.2)**	**2.3**

	Group			Company		
	Present value of obligation £m	Fair value of plan assets £m	Total £m	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2015	225.9	(206.5)	19.4	12.5	(11.4)	1.1
Interest expense/(income)	8.1	(7.5)	0.6	0.4	(0.4)	–
Remeasurements:						
– Return on plan assets, excluding amounts included in interest income	–	8.1	8.1	–	0.4	0.4
– Gain from change in financial assumptions	(2.6)	–	(2.6)	(0.2)	–	(0.2)
– Experience gains	(1.7)	–	(1.7)	–	–	–
Employer contributions	–	(8.0)	(8.0)	–	(0.4)	(0.4)
Benefit payments	(4.0)	4.0	–	(0.2)	0.2	–
At 31 December 2015	225.7	(209.9)	15.8	12.5	(11.6)	0.9

The table below outlines the Group's defined benefit pension amounts in relation to the SFM Plan:

	SFM Plan	
	2016 £m	2015 £m
Liability/(asset) in the statement of financial position	**0.4**	(1.3)
Current service cost included in employee benefits expense	**0.2**	0.1
Actuarial loss/(gain) included in other comprehensive income	**1.6**	(0.3)

The amounts recognised in the statement of financial position in relation to the SFM Plan are as follows:

	SFM Plan	
	2016 £m	2015 £m
Present value of funded obligations	**14.4**	10.9
Fair value of plan assets	**(14.0)**	(12.2)
Liability/(asset) recognised in the statement of financial position	**0.4**	(1.3)

The movement in the defined benefit liability/(asset) for the SFM Plan over the year is as follows:

	SFM Plan		
	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2016	**10.9**	**(12.2)**	**(1.3)**
Current service cost	**0.2**	**–**	**0.2**
Interest expense/(income)	**0.3**	**(0.3)**	**–**
Remeasurements:			
– Loss on plan assets, excluding amounts included in interest income	**–**	**0.2**	**0.2**
– Loss from change in financial assumptions	**1.6**	**–**	**1.6**
– Experience gains	**(0.2)**	**–**	**(0.2)**
Benefit payments	**(0.3)**	**0.3**	**–**
Exchange movement	**1.9**	**(2.0)**	**(0.1)**
At 31 December 2016	**14.4**	**(14.0)**	**0.4**

10. Pension schemes continued

	SFM Plan		
	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2015	–	–	–
Addition through business combination	11.2	(12.1)	(0.9)
Current service cost	0.1	–	0.1
Interest expense/(income)	0.1	(0.1)	–
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	–	–	–
– Gain from change in financial assumptions	(0.1)	–	(0.1)
– Experience gains	(0.2)	–	(0.2)
Employer contributions	–	–	–
Benefit payments	(0.2)	–	(0.2)
At 31 December 2015	10.9	(12.2)	(1.3)

The significant actuarial assumptions were as follows:

	SFM Plan		UK Plan	
As at 31 December	**2016**	2015	**2016**	2015
Expected rate of salary increases	**2.50%**	2.50%	**3.25%**	3.85%
Projection of social security contribution ceiling	**2.25%**	2.25%	**–**	–
Rate of increase to pensions in payment				
– Pension promise before 1 January 1986	**2.25%**	2.25%	**–**	–
– Pension promise after 1 January 1986	**1.75%**	1.75%	**–**	–
– accrued before 6 April 1997	**–**	–	**3.00%**	3.00%
– accrued after 5 April 1997	**–**	–	**3.40%**	3.20%
– accrued after 5 April 2005	**–**	–	**2.30%**	2.20%
Rate of increase to pensions in deferment				
– accrued before 6 April 2001	**–**	–	**5.00%**	5.00%
– accrued after 5 April 2001	**–**	–	**2.40%**	2.20%
– accrued after 5 April 2009	**–**	–	**2.40%**	2.20%
Discount rate	**1.84%**	2.60%	**2.70%**	3.70%
Inflation assumption	**1.75%**	1.75%	**3.50%**	3.30%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60:

		SFM Plan		UK Plan	
		2016	2015	**2016**	2015
Retiring at the end of the reporting year	– Male	**84.1**	83.6	**88.7**	88.8
	– Female	**88.2**	88.1	**90.3**	90.3
Retiring 20 years after the end of the reporting year	– Male	**86.5**	86.4	**90.9**	90.7
	– Female	**90.8**	90.7	**92.7**	92.3

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	SFM Plan	UK Plan
	Impact on present value of scheme obligations £m	Impact on present value of scheme obligations £m
0.1% increase in discount rates	**(0.3)**	**(7.3)**
0.1% increase in inflation rate	**0.2**	**4.2**
0.1% increase in salary increase rate	**–**	**0.7**
1 year increase in life expectancy	**0.6**	**11.2**

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

10. Pension schemes continued

Plan assets are comprised as follows:

	SFM Plan				UK Plan			
	2016		2015		2016		2015	
	£m	%	£m	%	£m	%	£m	%
Equity instruments	–	–	3.7	31%	98.1	38%	76.3	37%
Investment funds	14.0	100%	–	–	67.8	26%	62.9	30%
Liability-driven investment (LDI)	–	–	–	–	15.8	6%	11.2	5%
Bonds	–	–	–	–	74.9	29%	58.8	28%
Cash and cash equivalents	–	–	8.5	69%	1.0	1%	0.7	–
Total	14.0	100%	12.2	100%	257.6	100%	209.9	100%

No Plan assets are the Group's own financial instruments or property occupied or used by the Group. The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets. Although the UK Plan does not invest directly in the Group's financial instruments, it does invest in passive equity funds, so will have some exposure to FTSE All Share, hence indirectly to the Savills share price.

Through the defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

(a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Plan holds a significant proportion of equities and investment funds, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short term.

(b) Changes in bond yields

A decrease in corporate bond yields will increase the Plan's liabilities, although this will be partially offset by an increase in the value of the Plan's bond holdings.

(c) Inflation risk

Higher inflation will lead to higher liabilities. The majority of the Plan's assets are either unaffected by or are loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

(d) Life expectancy

The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plan's liabilities.

Expected contributions to post-employment benefit plans for the year ending 31 December 2017 are £9.0m. The Company expects to contribute £0.5m.

The weighted average duration of the defined benefit obligation is 22 years for the UK Plan and 18 years for the SFM Plan.

Expected maturity analysis of the undiscounted pension benefits:

At 31 December 2016	Less than a year £m	Between 1–2 years £m	Between 2–5 years £m	Over 5 years £m	Total £m
Pension benefit payments					
– UK Plan	2.8	3.5	13.0	614.9	634.2
– SFM Plan	0.4	0.4	1.3	19.7	21.8

11. Finance income and costs

	Group	
	2016 £m	2015 £m
Bank interest receivable	1.4	1.8
Fair value gain	0.2	–
Finance income	1.6	1.8
Bank interest payable	(1.3)	(0.4)
Unwinding of discounts on liabilities	(0.6)	(0.2)
Net interest on defined benefit pension obligation	(0.4)	(0.6)
Fair value loss	(0.1)	(0.1)
Finance costs	(2.4)	(1.3)
Net finance (cost)/income	(0.8)	0.5

12. Income tax expense

	Group 2016 £m	Group 2015 £m
Analysis of tax expense for the year		
Current tax		
United Kingdom:		
Corporation tax on profits for the year	**13.0**	12.5
Adjustment in respect of prior years	**1.1**	0.7
	14.1	13.2
Overseas tax	**17.5**	14.6
Adjustment in respect of prior years	**(1.4)**	0.1
Total current tax	**30.2**	27.9
Deferred tax		
Representing:		
United Kingdom	**(1.2)**	(1.0)
Effect of change in UK tax rate on deferred tax	**(0.2)**	0.2
Overseas tax	**5.2**	7.5
Adjustment in respect of prior years	**(1.9)**	(0.9)
Total deferred tax (Note 18)	**1.9**	5.8
Income tax expense	**32.1**	33.7

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the UK weighted average tax rate of 20.0% (2015: 20.25%) applicable to profits of the consolidated entities as follows:

	Group 2016 £m	Group 2015 £m
Profit before tax	**99.8**	98.6
Tax on profit at 20.0% (2015: 20.25%)	**20.0**	20.0
Effects of:		
Adjustment in respect of prior years	**(2.2)**	(0.1)
Adjustments in respect of foreign tax rates	**2.8**	2.2
Utilisation of previously unprovided tax losses	**(0.7)**	(0.1)
Expenses and other charges not deductible for tax purposes	**14.1**	12.8
Tax on joint ventures and associates	**(1.7)**	(1.3)
Effect of change in tax rates on deferred tax	**(0.2)**	0.2
Income tax expense on profit	**32.1**	33.7

The effective tax rate of the Group for the year ended 31 December 2016 is 32.1% (2015: 34.2%), which is higher (2015: higher) than the UK weighted average applicable rate.

The UK corporate tax rate is to reduce to 19% on 1 April 2017 and to 18% on 1 April 2020. Deferred tax has been determined using the applicable effective future tax rate that will apply in the expected period of utilisation of the deferred tax asset or liability.

12. Income tax expense continued

The tax (charged)/credited to other comprehensive income is as follows:

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Tax on items that will not be reclassified to profit or loss				
Deferred tax credit on pension actuarial losses	**7.2**	0.7	**0.4**	–
	7.2	0.7	**0.4**	–
Tax on items that may subsequently be reclassified to profit or loss				
Current tax credit on employee benefits	**2.5**	5.5	**(0.1)**	0.8
Current tax credit on foreign exchange reserves	**0.1**	0.2	**–**	–
Current tax credit on retirement benefits	**1.8**	1.6	**0.1**	0.1
Deferred tax on additional pension contributions	**(1.8)**	(1.6)	**(0.1)**	(0.1)
Deferred tax on pension – effect of tax rate change	**(0.3)**	(0.1)	**–**	–
Deferred tax on employee benefits	**(2.9)**	(3.2)	**(0.3)**	(1.2)
Deferred tax credit/(charge) on revaluations of available-for-sale investments	**0.2**	(0.1)	**–**	–
Deferred tax (charge)/credit on foreign exchange reserves	**(0.3)**	0.2	**–**	–
	(0.7)	2.5	**(0.2)**	(0.4)
Tax on items relating to components of other comprehensive income	**6.5**	3.2	**0.2**	(0.4)

13. Dividends – Group and Company

	2016 £m	2015 £m
Amounts recognised as distribution to equity holders in the year:		
Ordinary final dividend for 2015 of 8.0p per share (2014: 7.25p)	**10.7**	9.4
Supplemental interim dividend for 2015 of 14.0p per share (2014: 12.0p)	**18.8**	15.6
Interim dividend of 4.4p per share (2015: 4.0p)	**5.9**	5.3
	35.4	30.3

In addition, the Group paid £0.9m (2015: £0.4m) of dividends to non-controlling interests.

The Board recommends a final dividend of 10.1p (net) per ordinary share (amounting to £13.5m) is paid, alongside the supplemental interim dividend of 14.5p per ordinary share (amounting to £19.5m), to be paid on 15 May 2017 to shareholders on the register at 18 April 2017. These financial statements do not reflect this dividend payable.

Under the terms of the Savills plc 1992 Employee Benefit Trust (the 'EBT'), the Trustee has waived all but 0.01p of any dividend on each share held by the Trust.

The total paid and recommended ordinary and supplemental dividends for the 2016 financial year comprises an aggregate distribution of 29.0p per ordinary share (2015: 26.0p per ordinary share).

14. Earnings per share

14.1 Basic and diluted earnings per share

Basic earnings per share ('EPS') are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, excluding the shares held by the EBT, 5,706,307 shares (2015: 4,377,358 shares).

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, being the share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and where performance conditions have been met.

The earnings and the shares used in the calculations are as follows:

	2016 Earnings £m	2016 Shares million	2016 EPS pence	2015 Earnings £m	2015 Shares million	2015 EPS pence
Basic earnings per share	**66.9**	**137.2**	**48.8**	64.3	136.8	47.0
Effect of additional shares issuable under option	**–**	**3.0**	**(1.1)**	–	1.9	(0.6)
Diluted earnings per share	**66.9**	**140.2**	**47.7**	64.3	138.7	46.4

14.2 Underlying basic and diluted earnings per share

Excludes profit on disposals, share-based payment adjustment, impairment and amortisation of goodwill and intangible assets (excluding software), impairment of available-for-sale investment and associate undertaking and restructuring costs.

	2016 Earnings £m	2016 Shares million	2016 EPS pence	2015 Earnings £m	2015 Shares million	2015 EPS pence
Basic earnings per share	**66.9**	**137.2**	**48.8**	64.3	136.8	47.0
Amortisation of acquired intangible assets (excluding software) after tax	**2.2**	**–**	**1.6**	2.0	–	1.5
Share-based payment adjustment after tax	**(1.8)**	**–**	**(1.3)**	(2.2)	–	(1.6)
Net profit on disposal of available-for-sale investments, joint ventures and associates after tax	**–**	**–**	**–**	(1.9)	–	(1.4)
Restructuring costs after tax	**4.7**	**–**	**3.4**	1.5	–	1.1
Acquisition-related costs after tax	**27.5**	**–**	**20.0**	22.7	–	16.6
Underlying basic earnings per share	**99.5**	**137.2**	**72.5**	86.4	136.8	63.2
Effect of additional shares issuable under option	**–**	**3.0**	**(1.5)**	–	1.9	(0.9)
Underlying diluted earnings per share	**99.5**	**140.2**	**71.0**	86.4	138.7	62.3

The Directors regard the adjustments on the previous table necessary to give a fair picture of the underlying results of the Group for the year. The adjustment for share-based payment relates to the impact of the accounting standard for share-based compensation.

The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge and the effective value of the annual share award in order to better match the underlying staff costs in the year with the revenue recognised in the same period.

The gross amounts of the above adjustments (Note 8) are amortisation of acquired intangible assets (excluding software) £4.0m (2015: £3.6m), share-based payment adjustment £2.4m credit (2015: £2.8m credit), restructuring costs of £5.8m (2015: £1.6m), net profit on disposals of £0.1m (2015: £2.9m) and acquisition-related costs of £28.7m (2015: £23.3m).

15. Goodwill and intangible assets

	Group						Company
	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlog £m	Computer software £m	Total £m	Total £m
Cost							
At 1 January 2016	**311.6**	**20.7**	**21.2**	**5.5**	**16.6**	**375.6**	**3.9**
Additions through business combinations (Note 17.5)	**5.3**	**–**	**3.3**	**0.1**	**–**	**8.7**	**–**
Other additions	**–**	**–**	**–**	**–**	**4.7**	**4.7**	**1.1**
Disposals	**–**	**–**	**–**	**–**	**(4.7)**	**(4.7)**	**(0.8)**
Reclassification from property, plant and equipment (Note 16)	**–**	**–**	**–**	**–**	**0.7**	**0.7**	**0.2**
Exchange movement	**41.2**	**1.9**	**1.8**	**1.2**	**1.5**	**47.6**	**–**
At 31 December 2016	**358.1**	**22.6**	**26.3**	**6.8**	**18.8**	**432.6**	**4.4**
Accumulated amortisation and impairment							
At 1 January 2016	**41.7**	**17.3**	**7.2**	**2.1**	**12.0**	**80.3**	**3.4**
Amortisation charge for the year	**–**	**0.9**	**1.8**	**1.3**	**2.9**	**6.9**	**0.4**
Disposals	**–**	**–**	**–**	**–**	**(4.7)**	**(4.7)**	**(0.8)**
Exchange movement	**6.6**	**1.7**	**1.3**	**0.5**	**1.0**	**11.1**	**–**
At 31 December 2016	**48.3**	**19.9**	**10.3**	**3.9**	**11.2**	**93.6**	**3.0**
Net book value							
At 31 December 2016	**309.8**	**2.7**	**16.0**	**2.9**	**7.6**	**339.0**	**1.4**

All intangible amortisation charges in the year are disclosed on the face of the income statement. The Company's intangible assets consist of computer software only.

	Group						Company
	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlog £m	Computer software £m	Total £m	Total £m
Cost							
At 1 January 2015	270.0	20.7	11.2	4.4	15.2	321.5	3.6
Additions through business combinations	37.5	–	10.2	0.9	0.7	49.3	–
Other additions	–	–	–	–	1.7	1.7	0.3
Disposals	–	–	–	–	(0.9)	(0.9)	–
Exchange movement	4.1	–	(0.2)	0.2	(0.1)	4.0	–
At 31 December 2015	311.6	20.7	21.2	5.5	16.6	375.6	3.9
Accumulated amortisation and impairment							
At 1 January 2015	42.0	17.1	5.5	0.5	10.9	76.0	3.0
Amortisation charge for the year	–	0.2	1.9	1.5	2.1	5.7	0.4
Disposals	–	–	–	–	(0.9)	(0.9)	–
Exchange movement	(0.3)	–	(0.2)	0.1	(0.1)	(0.5)	–
At 31 December 2015	41.7	17.3	7.2	2.1	12.0	80.3	3.4
Net book value							
At 31 December 2015	269.9	3.4	14.0	3.4	4.6	295.3	0.5

During the year, goodwill and intangible assets were tested for impairment in accordance with IAS 36. Goodwill and intangible assets are allocated to the Group's cash-generating units ('CGUs') identified according to country of operation and business segment. In most cases, the CGU is an individual subsidiary or operation and these have been separately assessed and tested. A segment-level summary of the allocation of goodwill and indefinite useful life intangible assets is presented below:

2016	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
United Kingdom	**26.0**	**9.3**	**26.2**	**2.0**	**63.5**
Continental Europe	**32.6**	**–**	**6.0**	**5.1**	**43.7**
Asia Pacific	**15.8**	**5.0**	**30.6**	**2.4**	**53.8**
North America	**152.2**	**–**	**–**	**–**	**152.2**
Total goodwill and indefinite life intangible assets	**226.6**	**14.3**	**62.8**	**9.5**	**313.2**

15. Goodwill and intangible assets continued

2015	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
United Kingdom	26.0	9.3	23.7	2.0	61.0
Continental Europe	29.5	–	5.3	3.8	38.6
Asia Pacific	14.2	4.2	28.0	2.2	48.6
North America	124.7	–	–	–	124.7
Total goodwill and indefinite life intangible assets	194.2	13.7	57.0	8.0	272.9

15.1 Method of impairment testing

All recoverable amounts were determined based on value-in-use calculations. These calculations use discounted cash flow projections based on financial budgets and strategic plans approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal value. There was no impairment charge for goodwill and intangible assets arising from the annual impairment tests conducted (2015: £nil).

15.2 Assumptions

(a) Market conditions

In general, the models used assume that the property markets in which the Group operates (which drive its revenue growth) will remain stable.

(b) Discount rate

The discount rate applied to cash flows of each CGU is based on the Group's Weighted Average Cost of Capital ('WACC'). WACC is the average cost of sources of financing (debt and equity), each of which is weighted by its respective use.

Key inputs to the WACC calculation are the risk-free rate, the equity market risk premium (the return that Savills shares provide over the risk-free rate), beta (reflecting the risk of the Group relative to the market as a whole) and the Group's borrowing rates.

Group WACC was adjusted for risk relative to the country in which the assets were located. The risk-adjusted discount range of rates used in each region for impairment testing are as follows:

	2016 Discount rate range	2015 Discount rate range
United Kingdom	**10.0%**	10.0%
Continental Europe	**10.0%**	10.0%
Asia Pacific	**11.6%–18.1%**	11.6%–18.1%
North America	**10.0%**	10.0%

(c) Long-term growth rate

To forecast beyond the five years covered by detailed forecasts, a terminal value was calculated, using average long-term growth rates. The rates are based on the long-term growth rate in the countries in which the Group operates. The long-term growth rates used in each region for impairment testing are as follows:

	2016 Long-term growth rate range	2015 Long-term growth rate range
United Kingdom	**1.5%**	2.0%
Continental Europe	**1.5%**	1.5%
Asia Pacific	**0.8%–5.7%**	1.5%–5.0%
North America	**2.3%**	1.9%

15.3 Sensitivity to changes in assumptions

The level of impairment is a reflection of best estimates in arriving at value-in-use, future growth rates and the discount rate applied to cash flow projections. Nonetheless, there are no CGUs for which management considers a reasonable possible change in a key assumption would give rise to an impairment.

Future impairments on goodwill and intangible assets relating to any of the Group's investments may be impacted by the following factors:

Market conditions – the expectations for future market conditions are key assumptions in the determination of the cash flow projections. For the purposes of the impairment tests, management expects the markets to remain stable.

Cost base – the cost base assumptions reflect 2016's costs with limited growth in the fixed cost base going forward. Commissions and profit shares are correlated to the Group's revenue and profits and the percentage payout. These are assumed to be consistent with existing rates.

16. Property, plant and equipment

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2016	0.1	50.0	54.9	105.0
Additions through business combinations (Note 17.5)	–	–	0.1	0.1
Additions	–	4.4	8.4	12.8
Disposals	–	(0.4)	(8.8)	(9.2)
Reclassification to intangible assets (Note 15)	–	(0.5)	(0.2)	(0.7)
Exchange movement	–	1.9	6.4	8.3
At 31 December 2016	0.1	55.4	60.8	116.3
Accumulated depreciation and impairment				
At 1 January 2016	–	13.5	34.5	48.0
Charge for the year	–	4.8	7.9	12.7
Disposals	–	(0.4)	(8.6)	(9.0)
Exchange movement	–	0.6	4.3	4.9
At 31 December 2016	–	18.5	38.1	56.6
Net book value				
At 31 December 2016	0.1	36.9	22.7	59.7

The Directors consider that the fair value of property, plant and equipment approximates carrying value.

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2015	0.1	36.0	49.5	85.6
Additions through business combinations	–	0.3	1.3	1.6
Additions	–	14.0	9.3	23.3
Disposals	–	(0.5)	(5.5)	(6.0)
Exchange movement	–	0.2	0.3	0.5
At 31 December 2015	0.1	50.0	54.9	105.0
Accumulated depreciation and impairment				
At 1 January 2015	–	9.6	32.8	42.4
Charge for the year	–	4.4	6.8	11.2
Disposals	–	(0.5)	(5.3)	(5.8)
Exchange movement	–	–	0.2	0.2
At 31 December 2015	–	13.5	34.5	48.0
Net book value				
At 31 December 2015	0.1	36.5	20.4	57.0

Company	Freehold property £m	Equipment and motor vehicles £m	Total £m
Cost			
At 1 January 2016	0.1	8.1	8.2
Additions	–	0.5	0.5
Disposals	–	(1.8)	(1.8)
Reclassification to intangible assets (Note 15)	–	(0.2)	(0.2)
At 31 December 2016	0.1	6.6	6.7
Accumulated depreciation and impairment			
At 1 January 2016	–	5.4	5.4
Charge for the year	–	1.2	1.2
Disposals	–	(1.8)	(1.8)
At 31 December 2016	–	4.8	4.8
Net book value			
At 31 December 2016	0.1	1.8	1.9

16. Property, plant and equipment continued

Company	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2015	0.1	0.3	6.5	6.9
Additions	–	–	1.6	1.6
Disposals	–	(0.3)	–	(0.3)
At 31 December 2015	0.1	–	8.1	8.2
Accumulated depreciation and impairment				
At 1 January 2015	–	0.2	4.3	4.5
Charge for the year	–	–	1.1	1.1
Disposals	–	(0.2)	–	(0.2)
At 31 December 2015	–	–	5.4	5.4
Net book value				
At 31 December 2015	0.1	–	2.7	2.8

17. Investments and transactions

17.1 Group – Investments in joint ventures and associates

	Joint ventures			Associates		
	Investment £m	**Loans £m**	**Total £m**	**Investment £m**	**Goodwill £m**	**Total £m**
Cost or valuation						
At 1 January 2016	**8.9**	**1.2**	**10.1**	**2.4**	**0.3**	**2.7**
Additions	**–**	**–**	**–**	**0.2**	**–**	**0.2**
Disposals	**(0.7)**	**–**	**(0.7)**	**(0.8)**	**–**	**(0.8)**
Loans repaid	**–**	**(1.2)**	**(1.2)**	**–**	**–**	**–**
Exchange movement	**1.1**	**–**	**1.1**	**0.3**	**–**	**0.3**
At 31 December 2016	**9.3**	**–**	**9.3**	**2.1**	**0.3**	**2.4**
Share of profit						
At 1 January 2016	**8.2**	**–**	**8.2**	**5.7**	**–**	**5.7**
Group's share of profit from continuing operations	**5.9**	**–**	**5.9**	**2.0**	**–**	**2.0**
Dividends received	**(5.6)**	**–**	**(5.6)**	**(1.9)**	**–**	**(1.9)**
Exchange movement	**1.9**	**–**	**1.9**	**1.0**	**–**	**1.0**
At 31 December 2016	**10.4**	**–**	**10.4**	**6.8**	**–**	**6.8**
Total						
At 31 December 2016	**19.7**	**–**	**19.7**	**8.9**	**0.3**	**9.2**

	Joint ventures			Associates		
	Investment £m	Loans £m	Total £m	Investment £m	Goodwill £m	Total £m
Cost or valuation						
At 1 January 2015	4.7	1.9	6.6	3.9	0.3	4.2
Additions	4.6	–	4.6	0.4	–	0.4
Disposals	(0.5)	(0.7)	(1.2)	(2.0)	–	(2.0)
Transfer to subsidiary	(0.3)	–	(0.3)	–	–	–
Exchange movement	0.4	–	0.4	0.1	–	0.1
At 31 December 2015	8.9	1.2	10.1	2.4	0.3	2.7
Share of profit						
At 1 January 2015	5.2	–	5.2	6.2	–	6.2
Group's share of profit from continuing operations	4.8	–	4.8	2.1	–	2.1
Dividends received	(2.5)	–	(2.5)	(2.3)	–	(2.3)
Disposals	0.6	–	0.6	–	–	–
Exchange movement	0.1	–	0.1	(0.3)	–	(0.3)
At 31 December 2015	8.2	–	8.2	5.7	–	5.7
Total						
At 31 December 2015	17.1	1.2	18.3	8.1	0.3	8.4

17. Investments and transactions continued

The Group does not have any joint ventures or associates that are individually material.

The joint ventures and associates have no significant liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities or capital commitments in relation to its interests in the joint ventures and associates.

17.2 Group – Available-for-sale investments

	Group 2016 £m	Group 2015 £m
At 1 January	**13.2**	11.7
Additions	**12.4**	1.6
Disposals	**(5.5)**	–
Net fair value (loss)/gain transferred to other comprehensive income	**(0.6)**	0.4
Exchange movement	**1.3**	(0.5)
At 31 December	**20.8**	13.2

Available-for-sale investments comprise the following:

		Group 2016 £m	Group 2015 £m
Unlisted securities	UK – equity securities	**10.0**	1.1
	UK – investment funds	**3.0**	2.9
	European – limited partnerships	**–**	0.1
	European – investment funds	**2.4**	7.1
	Asia Pacific – equity securities	**0.4**	0.3
	Asia Pacific – investment funds	**5.0**	1.7
		20.8	13.2

Available-for-sale investments are denominated in the following currencies:

	Group 2016 £m	Group 2015 £m
Sterling	**13.0**	4.0
Euro	**2.4**	7.2
Other	**5.4**	2.0
	20.8	13.2

At 31 December 2016, the Group held the following principal available-for-sale investments:

Investment	Holding	Principal activity
YOPA Property Ltd (registered in England and Wales)*	30.28%	Digital hybrid agency
SPF Private Clients Limited (registered in England and Wales)	19.99%	General insurance, mortgage broking and personal financial planning services
Cordea Savills Dawn Syndication LP (registered in England and Wales)	3.70%	Investment property fund
Cordea Savills Italian Opportunities Fund 1 (registered in Luxembourg)**	2.81%	Investment property fund
Serviced Land No. 2 LP (registered in England and Wales)	1.97%	UK land investment fund
Cordea Savills German Retail Fund (registered in Luxembourg)	1.94%	Retail investment property fund
Cordea Savills Nordic Retail Fund (registered in Luxembourg)	11.33%	Retail investment property fund
Cordea Savills UK Property Ventures No. 1 LP (registered in England and Wales)	4.17%	UK land investment fund
Prime London Residential Development Fund (registered in England and Wales)	0.86%	London residential development fund
Prime London Residential Development Fund II (registered in England and Wales)	1.57%	London residential development fund
Aomi Project TMK (registered in Japan)	3.50%	Real estate investment
Greater Tokyo Office Fund (registered in Jersey)	3.25%	Investment property fund
Pegaxis Pte Ltd (registered in Singapore)	15.00%	Digital property management services

* The Group holds more than 20% of the equity interest in YOPA Property Ltd, however does not have the power to participate in the financial and operational decisions of the entity, does not have representation on the Board of Directors of the entity and does not participate in major policy-making processes of the entity. As a result, the Group's investment in YOPA Property Ltd is treated as an available-for-sale investment.

** This holding relates to Class C ordinary shares. The Group also holds 100% of Class A1 preference shares and 4.0% of Class B preference shares in this fund.

The Group recognised a £0.4m loss on disposal in the income statement in relation to the disposal of its 1.34% shareholding in Cordea Savills Italian Opportunities Fund 2. Disposals in the year also included capital distributions from the Group's investments in the Cordea Savills German Retail Fund and the Cordea Savills Nordic Retail Fund, with £nil profit on disposal recognised in the income statement in relation to these distributions.

17. Investments and transactions continued

The Group does not exert significant influence over these investments, and therefore does not equity account for these investments. These shareholdings are treated as trade investments and held at fair value.

The fair value of unlisted securities is based on underlying asset values and price earnings models. The fair value of investment funds is determined by the Fund Manager's annual audited financial statements.

At 31 December 2016 the Group held conditional commitments to co-invest £0.7m (2015: £2.1m) in the Greater Tokyo Office Fund, £0.2m (2015: £0.2m) in the Cordea Savills UK Property Ventures Fund No. 1 LP, £nil (2015: £0.1m) in the Cordea Savills Italian Opportunities Fund 2, £nil (2015: £0.1m) in the Prime London Residential Development Fund and £0.2m in the Prime London Residential Development Fund II (2015: £nil).

17.3 Company – Investments in subsidiaries

	Shares in Group undertaking £m	Loans to Group undertakings £m	Total £m
Cost			
At 1 January 2015	57.2	52.3	109.5
Additions	–	0.2	0.2
At 31 December 2015	57.2	52.5	109.7
Additions	**–**	**9.0**	**9.0**
At 31 December 2016	**57.2**	**61.5**	**118.7**

Refer to Note 34 for a full list of the Group's subsidiaries.

17.4 Transactions with non-controlling interests

During the year, the Group undertook the following transactions with non-controlling interests:

Name	Date	Holding acquired/ (disposed)	Total holding at 31 December 2016
Savills Property Management Pte Ltd (Singapore)	August 2016	45%	100%
Savills (Vietnam) Ltd	September 2016	2%	100%
Savills Investment Management SGR S.p.A	September 2016	(15%)	75%

(a) Acquisitions of additional interest in subsidiaries

Under IFRS 10, transactions with non-controlling interests must be accounted for as equity transactions, therefore no goodwill has been recognised. Acquisition costs related to these transactions were not significant.

In August 2016, the Group acquired the remaining 45% of the shares in Savills Property Management Pte Ltd (Singapore), for consideration of £2.8m. This takes the Group's shareholding to 100%. The carrying amount of the subsidiary's net assets on the date of acquisition was £0.4m. The Group recognised a decrease in non-controlling interest of £0.2m. The amount charged to retained earnings in respect of the transaction was £2.6m.

In September 2016, the Group acquired the remaining 2% of the shares in Savills (Vietnam) Ltd for consideration of £0.5m. This takes the Group's shareholding to 100%. The carrying amount of the subsidiary's net assets on the date of acquisition was £1.3m. The Group recognised a decrease in non-controlling interest of £nil. The amount charged to retained earnings in respect of the transaction was £0.5m.

(b) Disposal of interests in subsidiaries

In September 2016, the Group disposed of 15% of the shares in Savills Investment Management SGR S.p.A for cash consideration of £0.3m. The carrying amount of the subsidiary's net assets on the date of disposal was £3.6m. The Group recognised an increase in non-controlling interest of £0.5m. The amount charged to retained earnings in respect of this transaction was £0.2m.

(c) Other transactions with non-controlling interests

The Group acquired the remaining 0.72% of the shares in Savills (Aust) Holdings Pty Ltd taking the Group's shareholding to 100%, £0.3m has been charged to retained earnings with a corresponding increase in non-controlling interest to reflect the 100% shareholding.

17. Investments and transactions continued

	2016 £m
Net carrying amount of non-controlling interests acquired/(disposed)	(0.3)
Net consideration (paid)/received to/from non-controlling interests	(3.0)
Net excess of consideration (paid)/received recognised in parent's equity	**(3.3)**
Other transactions with non-controlling interests	(0.3)
Total charge to parent's equity in relation to transactions with non-controlling interests in the year	**(3.6)**

17.5 Acquisitions of subsidiaries

The fair values of the assets acquired and liabilities assumed as part of the Group's acquisitions in the year are provisional and will be finalised within 12 months of the acquisition date. These are summarised below:

		Provisional fair value to the Group		
		GBR Phoenix Beard £m	Other £m	Total £m
Property, plant and equipment		0.1	–	0.1
Intangible assets		3.2	0.4	3.6
Current assets:	Trade and other receivables	1.2	–	1.2
	Cash and cash equivalents	0.4	–	0.4
Total assets		4.9	0.4	5.3
Current liabilities:	Trade and other payables	2.2	0.1	2.3
	Current income tax liability	0.1	–	0.1
	Borrowings	0.7	–	0.7
Deferred income tax liabilities		0.6	–	0.6
Net assets acquired		1.3	0.3	1.6
Goodwill		2.5	1.9	4.4
Purchase consideration		3.8	2.2	6.0
Consideration satisfied by:				
Net cash paid*		3.8	0.3	4.1
Deferred consideration owing at the reporting date		–	1.9	1.9
		3.8	2.2	6.0

* Purchase consideration settled in cash is net of working capital adjustments.

(a) GBR Phoenix Beard Holdings Ltd ('GBR Phoenix Beard')

On 11 August 2016 the Group acquired 100% of the equity of GBR Phoenix Beard, a leading West Midlands property agent with offices in Birmingham, London and Leeds. The business provides commercial management and consultancy services and will strengthen the Group's presence in the Midlands region and contribute to the growth of the UK consultancy business.

Total acquisition consideration is provisionally determined at £3.8m and was settled in cash on completion.

The selling shareholders will also receive £1.0m payable in instalments by the fifth anniversary of completion, subject to remaining actively engaged in the business at the payment date. Additionally, earn-out consideration of up to £5.2m is also payable in instalments by the fourth anniversary of completion and is subject to achievement of certain income targets, as well as remaining actively engaged with the business at the payment date. Further to this, £0.2m was paid to key employees on completion with a further £0.3m payable on the third anniversary of completion. As required by IFRS 3 (revised) these payments are charged to the income statement over the relevant period of active engagement (2016: £1.1m).

Transaction costs of £0.3m were also expensed as incurred to the income statement.

Goodwill of £2.5m and intangible assets of £3.2m relating to existing management contracts have been provisionally determined. Goodwill is attributed to the experience, reputation and expertise of the fee-earners and is not expected to be deductible for tax purposes.

The acquired business contributed revenue of £4.6m and underlying operating profit of £0.3m to the Group for the period from acquisition to 31 December 2016. Had the acquisition been made at the beginning of the financial year, revenue would have been £14.8m and underlying operating profit would have been £0.9m.

The fair value of current trade and other receivables is £1.2m and includes trade receivables with a fair value of £0.8m. The gross contractual amount for trade receivables is £0.9m, of which £0.1m is expected to be uncollectible.

17. Investments and transactions continued

(b) Other acquisitions

During the year, the Group also acquired the trade and assets of Cresa Partners Charlotte, Inc., a US-based commercial brokerage firm in the North Carolina region and the trade and assets of Chainbow Ltd, a residential management business based in London specialising in both management and consultancy services to the block management and private rented sector.

Cash consideration for these transactions amounted to £0.3m. The remainder of the acquisition consideration relates to the discounted value of deferred consideration of up to £1.9m, subject to achievement of certain income targets.

A further £4.2m is payable to certain key staff and is subject to service conditions; £2.8m was paid at closing and £1.4m is payable in June 2017. As required by IFRS 3 (revised) these payments are expensed to the income statement over the relevant period of employment.

Transaction costs of £0.2m were also expensed as incurred to the income statement.

Goodwill of £1.9m and intangible assets of £0.4m relating to management and customer contracts have been provisionally determined. Goodwill is attributable to the experience and expertise of key staff and strong industry reputation and is not expected to be deductible for tax purposes.

The acquired businesses contributed revenue of £1.8m and underlying operating losses of £0.2m to the Group for the period from acquisition to 31 December 2016. Had the acquisitions been made at the beginning of the financial year, revenue would have been £2.9m and underlying operating losses would have been £0.5m.

(c) 2015 acquisitions

On 31 August 2015 the Group acquired 100% of the equity of SEB Asset Management ('SEB'), an international real estate investment manager. Total acquisition consideration was provisionally determined at £11.3m, with £1.8m of goodwill and an intangible asset of £0.9m relating to client relationships recognised as a result. The fair value exercise conducted during the period identified an adjustment to the fair value of provisions recognised, reducing the carrying value of acquired net assets by £0.7m, with a corresponding increase in goodwill. In addition, the fair value of the customer relationship intangible asset was also reduced by £0.2m, with a corresponding increase in goodwill.

18. Deferred income tax

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The deferred tax assets and liabilities are offset when realised through current tax. The deferred income tax assets and liabilities at 31 December, without taking into consideration the offsetting balances within the same jurisdiction, are as follows:

The movement on the deferred tax account is shown below:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Deferred tax assets				
– Deferred tax asset to be recovered after more than 12 months	**29.9**	22.1	**1.6**	1.2
– Deferred tax asset to be recovered within 12 months	**6.6**	11.3	**0.9**	0.6
	36.5	33.4	**2.5**	1.8
Deferred tax liabilities				
– Deferred tax liability to be recovered after more than 12 months	**(3.1)**	(2.2)	**–**	–
– Deferred tax liability to be recovered within 12 months	**(0.5)**	(0.5)	**–**	–
	(3.6)	(2.7)	**–**	–
Deferred tax asset – net	**32.9**	30.7	**2.5**	1.8

18. Deferred income tax continued

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
At 1 January – asset	**30.7**	38.8	**1.8**	2.7
Amount (charged)/credited to the income statement (Note 12)	**(2.1)**	(5.6)	**0.7**	0.4
Effect of UK tax rate change within the income statement (Note 12)	**0.2**	(0.2)	**–**	–
Tax credited/(charged) to other comprehensive income				
– Pension asset on actuarial loss	**7.2**	0.7	**0.4**	–
– Pension asset on additional contributions	**(1.8)**	(1.6)	**(0.1)**	(0.1)
– Pension asset – effect of UK tax rate change within other comprehensive income	**(0.3)**	(0.1)	**–**	–
– Employee benefits	**(2.9)**	(3.2)	**(0.3)**	(1.2)
– Revaluations of available-for-sale investments	**0.2**	(0.1)	**–**	–
– Movement on foreign exchange reserves	**(0.3)**	0.2	**–**	–
Additions through business combinations (Note 17.5)	**(0.6)**	1.8	**–**	–
Initial recognition of intangible assets	**–**	(0.1)	**–**	–
Exchange movement	**2.6**	0.1	**–**	–
At 31 December – asset	**32.9**	30.7	**2.5**	1.8

Deferred income tax assets have been recognised for tax loss carry-forwards and other temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at the reporting date the Group did not recognise deferred tax income tax assets of £0.4m (2015: £0.4m) in respect of losses amounting to £1.2m (2015: £1.7m) that can be carried forward indefinitely against future taxable income.

Deferred tax assets – Group	Accelerated capital allowances £m	Other including provisions £m	Tax losses £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2015	0.3	10.4	19.1	3.9	8.3	42.0
Amount credited/(charged) to the income statement (Note 12)	0.2	1.3	(9.4)	0.1	1.7	(6.1)
Effect of UK tax rate change within income statement (Note 12)	–	(0.2)	–	–	–	(0.2)
Tax charged to other comprehensive income (Note 12)	–	–	–	(0.9)	(3.2)	(4.1)
Effect of tax rate change charged to other comprehensive income (Note 12)	–	–	–	(0.1)	–	(0.1)
Additions through business combinations	–	1.8	–	–	–	1.8
Exchange movement	–	0.1	–	–	–	0.1
At 31 December 2015	0.5	13.4	9.7	3.0	6.8	33.4
Amount credited/(charged) to the income statement (Note 12)	**0.8**	**2.6**	**(7.2)**	**0.1**	**1.5**	**(2.2)**
Effect of UK tax rate change within income statement (Note 12)	**0.1**	**0.1**	**–**	**–**	**–**	**0.2**
Tax credited/(charged) to other comprehensive income (Note 12)	**–**	**–**	**–**	**5.4**	**(2.9)**	**2.5**
Effect of tax rate change charged to other comprehensive income (Note 12)	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Transfer (from)/to deferred tax assets	**–**	**(1.7)**	**–**	**1.7**	**–**	**–**
Exchange movement	**–**	**1.6**	**1.0**	**0.3**	**–**	**2.9**
At 31 December 2016	**1.4**	**16.0**	**3.5**	**10.2**	**5.4**	**36.5**

18. Deferred income tax continued

Deferred tax liabilities – Group	Accelerated capital allowances £m	Other including provisions £m	Revaluations £m	Intangible assets £m	Total £m
At 1 January 2015	(0.2)	(0.1)	(0.2)	(2.7)	(3.2)
Amount (charged)/credited to the income statement (Note 12)	–	(0.2)	–	0.7	0.5
Tax credited/(charged) to other comprehensive income (Note 12)	–	0.2	(0.1)	–	0.1
Transfers to/(from) deferred tax liabilities	–	(0.5)	–	0.5	–
Initial recognition of intangible assets	–	–	–	(0.1)	(0.1)
At 31 December 2015	(0.2)	(0.6)	(0.3)	(1.6)	(2.7)
Amount credited/(charged) to the income statement (Note 12)	**0.1**	**(0.6)**	**–**	**0.6**	**0.1**
Tax (charged)/credited to other comprehensive income (Note 12)	**–**	**(0.3)**	**0.2**	**–**	**(0.1)**
Additions through business combinations (Note 17.5)	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Exchange movement	**–**	**(0.1)**	**–**	**(0.2)**	**(0.3)**
At 31 December 2016	**(0.1)**	**(1.6)**	**(0.1)**	**(1.8)**	**(3.6)**
Net deferred tax asset					
At 31 December 2016					**32.9**
At 31 December 2015					30.7

Deferred tax assets – Company	Accelerated capital allowances £m	Other including provisions £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2015	0.2	0.5	0.2	1.8	2.7
Amount (charged)/credited to the income statement	(0.1)	–	–	0.5	0.4
Tax charged to other comprehensive income (Note 12)	–	–	(0.1)	(1.2)	(1.3)
At 31 December 2015	0.1	0.5	0.1	1.1	1.8
Amount credited to the income statement	**0.2**	**0.2**	**–**	**0.3**	**0.7**
Tax credited/(charged) to other comprehensive income (Note 12)	**–**	**–**	**0.3**	**(0.3)**	**–**
At 31 December 2016	**0.3**	**0.7**	**0.4**	**1.1**	**2.5**
Net deferred tax asset					
At 31 December 2016					**2.5**
At 31 December 2015					1.8

19. Trade and other receivables

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Trade receivables	**333.2**	294.6	**–**	–
Less: provision for impairment of receivables	**(19.3)**	(15.4)	**–**	–
Trade receivables – net	**313.9**	279.2	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**13.1**	13.3
Other receivables	**39.5**	37.9	**0.7**	5.3
Prepayments and accrued income	**66.0**	57.1	**2.7**	2.3
	419.4	374.2	**16.5**	20.9

The carrying value of trade and other receivables is approximate to their fair value.

There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of clients internationally dispersed with no individual client owing a significant amount. The credit quality of receivables is managed at a local subsidiary level with uncollectable amounts being impaired where necessary.

Amounts owed by subsidiary undertakings are unsecured, interest-free and generally cleared within the month.

As at 31 December 2016, trade receivables of £232.0m (2015: £207.9m) were neither past due nor impaired and fully performing.

As at 31 December 2016, trade receivables of £19.3m (2015: £15.4m) were impaired and provided for. The individually impaired receivables mainly relate to receivables from clients that have been affected by the uncertain economic conditions where funding and completion have been delayed and cash flow has become uncertain.

19. Trade and other receivables continued

The ageing of these receivables is as follows:

	Group 2016 £m	Group 2015 £m
Up to 3 months	**3.4**	0.6
3 to 6 months	**1.9**	1.9
Over 6 months	**14.0**	12.9
	19.3	15.4

As at 31 December 2016, trade receivables of £81.9m (2015: £71.3m) were past due but not impaired. These relate to trade receivables which are past due at the reporting date but are not considered impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing of these receivables is as follows:

	Group 2016 £m	Group 2015 £m
Up to 3 months	**59.1**	53.1
3 to 6 months	**16.9**	13.2
Over 6 months	**5.9**	5.0
	81.9	71.3

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group 2016 £m	Group 2015 £m
Sterling	**178.4**	178.2
Euro	**65.8**	50.4
Hong Kong dollar	**50.9**	28.0
US dollar	**35.3**	27.5
Australian dollar	**39.8**	34.2
Other*	**49.2**	55.9
	419.4	374.2

* Other currencies include Chinese renminbi, South Korean won, Singapore dollar, Japanese yen, New Zealand dollar, Indonesian rupiah, Philippine peso, Malaysian ringgit, Macau pataca, New Taiwan dollar, Thailand baht, Polish zloty, Swedish krona and Canadian dollar.

Movement on the provision for impairment of trade receivables is as follows:

	Group 2016 £m	Group 2015 £m
At 1 January	**(15.4)**	(14.0)
Provisions for receivables impairment	**(7.2)**	(6.0)
Receivables written off during the year as uncollectible	**2.4**	2.0
Unused provisions released	**2.7**	2.7
Exchange movements	**(1.8)**	(0.1)
At 31 December	**(19.3)**	(15.4)

The creation and release of the provision for impaired receivables have been included in other operating expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

20. Cash and cash equivalents

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Cash at bank and in hand	**210.1**	172.3	**88.3**	82.2
Short-term bank deposits	**13.5**	10.1	**–**	–
	223.6	182.4	**88.3**	82.2

The carrying value of cash and cash equivalents approximates their fair value.

The effective interest rate on short-term bank deposits as at 31 December 2016 was 1.21% (2015: 1.64%); these deposits have an average maturity of 49 days (2015: 33 days).

Cash subject to restrictions in Asia Pacific amounts to £50.6m (2015: £27.2m) which is cash pledged to banks in relation to property management contracts and cash remittance restrictions in certain countries. These amounts are consolidated.

Cash and cash equivalents are denominated in the following currencies:

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Sterling	**(6.3)**	(5.5)	**88.2**	82.2
Hong Kong dollar	**55.8**	55.5	**–**	–
US dollar	**38.8**	41.1	**0.1**	–
Euro	**49.2**	27.6	**–**	–
Chinese renminbi	**48.6**	30.1	**–**	–
Australian dollar	**9.3**	7.3	**–**	–
Japanese yen	**6.2**	7.9	**–**	–
Singapore dollar	**7.1**	5.1	**–**	–
South Korean won	**6.3**	5.0	**–**	–
Other currencies*	**8.6**	8.3	**–**	–
	223.6	182.4	**88.3**	82.2

* Other currencies include New Taiwan dollar, Macau pataca, Thai baht, Vietnamese dong, New Zealand dollar, Indonesian rupiah, Philippine peso, Polish zloty and Swedish krona.

21. Trade and other payables – current

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Deferred consideration	**59.1**	3.8	**–**	–
Trade payables	**80.9**	81.7	**2.9**	6.2
Amounts owed to subsidiary undertakings	**–**	–	**2.3**	2.1
Other taxation and social security	**44.8**	40.6	**7.2**	8.3
Other payables	**30.9**	25.2	**–**	–
Accruals and deferred income*	**334.5**	304.4	**8.9**	9.4
	550.2	455.7	**21.3**	26.0

* Includes accruals for profit shares.

The carrying value of trade and other payables is approximate to their fair value.

Amounts due to subsidiary undertakings are unsecured, interest-free and repayable on demand.

22. Trade and other payables – non-current

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Deferred consideration	**23.5**	53.0	**–**	–
Other payables	**21.4**	16.0	**–**	–
	44.9	69.0	**–**	–

23. Borrowings

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Current				
Bank overdrafts	**0.2**	0.2	**–**	–
Unsecured bank loans due within one year or on demand	**35.6**	31.2	**–**	–
	35.8	31.4	**–**	–

The Group maintains a £250.0m revolving credit facility ('RCF'), which expires on 15 December 2020 and can be increased by an additional £50.0m Accordion facility. As at 31 December 2016 £34.0m (2015: £30.0m) of the £250.0m RCF was drawn.

In December 2016 Savills (Aust) Pty Ltd borrowed £1.4m as a working capital loan. The borrowings are denominated in Australian dollars and have an effective interest rate of 4.1%. The loan is repaid in equal monthly instalments until September 2017. At 31 December 2016, at the year end exchange rate, £1.4m was outstanding and is due within one year. A similar loan entered into in November 2015, of which £1.2m was outstanding at 31 December 2015, was fully repaid during the year.

In December 2016 Savills (Thailand) Ltd borrowed £0.2m as a working capital loan, which is payable on demand. The borrowings are denominated in Thailand baht and have an effective interest rate of 4.3%. At 31 December 2016, at the year end exchange rate, £0.2m was outstanding and is due within one year.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting date are:

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Less than 1 year	**35.8**	31.4	**–**	–
	35.8	31.4	**–**	–

The effective interest rates at the reporting date were as follows:

	Group 2016 %	Group 2015 %
Bank loans	**1.27**	1.59

The carrying amounts of borrowings are approximate to their fair value.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Sterling	**34.0**	30.0	**–**	–
Australian dollar	**1.4**	1.2	**–**	–
Other	**0.4**	0.2	**–**	–
	35.8	31.4	**–**	–

The Group has the following undrawn borrowing facilities:

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Floating rate – expiring within 1 year or on demand	**23.2**	19.8	**–**	–
Floating rate – expiring between 1 and 5 years	**216.0**	220.0	**–**	–
	239.2	239.8	**–**	–

24. Derivative financial instruments

2016	Group Assets £m	Group Liabilities £m	Company Assets £m	Company Liabilities £m
Forward foreign exchange contracts – at fair value	0.2	0.3	–	–
Interest rate cap contract – at fair value	0.1	–	–	–
	0.3	0.3	–	–

2015	Group Assets £m	Group Liabilities £m	Company Assets £m	Company Liabilities £m
Forward foreign exchange contracts – at fair value	0.1	0.2	–	–

Forward foreign exchange contracts

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2016 were £52.3m (2015: £39.8m). All contracts mature within one year and are classed as current.

Gains and losses on forward foreign exchange contracts are recognised in net foreign exchange gains and losses in the income statement.

Interest rate cap contract

The interest rate cap contract matures in December 2020 and is classed as non-current.

Gains and losses on the interest rate cap are recognised in net finance costs in the income statement.

25. Provisions

25.1 Provisions for other liabilities and charges

	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
At 1 January 2016	16.7	5.8	1.3	0.7	24.5	1.3
Provided during the year	5.8	0.5	–	1.5	7.8	0.6
Utilised during the year	(4.8)	–	(0.5)	(0.3)	(5.6)	–
Released during the year	(4.4)	(0.5)	(0.2)	(0.1)	(5.2)	–
Exchange movements	–	0.3	–	0.1	0.4	–
Total	13.3	6.1	0.6	1.9	21.9	1.9
Less non-current portion	7.1	4.4	0.2	–	11.7	1.9
Current portion	6.2	1.7	0.4	1.9	10.2	–

2015	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
Current	5.3	2.1	0.7	0.7	8.8	–
Non-current	11.4	3.7	0.6	–	15.7	1.3
Total	16.7	5.8	1.3	0.7	24.5	1.3

25. Provisions continued

(a) Professional indemnity claims

These arise from various legal actions, proceedings and other claims that are pending against the Group and are based on reasonable estimates, taking into account the opinions of legal counsel. The nature of the amounts provided in respect of legal actions, proceedings and other claims is such that the extent and timing of cash flows can be difficult to estimate and the ultimate liability may vary from the amounts provided. The non-current portion of these provisions is expected to be utilised within the next two to five years. Included are provisions for claims relating to subsidiaries prior to their disposal.

(b) Dilapidation provisions

The Group is required to perform dilapidation repairs and in certain instances restore properties to agreed specifications prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed. The majority of the non-current portion of these provisions is expected to be utilised within the next two to six years.

(c) Onerous leases

A provision is recognised where the costs of meeting the obligations under a lease contract exceed the economic benefits expected to be received and is measured as the net least cost of exiting the contract, being the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it. The majority of the non-current portion of these provisions is expected to be utilised within the next two to four years.

(d) Restructuring provision

This provision comprises termination payments to employees affected by restructuring and lease termination penalties.

25.2 Employee benefit obligations

In addition to the defined benefit obligation pension scheme disclosed in Note 10.2, the following are included in employee benefit obligations:

Group	Total £m
At 1 January 2016	**18.8**
Provided during the year	**8.7**
Utilised during the year	**(6.2)**
Exchange movements	**3.7**
At 31 December 2016	**25.0**

The above provisions relate to holiday pay and long service leave in the UK, Asia Pacific and Continental Europe. Profit shares are included within accruals (Note 21).

The Company had no employee benefit obligations at 31 December 2016 or 31 December 2015.

The above employee benefit obligations have been analysed between current and non-current as follows:

	Group	
	2016 £m	2015 £m
Current	**9.2**	7.3
Non-current	**15.8**	11.5
	25.0	18.8

26. Share capital – Group and Company

Authorised and allotted	**2016 Number of shares**	2015 Number of shares	**2016 £m**	2015 £m
Ordinary shares of 2.5p each:				
Authorised	**202,000,000**	202,000,000	**5.1**	5.1
Issued, called up and fully paid	**139,809,677**	137,861,283	**3.5**	3.4

26. Share capital – Group and Company continued

Movement in issued, called up and fully paid share capital:

	2016		2015	
	Number of shares	**£m**	Number of shares	£m
At 1 January	**137,861,283**	**3.4**	134,891,171	3.4
Issued to direct participants on exercise of options under the Sharesave Scheme	**702**	**–**	222	–
Issued to satisfy second instalment of shares due to former Studley, Inc. stockholders in relation to the acquisition in 2014	**1,947,692**	**0.1**	–	–
Issued to satisfy first instalment of shares due to former Studley, Inc. stockholders in relation to the acquisition in 2014	**–**	**–**	1,947,692	–
Issued to direct participants under the Performance Share Plan	**–**	**–**	721,545	–
Issued to direct participants on exercise of options under the Executive Share Option Scheme (2001)	**–**	**–**	300,653	–
At 31 December	**139,809,677**	**3.5**	137,861,283	3.4

Each issued, called up and fully paid ordinary share of 2.5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on winding-up is entitled to participate in the assets of the Company.

As at 31 December 2016, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 5,706,307 shares (2015: 4,377,358 shares). These shares are held as 'treasury shares'. Any voting or other similar decisions relating to these shares are taken by the trustees of the EBT, who may take account of any recommendation of the Company. The EBT waives all but 0.01p per share of its dividend entitlement. For further details of the EBT refer to Note 2.21.

At the Annual General Meeting (AGM) held on 11 May 2016, the shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 13,786,130 of its own ordinary shares (AGM held on 13 May 2015: 13,507,743). Such authority remains valid until the conclusion of the next AGM or 11 November 2017, whichever is the earlier.

27. Share-based payment

Details of the terms of the following schemes are contained in the Remuneration report on pages 60 to 80.

27.1 Sharesave Scheme

The following share options have been granted under the Sharesave Scheme and were outstanding at 31 December:

Date of grant	Exercise period	Exercise price	**2016 Number of shares '000**	2015 Number of shares '000
13 May 2015	01.07.18 – 01.01.19	673.0p	**993**	1,110
18 May 2016	01.06.19 – 01.01.20	566.0p	**73**	–
			1,066	1,110

A reconciliation of option movements over the year to 31 December is shown below:

	2016		2015	
	Number of shares '000	**Weighted average exercise price**	Number of shares '000	Weighted average exercise price
Outstanding at 1 January	**1,110**	**673.0p**	–	–
Granted	**80**	**567.0p**	1,139	673.0p
Exercised/cancelled	**(73)**	**665.7p**	(23)	673.0p
Lapsed	**(51)**	**665.7p**	(6)	673.0p
Outstanding at 31 December	**1,066**	**665.7p**	1,110	673.0p
Exercisable at 31 December	**–**	**–**	–	–

The weighted average remaining contractual life of share options outstanding at 31 December 2016 is 1.4 years (2015: 2.5 years).

27. Share-based payment continued

27.2 Deferred Share Bonus Plan

The following awards of deferred shares, without exercise price, have been granted under the Deferred Share Bonus Plan (the 'DSBP') and were outstanding at 31 December:

Date of award	Deferred period	Vesting date	2016 Number of shares '000	2015 Number of shares '000
30 March 2011	5 years	30 March 2016	–	527
19 April 2012	5 years	19 April 2017	275	298
11 April 2013	3 years	11 April 2016	–	181
11 April 2013	4 years	11 April 2017	254	266
11 April 2013	5 years	11 April 2018	4	8
18 June 2013	3 years	18 June 2016	–	325
10 April 2014	3 years	10 April 2017	79	90
10 April 2014	4 years	10 April 2018	528	551
10 April 2014	5 years	10 April 2019	18	18
13 May 2014	3 years	13 May 2017	331	331
13 May 2014	4 years	13 May 2018	50	50
24 April 2015	3 years	24 April 2018	318	330
24 April 2015	4 years	24 April 2019	639	656
24 April 2015	5 years	24 April 2020	2	2
14 March 2016	3 years	14 March 2019	466	–
14 March 2016	4 years	14 March 2020	1,028	–
			3,992	3,633

As at 31 December 2016, 607 (2015: 503) individuals held outstanding awards under the DSBP. Awards made under the DSBP are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders throughout the deferred period.

A reconciliation of award movements over the year to 31 December is shown below:

	2016 Number of shares '000	2016 Weighted average share price at date of exercise	2015 Number of shares '000	2015 Weighted average share price at date of exercise
Outstanding at 1 January	3,633	–	3,158	–
Granted	1,521	–	997	–
Forfeited	(100)	–	(63)	–
Exercised	(1,062)	722.0p	(459)	822.5p
Outstanding at 31 December	3,992	–	3,633	–
Exercisable at 31 December	–	–	–	–

The weighted average exercise price for awards granted under this scheme is £nil (2015: £nil). No awards were exercisable under this scheme as at 31 December 2016 (31 December 2015: nil).

The weighted average remaining contractual life of share options outstanding at 31 December 2016 is 1.8 years (2015: 1.7 years).

27. Share-based payment continued

27.3 Deferred Share Plan

The following awards of deferred shares, without exercise price, have been granted under the Deferred Share Plan (the 'DSP') and were outstanding at 31 December:

Date of grant	Deferred period	Vesting date	2016 Number of shares '000	2015 Number of shares '000
30 March 2011	5 years	30 March 2016	–	348
27 September 2011	5 years	27 September 2016	–	43
19 April 2012	5 years	19 April 2017	22	22
13 September 2012	5 years	13 September 2017	12	12
11 April 2013	3 years	11 April 2016	–	64
11 April 2013	4 years	11 April 2017	532	581
11 April 2013	5 years	11 April 2018	27	33
26 June 2013	3 years	26 June 2016	–	10
26 June 2013	4 years	26 June 2017	33	33
19 September 2013	3 years	19 September 2016	–	78
19 September 2013	4 years	19 September 2017	13	13
19 September 2013	5 years	19 September 2018	2	2
10 April 2014	3 years	10 April 2017	245	251
13 May 2014	3 years	13 May 2017	6	6
12 August 2014	3 years	12 August 2017	13	29
12 August 2014	4 years	12 August 2018	58	80
12 August 2014	5 years	12 August 2019	150	154
24 April 2015	3 years	24 April 2018	186	186
24 April 2015	4 years	24 April 2019	15	15
17 September 2015	1 year	17 September 2016	–	2
17 September 2015	2 years	17 September 2017	2	2
17 September 2015	3 years	17 September 2018	15	15
17 September 2015	4 years	17 September 2019	40	40
17 September 2015	5 years	17 September 2020	224	232
14 March 2016	3 years	14 March 2019	148	–
14 March 2016	5 years	14 March 2021	44	–
20 June 2016	2.75 years	31 March 2019	388	–
12 September 2016	3 years	12 September 2019	19	–
12 September 2016	4 years	12 September 2020	129	–
8 December 2016	3.75 years	8 September 2020	10	–
			2,333	2,251

As at 31 December 2016, 208 individuals (2015: 184) held outstanding awards under the DSP. Awards made under the DSP are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders during the deferred period.

A reconciliation of award movements over the year to 31 December is shown below:

	2016 Number of shares '000	2016 Weighted average share price at date of exercise	2015 Number of shares '000	2015 Weighted average share price at date of exercise
Outstanding at 1 January	2,251	–	4,133	–
Granted	763	–	493	–
Forfeited	(90)	–	(46)	–
Exercised	(591)	670.6p	(2,329)	821.9p
Outstanding at 31 December	2,333	–	2,251	–
Exercisable at 31 December	–	–	–	–

The weighted average exercise price for awards granted under this scheme is £nil (2015: £nil). No awards were exercisable under this scheme as at 31 December 2016 (31 December 2015: nil).

The weighted average remaining contractual life of share options outstanding at 31 December 2016 is 1.7 years (2015: 1.8 years).

27. Share-based payment continued

27.4 Performance Share Plan

The following awards of deferred shares, without exercise price, have been granted under the Performance Share Plan (the 'PSP') and were outstanding at 31 December:

Date of grant	Vesting date	Approved/ unapproved	2016 Number of shares '000	2015 Number of shares '000
12 August 2014	12 August 2017	Approved	**10**	10
12 August 2014	12 August 2017	Unapproved	**294**	294
24 April 2015	24 April 2018	Unapproved	**186**	186
27 April 2016	27 April 2019	Unapproved	**200**	–
			690	490

As at 31 December 2016, 7 individuals (2015: 7) held outstanding awards under the PSP. Awards made under the PSP are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders during the deferred period.

A reconciliation of award movements over the year to 31 December is shown below:

	2016		2015	
	Number of shares '000	Weighted average share price at date of exercise	Number of shares '000	Weighted average share price at date of exercise
Outstanding at 1 January	**490**	**–**	959	–
Granted	**200**	**–**	186	–
Exercised	**–**	**–**	(655)	824.5p
Outstanding at 31 December	**690**	**–**	490	–
Exercisable at 31 December	**–**	**–**	–	–

The weighted average remaining contractual life of share options outstanding at 31 December 2016 is 1.3 years (2015: 1.9 years).

27.5 Fair value of options

Options and awards for the Sharesave and PSP schemes were valued at fair value using the Actuarial Binomial model of actuaries Lane Clark & Peacock LLP.

The key assumptions used in the calculation are as follows:

Risk-free rate	0.6% p.a.–1.4% p.a. depending on grant date and expected life
Volatility of Company share price	22% p.a.–25% p.a. depending on grant date
Correlation	47%–53% correlation for Company share price against comparator index at grant date (PSP only)
Employee turnover	Zero
Performance criteria	All vest after three years
Allowance for pre-vesting cancellations	5% over the vesting period (SAYE only)

The expected volatility is measured over the three years prior to the date of grant to match the vesting period of the award. The risk-free rate is the yield on a zero coupon UK government bond at each grant date, with term based on the expected life of the option or award.

27. Share-based payment continued

Fair value of options and awards at grant dates are:

Grant	Grant date	Fair value pence
DSBP 2011	30 March 2011	363.2
DSBP 2012	19 April 2012	350.6
DSBP 2013	11 April 2013	510.0
DSBP 2013	18 June 2013	600.0
DSBP 2014	10 April 2014	653.0
DSBP 2014	13 May 2014	623.5
DSBP 2015	24 April 2015	820.0
DSBP 2016	14 March 2016	705.5
DSP 2011	30 March 2011	363.2
DSP 2011	27 September 2011	300.0
DSP 2012	19 April 2012	350.6
DSP 2012	13 September 2012	411.6
DSP 2013	11 April 2013	510.0
DSP 2013	26 June 2013	549.5
DSP 2013	19 September 2013	597.5
DSP 2014	10 April 2014	653.0
DSP 2014	13 May 2014	623.5
DSP 2014	12 August 2014	600.0
DSP 2015	24 April 2015	820.0
DSP 2015	17 September 2015	896.0
DSP 2016	14 March 2016	705.5
DSP 2016	20 June 2016	695.0
DSP 2016	12 September 2016	761.0
DSP 2016	8 December 2016	761.0
PSP 2014	12 August 2014	423.7
PSP 2015	24 April 2015	687.8
PSP 2016	27 April 2016	465.8
SHARESAVE 2015	13 May 2015	219.0
SHARESAVE 2016	18 May 2016	177.7

The total charge for the year relating to employee share-based payments plans was £13.4m (2015: £11.1m), all of which related to equity-settled share-based payment transactions.

28. Retained earnings and other reserves

	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption and capital reserve £m	Merger relief reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2016	**23.0**	**(26.0)**	**210.8**	**207.8**	**0.3**	**12.0**	**25.2**	**1.6**	**39.1**
Profit attributable to owners of the Company	–	–	66.9	66.9	–	–	–	–	–
Other comprehensive (loss)/income	–	–	(28.7)	(28.7)	–	–	52.4	(0.6)	51.8
Employee share option scheme:									
– Value of services provided	13.4	–	–	13.4	–	–	–	–	–
– Exercise of options	(7.5)	11.3	(3.8)	–	–	–	–	–	–
Purchase of treasury shares	–	(23.2)	–	(23.2)	–	–	–	–	–
Dividends	–	–	(35.4)	(35.4)	–	–	–	–	–
Shares issued	–	–	–	–	–	11.6	–	–	11.6
Transfer between reserves	–	–	(1.4)	(1.4)	1.4	–	–	–	1.4
Transactions with non-controlling interests	–	–	(3.6)	(3.6)	–	–	–	–	–
Balance at 31 December 2016	**28.9**	**(37.9)**	**204.8**	**195.8**	**1.7**	**23.6**	**77.6**	**1.0**	**103.9**

28. Retained earnings and other reserves continued

	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption reserve £m	Merger relief reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2015	24.8	(24.5)	178.3	178.6	0.3	–	21.0	1.2	22.5
Profit attributable to owners of the Company	–	–	64.3	64.3	–	–	–	–	–
Other comprehensive (loss)/income	–	–	(0.3)	(0.3)	–	–	4.2	0.4	4.6
Employee share option scheme:									
– Value of services provided	11.1	–	–	11.1	–	–	–	–	–
– Exercise of options	(12.9)	13.4	(0.5)	–	–	–	–	–	–
Purchase of treasury shares	–	(14.9)	–	(14.9)	–	–	–	–	–
Dividends	–	–	(30.3)	(30.3)	–	–	–	–	–
Shares issued	–	–	–	–	–	12.0	–	–	12.0
Transactions with non-controlling interests	–	–	(0.7)	(0.7)	–	–	–	–	–
Balance at 31 December 2015	23.0	(26.0)	210.8	207.8	0.3	12.0	25.2	1.6	39.1

* Included within profit and loss account is tax on items taken directly to equity (Note 12) as disclosed above.

29. Contingent liabilities

In common with comparable professional services businesses, the Group is involved in a number of disputes in the ordinary course of business. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Group carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

30. Operating lease commitments – minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Amounts due within:				
Within 1 year	**43.9**	39.4	**7.8**	7.8
Between 1 to 5 years	**122.5**	104.3	**31.4**	31.4
After 5 years	**124.3**	127.1	**86.2**	94.1
	290.7	270.8	**125.4**	133.3

Significant operating leases relate to the various property leases for Savills offices in the UK, Continental Europe, Asia Pacific and North America. There are no significant non-cancellable sub-leases.

31. Cash generated from operations

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Profit for the year	**67.7**	64.9	**80.9**	47.5
Adjustments for:				
Income tax (Note 12)	**32.1**	33.7	**(2.2)**	(2.7)
Depreciation (Note 16)	**12.7**	11.2	**1.2**	1.1
Amortisation of intangible assets (Note 15)	**6.9**	5.7	**0.4**	0.4
Net profit on disposal of available-for-sale investments, joint ventures and associates	**(0.1)**	(2.9)	**–**	–
Net finance cost/(income) (Note 11)	**0.8**	(0.5)	**(1.0)**	(1.1)
Share of post-tax profit from joint ventures and associates (Note 17.1)	**(7.9)**	(6.9)	**–**	–
Decrease in employee and retirement obligations	**(6.3)**	(5.5)	**(0.5)**	(0.3)
Exchange movement on operating activities	**2.4**	(0.8)	**–**	–
(Decrease)/increase in provisions	**(3.0)**	(2.8)	**0.6**	–
Charge for share-based compensation (Note 27.5)	**13.4**	11.1	**2.4**	1.9
Exercise of share options	**–**	–	**(11.2)**	(13.4)
Operating cash flows before movements in working capital	**118.7**	107.2	**70.6**	33.4
Decrease/(increase) in work in progress	**0.3**	(0.9)	**–**	–
(Increase)/decrease in trade and other receivables	**(17.1)**	(47.3)	**4.4**	(3.7)
Increase/(decrease) in trade and other payables	**15.9**	81.5	**(4.7)**	3.5
Cash generated from operations	**117.8**	140.5	**70.3**	33.2

32. Analysis of cash net of debt

2016	At 1 January £m	Cash flows £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	**182.4**	**9.0**	**32.2**	**223.6**
Bank overdrafts	**(0.2)**	**–**	**–**	**(0.2)**
	182.2	**9.0**	**32.2**	**223.4**
Bank loans	**(31.2)**	**(4.1)**	**(0.3)**	**(35.6)**
Cash and cash equivalents net of debt	**151.0**	**4.9**	**31.9**	**187.8**

2015	At 1 January £m	Cash flows £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	158.1	21.8	2.5	182.4
Bank overdrafts	–	(0.2)	–	(0.2)
	158.1	21.6	2.5	182.2
Bank loans	(3.9)	(27.3)	–	(31.2)
Cash and cash equivalents net of debt	154.2	(5.7)	2.5	151.0

33. Related party transactions

There were no significant related party transactions during the year.

(a) Loans to related parties

Loans to joint ventures are disclosed in Note 17.1.

(b) Company transactions

The Company provided corporate function services to its subsidiaries at an arm's length value of £18.9m (2015: £15.8m).

Dividends of £80.0m were received from subsidiaries during the year (2015: £45.0m). Amounts outstanding to and from subsidiaries as at 31 December 2016 are disclosed in Notes 19, 21.

34. Group – Investments

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates and joint ventures, the registered office and the percentage of equity owned by the Group, as at 31 December 2016, are disclosed below. All subsidiary undertakings are consolidated into the Group financial statements. Unless otherwise stated the share capital is wholly comprised of ordinary shares which are indirectly held by the Company.

Fully-owned subsidiary		Country of incorporation	Registered office
Corporate Real Estate Services Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Incoll Group Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Incoll Management Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Moores Cost Consulting Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (ACT) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (Aust) Holdings Pty Ltd	(ii)	Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (Aust) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (NSW) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (QLD) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (SA) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (TAS) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (VIC) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (WA) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills Project Management Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills Project Services (SA) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills Property Management (NSW) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills Valuations Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills Investment Management (Australia) Pty Ltd		Australia	Level 7, 50 Bridge Street, Sydney, NSW 2000
Savills (Vietnam) Ltd		British Virgin Islands	Palm Grove House, P.O. Box 3186, Wickhams Cay I, Road Town, Tortola
Savills Canada Inc		Canada	181 Bay Street - Suite 200, Toronto, ON M5J 2T3
Savills Studley Services Inc		Canada	181 Bay Street - Suite 200, Toronto, ON M5J 2T3
Savills Studley Inc		Canada	181 Bay Street - Suite 200, Toronto, ON M5J 2T3
Guardian Property Services (Shanghai) Company Ltd		China	Room 220, Block 1, No.100 Jinyu Road, Pu Dong, Shanghai
Savills Property Services (Beijing) Company Ltd		China	2101 East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Property Services (Chengdu) Company Ltd		China	Room 2106, Yanlord Landmark, No.1 Section 2, Renmin South Road, Chengdu 610016
Savills Property Services (Guangzhou) Company Ltd		China	Room 906, R&F Center, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623
Savills Property Services (Shanghai) Company Ltd		China	Unit 212, No.286 Dong Fang Road, Pu Dong, Shanghai
Savills Property Services (Zhuhai) Company Ltd		China	Room 2103-2104, 21/F Yuecai Building, No.188 Jingshan Road, Jida, Zhuhai
Savills Real Estate Valuation (Beijing) Company Ltd		China	Unit 01, 21/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Real Estate Valuation (Guangzhou) Company Ltd		China	Room 2105, R&F Center, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623
Savills Valuation and Professional Services (BJ) Ltd		China	Unit 07, 21/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Valuation and Professional Services (GZ) Ltd		China	Room 905C, R&F Centre, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou
Shenzhen Guardian Property Management Ltd		China	Room 3, Unit A, 5/F, Anlian Plaza, No.4018 Jintian Road, Futian District, Shenzhen 518026
Swan Property Services (Beijing) Company Ltd		China	2101 East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills CZ s.r.o.	Czech Republic	V Celnici 1031/4, 110 00 Prague 1
Savills Investment Management ApS	Denmark	Østergade 13, 2/F, 1100, København K
Savills Investment Management SAS	France	54-56 Avenue Hoche, 75008 Paris
Savills Valuation SAS	France	21 Boulevard Haussmann, 75009 Paris
Piccadilly General Partner GmbH	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Advisory Services Germany GmbH & Co. KG	Germany	Taunusanlage 19, 60325 Frankfurt-am-Main
Savills Advisory Services GmbH	Germany	Taunusanlage 19, 60325 Frankfurt-am-Main
Savills Immobilien Beratungs GmbH	Germany	Taunusanlage 19, 60325 Frankfurt-am-Main
Savills Immobilien Beteiligungs GmbH	Germany	Taunusanlage 19, 60325 Frankfurt-am-Main
Savills Fund Management Holding AG	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Immobilien Management GmbH	Germany	Hardenbergstraße 27, 10623 Berlin
Savills Investment Management (Germany) GmbH	Germany	Sonnenstrasse 19, Munich
Asia Protection Security Associates Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Bridgewater Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Champion Insurance and Computer Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Dominion Office Centre Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
East Full Company Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Eco-Guardian Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Express Engineering Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Express Maintenance Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Gateway Contractors Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Greenscape Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
GRVM Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guard Able Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Care Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Management Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Mandarin Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Partners Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Property Agencies Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Property Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Hip Kwan Property Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Kenda Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Kwik Park Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Mount Link Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Quartey Properties Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Guardian (Holdings) Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Security and Safety Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Swan Hygiene Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Swan Pest Control Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Tarrayon Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
The Peninsular Centre Retailers Association Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
BTHK Property Management Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Building Services Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Design Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Engineering Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Fully-owned subsidiary		Country of incorporation	Registered office
Savills Project Consultancy Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Property Management Holdings Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Property Management Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Residence Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills (China) Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills (Hong Kong) Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Asia Pacific Ltd	(ii)	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills India Holding Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Indonesia Holding Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Management Services Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Philippines Holding Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Realty Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Regional Services Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Valuation and Professional Services Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Associates Ltd		Hong Kong	Whole Block, No.3 Norfolk Road, Kowloon Tong, Kowloon
Savills Investment Management (Hong Kong) Ltd		Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East
Savills Investment Management Asia Ltd		Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East
FPD Property Services (India) Private Ltd		India	133/3 Brigade Road (Raheja Chancery Building) Richmond Town, Bangalore, Karnataka 560025
Savills Realty (India) Private Ltd		India	No. 65/6, Sarjapur Ring Road, Agara, Bangalore, Karnataka 560102
Actium	(ii)	Ireland	33 Molesworth Street, Dublin 2
Anateo Ltd	(ii)	Ireland	33 Molesworth Street, Dublin 2
HOK Financial Services		Ireland	33 Molesworth Street, Dublin 2
Liffey Valley Management Ltd		Ireland	33 Molesworth Street, Dublin 2
Mahon Point Management Ltd		Ireland	33 Molesworth Street, Dublin 2
Savills Commercial (Ireland) Ltd	(ii)	Ireland	33 Molesworth Street, Dublin 2
Savills Management Resource Ireland Ltd		Ireland	33 Molesworth Street, Dublin 2
Savills Residential (Ireland) Ltd		Ireland	33 Molesworth Street, Dublin 2
White Water (Newbridge) Ltd		Ireland	33 Molesworth Street, Dublin 2
White Water Management Ltd		Ireland	33 Molesworth Street, Dublin 2
White Water Residential DAC		Ireland	33 Molesworth Street, Dublin 2
Cordea Savills Advisors S.r.l.		Italy	Via San Paolo 7, 20121 Milan
Savills Italy S.r.l.		Italy	Via San Paolo 7, 20121 Milan
Savills Asset Advisory Company Ltd		Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
Savills Japan Company Ltd		Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
Greater Tokyo Office Fund (Jersey) GP Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Prime London Residential Development Jersey GP Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Prime London Residential Development Jersey II GP Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Prime London Residential Development Jersey II LP		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Savills Investment Management (Jersey) Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Savills (Jersey) Ltd		Jersey	19 Halkett Place, St Helier, JE2 4WG
SVJ One Ltd		Jersey	44 Esplanade, St Helier, JE4 9WG
Savills Investment Korea Company Ltd		South Korea	13F Seoul Finance Center, 136 Sejong-daero Jung-gu, Seoul
Savills Korea Company Ltd		South Korea	13F Seoul Finance Center, 136 Sejong-daero Jung-gu, Seoul
Savills Korea Advisors Realty Company Ltd		South Korea	15F Tower8, 7 Jongro5-gil Jongno-gu, Seoul

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Fully-owned subsidiary		Country of incorporation	Registered office
Asia Property Fund S.a.r.l.		Luxembourg	10, rue C.M. Spoo
Cordea Savills Italian Opportunities No.2 S.a.r.l.		Luxembourg	10, rue C.M. Spoo
CS Italian Opportunities No.1 S.a.r.l.		Luxembourg	10, rue C.M. Spoo
Savills (Macau) Ltd		Macau	Avenida Amizade No.,555, Sala 1309-1310, Edif, Landmark 13 Andar
Savills Project Consultancy (Macau) Ltd		Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
Savills Property Management (Macau) Ltd		Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
Savills (Myanmar) Ltd		Myanmar	No. 8, Unit 8-A, Centerpoint Towers, No. 65, Corner of Sule Pagoda Road & Merchant Street, Kyauktada Township, Yangon
Savills Agency B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Consultancy B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Holdings B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Investments B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Nederland B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Retail B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Tagis B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Tagis Property Management B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Investment Management B.V.		Netherlands	Vida Building, Kabelweg 57, 1014 BA Amsterdam
Savills (NZ) Ltd		New Zealand	Level 8, 33 Shortland Street, Auckland Central, Auckland, 1010
Savills (NI) Ltd		Northern Ireland	1/F, Lesley Studios, 32-36 May Street, Belfast, BT1 4NZ
FPD Management Services Philippines Inc		Philippines	Suite A 3/F Echelon Tower, 2100 A. Mabini Street, BGY. 701 Zone 077 Malate, Manila 1004
Savills Property Management Sp Zoo		Poland	ul. Złota 59, 00-120 Warszawa
Savills Sp Zoo		Poland	ul. Złota 59, 00-120 Warszawa
Savills (SEA) Pte Ltd		Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills (Singapore) Pte Ltd		Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills Residential Pte Ltd		Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills Valuation & Professional Services (S) Pte Ltd		Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills Asset Management Pte Ltd		Singapore	20 Martin Road #03-01/02 Seng Kee Building, 239070
Savills Property Management Pte Ltd		Singapore	20 Martin Road #03-01/02 Seng Kee Building, 239070
Savills Investment Management Pte Ltd		Singapore	80 Robinson Road, #02-00, 068898
Savills Consultores Inmobiliarios SA		Spain	José Abascal, 45 - 1ª planta, 28003 Madrid
Savills Investment Management S.L		Spain	Calle Velazquez 78 1, 28001 Madrid
Loudden Bygg-och Fastighetsservice AB		Sweden	Box 6317, 102 35 Stockholm
Savills Förvaltning AB		Sweden	Sergels Torg 12, 111 57 Stockholm
Savills Sweden AB		Sweden	Sergels Torg 12, 111 57 Stockholm
Savills Investment Management AB		Sweden	Kungsgatan 56, 111 22 Stockholm
Savills (Taiwan) Ltd		Taiwan	21/F, No. 68, Sec. 5, Zhong-Xiao East Road, Taipei 110
Savills Residential Services (Taiwan) Ltd		Taiwan	21/F, No. 68, Sec. 5, Zhong-Xiao East Road, Taipei 110
Savills Valuation & Professional Services (Taiwan)	(iii)	Taiwan	21/F, No. 68, Sec. 5, Zhong-Xiao East Road, Taipei 110
Savills (Thailand) Ltd		Thailand	990 Abdulrahim Place Building, 26/F, Rama IV Road, Silom Subdistrict, Bang Rak District, Bangkok
Savills Security and Safety Company Ltd		Thailand	990 Abdulrahim Place Building, 26/F, Rama IV Road, Silom Subdistrict, Bang Rak District, Bangkok
Blair Kirkman LLP		United Kingdom	33 Margaret Street, London, W1G 0JD
Buckleys Estate Agents Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Chesterfield & Co (Rentals) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Christopher Rowland Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Collier & Madge Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Collier & Madge plc	United Kingdom	33 Margaret Street, London, W1G 0JD
Cordea Savills Investments Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Phoenix Beard Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Phoenix Beard Group Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Phoenix Beard Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Phoenix Beard Residential Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Property Consultant Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Grosvenor Hill Ventures Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Hanover Facilities Management Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Hepher Dixon Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Holden Matthews Estate Agents Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Humphriss & Ryde Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Jago Dean PR Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
LIBRA Housing Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Mansfield Elstob Main Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Moor House Management Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Optic Asset Management Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
PCA Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Phoenix Beard Landscaping Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Phoenix Beard Manpower Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Phoenix Beard Project Management and Building Surveying Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Phoenix Beard Trustees Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Portnalls Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Prime London Residential Development GP LLP	United Kingdom	33 Margaret Street, London, W1G 0JD
Prime London Residential Development II GP LLP	United Kingdom	33 Margaret Street, London, W1G 0JD
Prime Purchase Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Rickitt Grant & Company Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
S F Securities Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savillls IM UK Income and Growth General Partner LLP	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (Overseas Holdings) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (UK) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Advisory Services (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Asset Warehouse 1 Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Asset Warehouse 2 Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Capital Advisors Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Commercial (Leeds) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Commercial Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (Europe) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Finance Holdings plc	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Financial Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Fully-owned subsidiary		Country of incorporation	Registered office
Savills Holding Company Ltd	(i)	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Dawn GP Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Holdings Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Investco Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM UK One Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM UK Property Ventures No.1 GP Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM UK Two Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management (UK) Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management LLP		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management Overseas Holdings Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Lending Solutions Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Management Resources Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Nominee Company Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Telecom Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.1 GP Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.2 GP Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.2 JV GP Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Smith Woolley Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Stratland Management Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
The London Planning Practice Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Wellington Holdings Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Cordea Savillls SLP GP Ltd		United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savillls SLP LP		United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH
Savills IM SLP General Partner LLP		United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savillls SLP II LP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment GP LLP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment II GP LLP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment II LP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment LP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Savillls IM SLP II GP LLP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
GTOF Co-Investment GP LLP		United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
GTOF Co-Investment LP		United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
Savills IM SLP III GP LLP		United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
Savills IM SLP III LP		United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
BTR Capital Advisors I LLC		United States	399 Park Avenue - 11/F, New York, NY 10022
BTR Capital Advisors II Inc		United States	399 Park Avenue - 11/F, New York, NY 10022
BTR Capital Advisors III Inc		United States	399 Park Avenue - 11/F, New York, NY 10022
BTR Capital Management		United States	399 Park Avenue - 11/F, New York, NY 10022
Gravitas Lease Audit Services LLC		United States	399 Park Avenue - 11/F, New York, NY 10022
Gravitas Real Estate Solutions LLC		United States	399 Park Avenue - 11/F, New York, NY 10022
Kelly, Legan & Gerard Inc		United States	399 Park Avenue - 11/F, New York, NY 10022
Savills America Ltd		United States	399 Park Avenue - 11/F, New York, NY 10022
Savills LLC		United States	399 Park Avenue - 11/F, New York, NY 10022
Savills Studley (GA) Inc		United States	399 Park Avenue - 11/F, New York, NY 10022
Savills Studley Inc		United States	399 Park Avenue - 11/F, New York, NY 10022

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Studley Occupier Services Inc	United States	399 Park Avenue - 11/F, New York, NY 10022
Studley (Shanghai) Real Estate Brokerage Co Ltd	United States	399 Park Avenue - 11/F, New York, NY 10022
Studley (Singapore) Pte Ltd	United States	399 Park Avenue - 11/F, New York, NY 10022
Studley Asia Holdings	United States	399 Park Avenue - 11/F, New York, NY 10022
Studley Gravitas Real Estate Solutions LLC	United States	399 Park Avenue - 11/F, New York, NY 10022
The Great Studley Stamp Company	United States	399 Park Avenue - 11/F, New York, NY 10022
Savills Vietnam Co Ltd	Vietnam	6/F, Sentinel Place building, 41A Ly Thai To, Hoan Kiem District, Hanoi City

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
Savills Belux Group SA	99.90	Belgium	Avenue Louise 81, 1050 Brussels
Savills Property Services (Shenzhen) Company Ltd	85.00	China	Unit A, 5/F Anlian Plaza, No.4018 Jintian Road, Futian District, Shenzhen 518026
Savills SA	99.97	France	21 Boulevard Haussmann 75009, Paris
Savills Fund Management GmbH	94.00	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Investment Management (KVG) GmbH	94.90	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Absolute Result Ltd	80.20	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Billion Property Management Ltd	80.00	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Showcase Ltd	65.00	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
PT Savills Consultants Indonesia	80.40	Indonesia	Indonesia Stock Exchange Building, Tower I, Lt. 12, Jl. Jend. Sudirman, Kav. 52-53, Senayan, Kebayoran Baru, Jakarta Selatan
Savills Investment Management SGR S.p.A	75.00	Italy	Via San Paolo 7, 20121 Milan
Savills Investment Management (Luxembourg) S.à r.l.	94.90	Luxembourg	10, rue C.M. Spoo
Savills Nederland Holdings BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
SGDN Ltd	51.00	United Kingdom	Stuart House, City Road, Peterborough, PE1 1QF

Joint Ventures	% owned	Country of incorporation	Registered office
Anlian Savills Property Management (Shenzhen) Ltd	30.00	China	Unit B02(b), 19/F,Anlian Plaza, No.4018, Jintian Road, Futian District, Shenzhen
Beijing BHG Savills Retail & Property Management Company Ltd	30.00	China	Room 107, Block 1, No 208, Lane 4, North Xiangyun Road, Daxing District, Beijing
Beijing CCP & Savills Property Services Management Company Ltd	25.00	China	A6 West Da Wang Road, Chaoyang District, Beijing
Beijing China Railway Savills Property Management Services Company Ltd	49.00	China	Room 926, 15 Guang An Road, Feng Tai District, Beijing
Beijing Financial Street Savills Property Management Company Ltd	30.00	China	B1/F, Tong Tai Building, 33 Financial Street, West District, Beijing
Beijing Jiaming Savills Property Management Company Ltd	35.00	China	B2 Floor, No. 27 East 3rd Ring Rd North, Chaoyang District, Beijing
Beijing Oriental Savills Asset Management Company Ltd	30.00	China	Unit 303, 3/F No, 9 West Street Wangfujing, Dongcheng District, Beijing
Beijing Tianhe Savills Property Management Company Ltd	40.00	China	Room 0006, 1/F, 18 Zhong Guan Cun Avenue, Haidian District, Beijing
Beijing Zhaotai Savills Property Services Company Ltd	30.00	China	B1 Floor, 11 Fenghui Yuan, Tai Ping Avenue, Xicheng District, Beijing
Beijing Zhong Bao Savills Property Management Company Ltd	10.00	China	603 China Life Tower, 16 Chao Wai Street, Chaoyang District, Beijing
COSCO FPDSavills Property Development Company Ltd	25.00	China	East Kang Qiao Road No.1, Nanhui District, Shanghai

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Joint Ventures	% owned	Country of incorporation	Registered office
DingTai & Savills Xiamen Property Management Ltd	40.00	China	Unit D514, JinShan street, HouKeng XiPan club No.308, Huli District, Xiamen
Everbright Savills Property Management Company Ltd	45.00	China	Room E-266, 3/F, Ru Shan Road No.227, Pilot Free Trade Zone, Shanghai
FPD Raycom Property Management (Beijing) Company Ltd	30.00	China	B1-023 Raycom Center, 2 South Road, Ke Xue Yan, Haidian District, Beijing
Fuzhou Hengli & Savills Property Management Company Ltd	45.00	China	Unit B, 4/F Zhongliu City, No.171, Hu Dong Road, Gu Lou District, Fuzhou
Gohigh Savills (Shanghai) Property Management Company Ltd	49.00	China	Room 203D, 2/F, No. 21, Lane 596 Middle Yanan Road, Jingan District, Shanghai
Savills BM Property Services Company Ltd	40.00	China	Room 115, No.53, Lane 749, Middle Tianmu Road, Zhabei District, Shanghai
Shanghai No.1 and FPDSavills Property Management Company Ltd	51.00	China	Room 308-C, No.727, Zhangjiang Rd, Zhangjiang Town, Pudong District, Shanghai
Shanghai Poly Savills Property Management Company Ltd	30.00	China	N24/F, 528 South Pu Dong Road, Pu Dong, Shanghai
Shanxi Zhidi Savills Property Services Company Ltd	30.00	China	4/F, block 3, No.42 Xing Shan Temple, Xi'an City
Shenzhen Qianhai Savills Property Services Company Ltd	40.00	China	Unit 201, A Tower, No.1, Qian Wan Road, Qianhai Shengan Cooperation District, Shenzhen
Suzhou Industial Park Wanrun & FPD Savills Property Management Company Ltd	45.00	China	2/F, International Building, No.2 Suzhou Avenue West, Suzhou industrial Park
Tianjin TEDA Savills Property Services Company Ltd	10.00	China	8/F, B Building, No. 21 Hongda Street, Tianjin Economy & Technology Development Zone
Wuhan Yuexiu Savills Property Services Company Ltd	40.00	China	Room 5-2, No 198 Hanzheng Street, Qiaokou District, Wuhan
Zhongzheng Savills Property Management (Beijing) Co Ltd	49.00	China	Unit 16-04C, 16/F, Building 8, No, 91 Yard, Jianguo Road, Chaoyang District, Beijing
Zhuhai Hengqin Savills Assets Operation Management Company Ltd	51.00	China	Room 105-1460, No. 6 Baohua Road, Hengqin new area, Zhuhai
Greenmile Ventures Ltd	50.00	Hong Kong	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Greenwall Gateway Ltd	50.00	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Jiayi Savills Property Services Ltd	51.00	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
G.E.S. Holdings Ltd	50.00	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 - 187, Edf. Kong Fai Com. 7/F, K - P
G.E.S. Ltd	50.00	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 - 187, Edf. Kong Fai Com. 7/F, K - P
Savills Science Ltd	50.00	United Kingdom	33 Margaret Street, London, W1G 0JD

Associates	% owned	Country of incorporation	Registered office
SAS Riveira Estates	44.80	France	11 Avenue Jean Medecin, 06000, Nice
Guardian Home Ltd	40.00	Hong Kong	Flat G&H, 55/F, Block 3, Metro Town, Tseung Kwan O, New Territories
KSH Guardian Property Management Ltd	50.00	Hong Kong	7th Floor, Cityplaza One, 1111 King's Road, Taikoo Shing
Yuen Sang Property Management Company Ltd	50.00	Hong Kong	7th Floor, Cityplaza One, 1111 King's Road, Taikoo Shing
Lippo-Savills Property Management Ltd	50.00	Hong Kong	Room 2301, 23/F, Tower One, Lippo Centre, 89 Queensway
Savills Taiping Property Management Ltd	45.00	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Cordea Nichani India Advisers Private Ltd	25.00	India	Ground Floor Front, 19 Kumarakrupa Road, Bangalore 560001
Savills (Johor) Sdn Bhd	45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

34. Group – Investments continued

Associates		% owned	Country of incorporation	Registered office
Savills (KL) Sdn Bhd		45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Malaysia) Sdn Bhd		45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Penang) Sdn Bhd		45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Project Management) Sdn Bhd		45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Rootcorp Ranganatha Ltd		25.00	Mauritius	4/F, Raffles Tower, 19 Cybercity, Ebene
Monaco Real Estates SARL		44.80	Monaco	10 Ter Boulevard Princesse Charlotte
Huttons Asia Pte Ltd		48.00	Singapore	3 Bishan Place, #02-01 CPF Bishan Building, S 579838
6th High Flying Associates	(iii)	26.00	United States	399 Park Avenue - 11th FL, New York, NY 10022
BTR Capital Fund I LLC		40.00	United States	399 Park Avenue - 11th FL, New York, NY 10022
BTR Capital Fund II LLC		40.00	United States	399 Park Avenue - 11th FL, New York, NY 10022
BTR Capital Fund III LLC		40.00	United States	399 Park Avenue - 11th FL, New York, NY 10022
BTR Miller Capital Fund LLC		44.17	United States	399 Park Avenue - 11th FL, New York, NY 10022
BTR Sacramento	(iii)	24.32	United States	399 Park Avenue - 11th FL, New York, NY 10022
Slynorab Associates	(iii)	25.00	United States	399 Park Avenue - 11th FL, New York, NY 10022
SMFL LLC		41.95	United States	399 Park Avenue - 11th FL, New York, NY 10022
SMI 15th Street LLC		25.00	United States	399 Park Avenue - 11th FL, New York, NY 10022
Studley Georgetown Jefferson		45.00	United States	399 Park Avenue - 11th FL, New York, NY 10022
Studley Partners - Postal Square, LP	(iii)	32.81	United States	399 Park Avenue - 11th FL, New York, NY 10022
Studley Partners - Postal Square, LPII	(iii)	37.73	United States	399 Park Avenue - 11th FL, New York, NY 10022
The King Forum and Studley Associates	(iii)	42.50	United States	399 Park Avenue - 11th FL, New York, NY 10022

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.

The total non-controlling interest at the end of the year is £1.4m (2015: £0.7m). The non-controlling interests in respect of the above subsidiaries that the Group does not own a holding of 100% are not considered to be individually material.

See Note 17.4 for transactions with non-controlling interests and Note 20 for details on restrictions on the Group's ability to access cash in the Group's Asia Pacific operating subsidiaries.

35. Events after the balance sheet date

Cresa Partners Orange County, LP

On 7 February 2017, the Group acquired 100% of the equity interest in Cresa Partners Orange County, LP, for total consideration of US$19.0m.

An exercise to determine total acquisition consideration and the fair value of the assets acquired and liabilities assumed is underway.

Shareholder information

Key dates for 2017

Annual General Meeting	9 May 2017
Financial half year end	30 June 2017
Announcement of half year results	10 August 2017

Website

Visit our investor relations website www.savills.com for full up-to-date investor relations information, including the latest share price, recent Annual and Half Year Reports, results presentations and financial news.

Shareholder enquiries

For shareholder enquiries please contact our Registrars, Equiniti (see below). For general enquiries please call our Shareholder Services helpline on: 0371 384 2018 (overseas holders need to ring +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding bank holidays). For further administrative queries in respect of your shareholding, please access our Registrars' website at www.shareview.co.uk

Electronic communications

If you would prefer to receive shareholder communications electronically in future, including your Annual and half-yearly reports and notices of meetings, please visit our Registrars' website, www.shareview.co.uk and follow the link to 'Register for e-communications' under the Shareholder Services section.

Half Year Report

Like many other listed public companies, we no longer circulate printed Half Year Reports to shareholders. Rather, Half Year results' statements are published on the Company's website. We believe that this is of benefit to those shareholders who do not wish to be burdened with such paper documents, and to the Company, as it is consistent with our target of saving printing and distribution costs.

Professional advisers and service providers

Solicitors
CMS Cameron McKenna LLP
Cannon Place
78 Cannon Street
London EC4N 6AF

Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Auditor
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Joint Stockbrokers
UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Numis Securities Ltd
The London Stock
Exchange Building
10 Paternoster Square
London EC4M 7LT

Principal Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Cautionary note regarding forward-looking statements

Certain statements included in this Annual Report are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations. Forward-looking statements can be identified by the use of relevant terminology including the words: 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'forecasts', 'plans', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to:

– Global economic business conditions;
– Monetary and interest rate policies;
– Foreign currency exchange rates;
– Equity and property prices;
– The impact of competition, inflation;
– Changes to regulations, taxes;
– Changes to consumer saving and spending habits; and
– Our success in managing the above factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Designed and produced by Emperor
emperor.works +44 (0)20 7729 9090

Savills plc
33 Margaret Street
London W1G 0JD
T: +44 (0)20 7499 8644
www.savills.com

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No. 2122174