2019

Annual Report and Accounts

Savills plc

Our purpose

Our purpose is to assist and advise a wide range of clients to realise their diverse property goals.

Our vision

To be the property partner of choice for 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.

Culture and values

Savills has a strong and well embedded culture, founded on an entrepreneurial approach and underpinned by our values and operational standards. We recognise our responsibility as a global corporate citizen and we are committed to doing the right thing in the right way.

Our values

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

Read more about these on page 35

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Group highlights

£1,930m	57%	£83.6m
Revenue	Breadth of service (non-transactional)	Statutory profit after tax
(2018: £1,761m)	**(2018: 54%)**	**(2018: £77.2m)**

60.6p	£143.4m	£95.4m
Statutory earnings per share	Underlying profit*	Operating cash generation
(2018: 56.2p)	**(2018: £143.7m)**	**(2018: £104.3m**)**

7.4%	2.3bn	78.0p
Underlying profit margin*	Property under management (sq. ft.)	Underlying earnings per share*
(2018: 8.2%)	**(2018: 2.0bn)**	**(2018: 77.8p)**

€20.8bn	6.0%	62%
Assets under management	Statutory pre-tax profit margin	Geographical spread (% non-UK)
(2018: €18.2bn)	**(2018: 6.2%)**	**(2018: 62%)**

* Underlying profit is calculated by adjusting reported pre-tax profit for profit/loss on disposals, share-based payment adjustments, 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 of underlying profit measures.

** 2018 Cash generated from operations has been re-presented – see page 127 for details.

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 650 offices and associates and circa 39,000 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.

650+
offices

c. 39,000
staff

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 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 20

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 21

Investment Management

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

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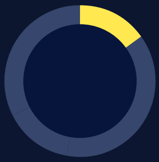
Locations

North America	United Kingdom	Europe & the Middle East	Asia Pacific
			
Revenue	**Revenue**	**Revenue**	**Revenue**
£293.0m	£727.5m	£282.4m	£627.1m
(2018: £264.5m)	**(2018: £662.4m)**	**(2018: £247.0m)**	**(2018: £587.5m)**
Offices	**Offices**	**Offices**	**Offices**
35	134	46	58
(2018: 31)	**(2018: 135)**	**(2018: 52)**	**(2018: 67)**
Employees	**Employees**	**Employees**	**Employees**
825	6,388	2,032	29,912
(2018: 788)	**(2018: 5,955)**	**(2018: 1,752)**	**(2018: 28,486)**

Chairman's statement

"Savills delivered revenue growth and a resilient performance in 2019 in the face of some challenging market conditions."

£143.4m
Underlying profit
(2018: £143.7m)

£83.6m
Statutory profit after tax
(2018: £77.2m)


Nicholas Ferguson CBE, Chairman

Results

Against the backdrop of much reduced transaction volumes in both the UK and Hong Kong, the Group's revenue growth of 10% to £1.93bn (2018: £1.76bn) was driven by a strong performance in our Less Transactional business lines. Underlying profit for the year maintained at £143.4m (2018: £143.7m) as a result of this change in business mix and the first time charge under IFRS 16 which increased Savills property costs by £3.5m. The Group's statutory profit before tax increased by 6% to £115.6m (2018: £109.4m).

Overview

Savills delivered revenue growth and a resilient underlying profit in 2019 in the face of challenging market conditions. Growth in our Less Transactional businesses and in North America helped to offset the impact of declines in transaction volumes in Asia Pacific and the UK. Currency movements had a positive impact on the Group, increasing revenue by £20.7m, underlying profit by £1.4m and statutory profit before tax by £1.9m.

Our Transaction Advisory revenue grew by 2%, our Consultancy business revenue by 15% and our Property Management revenue by 17%. The UK Commercial Transaction Advisory business delivered a resilient performance outperforming the rest of the market which declined by 17% year-on-year as a result of the political uncertainty until the end of the year.

Our UK Residential business continued to perform well in challenging conditions for much of the year which saw the UK market volume of transactions with values greater than £1.0m declining by 2% year-on-year. Against this backdrop and buoyed by the clear General Election result in December Savills UK Residential business performed well growing revenue by 6% year-on-year. In Asia Pacific, a sharp decline in investor confidence in Hong Kong and growth costs in Australia negatively affected both the Commercial and Residential transaction businesses, the impact of which was partially mitigated by stronger performances in Japan, Singapore and the Regional Hospitality advisory group. In the US, we delivered significant growth in the Occupier Service business (including tenant representation brokerage); however the profitability of the US operation continues to be affected by the cost of investment in the business, including further development of the support services platform.

Savills Investment Management delivered a record year with both new product launches and significant capital deployed increasing its Assets Under Management ('AUM') to £17.7bn (2018: £16.4bn). This, together with the benefit of performance fees on certain products, led to a 65% increase in underlying profits.

The reduction in transaction volumes in Asia Pacific and growth in our lower margin but stable Property Management business, together with the first time impact of IFRS 16 and the cost of our business development activities in a number of markets resulted in a reduction to Group underlying profit margin to 7.4% (2018: 8.2%).

The impact of the aforementioned factors on the Group underlying profit margin were offset by lower acquisition-related charges, higher profits on disposal of investments and the absence of the one-off charge in 2018 in relation to the impact of equalising Guaranteed Minimum Pension ('GMP') on the UK defined benefit pension plan. The statutory pre-tax profit margin declined slightly to 6.0% (2018: 6.2%).

Business development

Savills strategy is to be a leading multi-sector property 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 global cross-border investment, residential and occupier services 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.

In the UK, the business focused on the successful integration of acquisitions made in the prior year, including Currell Group (residential brokerage in East London) and the Broadgate Estates third party property management portfolio, into the wider business. During the year, the business acquired KKS, a London based workplace consultancy and design studio which enhances our service offering, particularly to corporate occupiers.

Development in Europe & the Middle East focused on integrating and developing the Middle East operation, which was acquired through the acquisition of Cluttons Middle East in 2018. Team recruitment in the Middle East, along with Sweden, Germany and France enhanced our strength in those regions across key business lines.

In Asia Pacific, having expanded significantly in 2018, we moderated our hiring in the region, focusing on Australia and Singapore. Savills India, in which the Group has a minority interest, opened for business in October 2018. It undertook significant expansion during the year and now employs over 300 professionals in six offices (Bangalore, Mumbai, Delhi NCR, Hyderabad, Pune and Chennai).

In North America, we continued to expand our occupier-focused business lines through both recruitment and investment in technology and central services such as marketing and research. In March 2019, the business was re-branded to "Savills".

Technology continues to be a focal area across the real estate industry. Over the last 12 months we have witnessed some of the excitement surrounding 'Proptech' being replaced by a more pragmatic approach to assessing which new technologies and tools genuinely address industry challenges and help drive efficiencies. It is also worth noting that across the world, countries are at varying stages in this evolution, and one of our key focuses has been to foster internal forums for identifying and sharing promising innovative opportunities across the Savills network.

We have continued to invest in our own technology platforms in order to both deliver innovative solutions to our clients through data analysis and insight, and to drive internal efficiencies in how we deliver those services. Improving efficiency in our valuation teams has been a particular area of focus locally across the Group, and we continue to roll out our award winning Knowledge Cubed platform, developed out of the United States and deployed to occupier clients across the globe.

We have continued to grow workthere.com, Savills innovative response to the changing requirements of occupiers seeking serviced office/co-working space in global cities, which has now launched in nine countries and grew revenue threefold in 2019. Finally, we have continued to invest in our company-wide ERP platform, with a number of our larger markets going live during the year.

Board

Charles McVeigh, who served on the Board from 2000, and Liz Hewitt, who joined the Board in 2014 retired at the conclusion of the Company's AGM in May 2019. Following Liz Hewitt's retirement, Stacey Cartwright succeeded Liz as Chairman of the Audit Committee. I would like to thank both Charlie and Liz for their considerable contributions to Board and its Committees during their terms.

In October 2019, the Board announced the appointment of Dana Roffman as an additional independent Non-Executive Director.

Dividends

An initial interim dividend of 4.95p per share (2018: 4.8p) amounting to £6.7m was paid on 2 October 2019, and a final ordinary dividend of 12.05p (2018: 10.8p) is recommended, making the ordinary dividend 17.0p for the year (2018: 15.6p). In addition, a supplemental interim dividend of 15.0p (2018: 15.6p) is declared, based upon the underlying performance of our Transaction Advisory business. Taken together, the ordinary and supplemental interim dividends comprise an aggregate distribution for the year of 32.0p per share, representing an increase of 2.6% on the 2018 aggregate dividend of 31.2p. The final ordinary dividend of 12.05p per ordinary share will, subject to Shareholders' approval at the AGM on 6 May 2020, be paid alongside the supplemental interim dividend of 15.0p per share on 12 May 2020 to Shareholders on the register at 14 April 2020.

People

I would like to express my thanks to all our staff worldwide for their hard work, commitment and continued focus on client service, which enable the Group to deliver these results.

Summary and Outlook

Savills delivered a good performance in 2019 in some challenging market conditions. This reflects the strength and resilience of our global, diversified business as we continued to grow our Less Transactional service lines and outperform in many of our transactional markets.

In Asia, particularly China, it is clear that COVID-19 is having a significant impact on transactional activity and may have a similar effect elsewhere, depending to an extent on the length and severity of each outbreak. Our focus is on the welfare of our staff and clients and we have instituted protective measures in locations potentially affected by this virus.

The situation is dynamic and due to the uncertainty, it is difficult accurately to predict the full impact of this issue on our business for 2020 as a whole. However, given the nature of the real estate market, we would anticipate that any near term slowdown caused by sentiment and specific measures taken to combat COVID-19 would generally result in a temporary delay in activity rather than an absolute loss of business.

We remain focused on growing our Less Transactional businesses, increasing our share of the global transactional markets and enhancing the resilience of the business to challenging market conditions. While we continue to monitor the impact of global uncertainties on investor and occupier demand for real estate, we have made a good start to 2020 with the first two months outperforming the same period last year on all measures. As a result of the dynamic situation in respect of COVID-19, we do expect a greater weighting of activity to the second half of the year.

Nicholas Ferguson CBE
Chairman

Our business explained

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 48 to 111.

Our resources and relationships

Outstanding people

- Local knowledge
- Entrepreneurial approach

Intellectual property

- Market intelligence
- Brand and reputation

Long-term client relationships

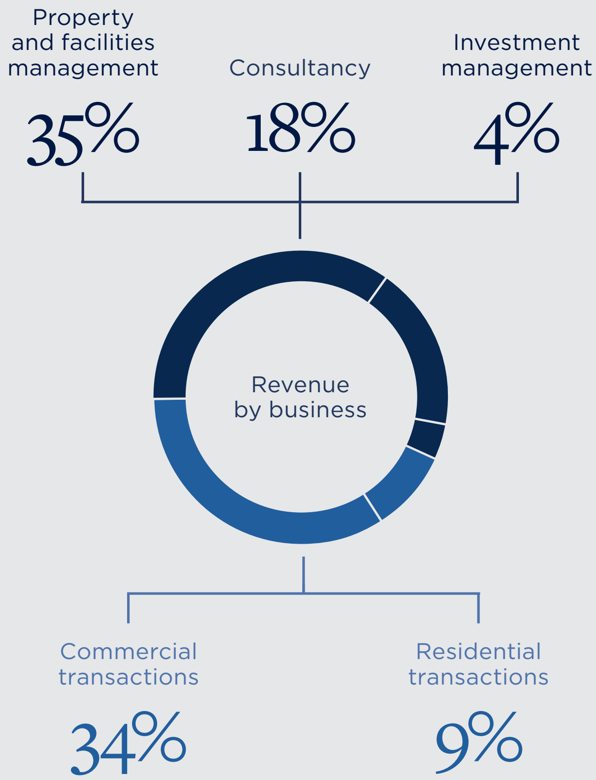
- Client care programmes
- High quality servicer

Financial

- Prudent capital structure
- Strong cash generation

Our business model

Defensive, scale business



Cyclical high-margin businesses

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 adviser 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 39,000 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.

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	Underlying profit	Underlying earnings per share
32.0p	£143.4m	78.0p

People

- Developing talent
- Employee engagement
- Inclusion and diversity

Clients

- High quality service – Client relationship
- Client care – Client relationship management team

Community

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

Market insights

UK Commercial

2019 saw the continuing lack of clarity around the UK's exit from the EU finally affect the commercial property investment and leasing markets in the UK. Uncertainty affected both vendors' willingness to bring assets to the market and purchasers desire to buy. The total turnover of commercial property investments in last year was £52bn, a 17% fall on the previous year. All segments of the UK commercial property market saw year-on-year falls in investment activity, with the most notable decline being in the central London office market (-34%). Investment in offices nationally was 27% down, while industrial investment activity was down 14%.

One notable trend of 2019's investment activity was a very strong finish to the year, and we estimate that 34% of all the investment activity by volume took place in the final quarter of the year, and 20% in December alone. This strength can be jointly attributed to the relative quiet of the mid part of the year, and a pick-up in investor confidence after the general election.

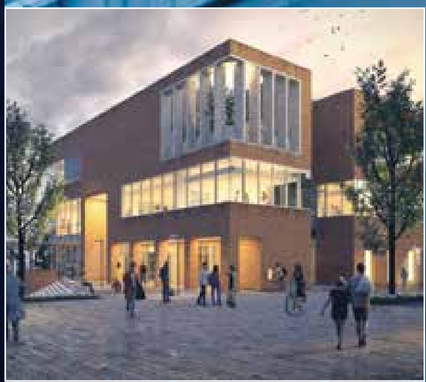
Deal activity in most occupational markets was also down year-on-year in 2019. However, in many cases 2018 was a near record year so a weaker 2019 was perhaps inevitable. Occupier take-up in the national logistics market was 34.2m sq ft. While this was 9% lower than 2018, it was still the fourth strongest year of the last decade. A similar story prevailed in the office markets, with take-up in the top six cities outside London being 10% down year-on-year, but 12% above the ten year average. The central London office market also saw a 15% fall in the volume of leasing activity, but this still meant that the last three years have been the strongest ever three-year period for occupational demand in the capital.

The retail sector continued to remain challenging for both landlords and tenants in 2019. However, one or two bright spots emerged, with 2019 being the best ever year for initial openings of new sites by international brands in the UK, and also an above average year for new openings of shops on retail warehouse parks.

Case study: Springfield University

A multi-disciplinary Savills team advised on a £150m ground-breaking masterplan to redevelop the Springfield University Hospital site in Tooting, London on behalf of South West London and St Georges Mental Health NHS Trust. The proposals will bring forward world class mental health inpatient and community healthcare facilities, 839 new homes and a public park, with provision for a new school and new transport facilities.

This extremely complex project is an excellent example of a successful long-term delivery partnership between public and private sector bodies.



UK residential

Continued political uncertainty acted as a drag on the UK housing market in 2019, particularly in London and the South East of the country. Across the county as a whole, annual house price growth was constrained to just 1.4% according to the Nationwide, while transaction levels were largely unchanged at just under 1.2 million.

Activity among first time buyers remained surprisingly strong, in part because the Government's Help to Buy scheme boosted activity in the new build market which continued to underpin housebuilder activity. Meanwhile interest in the institutional multifamily sector continued to build, as private investors became increasingly wary of the tightening regulatory environment.

The prime housing market remained largely price sensitive, though signs of a bottoming out in London market emerged in the second half of the year.

Transaction levels in the market over £1m, reflected this. In the half of the year they were 13% below those in the same six months of 2018 according to figures from HMRC. However, supported in part by a flurry of activity after the general election in December, they were 13% higher than 12 months previously in the final quarter of the year, leaving them little changed across the year as a whole.

Case study: Athelhampton House

Athelhampton House in Dorset, one of England's Great Tudor Manor Houses dating from the 15th century and set in exquisite 19th century gardens, was sold by Savills in Autumn 2019, with a guide price of £7.5m.

Market insights
continued

US

The US. economy continued to expand at a healthy pace, with real GDP rising by 2.3 percent in 2019 versus 2.5 percent in 2018. The recovery is now officially the longest in US. history, standing at 42 quarters through the fourth quarter of 2019, surpassing the previous record of 40 quarters (through December 2007). And no end is (yet) in sight, even though the drag of the trade war with China reduced economic growth by about 60-70 basis points. Total payrolls increased by 1.4 percent (2.1 million jobs) versus 1.8 percent (nearly 2.7 million jobs) in the year prior, and the unemployment rate ended 2019 at a 50-year low of 3.5 percent.

Consistent with the strength in hiring, annual office leasing volumes increased by more than 3.0 percent overall in 2019 in Savills-tracked markets. New York had a stand-out year seeing nearly 42 million square feet leased in total, fueled heavily by growth within the tech sector (Google, Facebook, Amazon and others were particularly active in the market). Nationally, growth in asking rents was similar to that seen over the 2017 to 2018 period, increasing 5.1 percent across all markets for 2019. With stronger demand, availability tightened in several key markets over the year including Washington, D.C., Los Angeles, and Chicago.

Investment sales activity was a mixed bag in 2019, with industrial and multifamily sales volume at or near 20-year highs. Retail and hotel sales volumes were down year over year, but both are still on par with their respective long-term averages. The US. office market saw a modest year over year increase in sales activity in 2019 and stands just above its 20-year average. Investment activity was fueled by strong cross-border investment. Globally, Preqin reports that 295 closed-end private real estate funds raised $151 billion of capital in 2019. The Fed reduced key interest rates three times during the year, resulting in a 10-year Treasury rate of 1.86 percent at year end, nearly 100 basis points lower than at year-end 2018.

Case study:
Savills advises RSM US in HQ upgrade

Savills was asked to find a new headquarters for audit, tax and consulting firm RSM US in Downtown Chicago. Savills created leverage for RSM, producing spirited competition for the firm's tenancy. RSM opted for 165,000 square feet in prime upper floors of a building across the street, offering commanding views. Applying a thorough workplace strategy analysis, Savills helped RSM gain 20% more capacity in similar square footage with progressive space sharing and more productive workflows.

European Economic and Property

The Eurozone economy grew by 0.1% during the final quarter of 2019, the lowest level of growth since the first quarter of 2013. The manufacturing sector continued to drag on GDP growth in 2019, however the latest Euro Area Composite Purchasing Managers Index (PMI) indicates growth could recover during 2020.

European office take up remained resilient in 2019, reaching 12.4 million sq m and in line with the five year average. A shortage of available space continues to threaten leasing activity in 2020, as average office vacancy rates fell a further 20bps during Q4 2019 to 5.4%. Berlin and Paris CBD are the most undersupplied European markets, which we expect to add further rental growth in 2020. Companies are having to plan their occupational moves further in advance, and many are leasing flexible office space, which accounted for 12% of take up in 2019.

Approximately 11.1% of Western Europe's retail sales are made online at the end of 2019, led by the UK, Netherlands and Germany. Increasing trade volumes and the emergence of last mile delivery is driving demand for logistics space across Europe. However, Europe's prime high street and retail warehouse yields generally remained stable in 2019.

Investor demand for European real estate remained resilient amid global trade concerns, lower domestic GDP growth and a shortage of vendors, as investment transactions reached €302bn during 2019, a 2% increase on the level recorded in 2018. A "lower for longer" investment environment, driven by cheap debt is encouraging core investors to step up the risk curve and diversify into new geographies in order to meet their required returns in 2020.

Case study: Sale of EDF Tower

Savills advised AEW / CNP on the sale of PB6 EDF Tower in La Défense for €500m+ to GIC / Beaumont

Market insights
continued

Investment Management

Number of closed-ended real estate funds closed in 2019: 181 (down from 250 in 2018)

Total capital raised in 2019: $135.27bn (up from $131bn in 2018)

181 private equity real estate funds raised total capital of $135bn in 2018. This level of capital raising is exceeded only by the amounts raised in 2014 and 2015, when volumes were $150bn and $169bn respectively. The number of funds raising has fallen from 337 in 2017 to 181 in 2019, highlighting the trend for increasingly large funds dominating the market.

Fundraising for industrial funds dropped sharply in 2019, from $12bn to $2.4bn, similar to the large drop it witnessed from 2015 to 2016 ($16bn to $7.4bn). Meanwhile, funds targeting global strategies dominated fundraising in 2019, accounting for $70bn of capital – nearly half the total. Funds for single region strategies saw capital raised drop by 40% or more.

Case study:
Acquisition of prime Paris logistics asset

Savills Investment Management acquired a newly constructed prime Grade A distribution centre in Greater Paris, France, for EUR 83.8 million on behalf of its European Logistics Fund 3.

The distribution centre is prominently located in Réau on the outskirts of Paris. It lies in one of the strongest logistics locations along the La Dorsale logistics axis, which runs from Lille via Paris and Lyon to Marseille. It offers approximately 67,000 square meters of rental space, and is fully leased to two logistics service providers on long-term agreements. The property was acquired from Barings, one of the world's largest diversified real estate investment managers, and the asset has achieved a BREEAM 'Very Good' rating.

The acquisition marked the first for Savills IM on behalf of its newly launched ELF 3. The fund is an open-end German property specialty fund that invests in prime logistics assets in the liquid European core markets. The investment style is core/core-plus, although select properties with asset management potential may also be considered. The strategy seeks diversification in terms of geography and different occupier segments, including industry, trade and services.

Asia Pacific

Despite plenty of turbulence, real estate investment activity in the region held up remarkably well in 2019 reflecting the enduring strength of cross-border transactions volumes as well as the increasing depth of local markets.

Japan, China, Australia, Singapore and South Korea all posted robust investment volumes in 2019 at similar levels to 2018 or above. These mature regional markets offer investors a wide choice of both core and value-add opportunities as well as niche sector plays.

Capital in the regional has traditionally tended to flow towards safe haven, liquid investment territories for attractive risk adjusted returns and just 5% of all office and retail investments in 2019 were made outside the top six markets.

Yields remained at historical lows across most sectors in most geographies as policy risk, trade tensions and weak growth in the economies of major trading partners meant that monetary policy remained largely accommodative.

Dogged by US/China trade tensions followed by widespread social unrest, Hong Kong's fall from grace was perhaps the most spectacular. On a more positive note, investors from the city became active in outbound trades across Asia Pacific (notably Australia) and beyond.

Stand out sectors in 2019 included hotels, which also posted a record year in 2018. Improving tourist infrastructure, rising international visitor numbers and a proliferation of new brands and offerings are attracting both portfolio and individual-asset investors.

While many of the traditional sectors took a step back in 2019, we are beginning to see the emergence of new or alternative asset classes in the region including seniors housing, multi-family and advanced logistics among many others.

Case study: One of Sydney's most iconic landmark buildings

The MLC Centre is one of Sydney's most iconic landmark buildings, located in the heart of Sydney's financial and cultural districts, with an ideal blend of office and retail accommodations. As one of the tallest buildings on the Sydney skyline, the MLC's upper floors enjoy 360 degree views of the Sydney CBD and surrounds. Savills were exclusively appointed on the sale of the 50% interest achieving a price of $800m in early 2019.

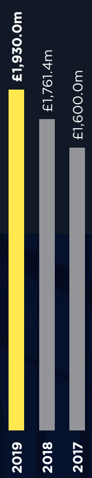
Key Performance Indicators

Financial KPIs

Revenue
£1,930.0m

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
£95.4m

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.

Underlying profit
£143.4m

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 earnings per share
78.0p

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.

Statutory profit after tax
£83.6m

The measure
Statutory profit after tax growth is the increase/decrease in statutory profit after tax year-on-year and over a longer term.

The target
To deliver sustainable long-term growth in statutory profit after tax.

Statutory earnings per share
60.6p

The measure
Statutory EPS is the measure of statutory profit generation and is calculated by dividing statutory profit after tax by the weighted average number of shares in issue.

The target
To deliver long-term growth in statutory EPS to enhance Shareholder value.

Underlying profit margin

7.4%

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.

Non-Financial KPIs

Breadth of service offering

57.1%
(% 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.

Geographical spread

62.3%
(% 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.

Property under management

2,301.5
(million sq. ft.)

The measure
Total square footage property under management.

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

Assets under management

€20.8bn

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.

Chief Executive's review

"Our strategy is to deliver value as a leading real estate 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."


Mark Ridley, Group Chief Executive

The key components of our business strategy are as follows:

- Commitment to clients by delivering the highest standards of client service
- Business diversification
- Maintenance of our financial strength
- Geographical diversification
- Strength in all real estate sectors

Key Operating Highlights

The diversity of the Group, both geographically and in our service offering, the resilience of our residential businesses and the integration of recent acquisitions underpinned a robust performance in 2019.

- Resilient performance reflects geographic diversity and strength of Less Transactional service lines
- Our Transaction Advisory revenue grew by 2%, led by North America, Europe and the Middle East
- Further strong growth from our Less Transactional services (+16%) with Property and Facilities Management revenue up 17% and Consultancy revenue up 15%
- UK profits increased by 7% to £81.9m, led by Property Management and Consultancy
- Savills UK Residential grew revenues by 6%, outperforming the decline in UK market volumes
- Continued growth in North America driven by the occupier-focused business with revenue up 11% and underlying profit up 35% to £17.3m
- Savills Investment Management reported a record year with revenue up 19%, profits up 65% to £18.1m and AUM up 8% to £17.7bn. £3.1bn new inflows up 29% on 2018 (£2.4bn)

Overall the Group's underlying profit maintained at £143.4m (2018: £143.7m) which includes a charge of £3.5m as a result of the implementation of IFRS 16.

On a statutory basis, profit before tax increased 6% to £115.6m (2018: £109.4m).

Our Strategy

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		
	2019	2018	% growth	2019	2018	% growth
UK	**727.5**	662.4	10	81.9	76.8	7
Asia Pacific	**627.1**	587.5	7	42.6	54.9	(22)
Europe & the Middle East	**282.4**	247.0	14	15.8	12.9	22
North America	**293.0**	264.5	11	17.3	12.8	35
Unallocated	**–**	–	n/a	(14.2)	(13.7)	n/a
Total	1,930.0	1,761.4	10	143.4	143.7	–

On a constant currency* basis Group revenue grew by 8% to £1,909.3m, underlying profit decreased 1% to £142.0m and statutory profit before tax increased by 4% to £113.7m. Our Asia Pacific business represented 32% of Group revenue (2018: 33%) and our overseas businesses as a whole represented 62% of Group revenue (2018: 62%). Our performance by service line is set out below:

	Revenue £m			Underlying profit/(loss) £m		
	2019	2018	% growth	2019	2018	% growth
Transaction Advisory	828.2	813.5	2	69.8	81.1	(14)
Property and Facilities Management	684.5	586.8	17	35.2	32.2	9
Consultancy	338.1	294.4	15	34.5	33.1	4
Investment Management	79.2	66.7	19	18.1	11.0	65
Unallocated	–	–	n/a	(14.2)	(13.7)	n/a
Total	1,930.0	1,761.4	10	143.4	143.7	–

Overall, our Commercial and Residential Transaction Advisory business revenues together represented 43% of Group revenue (2018: 46%). Of this, the Residential Transaction Advisory business represented 9% of Group revenue (2018: 10%). Our Property and Facilities Management businesses continued to perform well, growing overall revenue by 17% and represented 35% of Group revenue (2018: 33%). Our Consultancy businesses represented 18% of revenue (2018: 17%) reflecting a year-on year increase of 15%. The Investment Management business reported a record year as a result of new product launches, performance fees and significant capital deployed increasing revenue by 19% which represents 4% of Group revenue (2018: 4%).

People

The UK business won a number of national awards including 'Industrial Adviser of the Year' at the 2019 Estates Gazette Awards, 'UK Sales Agency of the Year' and 'Letting Agency of the Year' at the 2019 Property Week RESI Awards as well as 'Agent of the Year' Award at the Property Week Student Accommodation Awards for the second year running. This year Savills celebrated being named the Times Graduate Employer of Choice in property for the 13th consecutive year and No.1 UK Real Estate Super brand for the 12th consecutive year.

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

Chief Executive's review
continued

In Spain, Savills Aguirre Newman came top in six categories of the 15th annual Euromoney real estate survey across a wide range of sectors including valuation, residential and green development. In Italy the 'Savills Tenant School' project has won the 'Best of the Best' award, the highest recognition possible from the Italian National Council of Shopping Centres at their awards ceremony at the end of December 2019.

In Australia the Savills Valuation & Advisory Team won 'Valuation Team of the Year' at the 2019 Australia Property Institute (API) Excellence in Property Awards and Savills Queensland has won 'Commercial Agency of the Year' at the 2019 REIQ Awards for Excellence. In the US, our Knowledge Cubed platform received the American Business award. These awards are a testament to the strength of our people, their use of technology and approach to client service and I thank them for their continued commitment, loyalty and hard work.

The Savills Group advises on commercial, residential, rural 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

Overall, our Transaction Advisory revenues grew 2% (stable in constant currency) to £828.2m (2018: £813.5m). Globally our Commercial Capital Transaction business revenue declined by 8% and our Leasing and Occupier focused transactional revenues grew by 10%. Our Global Residential business revenue decreased by 1%.

Underlying profits decreased 14% to £69.8m (2018: £81.1m), with a reduced underlying profit margin of 8.4% (2018: 10.0%), as a result of the relative mix of activity across the globe and the lag effect of business development costs.

Asia Pacific Commercial

Revenue of the Asia Pacific Commercial Transaction business decreased by 13% to £138.6m (2018: £160.1m), a 15% decrease in constant currency. This was a result of a significant decrease in investment activity in Hong Kong where market volumes declined by 42% following the introduction of US/Sino trade tariffs and ongoing political uncertainty. The effect of this was partially offset by substantial improvements in Japan and our APAC Hospitality Group. Elsewhere, revenue growth in Mainland China was 9%, whilst decreases were seen in Australia (down 11%), and South Korea (down 26%).

The challenging market conditions in Hong Kong and the effect of business development costs in Australia are reflected in a 42% decrease in underlying profit to £12.4m (2018: £21.2m). This represented a 44% decrease in constant currency.

UK Commercial

Revenue from UK commercial transactions decreased 4% to £94.2m (2018: £98.4m) as the continuing lack of clarity around the UK's exit from the EU and political uncertainty in advance of the General Election affected sentiment in the commercial property investment markets, where volumes declined 17% year-on-year.

All segments of the UK commercial property market saw year-on-year falls in investment activity, with the most notable decline being in the central London office market, which was down 34%. Investment in offices nationally declined by 26% and retail by 10%, while industrial investment activity saw the second largest year-on-year fall of 14%.

Recognising that the UK property market represents good value relative to other major international locations, investor sentiment improved substantially following the clear General Election result and drove a strong finish to the year, in which our business significantly outperformed the market restricting the overall annual decline in revenue to 4%.

Transaction volumes in most UK leasing markets also declined in 2019, following a strong year of take-up in 2018. Occupier take-up in the national logistics market was 34.2m sq ft. Although this was 9% lower than 2018, it was still the fourth strongest year of the last decade. In the office markets, take-up in central London fell by 15% year-on-year and in the top six cities outside London by 10%. Savills outperformed the market with a decline of 4% in leasing revenues.

The retail sector continued to face challenges for both landlords and tenants in 2019. However, 2019 saw the largest number of initial openings of new sites by international brands in the UK, and a stronger year for new shop openings on retail warehouse parks.

Overall reduced market activity led to a 22% decrease in underlying profit to £12.3m (2018: £15.7m), with underlying profit margin falling to 13.1% (2018: 16.0%).

North America

In March the North American business rebranded to 'Savills' and continued to grow through the year. Our North American business, which primarily serves corporate occupiers, increased revenues by 11% to £293.0m (2018: £264.5m) reflecting improved performances across the network. In constant currency this equated to a year-on-year increase of 6%.

North American underlying profit increased by 35% to £17.3m (2018: £12.8m), a 29% increase in constant currency, with the underlying profit margin improving to 5.9% (2018: 4.8%). After the continued costs of investment in the business including significant investment in management and our central office platform, this represented improvement towards desired levels of profitability. As expected, the capital markets team in New York significantly reduced operating losses during the period.

Europe & the Middle East

In Europe & the Middle East Commercial Transaction fee income grew by 13% (14% in constant currency) to £127.5m (2018: £113.1m). Strong results from investment teams in France, Benelux and Ireland offset revenue reductions in Germany, Italy and Portugal. Office Leasing performed well across the region growing 28% year-on-year driven primarily by strong performances in France and Germany.

As a result of certain restructuring and recruitment costs in Sweden, France and Germany, the Europe & Middle East transactional business reported underlying profit of £5.4m (2018: £5.5m) and an underlying profit margin of 4.2% (2018: 4.9%).

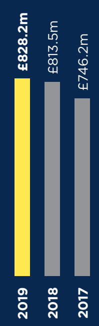
UK Residential

Our UK Residential business outperformed a weak UK market, where the volume of transactions valued above £1m declined by approximately 2% in 2019, with revenue increasing 6% to £139.1m (2018: £131.5m). Significant growth in our Core London business (average transaction value £1.1m), which doubled its market share in most locations, drove this performance through much of the year. In addition we experienced a notable increase in transactions, much of it being the release of pent up buyer demand, in the Prime and Super Prime London markets following the clear General Election result.

Properties exchanged rose 14% overall in Prime Central London and Savills overall transaction volumes exchanged were up 31% in London and 7% in the regional markets. This reflected the increasing importance of Core London to our business which is also demonstrated by the 21% reduction in the average value of London residential property sold by Savills to £2.1m (2018: £2.7m). The average transaction value outside London decreased marginally to £1.13m (2018: £1.14m).

Revenue

£828.2m



+2%

YOY change

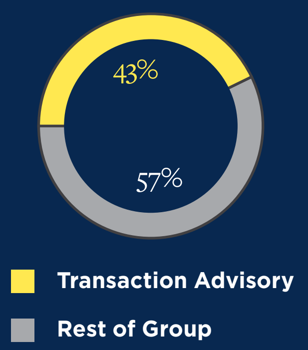
Underlying profit

£69.8m

-14%

YOY change

Contribution to Group revenue (%)



Chief Executive's review
continued

In the New Homes business, revenue increased by 4%, which represented a robust performance in the prevailing market conditions with the number of reservations increasing by 16%. Average transaction values declined 1% whilst the number of exchanges decreased by 10%.

Overall, the UK Residential Transaction Advisory business showed resilience in challenging markets, recording a 1% increase in underlying profits to £17.8m (2018: £17.6m). The shift in mix in favour of the Core London market reduced the underlying profit margin to 12.8% (2018: 13.4%).

Asia Pacific Residential

Overall, Asia Pacific Residential revenues decreased 22% to £35.8m (2018: £45.9m) which represented a 23% decrease in constant currency. A significant decline was seen in Hong Kong as investor confidence was impacted by economic and political uncertainty, as a result revenue declined by 37% year-on-year. Elsewhere in the region, Mainland China revenues were stable during the period with a slight decline in Shanghai largely offset by an increase in Beijing. The business in Singapore also experienced a decline in revenue and profits as a result of the government cooling measures implemented in 2018. Revenue in Australia declined substantially due to weak market conditions and as a result the business was restructured to mitigate the effect on profits.

The net effect of all these factors was resulted in a 45% decrease in underlying profit to £4.6m (2018: £8.3m).

Property and Facilities Management

Our Property and Facilities Management businesses continued to perform well, growing revenue by 17% (15% in constant currency) to £684.5m (2018: £586.8m). Savills total area under management increased by 14% to 2.3bn sq. ft. (2018: 2.02bn sq. ft.). Underlying profit increased by 9% to £35.2m (2018: £32.2m), 8% in constant currency.

Asia Pacific

The Asia Pacific region grew revenue by 14% (11% in constant currency) to £372.5m (2018: £327.0m). The Property and Facilities Management business is a significant strength in the region, representing 59% of Savills Asia Pacific revenue (2018: 56%) and complementing our Transaction Advisory businesses. The total square footage under management in the region was up 13% to approximately 1.71bn sq. ft. (2018: approximately 1.51bn sq. ft.). The effect of a strong performance in Greater China (incl. Hong Kong) included the revenue benefit in the initial periods of some significant facilities management contracts in Hong Kong/Macau with little short term effect on profits. Elsewhere, increased pass through costs in Singapore and significant expansion of our business in Vietnam was offset by the Australian business which saw a reduction in revenue alongside restructuring and recruitment costs in the period.

The underlying profit of the Asia Pacific Property Management business remained constant at £19.2m (2018: £19.2m).

UK

Our UK Property Management teams, comprising Commercial, Residential and Lettings, grew revenue by 21% to £231.1m (2018: £190.9m). This includes the full year effect of the 2018 acquisitions of the Broadgate Estates' third party property management portfolio and the Currell Group.

The business was awarded a number of significant contracts during the year including some lower margin Facilities Management programmes in the managed estate. The effect of these wins and investment in the platform resulted in a flat underlying profit margin of 6.8% (2018: 6.8%) and underlying profit growth of 22% to £15.8m (2018: £13.0m).

Europe & the Middle East

In Europe & the Middle East, revenue grew by 17% (19% in constant currency) to £80.9m (2018: £68.9m), including the full year effect of the 2018 acquisition of Cluttons Middle East. Some significant mandate wins in the Middle East drove the overall growth in revenue, but initial on-boarding costs and investment in the Spanish platform, suppressed the margin during the period. By year end the total area under management had increased by 15% to 151.3m sq. ft. (2018: 131.9m sq. ft.).

Collectively, the region achieved a small increase in underlying profits to £0.2m (2018: £0.0m).

Consultancy

Global Consultancy revenue increased by 15% to £338.1 (2018: £294.4m) and underlying profit grew by 4% to £34.5m (2018: £33.1m). Currency movements had a negligible impact on results in the Consultancy business.

UK

UK Consultancy revenue increased by 6% to £229.9m (2018: £215.9m), with strong performances in the Housing, Building Consultancy and Private Rented Sector (PRS) service lines. This growth was partially offset by a decline in Development and Rural and where a slow down in development advisory activity impacted revenue and underlying profits. Overall underlying profit from the UK Consultancy business increased by 5% to £27.0m (2018: £25.8m), with underlying profit margin declining marginally to 11.7% (2018: 11.9%).

Asia Pacific

Revenue in the Asia Pacific Consultancy business increased by 54% to £69.6m (2018: £45.1m), with minimal currency impact following a strong revenue performance in China alongside steady growth in the majority of the region. Profit growth was limited by the costs of recent team recruitment in China, Singapore and Australia with underlying profit increasing 7% to £4.6m (2018: £4.3m), 6% on constant currency basis.

Europe & the Middle East

Our Europe & Middle East Consultancy business, which principally comprises valuation and underwriting advisory services, increased revenue by 16% (17% in constant currency) to £38.6m (2018: £33.4m) including the full year effect of the 2018 acquisition of Cluttons Middle East. Our Consultancy practices grew across the majority of the region, but restructuring and recruitment costs suppressed the margin to 7.5% (2018: 9.0%) particularly in the Netherlands, Spain and Portugal. As a consequence, underlying profit fell slightly to £2.9m (2018: £3.0m).

Investment Management

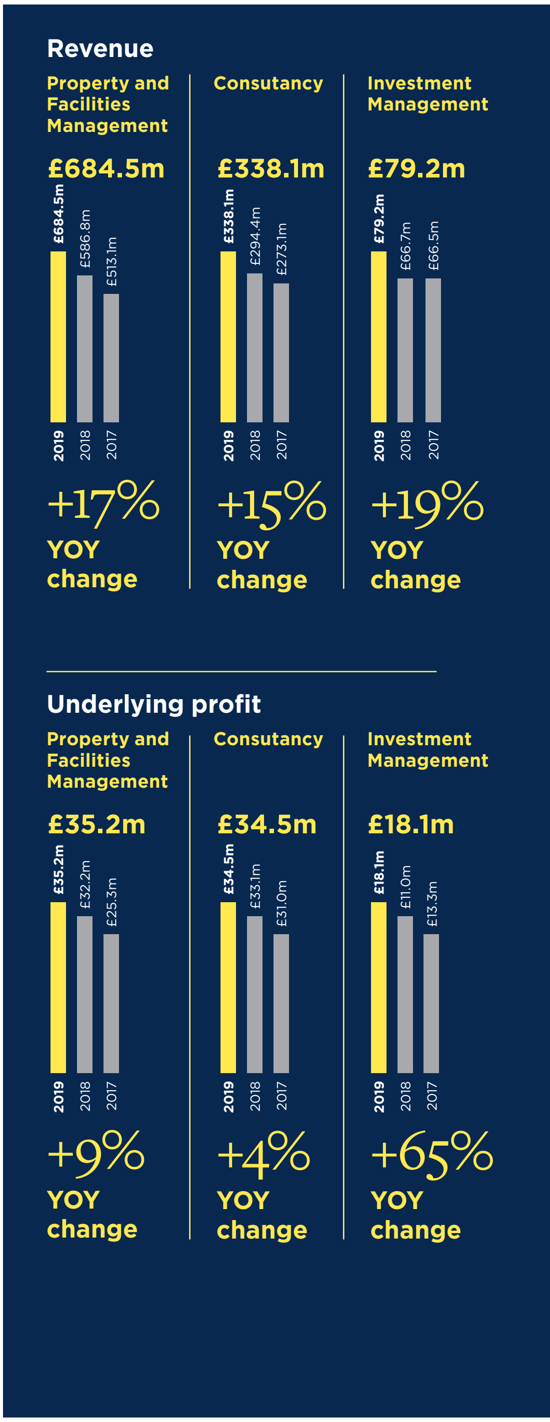
Revenue from Investment Management increased by 19% to £79.2m (2018: £66.7m). Net base management fees represented approximately 66% (2018: 64%) of Investment Management revenues and grew by 22% during the period. In an environment of fewer transactions (£3.1bn in 2019 vs £3.8bn in 2018), transaction-related fees declined by 1%, however the business benefitted from performance fees on certain products and 85% of funds (by AUM) exceeding their benchmark returns on a five year rolling basis. This track record supported a record year for new capital inflows of £3.1bn (2018: £2.4bn) despite more challenging market conditions.

Assets under management increased by 8% to £17.7bn (2018: £16.4bn).

Underlying profits for Investment Management increased by 65% to £18.1m (2018: £11.0m).

Mark Ridley

Group Chief Executive



Chief Financial Officer's review

"Basic earnings per share increased 8% to 60.6p (2018: 56.2p), reflecting an 8% increase in statutory profit after tax."

Simon Shaw, Group Chief Financial Officer

Underlying profit margin

Underlying profit margin decreased to 7.4% (2018: 8.2%), reflecting business mix and the cost of business development in a number of regions. In terms of revenue, the reduction in activity in some higher margin capital transaction markets was mitigated by growth in the lower margin leasing activity and, in particular, by growth in the Property Management business globally.

Taxation

The tax charge for the year decreased slightly to £32.0m (2018: £32.2m), reflecting an effective tax rate on statutory profit before tax of 27.7% (2018: 29.4%). In both years, the Group's effective reported tax rate is higher than the UK effective rate of tax of 19% (2018: 19%), reflecting the effect of higher foreign rates of tax and permanently disallowed charges, including non-deductible acquisition costs.

The underlying effective tax rate reduced slightly to 25.1% (2018: 25.7%).

Restructuring and acquisition-related costs

During the year the Group recognised a total of £25.2m in restructuring and acquisition-related costs (2018: £29.1m). These comprised an aggregate restructuring charge of £11.5m (2018: £8.4m). These related principally to costs incurred in rebranding the North American business to Savills in line with the original integration plan and the final reorganisation within the ex SEB German Investment Management business in line with the transfer of the remaining open ended fund assets (primarily liquid assets) to the fund custodian.

The reduction in acquisition-related costs in 2019 to £13.7m (2018: £20.7m) reflected a reduction in corporate acquisition activity year-on-year. These costs related to future consideration payments, associated with past acquisitions, which are subject to a future service condition. The largest components of this charge relate to the acquisitions of Aguirre Newman in 2017 and Currell Group in 2018.

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

Earnings per share

Basic earnings per share increased 8% to 60.6p (2018: 56.2p), reflecting an 8% increase in statutory profit after tax.

Adjusted on a consistent basis for exceptional pension charges, 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 marginally to 78.0p (2018: 77.8p).

Fully diluted earnings per share increased by 8% to 58.8p (2018: 54.6p). The underlying fully diluted earnings per share increased slightly to 75.7p (2018: 75.6p).

The first-time implementation of IFRS 16 (Leases), reduced earnings per share by 2.6p year-on-year.

Cash resources, borrowings and liquidity

Gross cash and cash equivalents at year end decreased 6% to £209.9m (2018: £223.9m). This decrease primarily reflected the £10.3m of losses in the year on translation of cash balances held in non-sterling currencies (2018: £9.8m of translation gains).

Gross borrowings at year end increased to £181.4m (2018: £150.0m). These principally comprise £150.0m

(2018: £150.0m) of 7, 10 and 12 year fixed rate notes which were issued in June 2018, along with £32.5m (2018: £nil) drawn under the Group's Revolving Credit Facility ('RCF'). In June 2019 the Group amended and extended its existing £360m RCF to include a £90m accordion facility and extend the expiry date from December 2020 to June 2024. At the year end, net cash was £28.5m (2018: £73.9m).

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.

The Group's net inflow of cash is typically 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 £95.4m (2018: £104.3m).

With a large proportion of the Group's revenue being 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.

Capital and Shareholders' interests

During the year 0.1m shares (2018: 0.2m) were issued to participants under the Performance Share Plan and 0.1m (2018: 0.8m) new shares were issued to participants on exercise of options under the Group's SAYE Schemes. The total number of ordinary shares in issue at 31 December 2019 was 143.1m (2018: 142.9m).

Savills Pension Scheme

The funding level of the defined benefit Savills Pension Scheme in the UK, which is closed to future service-based accrual, fell during the year primarily as a result of a decrease in the yield on AA-rated corporate bonds, increasing the value of the liabilities, offset by the impact of contributions made by the Group. The plan was in a liability position of £9.4m at the year-end (2018: £2.8m surplus).

During the prior year the Group incurred an additional exceptional charge of £3.1m in respect of the equalisation of the Guaranteed Minimum Pension ('GMP') on the UK defined benefit pension plan.

Net assets

Net assets as at 31 December 2019 were £503.2m (2018: £505.0m). This movement reflects the Group's trading performance which has been more than offset by the effects of foreign currency translation of foreign subsidiaries along with the actuarial loss on the UK defined benefit pension plan.

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 14 and 15. 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 or better.

Interest rate risk

The Group finances its operations through a mixture of retained profits and 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

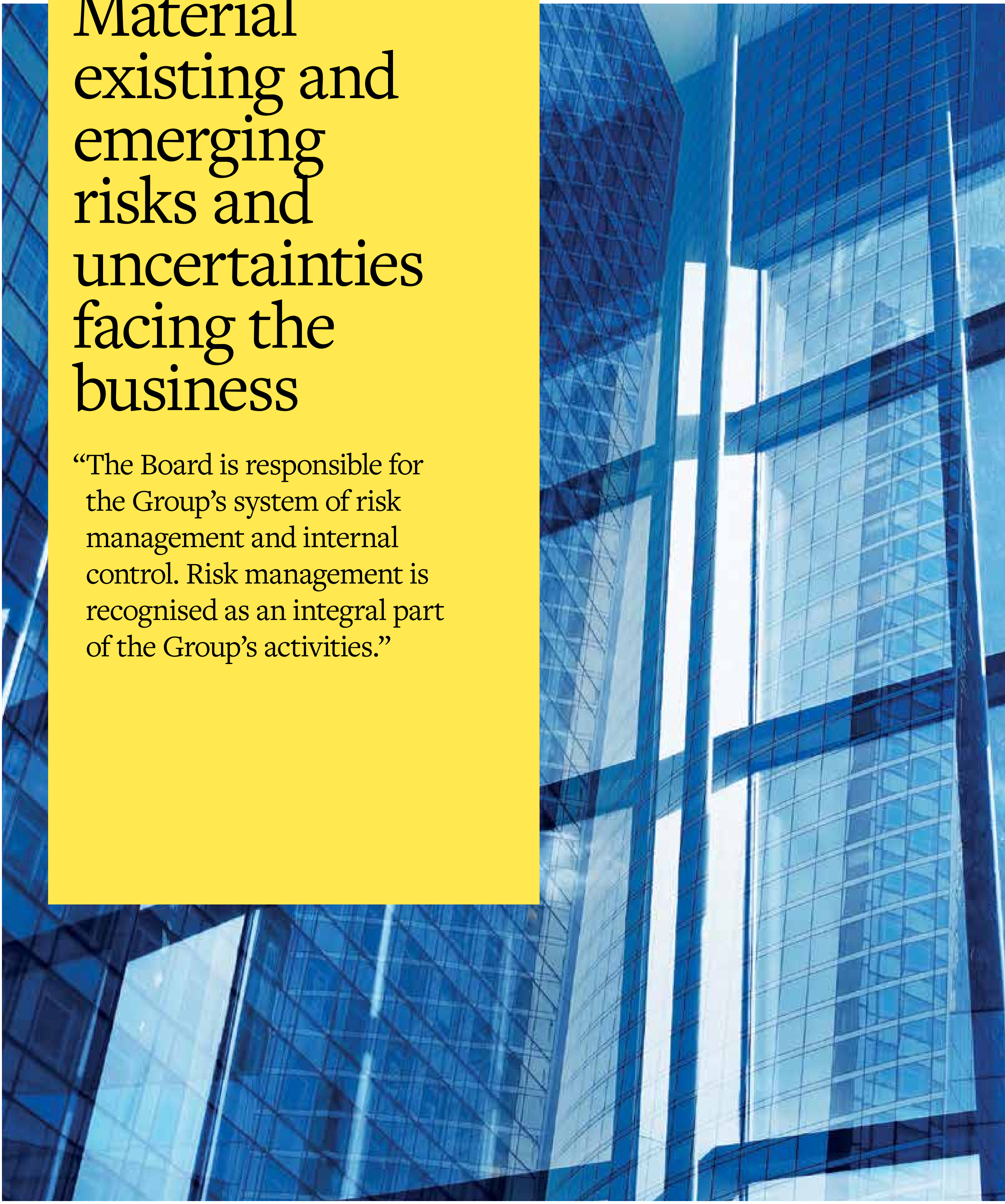
The Group operates internationally and is exposed to foreign exchange risks. As both revenue and costs in each location are generally denominated in the same currency, transaction related risks are relatively low and generally associated with intra group activities. Consequently, the overriding foreign 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. The net impact of foreign exchange rate movements represented a £20.7m increase in revenue (2018: £20.7m decrease) and an increase of £1.4m in underlying profit (2018: £1.3m decrease). Refer to Note 3.2 to the financial statements for further information on foreign exchange risk.

Simon Shaw

Group Chief Financial Officer

Material existing and emerging risks and uncertainties facing the business

"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."



Identifying and managing our risks

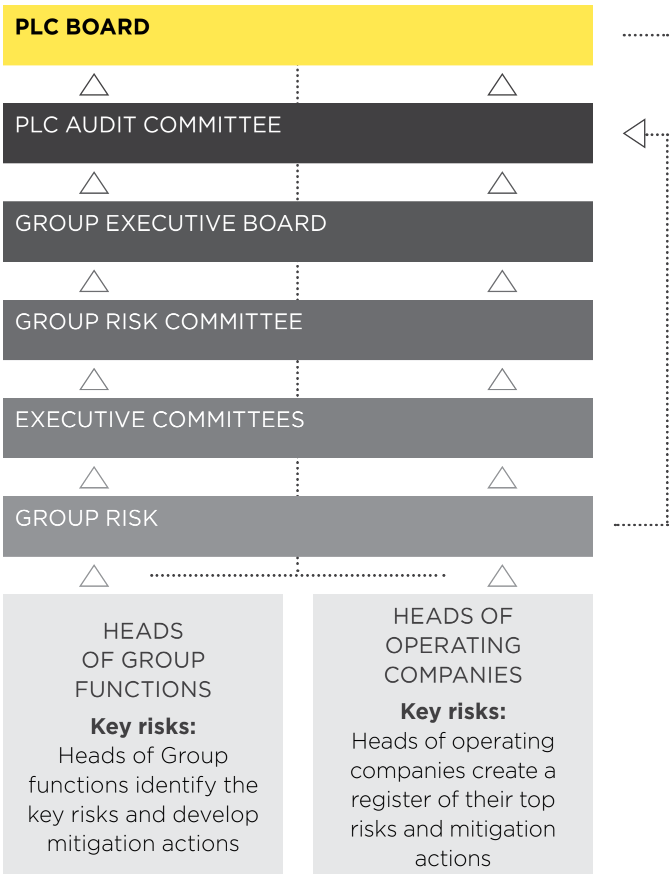
The Board determines the Group's appetite for risk in pursuit of strategic objectives, and the level of risk that can be taken by the Group and its operating companies. Savills businesses worldwide are responsible for executing their activities in accordance with the risk appetite set by the Board, complemented 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 material risks and the emergence of new material 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. Material risks are those to which the Board and senior management pay particular attention and which could cause the delivery of the Group's strategy, results, financial condition or prospects to differ materially from expectations. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer period of time.

The Group Director of Risk & Assurance facilitates the risk assessment and evaluation process with Group and regional /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 basis against which potentially material 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 a financial, 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.



Review and confirmation

Review and confirmation by the Board.

Process

Risks and mitigation reviewed by Audit Committee after validation by the Group Risk Committee and Executive Boards/Committees.

Ongoing review and control

There is ongoing review of the risks and the controls in place to mitigate these risks.

Review and assessment

Group Director of Risk & Assurance consolidates the operating companies', functional and Group risks to compile the Group's key risks. Any significant programme/project risks are also considered.

Material existing and emerging risks and uncertainties facing the business continued

Roles and responsibilities

The Board continuously reviews the Group's key risks and is supported in the discharge of this responsibility by various committees, and in particular 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 discharged 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 material 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
- Receive updates from Group Risk Committee
- Monitor the application of risk appetite and the effectiveness of risk management processes. The Group Risk Committee and Board also consider 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

Responsibilities

- Responsible for risk management and internal control systems within their regions/businesses
- Monitor 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 and 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 as well as emerging risks
- Review mitigating controls, whether financial, operational or compliance and mitigation plans to address control gaps
- Plan, execute and report on assurance activities as required by region or Group.

The Group's overall risk management framework is further enhanced by the contributions of specialist committees, for example, IT Security. Where appropriate, certain businesses also have their own risk committees.

Savills continuously reviews and enhances its risk management process and seeks advice from independent advisors where applicable.

Principal and emerging risks

The Directors have carried out a robust assessment of the material existing and emerging 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 risks and uncertainties other than 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 69 to 77.

In summary, our material existing and emerging risks (not in order of priority) are:

1. COVID-19
2. Business conditions, general economy and geopolitical issues
3. Achieving the right market positioning in response to the needs of our clients
4. Recruitment and retention of high-calibre staff
5. Reputational and brand risk
6. Legal risk
7. Failure or significant interruption to IT systems causing disruption to client service
8. Operational resilience/Business continuity
9. Business conduct
10. Changes in the regulatory environment/regulatory breaches
11. Acquisition/integration risk

Risk	Description	Mitigations	Change from 2018
1 COVID-19			
Strategic objective: Financial strength/ Strength in Residential and Commercial markets/ Commitment to clients	COVID-19 may have a significant impact on transactional activity globally, as it already has in Greater China, but it is difficult to predict this impact accurately in a dynamic environment.	We are closely monitoring the short and medium-term impacts of the Covid-19 virus, The welfare of our staff and clients is paramount and we have implemented risk management measures consistent with government guidances in relation to affected locations. In addition, we have business continuity and crisis plans (refer to risk 8 below) which will enable us to respond quickly to mitigate the impact. Any longer-term impacts will also be considered and monitored, as appropriate.	**New**
2 Business conditions, general economy and geopolitical issues			
Strategic objective: Geographic diversification/ Financial strength	Global market conditions are currently volatile, with political and economic uncertainty in some sectors and markets, particularly the unrest in Hong Kong, the uncertainty around the trade agreements being negotiated by the UK with Europe following Brexit and the continuing US/ China tariffs dispute. Group earnings and 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 maintain a continuous 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, economic trends and adverse events. Continual monitoring of market conditions, market changes and other events 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 remain unclear, but we are monitoring developments closely; Impact assessments have been undertaken covering a range of risks such as HR matters, purchases of goods from the EU, the imposition of withholding taxes by EU countries and VAT changes and appropriate plans put in place where required. Certain changes may present business opportunities for Savills. 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.	▲

Key: Change from 2018

▲ Increase ◆ No change ▼ Reduced

Material existing and emerging risks and uncertainties facing the business continued

Risk	Description	Mitigations	Change from 2018
3 Achieving the right market positioning in response to the needs of our clients			
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, enhance and extend our client service offering.	◀▶
4 Recruitment and retention of high-calibre staff			
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.	◀▶
5 Reputational and brand risk			
Strategic objective: Strength in Residential and Commercial markets/ Commitment to clients	'Savills' is a strong, well recognised and valued 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 and as described below, requiring our people to operate to the highest ethical standards.	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. 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 well established corporate social responsibility programmes as set out in Responsible Business on pages 35 to 46.	◀▶

Risk	Description	Mitigations	Change from 2018
6 Legal risk			
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 and Project Management businesses, we may be responsible for appointing or overseeing 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, data protection, procurement, contractor management and valuation. We have Best Practice groups, policies, procedures and training which are designed to deliver the relevant contractual obligations and thereby 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.	◀▶
7 Failure or significant interruption to our IT systems causing disruption to client service			
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. Our IT strategy is to diversify our services utilising cloud and hosting in order to avoid a single point of failure. Penetration testing and vulnerability testing is carried out regularly. Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated. We are continuously reviewing our resilience to cyber security attacks due to the constant threat.	◀▶
8 Operational resilience/ Business Continuity			
Strategic objective: Financial strength/ commitment to clients	Significant non-IT. events may affect continuity of service to clients, consequential revenue loss and reputational damage.	Business continuity plans are in place across our businesses worldwide to enable us to respond to external incidents which threaten the continuity of our operations. Currently, the impact of COVID-19 is being monitored and appropriate plans / measures put in place (refer to risk 1 above), but continuity plans encompass a range of events that could impact on our people or buildings such as pandemics, terrorist events and natural disasters.	**New**

Material existing and emerging risks and uncertainties facing the business continued

Risk	Description	Mitigations	Change from 2018
9 Business conduct			
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.	◆
10 Changes in the regulatory environment/regulatory breaches			
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, Savills Capital Advisors and Savills Investment Management are authorised and regulated by the Financial Conduct Authority ('FCA') in respect of activities conducted pursuant to the Markets in Financial Instruments Directive ('MIFID') and Alternative Investment Fund Managers Directive ('AIFMD'). ▪ Some Savills Investment Management entities are variously authorised by the Bank of Italy, MAS in Singapore, BaFin in Germany, JFSC in Jersey, CSSF in Luxembourg, ASIC in Australia. Savills Group companies also hold financial services advisory licences in Japan and USA. Our entities across the Group employ resources and maintain a framework of controls aimed at preventing our business being used to facilitate financial crime, and to comply with complex financial sanctions regimes which are continually changing in response to global events. ▪ Some of our service businesses are regulated by The Royal Institution of Chartered Surveyors ('RICS'), for example Savills UK. 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 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.	◆
11 Acquisition/integration risk			
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

In addition to the going concern statement, the Directors have considered the viability of the business. 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 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Company over a three year period to 31 December 2022, taking account of the Group's current position and prospects, the Group's strategic plan, and the Group's principal risks and the management of those risks, as detailed in the Strategic Report on pages 4 to 47. The Group's emerging risks are also disclosed in the Strategic Report. This longer-term assessment supports the Board's statements on both viability, as set out below, and going concern as set out on page 107.

Period for Assessment

The Directors concluded that three years would be an appropriate time frame for this assessment being consistent with the period covered by the Group's strategic plan and the cyclical nature of property markets.

In assessing viability the Directors considered a number of factors including 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 4 to 47. The strategy and associated principal risks which underpin the Group's three-year plan, are reviewed by the Directors at least annually. The Directors also satisfied themselves that they have the evidence necessary to support the statement in terms of the effectiveness of the internal control environment in place to mitigate risk.

The assessment process and key assumptions

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. These scenarios assess the potential impact from several macro-economic risks, including Brexit in the UK, a severe global economic downturn analogous to that experienced during the Global Financial Crisis in 2008/09 and a specific scenario related to the current Covid-19 outbreak. 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.

Confirmation of longer-term viability

Based on the assessment explained above and in accordance with the UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due, over the three-year period ending 31 December 2022.

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.

Stakeholder engagement with s.172

Engaging with our stakeholders

The following disclosure is made in line with the Companies (Miscellaneous Reporting) Regulations 2018 which requires Companies to report on employee and stakeholder engagement. The Board remains committed to further strengthening its dialogue with employees and the Company's wider stakeholder group. The Board recognises that engagement is fundamental to the success of the Company and, in performing its duties under s172, considers the views of key stakeholders in its decision-making, recognising that they are central to the long-term prospects of the Company.

Who are our stakeholders	Why we focus on these stakeholders	How do we engage them?
Clients	Our clients are key to the success our business	Our businesses are in continuous contact with our clients, to understand their requirements, to listen to their feedback on our service levels and to understand their expectations in terms of the development of our service offering. As part of the client relationship management programme, it is the responsibility of our dedicated client relationship leads to gain a deep understanding of our clients' businesses through regular dialogue and to share this knowledge with the wider client relationship and business leadership teams. The quality of our service performance is regularly assessed by independent reviewers which helps us better understand how we are managing the relationship and what we need to change to deliver the service and added value our clients expect. In the last year we have increased the level of feedback we receive which has enabled us to tailor better our approach to individual clients, making their experience of Savills more bespoke to them and their needs. Client relationship leads also act as a focal point for client servicing enquiries and it is their responsibility to quickly identify and resolve any service issues. This feedback helps us maintain the highest levels of client service and develop and extend our client offering.
Our People	Our people are our most valuable asset. We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives	Our long-standing focus and business philosophy 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. We take feedback from our staff on or leadership and training courses and as a result look to improve future training and development programmes In 2019, we focused on strengthening our communication channels with employees, in response to the new Code requirements. After this review we introduced two key enhancements as follows: (a) the creation and promotion of a digital platform which will allow direct employee communication (in local language) with non-executive directors (including the Chairman) in areas of focus (such as strategy, training and development opportunities; measurement of staff performance and promotion criteria; diversity; and flexible working). Following development, this portal is now being piloted in our UK and US businesses, prior to global launch (in local languages) later in 2020; and (b) asking the Non-Executive Directors (including the Chairman) to join staff 'Town Hall' / Employee Briefing sessions by region, and, for example, meet with young leader groups without management being present. Reflecting the geographical spread of the Group, all of our Non-Executive Directors will participate in this programme (rather than a specific Non-Executive Director being asked to assume this responsibility). All of the Group's Non-Executive Directors are involved in our workforce engagement programme, with each NED focussing on specific regions reflecting their own domiciles. The Board believes this will enhance each of the Director's engagement with, and understanding of, workforce views, leverages cultural awareness and is more efficient. We continue to monitor and develop our approach to employee engagement in the light of emerging practice.

Who are our stakeholders	Why we focus on these stakeholders	How do we engage them?
Community and environment	We believe that the community engagement programmes that we have developed have a positive impact on the areas where our people live and ensure that Savills is firmly engaged with the communities we serve	We believe that the community engagement programmes that we have developed have a positive impact on the areas where our people live and ensure that Savills is firmly engaged with the communities we serve. 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. Savills Corporate Responsibility Steering Group ('CR Steering Group') co-ordinates the Group's corporate responsibility activity to deliver Savills agreed goals and ensures that key CR responsibilities and achievements are communicated to all staff globally and externally to interested parties. The CR Steering Group monitors Group-wide corporate responsibility progress and performance, identifying to the Group Executive Board areas where action needs to be taken. The progress made on corporate responsibility matters and the achievements of the Group's Principal Businesses in each year are considered by the Board and included in the Group's Report & Accounts annually. 2019 marked the end of our three year GHG reduction plan and we reported a reduction of 30% in GHG emission intensity. The 30% GHG intensity reduction against the baseline year has been achieved progressively, with an 8% year on year improvement in 2017, 9% in 2018 and an additional 13% in 2019.
Shareholders	We believe that engaging with our Shareholders and encouraging an open, meaningful dialogue between Shareholders and the Company is vital to ensuring mutual understanding Delivering for our Shareholders ensures the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders	We are in regular contact with our major Shareholders and potential Shareholders. We have an active engagement programme with our Shareholders involving a regular, scheduled programme of meetings as part of our continuing commitment to open and transparent dialogue, including the Group's approach to remuneration. 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. The Board is available at the AGM to meet with Shareholders. The AGM provides the Board with an opportunity to engage with our Shareholders. The Chairman and Tim Freshwater as the Senior Independent Director are also available to meet Shareholders at all times as required. All resolutions put to Shareholders at the 2019 AGM were passed with over 92% approval.
Suppliers	As a Group we do not have any material dependency on a specific supplier In this area our primary focus is on developing strong relationships with our property management supply partners across the world to help us to provide consistent standards and the services required by clients across our property management business	Our property management businesses work with supply partners to ensure that we can deliver the best services for our clients. Our businesses have regular engagement with their key suppliers, who are required to operate with high service levels and the ethical standards that are set out in our Code of Conduct. We regularly monitor the relationship and engagement approach with our third-party suppliers.

Stakeholder engagement with s.172 continued

Section 172(1) Statement

The Board of Directors of Savills Plc consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, the Directors have had regard to the stakeholders and amongst other matters to those set out in s172(1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2019:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, clients and others;
- impact of the Company's operations on the community and environment;
- Company's reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

The disclosures set out on this page are some examples of how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them. More detail on how our Board operates, including the matters it discussed and debated during the year are in the Governance Report on pages 48 to 111. Illustrations of how section 172 factors have been applied by the Board can be found throughout the Strategic Report. For example, for details on how we have considered the impact of the Company's operations on the environment see pages 42 to 43 of Responsible Business. For further details of how we have considered our clients see page 36 of Responsible Business.

Principal Board decisions made in the year	Disclosures
Strategy Considered the Group's preparations in relation to Brexit	As part of the Group's preparations in relation to Brexit, the Board in particular considered location of Savills Investment Management's regulatory AIFM licenced activities in the context of the risk that the established 'passporting' of UK permissions was excluded by Brexit. As part of the decision making process on whether to transfer the registration to Luxembourg, the Board considered the impact on servicing clients and our people. The decision was taken to move the AIFM licence to Luxembourg with the creation of additional roles in country and without the reduction of staff in Savills Investment Management in London. Moving the AIFM licence to Luxembourg removed the risk that Savills Investment Management would no longer be able to manage AIFs in Europe, which is fundamental to the continued operation of the SIM business.
Governance Appointed Dana Roffman as an additional Non-Executive Director to the Board	The Board is committed to ensuring that its membership provides the necessary balance of diversity, skills experience, independence and knowledge to ensure we continue to run the business effectively and deliver sustainable growth. In this context, in making the recommendation to the Board on the proposed appointment of an additional Non-Executive Director, the Nomination & Governance Committee in particular considered the Board's blend of skills and experience. In making the recommendation to the Board on the proposed appointment of an additional Non-Executive Director, the Nomination & Governance Committee considered the Board's commitment to continuing to ensure the Group has a balanced Board. The Committee was unanimous in its recommendation to the Board that Dana Roffman be appointed as additional independent Non-Executive Director as she brings providing extensive real estate experience in relation to the US market, improving the skill set of the Board. Dana Roffman's knowledge of the US market built up over many years will help shape the Group's US strategy in particular. On 31 October 2019 we announced that a new Non-Executive Director, Dana Roffman would join the Board on 1 November 2019.
Finance Reviewed the 2020-22 Business Plan and approved the 2020 Budget	The Group's Business Plan is designed to promote the success of the Company by driving the growth of the business in the long term which is in the interests of all stakeholders, ensuring that:- ▪ we are not over-dependent on one market or service line by further broadening the depth and breadth of our geographic presence and client offering; ▪ we deliver the highest standards of client service by having motivated and engaged staff by providing an environment in which our people can succeed so sustaining the inclusive, diverse and supportive culture that is encapsulated in our business philosophy and our values; ▪ we continue to innovate and extend our client offering to ensure that we can meet the evolving requirements of our clients, in particular in areas such as sustainability; ▪ our environmental impact continues to be minimised; having achieved a 30% reduction in GHC emissions over 2016-19 (see Responsible Business Environment on pages 42 to 43), we are now considering the future targets for our 2020-22 Sustainability Programme, including a Zero Carbon target, which will be agreed during 2020.

Responsible business

Our corporate responsibility structure

Group Chief Executive and the Board

Responsibility for Our Corporate Responsibility programme sits with the Group Chief Executive and the Board

Corporate Responsibility Steering Group

Our CR Steering Group, comprising senior representatives from our businesses and central teams, co-ordinate Our Corporate Responsibility strategy

Corporate Responsibility Strategy

The strategy is implemented and delivered at country level focusing on the key aspects of corporate resonsibility which we believe are key to the success of our business and where we believe we can make the most difference

Values

- Pride in Everything We Do
- Take an Entrepreneurial Approach to Business
- Help our People Fulfil Their True Potential
- Always Act With Integrity

Developing Our People

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.

Read more on pages 37 to 40

Reinforcing Culture

We are committed to doing the right thing in the right way and this is reflected in the Savills Code of Conduct.

Read more on page 41

Environment

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.

Read more on pages 42 and 43

Social Matters

We believe that the community engagement programmes that we have developed have a positive impact on the areas where our people live and ensure that Savills is firmly engaged with the communities we serve.

Read more on pages 44 and 45

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. All of our businesses are required to comply with local legal standards as an absolute minimum, while our localised approach provides the flexibility required to have meaning and impact at a local level.

We focus on those key areas where we believe we can make a difference and endeavour to manage our impact in a responsible and sustainable manner. To fulfil this aim the Group actively embraces a range of policies and practices that foster a positive approach towards corporate responsibility as an integral part of our day-to-day activities.

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.

Responsible business
continued

Our Clients

Taking 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.

Creating and nurturing strong long-term relationships with our clients is fundamental to our client care strategy and we are committed to ensuring that our people have the right training, tools and motivation to deliver an exceptional and personal client experience which is tailored to our clients' requirements and needs. We continue to invest in our people to ensure they have the right skills to deliver the high standard of advice our clients expect as well as provide training in Client Relationship Management (CRM) relevant to individuals' roles and skills gaps. This ensures we have expert teams who can deliver the best quality advice in their specialism and markets, and who at the same time can work collaboratively within a client relationship team to ensure our clients receive a joined up and consistent service, as well as a solution bespoke to their requirements. To support greater collaboration among client relationship teams, we invest in various initiatives to ensure our professionals also build strong relationships with each other. We continued the further roll out of our internal collaboration platform. The platform allows Savills client teams to share real-time information relating to clients across teams and countries. In parallel to the continued implementation of our CRM platform in Europe, our North America business has also launched a new CRM system. The CRM technology is facilitating greater visibility of client information and is aiding collaboration among client service teams.

In order to deliver a personal client experience in line with our clients' evolving needs, regular communication is a key priority. As part of the client relationship management programme, it is the responsibility of our dedicated client relationship leads to gain a deep understanding of our clients' businesses through regular dialogue and to share this knowledge with the wider client relationship teams. We also commission independent client reviews to better understand client satisfaction, how we're managing the relationship and what we need to adjust to deliver the service and added value our clients expect. In the last year we have increased the level of feedback we receive which has enabled us to tailor our approach to individual clients, making their experience of Savills more bespoke to them and their needs. It has also meant that we can be more proactive in offering solutions which may involve other specialist teams in the business. Client relationship leads also act as a focal point for client servicing enquiries and it is their responsibility to quickly identify and resolve any service issues.

Our People

Helping 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.

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.

Employee engagement

We continue to focus on employee engagement through a number of areas of focus. For example, in the UK we are improving the capability of our leaders and managers through our key programmes Empower, Engage and Inspire. We also have a specific project on improving the effectiveness of all managers in role. We have improved the clarity of our reward and benefits through the use of, for example, in the UK, a new Total Reward Statement, so that all our employees clearly see the full reward package. We take employee wellbeing seriously and have an established wellbeing programme, and we are committed to the Time to Change pledge.

Developing talent for the future

We firmly believe in the value of developing future talent from within the Group and we want people to grow their careers at Savills. We work 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. 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').

In order to manage individual development and ongoing learning, we launched a Learning Management System ('LMS') in the UK which has now been rolled out across Europe. The LMS is mobile compatible, allows individuals to track and manage their development, watch video podcasts and download course materials. The LMS will be rolled out across the Middle East and US.

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

We have also extended our CPD programme across the US.

Graduates are surrounded by experienced professionals and team members from whom they can seek advice and learn. With responsibility from the day they join the business, in teams which highly value their contribution, our graduates are involved in some of the world's most high-profile transactions and developments. We look for graduates with entrepreneurial flair and diverse skills.

In the UK

- In 2019 ranked 92 in the Times Top 100 Graduate Employers.
- The leading real estate firm in the Times Top 100.
- Ranked No.1 in Rate my Placement for our summer scheme programme.

In the US, we are continuing to run our Young Leaders Programme, now in its third year. Savills US Academy, a multi-year business mentorship programme aimed at harnessing the talent of the rising stars, is now in its fourth year.

In 2019, in Asia Pacific, we continued to run our Inspire course, a two-year course for our next generation leaders of the business. The programme is split into four, three day workshops spread over the two year period. A key part of the programme is for the candidate spending time with the Asia Pacific Executive Committee to discuss strategic intent and present ideas for growth. Each candidate is assigned a lifetime mentor from within the business to help guide and support them through the programme and beyond.

Responsible business continued

Our People continued

Inclusion and Diversity

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 people from the highest quality individuals in the widest available pool of talent.

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. 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.

Our Strategic Approach

Our commitment is to promote on merit regardless of any other factors, creating equal opportunities for career progression and ensuring that every single person within the Savills Group has a sense of belonging.

Savills policy is to embrace diversity and provide a platform and a supportive environment for everyone to be the best they can be.

We are committed to developing a culture of inclusivity and diversity within the property profession with six key areas of focus: gender, disability, LGBTQ+, socio-economic, ethnicity and age. We have led on this with our programme in the UK, and our Diversity Group in the UK is now in its fifth year and continuing to develop our programme across the Group. The main objective is to highlight the diversity of our business and ensure that we are communicating clearly and effectively about our people and our clients:

Area of Focus	Objectives
Age	Encourage a wider age profile within the property industry by focusing on ensuring that appropriate support is available and offered at all stages of an individual's career
Disability	Ensure all staff feel included and supported regardless of any disability (discernible or hidden). We want to highlight the benefits of having a business that is aware of and understands the needs of employees, clients, tenants, visitors and all those that interface with Savills that have any form of disability
Ethnicity	Increase the ethnic diversity of people working within Savills and the wider property industry by embracing a rich, diverse cultural mix to promote inclusion and engagement between all staff and clients
Gender	To create a strategy that provides an equal and fair platform for everyone to be the best they can be
LGBTQ+	Embrace diversity and provides a platform and a supportive environment for everyone to be the best they can be Improve lesbian, gay, bi and trans (LGBTQ+) inclusion in the work place
Socio Economic	Create a strategy that provides an equal and fair platform for everyone to be the best they can be regardless of their socio economic background

Implementation	Examples of progress on achieving objectives
▪ Flexible Working ▪ Improving Internal Communication of existing and new policies ▪ Promoting Mentoring and Rewarding Loyalty ▪ Ensuring that policies and support are offered for Working Carers	▪ We support a significant number of people flexibly for different reasons to accommodate personal and professional requirements ▪ In the UK, 'Making your Mentoring programme relevant for the modern workplace' Savills has adopted a flat mentoring scheme for many years, allowing both mentor and mentee to benefit from their involvement. A recent trial within the UK business has also seen employees matched with colleagues in the same division, who are just slightly further along in their careers, to allow for similar experiences to be shared
▪ Raising awareness through supporting internal and external events ▪ Implement compulsory diversity and equality awareness training across the business ▪ Engaging with a number of professional bodies and diversity groups and will ask for their assistance and expertise ▪ Removing the stigma – promote awareness of mental health issues	▪ We are committed to being a Valuable 500 business, which is a pledge to encourage 500 companies across the globe to sign up and agree to be more inclusive in terms of disability ▪ Savills achieved certification as a Disability Confident Committed Employer (Level 2) in the UK
▪ Ensuring zero tolerance of harassment and bullying ▪ Making equality in the workplace the responsibility of all leaders and managers ▪ Taking action that supports ethnic minority career progression	▪ Savills has signed up to the Race at Work Charter, an initiative designed to improve outcomes for Black, Asian and Minority Ethnic (BAME) employees in the UK ▪ Our US Building Inclusivity and Diversity Group regularly hosts speaker and panel-discussion events for our employees and clients to encourage awareness and constructive dialogue regarding diversity and inclusion. We recently hosted at the Smithsonian Institution's National Museum of African American History and Culture in Washington, DC, was attended by clients and staff. The event included a programme of speakers who shared current initiatives and best practices for raising awareness for diversity and inclusion at their companies
▪ Continue to ensure that our training fully supports our approach to diversity and inclusion ▪ Relaunched our gender equality and unconscious bias training, to further raise awareness of diversity	▪ We are working hard to redress our balance of men and women in more senior roles through a number of initiatives ▪ Our 'Women in Leadership positions', determined in accordance with the Hampton-Alexander Review criteria, was 22.5% as at 31 December 2019. Whilst this progress reflects our commitment to improve diversity, in a sector where historically there has been a shortage of women leaders, we fully acknowledge that we need to remain focused into the medium term on further improving diversity ▪ We will continue to evolve our approach to meet the needs of our clients and people
▪ Raising Awareness ▪ Recruit and Retain best people	▪ Savills plc and Savills UK improved 137 places in the 2019 UK Stonewall Workplace Equality Index. We hope to continue to improve on this in 2020
▪ Creating a workplace that provides an equal and fair platform for everyone to be the best they can be regardless of their socio economic background ▪ Increasing diversity of talent pool ▪ Inspiring the next generation to consider property for their career	▪ In the UK, Savills with Schools initiative now in place across 26 regional offices, to date the business has engaged with over 5,000 pupils ▪ Founding sponsor of Rethink Food, providing vertical farming towers in primary schools in the UK ▪ Supporting London based charity, The Big House, which works with care leavers who are at a high risk of social exclusion by providing a platform to participate in the making of theatre

Responsible business continued

Our People continued

The Diversity Group

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. We also launched a programme for our main city offices to partner with 58 local state schools to provide a long-term partnership and offer work experience. We hope that this will lead to an increased awareness of property as a career and a potential source of future apprenticeship applicants.

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. We attend the Skills London event 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 ,Disability, BAME and LGBT groups. We also participated in the London Pride March with the rest of the CTFOP companies.

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. We also support the Property Needs You Pathways to Property and Urban Plan campaigns in schools.

Apprenticeships

Savills Surveying Apprentices join teams across the UK and we now have 50 apprentices in the UK. After six years in the business they will gain their BSc in Real Estate and their full MRICS status.

Inclusive Culture

We believe that we have created a culture in which those skills, experience and perspectives are nurtured and encouraged. As an example of our commitment to diversity, in the UK we are focused on increasing the diversity of our business in order to reflect the needs of our clients and have achieved the RICS Equality Mark. We are fully engaged in a diversity programme 'Changing the Face of Property' which focuses on improving diversity across social and economic background, disability, LGBT, 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 we are now listed on the Stonewall Diversity Index.

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. Wellbeing and mental health also continue to be key areas of focus for the Group.

Gender Balance

In accordance with Companies Act 2006, as at 31 December 2019 our total global workforce of 39,580 colleagues comprised 21,712 males and 17,168 females. Of these, 229 were senior executives (194 males, 35 females) comprising members of the Group Executive Board and Board members of the corporate entities whose financial information is incorporated in the Group's 2019 consolidated accounts in this Annual Report. During the year, the Company's Board of Directors comprised eight members – five males and three female.

In accordance with the Equality Act 2010, Savills UK, as an employer with 250 or more UK employees publishes its gender pay picture (calculated in accordance with the published requirements) on the Savills UK's website and in 2019 our gender pay gap has remained static.

Total global workforce gender balance

Male – 21,712
Female – 17,168

Culture

Always acting with integrity, we:

- Behave responsibly.
- Act with honesty and respect for other people.
- Adhere to the highest standards of professional ethics.

To facilitate the Savills Board's assessment and monitoring of culture, the Board agreed a number of KPIs, set out on page 59 of the Governance report, against which performance will be assessed annually.

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.

Our approach to Human Rights

We recognise our responsibility as a global corporate citizen and 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 people 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 whistle-blowing procedure.

The Modern Slavery Act came into force in 2015. We believe the risk of slavery or human trafficking in the recruitment and engagement of our employees is low. To ensure it remains low, we have provided training on modern slavery and taken steps to make sure our staff and supply chain partners are aware of the Act and its requirements. Our current Modern Slavery and Human Trafficking Statement is available on the Savills website.

Savills has a zero tolerance approach to bribery and other forms of corruption. Our Code of Conduct sets out our commitment to operate responsibly wherever we work in the world, to work professionally, fairly and with integrity and to engage with our stakeholders to manage the social, environmental and ethical impact of our activities in the different markets in which we operate. We empower and support our employees to always make the right decisions consistent with this policy. Our corporate conduct is based on our commitment to act responsibly at all times. We will uphold laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

Responsible business
continued

Environment

New sustainable working

Our newly refurbished office in Madrid is one of the most recent examples of implementation of our sustainability policy and alignment with the best practice sustainability standards, which has resulted in an achievement of the LEED GOLD certificate for interior design and construction. The project has included purchasing of carbon credits of 4,455 MtCO_2e, aimed at offsetting the remaining operational emissions from the use of the office space in the coming years.

Environment

We are committed to reducing the impact that our operations have on the environment and this includes measuring and being accountable for our actions. In 2019, we have achieved a 30% reduction in our Greenhouse Gas Emissions (GHG) intensity measured against our 2016 baseline year, significantly exceeding the 5% reduction target. In 2020, we will be undertaking a review of our sustainability strategy and will develop our new environmental commitment.

The Group's environmental policy sets out Savills approach to achieving our environmental objectives, and the responsibilities of Group and operating companies. We are committed to the evaluation and continuous improvement of our environmental performance, reduction of resource consumption and provision of services to clients in a way that takes appropriate account of sustainability issues. Each operating company business unit is responsible for ensuring that the Group's environmental policy is implemented and assuring compliance with national and local legislation. Our CR Steering Group discusses the Group's environmental performance on at least an annual basis, including a review of the policy opportunities for improvement, new and existing environmental objectives and any system changes that may be required.

Across all regions we are continuing to pursue initiatives to improve environmental performance through the design, retrofit and an ongoing active management of the offices we occupy. Our newly refurbished office in Madrid is one of the most recent examples of implementation of our sustainability strategy and alignment with the best practice sustainability standards, which has resulted in an achievement of the LEED GOLD certificate for interior design and construction. The project included purchasing carbon credits of 4,455 MtCO_2e, aimed at offsetting the remaining operational emissions from the use of the office space in the coming years.

Our UK business now has 114 offices within the scope of its environmental management system, certified to ISO14001:2015. The Savills UK environmental management system provides a uniform method of evaluating environmental risks that pose a threat to the business at micro and macro level and ensures compliance with relevant legislation. The system also ensures the appropriate persons are adequately trained and aware in terms of the role they can play in minimising our Company environmental impact.

The Group supports the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) and will seek to incorporate these recommendations in our reporting over time.

Following the achievement of our 2017-2019 Plan (and the achievement of our target to reduce the Group's GHG emissions), we are reviewing our Sustainability Strategy (including climate change) from both a client facing and corporate perspective to determine new targets to ensure a co-ordinated global approach to our strong and well developed client service sustainability offering. This review is being led by the Group Chief Executive Officer.

Greenhouse Gas Emissions

Our GHG 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 2019.

Reporting Methodology

GHG Emissions using the revised edition of the GHG Protocol Corporate Accounting and Reporting Standard. Our GHG emissions reporting boundary is based on the operational control approach and includes emissions from

Savills PLC and Company subsidiaries. Reported Scope 1 emissions relate to emissions from business travel by Company owned or leased vehicles and the combustion of fuels within our occupied offices. Scope 2 emissions are reported using both 'market-based' and 'location-based' methodologies and relate to electricity use in our occupied offices. Scope 1 and Scope 2 'location-based' emissions are calculated using regional/ national emission factors published by International Energy Agency (IEA), the UK Government GHG Conversion Factors for Company Reporting, US Environmental Protection Agency (EPA), Swedish Environmental Protection Agency (SEPA), Australia Department of the Environment and Energy and other national agencies and internationally recognised guidelines for each reporting period. Under the Scope 2 'market-based' method, no emissions were accounted for the electricity supplies backed with the Renewable Energy Guarantees of Origin and, where possible, the residual mixes were used to account for the remaining consumption.

To coordinate the global collection of GHG emissions data, a network of Environmental Reporting Nominees (ERN) has been established, reporting to the Group Legal Director & Company Secretary. Specialist third party verified environmental reporting software has been adopted to manage data quality review and verification process. Through the ERN network, reported greenhouse gas emissions have been collated using actual activity data wherever possible. In those instances where activity data was not found to be wholly reliable or readily available, we have calculated the relevant emissions by using a range of standard carbon accounting measures, including extrapolating data and use of comparator indicator based estimation (floor area).

To allow easier comparison between reporting locations and year on year results, a standardised per capita intensity ratio has also been applied. This emissions intensity ratio relates to Scope 1 and 2 location-based emissions per average number of full-time equivalent office-based employees. It is normalised to take into account office moves during the year.

Performance

2019 marks the end of our three year GHG reduction target and we are pleased to report a reduction of 30% in GHG emission intensity, exceeding the 5% target set in 2017. Reduction in our GHG intensity numbers is driven by both improvements in energy efficiency in our offices and reduction in business travel, as well as an increase in data quality and our reporting scope which has now account for more locations with lower intensity ratios. The 30% GHG intensity reduction against the baseline year has been achieved gradually, with an 8% year on year improvement in 2017, 9% in 2018 and an additional 13% in 2019.

Since 2016, our absolute Scope 1 and 2 emissions GHG emissions have decreased by 5%, which accounts for a significant reduction on our Scope 1 emissions and an increase in the Scope 2 emissions associated with the electricity use within our offices. During the same period, our business has grown by 21% based on revenue and in 2019 we are operating from more locations than in 2016. Our reporting scope has increased to account for more offices operating globally as well as more offices reporting the data, which has led to an increase in absolute electricity use. In 2019, the data was reported or estimated for 282 offices of 305 offices in scope for the reporting year.

Our absolute energy use has continued to decline year on year reduction, and had decreased by over 4% in 2019. This is mostly due to a decrease in business travel using Company vehicles, which has been reported across several regions and with a most notable change in the UK.

In 2019, we have undertaken actions to ensure compliance with the EU Efficiency Directive (article 8) obligations in the UK known as the Energy Savings Opportunity Scheme (ESOS). ESOS compliance led to a programme of energy audits across our offices within the UK, identifying opportunities to maximise efficiency and reduce operational costs. We have identified an estimated 2 million kWh, equal 510 tonnes of CO_2, which could be saved through further lighting, heating and cooling and office equipment upgrades. We will regularly review these recommendations in line with the company environmental policy.

tCO_2e

Global GHG Emissions	**2019**	2018	2016 baseline	change vs 2018	change vs 2016
Scope 1 (Direct)	**1,775**	2,162	2,518	-17.9%	-29.5%
Scope 2 (Indirect, location-based)	**6,719**	6,697	6,450	+0.3%	+4.2%
Total Scope 1 and 2[1]	**8,494**	8,858	8,968	-4.1%	-5.3%
Scope 2 (Indirect, market-based)	**6,358**	6,299	nr	+0.9%	–
Office-based employees (FTE yr. av. adjusted)	**11,310**	9,970	8,342	+13.4%	+35.6%
GHG Intensity Ratio[1 2]	**0.75**	0.89	1.08	-15.5%	-30.1%

MWh

Global Energy Use	**2019**	2018	2016 baseline	change vs 2018	change vs 2016
Total energy use	**25,938**	27,079	nr	-4.2%	-

Notes

1. Total Scope 1 and 2 emissions and GHG Intensity ratio calculated using location-based Scope 2 emissions.
2. Total Scope 1 and 2 emissions, divide by total full-time equivalent office-based employees year average.

Responsible business
continued

Social Matters

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.

UK Property Management – Great Ormond Street Hospital 'One Great Day'

Savills shopping centres have now been taking part in One Great Day (OGD) for over four years. 2019 saw 77 centres taking part, raising over £76,574, beating 2018 where we raised £50,175, with only 30 centres taking part. We currently have 82 centres registered to take part in One Great Day, for 2020, all to raise money and awareness for Great Ormond Street Hospital.

The centres are not the only ones pitching in. The London Retail team volunteered to help the OGD team. during their lunch hours to help pack all the OGD boxes, that are shipped out all over the country. The retail team also volunteered, in teams of five, to join the race to GOSH, a 5k run through the streets of London.

Community case study

Savills LGBTQ+ group hosted a pre-Pride parade breakfast at the Margaret Street office, which saw more than 120 people from across the industry in attendance.

The group joined the 600 other groups and 30,000 people taking part in the parade under the banner of Changing the Face of Property (CTFOP).

Graduates YoungMinds Climb Snowdon

The Graduate Charity Committee have been supporting YoungMinds since May 2017. YoungMinds is a charity which provides support for young people, and their families, who are struggling with mental health issues.

The Triple Snowdon Challenge in which 12 graduates from both the London and regional offices took part raised just under £6,000 so far.

US JDEF Fundraising

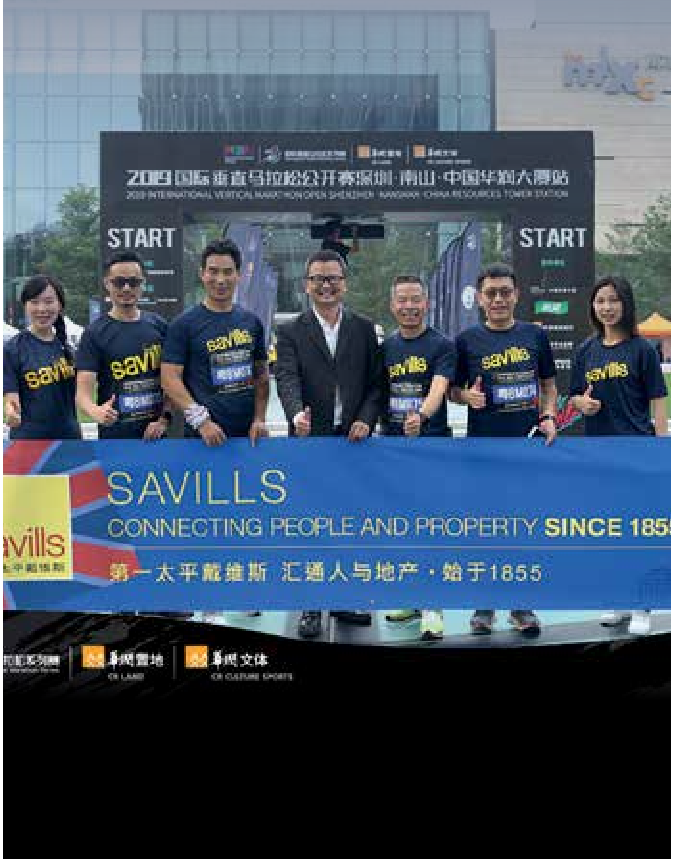
Savills North America is the founding partner of the annual JDRF Real Estate Games, raising more than $10 million over 30 years for critical Type 1 diabetes research. The Games are day-long, Olympics-style events in which local commercial real estate companies compete in a variety of friendly challenges and athletic competitions.

China Vertical Marathon

The 2019 International Vertical Marathon Open Shenzhen Nanshan China Resources Tower Station was held in Shenzhen in April, 2019.

The building is 392.5 metres in height and participants climbed a total 1,964 steps to reach the finish.

The event encouraged the public to engage in environmental protection through sports and fitness and the proceeds went to the green projects in Shenzhen and elsewhere.



Responsible business
continued

Social Matters continued

Poland Beach Volleyball

Every year, Savills Volleyball Team participates in a charity tournament in Poland. In 2019, for the 10th year in a row, the event has welcomed in total, 60 teams, 420 contestants and 2,500 guests and raised PLN 1.18 million through donors, sponsors and players. The beneficent was 'Na Ratunek Dzieciom z Chorobą Nowotworową' (To Rescue Children with Cancer Foundation). This money will enable the charity to buy equipment for the patients at the Przylądek Nadziei (Cape of Hope) oncological clinic in Wrocław.

FTSE4Good

We are a membership of FTSE4Good*, evidencing our commitment to meeting globally recognised corporate responsibility standards.

*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.

Non-financial information statement 2019

The Non-Financial Reporting requirements are contained in sections 414CA and 414CB of the Companies Act 2006. The non-financial information provided in our Strategic Report summarises the material issues Savills has identified in line with the requirements.

The table below, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters.

Reporting Requirement	Policies and standards which govern our approach	Where to read about our impact in this report	Page
Environmental matters	▪ Environmental Policy	▪ 'Environment' section of Responsible Business	42–43
Employees	▪ H&S Policy	▪ CEO Review	16–21
	▪ Equality & Diversity Policy	▪ Business Model	6–7
	▪ Code of Conduct	▪ 'People' section of Responsible Business	37–40
	▪ Whistleblowing Policy	▪ 'Culture' section of Responsible Business	41
		▪ 'People and culture' Principal Risk in the Principal and Emerging Risks and Uncertainties	24–30
		▪ S172 (1) Companies Act statement – People	32
		▪ Corporate Governance Report	48–68
		▪ Remuneration Report	78–106
Human Rights	▪ Code of Conduct	▪ 'Culture' section of Responsible Business	41
	▪ Modern Slavery Statement		
Social matters	▪ Code of Conduct	▪ 'Social Matters' section of Responsible Business	44–45
	▪ Modern Slavery Statement		
	▪ Tax Strategy		
Financial Crime (Anti Money Laundering and Anti Bribery and corruption)	▪ Code of Conduct	▪ Culture section of Responsible Business	41
	▪ Whistleblowing Policy	▪ Corporate Governance Report	48–68
	▪ Anti-Bribery and Corruption Policy		
Outcome of non-financial policies and standards	▪ Carbon emissions reporting	▪ 'Environment' section of Responsible Business	42–43
	▪ Gender Diversity reporting in accordance with the Corporate Governance Code 2018	▪ Corporate Governance Report	48–68
Business model		▪ Our business model section of the Strategic Report	6–7
Due diligence processes in place in pursuance of promoting non-financial policies and standards	▪ All employees required to read and adhere to the Code of Conduct		41
	▪ Whistleblowing reports reviewed by the Board		
	▪ Anti-corruption and anti-bribery training and monitoring		

Chairman's introduction

"Ensuring that we do the right thing in the right way requires the right leadership and it is a fundamental part of my role as Chairman to ensure that the Board has the right blend of skills and experience."

Nicolas Ferguson CBE Chairman of Savills plc

Board Leadership and company purpose

Responsibility for good governance lies with the Board. The Board is committed to maintaining the highest standards of corporate governance, which are fundamental to discharging our responsibilities. We set out our governance framework in this report and explain how robust and effective corporate governance practices enable the Group to deliver its strategy and create long-term Shareholder value. Further information on our strategy and business model can be found on pages 6 to 7.

Ensuring that we do the right thing in the right way requires the right leadership and it is a fundamental part of 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 other businesses in Hong Kong and China, Europe and the US. All of the Non-Executive Directors are considered by the Board to be independent, meaning that 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 50 and 53.

In accordance with the 2018 UK Corporate Governance Code, all of the Directors, will stand for re-election at the

2020 AGM on 6 May 2020. 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. The Board considers that all of the Non-Executive Directors bring considerable management expertise and strong independent oversight.

Culture and values

We recognise fully that at the heart 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 approach and ensure that we live by and demonstrate the right values which in turn enable our entrepreneurial approach coupled with prudent management to deliver long-term success for the Group and its stakeholders. Our Code of Conduct is readily accessible in all local languages to all staff to support their day to day decision making. We demand the highest professional standards from all of our people all of the time and we have a zero tolerance approach to breaches of the Code of Conduct. Our whistleblowing policy enables employees to raise any matters of concern anonymously and is embedded into our business.

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. We aim to be truly representative of all sections of society and for each employee to feel respected and able to give their best. The Company's policy on diversity applies across all levels of the Group and further details of the policy can be found in the Strategic Report on pages 4 to 47.

Board effectiveness

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. In 2019 the Board and Committee evaluation was facilitated by an independent external consultant, Alice Perkins of AP Consulting. The process, key conclusions and areas of focus for 2019 are explained on pages 66 to 67.

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.

Board changes

Charles McVeigh, who has served on the Board since 2000, and Liz Hewitt, who has been on the Board since 2014 retired at the conclusion of the Company's AGM in May 2019. Following Liz Hewitt's retirement at the conclusion of the AGM in May, Stacey Cartwright succeeded Liz as Chairman of the Audit Committee. I would like to thank both Charlie and Liz for their considerable contributions to Board and its Committees during their terms.

During the year, the Nomination & Governance Committee and the Board agreed that it would be appropriate to appoint an additional Non-Executive Director to further expand the range of skills, experience and knowledge available to the Board. I am pleased to report that, following an extensive search process supported by an independent specialist search firm (as set out in detail in the Nomination & Governance Committee Report on pages 64 to 67), on 1 November 2019 Dana Roffman was appointed as an additional independent Non-Executive Director. I was delighted to welcome Dana to the Board. Dana has extensive experience which will complement and further enhance the wide-ranging skills and experience of the Board and its Committees.

Risk and control

Risk management remains a fundamental element of the Board and Audit Committee's agendas and our governance efforts across the Group as a whole. The Audit Committee's Report on pages 69 to 77 sets out in more detail the systems of risk management and internal control. Details of our material existing and emerging risks and uncertainties can be found on pages 24 to 30.

Included within this Report is the Directors' Remuneration Policy (the 'Policy'), which subject to Shareholder approval at the 2020 Annual General Meeting ('AGM') will apply from that date, 6 May 2020, replacing the Policy which was approved by Shareholders at the AGM in 2017. The Policy, together with our Annual Report on Directors' Remuneration, will be presented to Shareholders for approval at the AGM on 6 May 2020.

Stakeholder engagement

We believe that engaging with our 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. You can read more about Shareholder engagement on page 61 and in the meantime, my fellow Directors and I look forward to continued dialogue and meeting with Shareholders at our AGM in May when I will be happy to answer any further questions.

2018 UK Corporate Governance Code and 2019 statutory reporting requirements

This is the first year in which the Company will be reporting against the 2018 UK Corporate Governance Code 2018 (the 'Code') and the Companies (Miscellaneous Reporting) Regulations 2018 (the 'Regulations'). Our Governance Report reflects these requirements as they apply to Savills and includes cross references to relevant sections of the Strategic Report and other related disclosures. As part of this reporting, a Section 172(1) statement can be found on pages 32 to 34 of the Strategic Report. A copy of the Code is available from the Financial Reporting Council's website at www.frc.org.uk. Throughout the year Savills has applied the Principles and complied with the Provisions of the Code.

Overall I remain happy with the Board's activity across our governance agenda. However, we will continue to challenge ourselves and the business and to consider and to learn from our decisions to ensure that we build upon the existing strength of our governance structure.

Nicholas Ferguson CBE
Chairman

12 March 2020

Board of Directors

Nicholas Ferguson CBE

Chairman of Savills plc and Chairman of the Nomination & Governance 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.

Other appointments

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. 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 & Governance Committee.

Mark Ridley

Group Chief Executive Officer

Appointment to the Board

Mark joined Savills in 1996 and was appointed to the Board on 1 May 2018.

Background and relevant experience

He was Chairman of Savills Commercial from May 2008, then Chief Executive Officer of Savills UK from 2013 and additionally of Savills Europe from 2014 until he was appointed as Deputy Group Chief Executive on 1 May 2018. As of 1 January 2019, when Jeremy Helsby retired from the Board, Mark was appointed as Group Chief Executive Officer.

Other appointments

Trustee of Reading Real Estate Foundation. Policy Committee Member, British Property Federation.

Committee Membership

Nomination & Governance 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.

Committee Membership

None.

Tim Freshwater

Independent Non-Executive Director. Senior Independent 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).

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. Tim has been resident in Hong Kong for over 30 of the last 40 years.

Other appointments

Non-Executive Director of Swire Pacific Limited, Corney & Barrow Group Limited and Chelsfield Asia Limited. Tim is a former director of Hong Kong Exchanges and Clearing Limited and a former member of the Hong Kong Trade Development Council and the Financial Services Development Council.

Committee Membership

Audit, Remuneration and Nomination & Governance Committees.

Board of Directors
continued

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 TP ICAP plc, Charles Taylor plc and EMF Capital Partners 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 Sanne Group plc.

Committee Membership

Audit, Remuneration and Nomination & Governance Committees.

Stacey Cartwright

Independent Non-Executive Director and Chair of the Audit Committee

Appointment to the Board

Stacey was appointed to the Board as a Non-Executive Director on 1 October 2018.

Background and relevant experience

Stacey most recently served as Chief Executive and then Deputy Chairman of Harvey Nichols Group until 2018, and prior to that was EVP and CFO of Burberry Group plc. She previously served as CFO of Egg plc and spent her early career in a number of finance roles at Granada Group PLC. She was a non executive director at GlaxoSmithKline PLC from 2011 to 2016. She qualified as a Chartered Accountant with Price Waterhouse.

Other appointments

Senior Independent Non-Executive Director of the English Football Association Ltd, serves on the Board of AerCap Holdings and Genpact Ltd.

Committee Membership

Audit, Remuneration and Nomination & Governance Committees.

Florence Tondu-Mélique

Independent Non-Executive Director

Appointment to the Board

Florence was appointed to the Board as a Non-Executive Director on 1 October 2018.

Background and relevant experience

Florence is currently Chief Executive Officer of Zurich France, and a member of Zurich's EMEA and Global Commercial Insurance Leadership Teams. She was previously Chief Operating Officer of Hiscox Europe, prior to which she held senior executive roles at AXA Real Estate and AXA Investment Managers. She spent her early career at McKinsey & Company.

Other appointments

Non-Executive Director of the French-American Foundation.

Committee Membership

Audit, Remuneration and Nomination & Governance Committees.

Dana Roffman

Independent Non-Executive Director

Appointment to the Board

Dana was appointed to the Board as a Non-Executive Director on 1 November 2019.

Background and relevant experience

Dana was most recently a partner and founding member of the Real Estate Private Equity group at Angelo Gordon, a privately held alternative investment firm. During her 25 year tenure, ending in December 2019, she served as a manager and leader of investment teams across all major US markets, and served as a Member of the Investment Committees for the firm's US Opportunistic, Core Plus and Value Real Estate Funds. She spent her early career in real estate valuation and advisory at Arthur Andersen LLP in Washington, DC.

Other appointments

Advisory Board of NYU Schack Institute of Real Estate.

Committee Membership

Audit, Remuneration and Nomination & Governance Committees.

Group Executive Board

Mark Ridley

Group Chief Executive
(effective 1 January 2019)

Deputy Group Chief Executive
(from 1 May 2018 to 31 December 2018)

(see Board of Directors on pages 50 to 53 for full biography)

Simon Shaw

Group Chief Financial Officer

(see Board of Directors on pages 50 to 53 for full biography)

James Sparrow

Chief Executive Officer, UK & EMEA

Appointment to the Group Executive Board

James was appointed to the Group Executive Board on 1 May 2018.

Background and relevant experience

He became Chief Executive of Savills UK & EMEA in September 2018, having previously been Chief Executive of Savills UK since 1 May 2018. Prior to this James held the position of Head of Professional Services, Savills UK and was a member of the Savills UK Executive Board since 2013 when it was established. Before that James was a member of the Executive Board of Savills Commercial, having joined Savills in 1988.

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.

Group Executive Board
continued

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, Chairman of Tilstone LLP, co-founder and non-executive of the Warehouse REIT, Chair of Racing Homes, Trustee of Racing Welfare, The Jockey Club's charity, and Governor of Magdalen College School, Oxford.

Mitchell Steir

Chairman & CEO – Savills US

(alternate member with Mitchell Rudin)

Appointment to the Group Executive Board

Mitch was appointed to the Group Executive Board in May 2014.

Background and relevant experience

Mitch joined Savills Studley in 1988 and has served as Chairman and CEO since 2003. Under his strategic leadership, the North American region has bolstered its capabilities and reach, enhanced its infrastructure and technologies, and strengthened its executive teams to place the Company at the forefront of tenant advisory nationwide. With more than 35 years of experience and expertise in managing complex commercial real estate transactions, Mitch remains the top-producing broker in the US.

Other appointments

Mitch serves on the boards of the Museum of the City of New York, the Realty Foundation of New York, the Avenue of Americas Association, the Mount Sinai Hospital Surgery Advisory Board and the Citizens Budget Commission.

Mitchell E. Rudin

President – Savills US

(alternate member with Mitchell Steir)

Appointment to the Group Executive Board

Mitch was appointed to the Group Executive Board in January 2019.

Background and relevant experience

Mitch joined Savills Studley as President in 2019, bringing more than 30 years of leadership in the commercial real estate industry. He has served as CEO of Mack-Cali Realty Corporation, Brookfield Office Properties US. Commercial Operations, and CBRE's (formerly ESG and Insignia) New York Tri-State Region. Through strategic financial management, operational logistics, client representation, and market positioning, Mitch successfully guided each company in periods of rapid growth and dramatic transformation. His leadership led to increased revenue, profit margins, and brand capital.

Other appointments

Mitch is on the boards of the NYC Police Foundation, NYU Schack Institute, Police Athletic League and St. Francis Friends of the Poor. He is also a Governor of the Urban Land Institute.

Christian Mancini

Chief Executive Officer – 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

Alex Jeffrey

Chief Executive Officer – Savills Investment Management

Appointment to the Group Executive Board

Alex was appointed to the Group Executive Board on 1 November 2019.

Background and relevant experience:

Alex became Global CEO of Savills Investment Management on 1 November 2019 and was appointed to Savills Group Executive Board at that time. Alex was previously Head of Asia Pacific for M&G Investments based in Singapore, with responsibility for the development and leadership of that company's business across all investment sectors in Asia Pacific. Prior to this, he was Chief Executive of M&G Real Estate, based in London, where he led the significant growth of the firm from c. £15bn AUM in 2012 to over £30bn in 2018. Before that he was Chief Investment Officer and CEO Europe of MGPA Limited.

Corporate Governance

Board governance framework

Board (Chairman, two Executive Directors and five Non-Executive Directors).

- Has primary responsibility for providing entrepreneurial leadership for the Group
- Oversees the overall strategic development of the Group and approves the strategy to achieve the Group's strategic aims
- Sets the Group's values and standards
- Ensures effective governance and risk management and 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 http://ir.savills.com

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 external 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: Stacey Cartwright
Number of meetings in the year: 5

For more information see pages 69 to 77

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, and Group Executive Board members

Chair: Rupert Robson
Number of meetings in the year: 4

For more information see pages 79 to 106

Nomination & Governance 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
- Monitoring of the Company's compliance with applicable codes and other requirements of Corporate Governance

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

For more information see pages 64 to 67

Group Chief Executive

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

Group Executive Board

- Key executive 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, the Global Head of Capital Markets and the Group Legal Director & Company Secretary

CR Steering Group

- Co-ordinates Corporate Responsibility ('CR') activity to deliver Savills agreed goals
- Oversees Savills CR Strategy for the Group globally and recommending changes to it when appropriate
- Monitors Group-wide CR progress and performance and identifying to the Group Executive Board areas where action needs to be taken
- Ensures that key CR responsibilities and achievements are communicated to all staff globally and externally to interested parties
- Gathers and records information about all existing CR programmes and initiatives taking place within the Group
- Helps to determine indicators and measures that will be used to ascertain performance against prioritised CR impact areas
- Helps 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 non financial information section of the Annual Report

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 them by the Group Executive Board

Group Risk Committee

- Identifies and evaluates Group level risks
- Reviews and challenges risks reported by subsidiaries
- Champions the ongoing Group-wide development of risk management and the internal controls framework
- Monitors internal audit and other sources of assurance on the effectiveness of internal controls

Board Leadership and Company Purpose

Role of the Board

As set out in the Company's Governance Framework on page 58 the Board has primary responsibility for providing entrepreneurial leadership for the Group; specifically the Board:

- Oversees the overall strategic development of the Group and approves the strategy to achieve the Group's strategic aims
- Sets the Group's values and standards
- Ensures effective governance and risk management and 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

Board Committees

The Board has established three principal Committees to which it has delegated certain of its responsibilities, as set out below. The roles, membership and activities of these Committees can be found in the pages which follow.

Group Executive Board ('GEB')

The Group Chief Executive is supported by the GEB. The GEB is the key management committee of the Group. It is chaired by the Group Chief Executive and comprises the Group Chief Financial Officer, the Heads of the Principal Businesses and the Group Legal Director & Company Secretary.

The GEB meets regularly and under the leadership of the Group Chief Executive, the GEB is responsible for the day to day management of the Group including overseeing the development and implementation of strategy, capital expenditure, and investment budgets, for the ongoing review and control of the Group's Material Existing and Emerging Risks and Uncertainties as detailed on pages 24 to 30 and reporting on these areas to the Board for approval, implementing Group policy, monitoring financial and operational performance of the Group and other specific matters delegated to it by the Board. The Group CEO is also supported by Regional Service Strategy Groups which are tasked with the continuous development of service line offerings and client relationship management in each region, in particular to ensure that the Group's offering across its key service lines continues to evolve to meet new client requirements and to ensure consistent approach across the Group. An explanation of how the Group creates and preserves value, and the strategy for delivering its objectives is included in the Strategic Report on pages 4 to 47.

Purpose, Culture and Values

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 and ethical standards. Everything 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. Our Code of Conduct underpins our social, ethical and environmental commitments and sets out the standards of behaviour we expect our employees to demonstrate and adhere to. Our whistleblowing policy enables employees to raise any matters of concern anonymously and is embedded into our business.

In addition to facilitate the Savills Board's assessment and monitoring of culture the Board agreed a number of KPIs against which performance will be assessed annually:

- Staff turnover, retention and absenteeism rates
- Training & Development (programme overview and outputs)
- Recruitment, reward and promotion decisions (overview)
- Whistleblowing, grievance and 'speak-up' data
- Employee surveys
- Exit interviews
- Promptness of payments to suppliers

Core areas of Focus for the Board in 2019

The Board has formally adopted a schedule of matters reserved to it for decision. 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 http://ir.savills.com

Corporate Governance
continued

Board Leadership and Company Purpose continued

Core areas of Focus for the Board in 2019 continued

In 2019, the Board additionally considered the growth plans across the Group, and approved material recruitment plans, specifically in relation to strengthening the Capital Markets and Office Leasing offerings in China, the recruitment of the market leading Singapore Capital Markets team, the growth of the Group's Indian business and the development of Logistics, Retail and Office Leasing offerings across Australia. In parallel, investment in the strengthening the Group's US tenant rep platform and to broaden the US service offering, in particular by building out the logistics / industrial brokerage and advisory offerings in the US, continued. One of the Board's meetings during the year was specifically devoted to the review of the Group's strategy. The key areas of Board activity during the year are set out below:

Leadership and people	▪ Reviewed the composition and performance of the Board and its Committees
Strategy	▪ Considered the Group's preparations in relation to Brexit ▪ Savills US – Strategy and Performance Update and Re-branding ▪ Reviewed the progress made in identifying opportunities offered by new digital and technology developments and generally in implementing the Group's Technology Strategy, which is focused on enhancing the client service offering and improving operating efficiencies
Internal control and risk management	▪ Reviewed and confirmed the Material Existing and emerging risks facing the Group which are described in detail on pages 24 to 29 ▪ Reviewed the Group's risk register and the effectiveness of the systems of internal control and risk management ▪ Received updates on the risk and internal control environments within the Group's Asia Pacific, European and UK businesses and Savills Investment Management
Governance	▪ Considered the output from the review of the External auditor and approved the appointment, subject to Shareholder approval, of Ernst & Young as Group auditor with effect from 1 January 2021 ▪ Noted developments in legal and regulatory matters globally ▪ Reviewed and discussed the evaluation of the performance of the Board, its Committees and individual Directors and conflicts of interest to ensure that they continued to be effective in support of Group strategy, policy and practice ▪ Considered feedback from 'Employee Voice' programme meetings ▪ Reviewed issues raised through the Group's Confidential Reporting ('Speak Up') channels
Financial performance	▪ Reviewed the 2020-22 Business Plan and approved the 2020 Budget ▪ Reviewed business performance, profit delivery and cash management performance, and in each case, assessed performance in these areas against the Group's strategy, objectives, business plans and budgets to ensure that the financial resources generated by the Group's businesses were applied to the creation of additional value, costs were controlled and that resources could be made available at the appropriate time to realise business opportunities ▪ Considered and approved the Going Concern and Viability Statements ▪ Reviewed and approved the Company's 2019 Tax Strategy ▪ Approved 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 ▪ Reviewed financing options and renewed and extended the Groups £360M Revolving Credit Facility ▪ Considered and approved the dividend policy and interim and supplemental dividends and recommended final dividends 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

Growth	▪ Considered and approved the following growth initiatives consistent with the Group's strategic plan:
	  ▪ The development of Logistics, Retail and Office Leasing offerings across Australia
	  ▪ The strengthening of the Capital Markets and Office Leasing offerings in China
	  ▪ The recruitment of the market leading Singapore Capital Markets team
	  ▪ The growth of the Group's Indian business
	  ▪ The continued strengthening the Group's US tenant rep platform and broadening of the US service offering, in particular by building out the logistics / industrial brokerage and advisory offerings in the US

Shareholder relations	▪ Received and considered feedback collated by the Group's brokers from road-shows, presentations and face-to-face meetings between investors and the Group Chief Executive and/or Group Chief Financial Officer

Engagement with Stakeholders

In accordance with the Code, the Board recognises the importance of clear communication and proactive engagement with our Stakeholders. The Board recognises the importance of engagement with all stakeholder groups and more information on this is set out in the Strategic Report on pages 4 and 47. 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 full Board is kept informed of any issues raised at these meetings and the views of Shareholder on a regular basis to ensure that they understand the views of Shareholders. 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 Tim Freshwater as the Senior Independent Director are also available to meet Shareholders at all times as required.

The Annual General Meeting (AGM) provides the Board with an opportunity to communicate with, and answer questions from, private and institutional Shareholders and the whole Board is available before the meeting, in particular, for Shareholders to meet new Directors. The Chairman of each of the Committees is available at the AGM to answer questions. Directors are available before and during the meeting to answer questions from Shareholders and to meet with Shareholders following the conclusion of the formal part of the meeting. 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 15 working days notice would be given before other general meetings.

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.

Details of the resolutions to be proposed at the Annual General Meeting on 6 May 2020 can be found in the Notice of Meeting which accompanies this Annual Report and Accounts. 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 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 211.

Workforce Engagement

In relation to Workforce Engagement, the Board considered the three mechanisms set out in the Code and determined, in particular reflecting the Group's geographic spread, that it would be beneficial for all of the NEDs to engage in this programme, with each NED to focus on specific regions reflecting their own domiciles, and should therefore to be "designated" for workforce engagement purposes, (rather than nominating a single NED). The Board believes this will enhance each of the Director's engagement with, and understanding of, workforce views, leverages cultural awareness and is more efficient (in that it does not require a single designated NED to engage across of the Group's diverse geographic markets).

In December 2018, and in response to the Code, the Board further developed communication channels to further encourage the two way flow of information between the Group's businesses and workforce, and in particular to allow feedback from the Group's Principal Businesses to flow to the Board direct. Two key enhancements were agreed to the established channels:

(a) the creation and promotion of a digital platform to allow direct employee communication (in local languages) with Non-Executive Directors (including the Chairman) in areas of focus (such as strategy, training & development opportunities; measurement of staff performance and promotion criteria; diversity; and flexible working). Following development, this portal is now being tested in our UK and US businesses, prior to global launch (in local languages) later in 2020; and

(b) by asking the Non-Executive Directors (including the Chairman) to join staff 'Town Hall' / Employee Briefing (including in the UK, Diversity Initiatives) sessions by region, and for example meet with young leader groups without management being present.

The feedback from the initial "employee voice" sessions and young leader group meetings during 2019 was considered by the Board at its October Board meeting, and in particular highlighted the need to maintain the focus on exploring new technologies and to improve communication around the adoption and application of these which can enhance the client offering and improve operational efficiency.

Corporate Governance
continued

Board Leadership and Company Purpose continued

Workforce Engagement continued

These communication channels will be further developed in the light of emerging practice.

More detail about our commitment to our people is set out in the Responsible Business section of this Annual Report and Accounts in the Strategic Report on pages 4 to 47.

Conflicts of Interest

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 Company's Articles of Association. 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 Board, or the Nomination & Governance Committee on its behalf, reviews actual and situational conflicts of interest at least annually and as necessary if and when a new potential situational conflict is identified or a potential conflict situation materialises. During 2019, the actual and situational conflicts of interest that were identified by each Director were reviewed and authorised by the Board, 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.

Division of Responsibilities

Roles on the Board

The roles of Chairman and Group Chief Executive are distinct and separate and their roles and responsibilities are clearly established. The Chairman is responsible for:

- leading the Board and its overall effectiveness
- demonstrating objective judgement
- promoting a culture of openness and constructive challenge and debate between all Directors
- facilitating constructive Board relations and the effective contribution of all Non-Executive Directors
- ensuring Directors receive accurate, clear and timely information.

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.

To help ensure a proper dialogue with all Directors, the Chairman meets periodically with the Directors individually and the Non-Executive Directors as a group (and without the Executive Directors).

The Senior Independent Director, Tim Freshwater acts as intermediary for other Directors, if needed, and is available to respond to Shareholder concerns when contact through the normal channels is inappropriate.

Time commitment and conflicts

All potential new Directors are asked to disclose their other significant commitments. The Nomination & Governance Committee takes this into account when considering proposed appointments to ensure that Directors can discharge their responsibilities to the Group effectively. This means not only attending and preparing for formal Board and Committee meetings, but also making time to understand the business, and to undertake training. The time commitment is agreed with each Non-Executive Director on an individual basis. In addition, all Directors must seek approval before accepting any significant new commitment. The Board is satisfied that the Chairman and each of the Non-Executive Directors committed sufficient time during the year to enable them to meet their Board responsibilities and fulfil their duties as Directors of the Company.

For the year ended 31 December 2019 and as at the date of publication of this Annual Report, the Board is satisfied that none of the Directors is over-committed and that each of the Directors allocates sufficient time to his or her role in order to discharge their responsibilities effectively.

Information provided to the Board

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 further 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.

Attendance at Board and Committee meetings

Attendance at all Board and Committee meetings by Directors is as shown in the table below.

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.

Board papers are circulated electronically via a secure portal, giving Directors sufficient time to consider and digest their contents. 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 be considered in the debate.

Regular attendance at Board meetings by the Heads of Principal Businesses on matters of significance ensure that the Board has the opportunity to discuss business risks and opportunities with leaders from across the Group. 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.

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

	Board meetings attended	Meetings eligible to attend	Audit Committee meetings attended	Meetings eligible to attend	Nomination & Governance Committee meetings attended	Meetings eligible to attend	Remuneration Committee meetings attended	Meetings eligible to attend
Non-Executive Directors								
Nicholas Ferguson[1]	8	8	–[1]	–[1]	2	2	–[2]	–[2]
Stacey Cartwright	8	8	5	5	2	2	3	3
Tim Freshwater	8	8	5	5	2	2	3	3
Liz Hewitt (retired 8 May 2019)	3	3	1	1	1	1	2	2
Rupert Robson	8	8	5	5	2	2	3	3
Charles McVeigh (retired 8 May 2019)	3	3	–	–	–	–	–	–
Florence Tondu-Mélique	8	8	5	5	2	2	3	3
Dana Roffman (appointed 1 November 2019)	2	2	0	1	0	0	1	1
Executive Directors								
Mark Ridley[3]	8	8	–[4]	–[4]	2	2		
Simon Shaw[3]	8	8	–[5]	–[5]				

1. The Chairman attended two Audit Committee meetings by invitation.
2. The Chairman attended two Remuneration Committee meetings by invitation.
3. Members of the Group Executive Board.
4. The Group Chief Executive attended three Audit Committee meetings by invitation.
5. The Group Chief Financial Officer attended five Audit Committee meetings by invitation.

Corporate Governance
continued

Composition, Succession and Evaluation

Nomination & Governance Committee Report

The Nomination & Governance Committee ('Committee') has a key 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.

Membership and meetings

Committee Members	Key Objectives
Nicholas Ferguson (Chair*) Stacey Cartwright Tim Freshwater Liz Hewitt (retired 8 May 2019) Rupert Robson Florence Tondu-Mélique Dana Roffman (appointed 1 November 2019) Mark Ridley (Executive Director)	The primary objectives of the Committee are: ▪ 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 ▪ to monitor of the Company's compliance with applicable codes and other requirements of Corporate Governance including the new 2018 Corporate Governance Code

* save in circumstances where the Chairman's succession is considered.

The Committee met twice during 2019. Individual attendance by Directors at this meeting is shown in the table on page 63. Members of the Committee also attend the Company's AGM at which there is an opportunity to meet with Shareholders. 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.

Changes to the Board and Committees

During the year to 31 December 2019 and since the year end, there were the following changes to the Board:

- Dana Roffman was appointed Non-Executive Director and Member of the Audit, Remuneration and Nomination & Governance Committees on 1 November 2019
- Liz Hewitt and Charles McVeigh retired from the Board at the conclusion of the 2019 AGM.

Key Responsibilities	Principal Activity during 2019
▪ 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 ▪ responsible for overseeing the development of a diverse pipeline for succession to senior management ▪ makes recommendations to the Board on the membership of the principal Committees of the Board ▪ to keep under review the Company's compliance with applicable Codes and other requirements of Corporate Governance 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 http://ir.savills.com.	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, eg to reflect changes to the Code or as a result of changes in regulations or best practice). Specifically during the year, the Committee: ▪ considered Board succession planning including the tenure, mix and diversity of skills and experience of the existing Board Members in the context of the Group's strategy ▪ oversaw, with the support of the Remuneration Committee, the proposed appointment of the new Chief Executive Officer of Savills Investment Management ▪ considered the proposed reappointment of the Non-Executive Directors, before making a recommendation to the Board that each Non-Executive be proposed to Shareholders for re-election at the 2020 AGM ▪ considered and authorised the actual and potential conflicts of interests of Directors ▪ led the process which resulted in the appointment of Dana Roffman to the Board

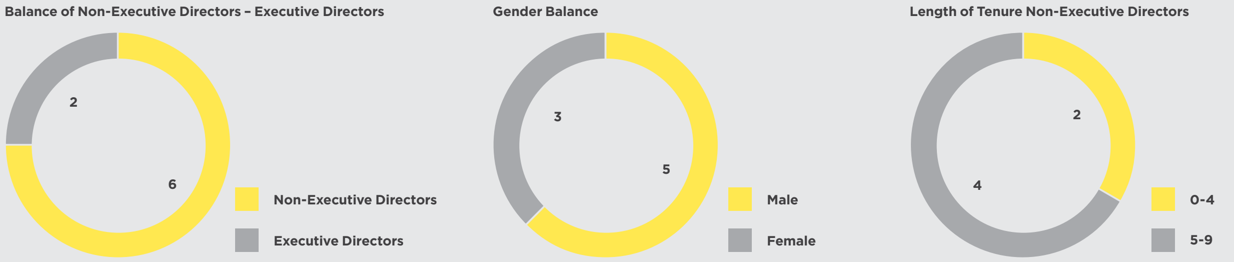
Assessment of the Independence of Non-Executive Directors

The Chairman is committed to ensuring the Board comprises a majority of independent Non-Executive Directors who objectively challenge management, balanced against the need to ensure continuity in the Board. On an annual basis, 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 expertise, strong independent oversight and are 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.

Board composition

In line with the requirements of the Code, the Board comprises a majority of independent Non-Executive Directors. We consider the independence of our Non-Executive Directors annually, having regard to the independence criteria set out in the Code. As part of this process, the Board keeps under review the length of tenure of all Directors, which can affect independence. The Committee has sought to maintain a balance of skills and experience on the Board and its Committees. We believe the Board's composition gives us the necessary balance of diversity, skills experience, independence and knowledge to ensure we continue to run the business effectively and deliver sustainable growth.

Board Composition as at 31 December 2019



Board appointments

The Board recognises the benefit of progressively refreshing its membership and therefore commenced the search for an additional independent Non-Executive Director in 2019. The Committee led the process which led to the appointment of Dana Roffman to the Board. In this search the Board was conscious of its objective of further strengthening diversity at Board level. The Committee assessed the balance of skills, knowledge, independence, experience and diversity of the Board and, in view of this assessment, a description of the role and competencies needed was agreed, with a view to appointing the best qualified individuals for the role. Odgers Berndtson was selected to lead the search due to its specialist knowledge of recruiting at Board level. Odgers Berndtson has no other connection with the Group and is a signatory to the Voluntary Code of Conduct of Executive Search Firms.

Odgers Berndtson provided a long list of potential candidates and first stage interviews were led by the Chair of the Committee. In making the recommendation to the Board on the proposed appointment, the Nomination & Governance Committee specifically considered the expected time commitment of the proposed Non-Executive Director and the other commitments that they already had. A final shortlist of candidates was selected for final stage interviews with the Committee members, the Group Chief Executive Officer and the Group Chief Financial Officer. The Committee was unanimous in their recommendation to the Board that Dana Roffman be appointed as additional independent Non-Executive Director, and was delighted to welcome Dana to the Board on 1 November 2019.

Details of the different stages of the appointment process that the Committee followed in relation to the appointment process of Dana Roffman as below:

Step 1	Step 2	Step 3	Step 4	Step 5
Engage with Odgers Berndtson and provide them with a search specification	Shortlisting of candidates by the Committee	Interview process with Committee Members, the Group CEO, and the Group Chief Financial Officer	Recommendation to the Board of the chosen candidate	Appointment terms drafted and agreed

Dana Roffman's biography
See page 53

Corporate Governance
continued

Savills Investment Management CEO recruitment

During 2018, the Committee confirmed the process to identify and appoint a new Group Chief Executive Officer of Savills Investment Management. This process included internal and external candidates and was facilitated by Korn Ferry. Following the conclusion of the process, the Board was delighted to welcome Alex Jeffrey to the Group as the new Chief Executive Officer of Savills Investment Management with effect from 22 October and as a Member of the GEB with effect from 1 November 2019.

Succession planning

We recognise the importance of planning for the future and of having succession plans in place which introduce new skills and perspectives to the Board and which complement the experience of the existing Board members. The Committee will continue to monitor the needs of the Board and its Committees in the context of the delivery of the Group's 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.

No Director is involved in decisions regarding his or her own succession The Committee also monitors the development of the executive team below the Board to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience. The biographies of the Board members appear on pages 50 and 53.

Diversity & Inclusion

The Committee is responsible for overseeing the development of a diverse pipeline for succession to senior management. We continue to make good progress in terms of diversity and inclusion initiatives. The additions of Stacey Cartwright, Florence Tondu-Mélique and Dana Roffman to the Board have increased the percentage of women on the Board to 37%, exceeding the Hampton-Alexander Review target of 33% female Board representation be achieved by FTSE 350 companies by 2020, We note the recommendations of the Parker Review Committee published in October 2017 relating to ethnic diversity on Boards.

Diversity is more than just gender based and the Board will continue to focus on this important issue in the wider context. All appointments to the Board are made on merit and within this context, 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.

Diversity across the Group remains a key area of focus. For the purposes of complying with the requirements of the Code Provision 23, Senior Management is defined as the Group Executive Board ('GEB'). As at 31 December 2019 the GEB members and their direct reports totalled 89 of which 20 were female, 69 were male. Accordingly, our Group Women in Leadership percentage (determined in accordance with the Hampton-Alexander Review criteria) was 22.5% as at 31 December 2019. Our previous Group Women in Leadership percentages as reported by the Hampton Alexander review were 16.5% (as at 30 June 2019) and 12.4% (as at 30 June 2018).

We anticipate a further increase in the Women in Leadership percentage in 2020.

More information on our commitment to diversity is set out on pages 38 to 39 of the Strategic Report.

Review of Board and Committee effectiveness and performance

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 2019 review of the Board's effectiveness was carried out by an external facilitator, Alice Perkins, who operates as an independent adviser. She also undertook the previous independent Board evaluation in late 2016 and was therefore able to see clearly what changes had been made over the last three years but otherwise has had no other contact with the Company.

This review was conducted as a facilitated self-evaluation. Alice Perkins interviewed each of the Board Directors and the Group Legal Director and Company Secretary on a confidential basis. She also interviewed the Savills' audit partner at PwC, and reviewed Board and Committee papers, agendas and minutes.

The Board report addressed the views of Directors on the effectiveness of the organisation and dynamics of the Board and the Committees, the papers and topics covered at the Board and Committee meetings, stakeholder engagement including the arrangements to engage with employees, the relationships between the Non-Executive Directors and the management, the individual contributions of Directors to meetings (on which a separate report was submitted to the Chairman), the composition of the Board and the leadership of the Board by the Chairman.

The output of the evaluation was presented in a report to the Board in March 2020 and the Directors discussed the points raised by the review.

The overall conclusion from the 2019 Board Review was that the Board and its Committees continue to operate to a high standard and work well and effectively. All of the Board members are very committed to the Company's success and were keen to use this review as an opportunity to identify ways to improve performance further. There were some positive suggestions for this, all of which were relatively minor.

There have been significant changes to the Board over the last 18 months, including a new Group Chief Executive Officer, the retirement of two NEDs and the appointment of three more. These changes have markedly increased the diversity of the Board's membership in terms of gender, age, geographical coverage and sector experience. While the Board is still in transition, these changes have been welcomed and the Board is benefiting from them. It will keep succession under review taking account of the changing environment in which it is working.

The Chairman is regarded as fulfilling his role very successfully. He is much respected. He chairs meetings well, takes trouble to encourage everyone to take a full part in discussions, involves the NEDs in planning the future work of the Board and has embraced engaging with employees to good effect.

Relationships between the Board and the Executives are good. The Board has been impressed by the strategy and approach of the new Group Chief Executive Officer.

Support to the Board is professional. The minutes and papers are clear and the Secretariat facilitates contact between the NEDs and the Company very positively.

The key Committees are working well and are thought to be well-chaired and supported. The increased number of Audit Committee meetings and the recent changes in the scheduling of its meetings and those of the Remuneration Committee mean that they and the Board are well paced.

Board Induction, training and development

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.

Governance

The Committee reviewed the Company's compliance with the Code and was satisfied that the Company complied with the Code. The Committee would continue to receive updates on corporate governance developments and consider the impact of those developments on the Company.

Nicholas Ferguson CBE

Chairman of the Nomination & Governance Committee

12 March 2020

Audit, Risk and Internal Control

Review of the effectiveness of the Risk Management and Internal control systems

The material existing and emerging risks and uncertainties faced by the Group and the associated mitigating actions for these are set out on pages 24 to 29.

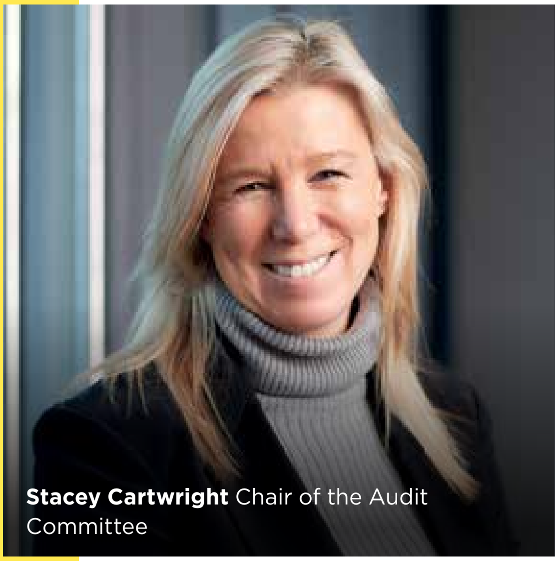
The Board, assisted by the Audit Committee, is responsible for reviewing the operation and effectiveness of the Group's internal controls. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board is also responsible for ensuring that appropriate systems are in place to enable it to identify, assess and manage key risks. 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. The Board's attitude and appetite to risk is communicated to the Group's businesses through the strategy planning processes.

The Board is supported by the Audit Committee in discharging its oversight duties with regard to internal control and risk management. During the year, the Audit Committee on behalf of the Board, reviewed the effectiveness of the risk management systems and internal control systems, including financial, operational and compliance controls. The Board did not identify any significant failings or weaknesses in the year. Taking into account the principal and emerging and uncertainties set out on pages 24 to 29, the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Board remains satisfied that the review of internal controls did not reveal any significant weaknesses and they continue to operate effectively.

Audit Committee report

"As Chair of the Audit Committee (the 'Committee'), I am pleased to present the Audit Committee's report for the financial year ended 31 December 2019."



Stacey Cartwright Chair of the Audit Committee

The aim of this report is to explain the work undertaken by the Committee during the year and how it has met the disclosure requirements as set out in the 2018 Corporate Governance Code (the 'Code'). The key matters considered in the year are set out on pages 73 and 74.

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 2019 financial year in ensuring that the Company's governance processes remain appropriate, robust, of a high standard and are rigorously applied.

The 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 Committee also has a role in representing the interests of Shareholders by monitoring the activities and conduct of management and the external and internal auditors.

Audit Committee report
continued

In 2019, the Committee focused on the effectiveness of the Group's internal controls and reviewed the Group's principal risks and uncertainties, 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 2019 Half Year Financial Statements and 2019 Report and Accounts. The Committee also led the tender process for the appointment of the Group's External auditor, for financial years commencing after 1 January 2021.

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. The Committee considered its compliance with the Code and the FRC Guidance on Audit Committees. The Committee believes that it has addressed both the spirit and the requirements of both.

The members of the Committee need to have the right balance of skills and experience to deliver its responsibilities. In accordance with our three year Board and Board Committee performance evaluation cycle, during the year, the Board carried out an externally facilitated evaluation of its performance and that of its Committees. The Board is satisfied that the Committee members possess relevant experience and appropriate levels of independence and that its members have the depth of financial and commercial experience across various industries which is essential for the effective working of the Committee.

On 20 December 2019 it was announced that the Board had approved the proposed appointment (subject to approval by Shareholders at the 2021 Annual General Meeting) of Ernst & Young LLP as the Group's External auditor for financial years commencing on or after 1 January 2021. This appointment follows a competitive tender process conducted by the Committee. PricewaterhouseCoopers LLP, the current External auditor, will continue in its role until the conclusion of the 31 December 2020 audit, subject to reappointment by Shareholders at the 2020 Annual General Meeting to be held on 6 May 2020.

At the request of the Board, the 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 2019 Annual Report.

Stacey Cartwright

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 http://ir.savills.com (which are reviewed at least annually or as required).

The Committee 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 key 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 Stacey Cartwright. Five Independent Non-Executive Directors, Stacey Cartwright, Tim Freshwater, Rupert Robson, Florence Tondu-Mélique and Dana Roffman are members of the Committee.

Members of the Committee are appointed by the Board following recommendations by the Nomination & Governance Committee and membership is reviewed annually by the Nomination & Governance Committee as part of the annual Board performance evaluation. Dana Roffman was appointed as a member of the Committee on 1 November 2019.

As at 31 December 2019 and up to the date of this report, the Committee comprised entirely Independent Non-Executive Directors. The members of the Audit Committee have been chosen to provide the wide range of financial and commercial experience needed to undertake its duties and each member of the Audit Committee brings an appropriate balance of financial and commercial experience, combined with a sound understanding of the Company's business, and is therefore considered by the Board to be competent in the Company's sector. The expertise and experience of the members of the Audit Committee are summarised on pages 50 and 53.

The Board considers that each member of the Audit Committee is independent within the definition set out in the Code and is capable of assessing the work of management and the assurances provided by the Internal and External audit functions. The Board also considers that Stacey Cartwright, as Chair of the Committee, possesses significant, recent and relevant financial experience and that all Committee members have relevant financial experience as required by the Code.

All members of the Audit Committee receive an appropriate induction, which includes 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, including the applicable accounting standards and statements of recommended practice, key aspects of the Company's policies, financing, internal control mechanisms, and matters that require the use of judgement in the presentation of accounts and key figures as well as the role of Internal Audit and the External auditor.

Engagement

The Chair of the Committee meets informally and is in regular contact with key individuals involved with the Company's governance, including the Group Chief Financial Officer, Group Director of Risk & Assurance, the Head of Internal Audit of Savills Investment Management ('SIM') and the Group Legal Director & Company Secretary and prior to each Committee meeting, meets with each of them and the External auditor individually.

In addition to its members, a standing invitation has been extended by the Committee to the Non-Executive Chairman and Group Chief Executive Officer to attend the Committee's meetings. The Group Chief Financial Officer, Group Financial Controller, Group Director of Risk & Assurance, the Head of Internal Audit of Savills Investment Management, 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 Committee in discharging its duties.

At least once a year, the Committee meets with the External Auditor and the Group Director of Risk & Assurance without management being present.

Audit Committee report
continued

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

The remuneration of the members of the Audit Committee and the policy with regard to the remuneration of the Non-Executive Directors are set out on pages 78 and 106.

The Committee met five times during the year and reports to the Board after each Committee meeting. Attendance at meetings during 2019 is shown in the table below:

Committee member	Member since	Meetings attended	Meetings eligible to attend
Stacey Cartwright (Chair from 8 May 2019)	October 2018	5	5
Liz Hewitt (until 8 May 2019) *	June 2014	1	1
Tim Freshwater	January 2012	5	5
Rupert Robson	June 2015	5	5
Florence Tondu-Mélique	October 2018	5	5
Dana Roffman	November 2019	0	1

* Liz Hewitt retired from the Board and Audit Committee at the conclusion of the AGM on 8 May 2019

Activities of the Committee during the year

To enable the Committee to carry out its duties and responsibilities effectively it works to a structured programme of activities and meetings aligned with the annual financial reporting cycle. This 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. Following each meeting, the Chair of the Committee reports on the main discussion points and any actions arising from these to the Board.

Responsibilities	How the Committee discharged its responsibilities	Mar	June	Aug	Oct	Dec
Financial Reporting	Reviewed and discussed the key accounting considerations and judgements reflected in the Group's results for the half year and full year	■		■		
	Reviewed and discussed the key accounting considerations and judgements reflected in the Group's results	■				
	Reviewed the assessment supporting the going concern basis of accounting	■		■		
	Reviewed the viability statement and considered the processes supporting the assessment of the longer-term solvency and liquidity	■				■
External Audit	Agreed the External Audit strategy and scope					■
	Considered and, where appropriate, approved the instruction of the Group's External auditor's provision of non-audit services	■				
	Reviewed and considered the External auditor Report, including the External auditor observations on the Group's internal control environment	■		■		
	Discussed the External auditor performance					■
	Met with the External auditor without management present to discuss their remit and any concerns	■		■		
	Discussed and agreed the External auditor remuneration in respect of audit services provided					■
	Assessed the External auditor's independence and recommended their reappointment to the Board					■
Internal Audit	Considered and approved the remit of the Internal Audit function and the Internal Audit plan					■
	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		■			■
	Monitored and reviewed the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk management arrangements					■
	Met with the Group Director of Risk & Assurance privately to discuss his remit and any concerns	■				
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 material existing and emerging risks					■
	Reviewed and considered the Group's risk register		■			■
	Reviewed risk management arrangements for the Group's regional businesses by receiving presentations from the Chief Operating/Financial Officers of the Principal Businesses		■		■	■
	Reviewed the Committee's own performance, composition and Terms of Reference, and recommended any changes the Committee considers necessary for Board approval	■				
	Reviewed the reports provided by the Group's Legal Director & Company Secretary on significant legal matters	■		■		

Audit Committee report
continued

During the year, in addition to its established review processes, the Committee considered and reviewed a number of other areas. These included updates on the risk and internal control environments within the Group's UK, US, Asia Pacific and EMEA businesses and overseeing the strengthening of the regulatory framework in Savills Investment Management. In addition, with the increasing pace of technological change, the Committee continued to focus on the Group's IT strategy, with particular focus on cyber security and disaster recovery. The Committee specifically considered the processes and assessment of the Group's prospects and viability made by management to support the Viability Statement which can be found at page 31. The Committee's review included consideration of the time period adopted, the processes supporting the assessment of the Group's longer-term solvency and liquidity which support the viability statement disclosure. The Committee 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 and challenged management as to the appropriateness of the assumptions made.

Following discussions with management and the External Auditor, the Committee approved the disclosures of these accounting policies and practices which are set out in note 2 to the Financial Statements on pages 128 to 142.

Significant financial reporting judgements

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.

This section outlines the main areas of judgement that have been considered by the Committee and ensure that appropriate rigour has been applied. The key reporting judgements considered by the Committee and discussed with the External auditor during the year were:

Matter considered	Action
Risk of fraud in revenue recognition	The Committee discussed and actively challenged management's conclusions in respect of revenue recognition policies, satisfying itself that the approach applied to determine revenue recognised in FY19 was appropriate, consistent across the Group and in line with the Group's accounting policies. The Committee also received and discussed the External Auditor reports setting out its work, testing and conclusions on this area. The Committee, having actively challenged and considered both management's judgements and the External auditor's conclusions, agreed that there were no material issues in this area and that the approach taken was appropriate.
Recoverability of trade receivables	The Committee considered and challenged, with the support of the External auditor, management's estimates regarding the recoverability of trade receivables specifically with respect to expected credit losses across the Group. Following its review, the Committee was satisfied that the judgements taken by management were reasonable and supported by appropriate evidence in relation to the specific receivables.
Recognition of right of use assets and leased liabilities in accordance with IFRS 16	The Group adopted IFRS 16 'Leases' on 1 January 2019 and accordingly recognised lease liabilities and right of use assets in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The Committee considered management's approach in relation to the adoption of IFRS 16 'Leases' (adopted with effect from 1 January 2019) in determining the value of the right-of-use assets and lease liabilities requires management. The Committee also received and discussed the External auditor reports setting out its analysis on the recognition of right-of-use-assets and leased liabilities. The Committee was satisfied with the assumptions and judgements applied by management.

Matter considered	Action
Goodwill impairment assessment	The Committee considered management's approach in relation to the carrying value of the Group's businesses, including goodwill. The Committee reviewed and considered the detailed analysis of the key inputs to forecast future cash flows and the process by which they were drawn up. The Committee considered the appropriateness of the assumptions used and reviewed the impact of sensitivity analysis. The Committee also considered if there were any reasonably possible changes in assumptions that would result in a material impairment and therefore require further disclosure in the financial statements. The Committee also considered a report from the External auditor setting out its analysis and conclusions in this area. The Committee was satisfied with the assumptions and judgements applied by Management.
Provisions for litigation	The Committee received regular updates on new and existing claims being made against the Group and the extent to which these had been provided for. The Committee focused its review on the provisions held in relation to significant legal matters and assessed the appropriateness of those provisions as at 31 December 2019. As part of this review the Committee took into account the Group's insurance cover and the advice received from external counsel to ensure that the appropriate provisions had been made. The Committee also discussed the matter with the External auditor and determined that management had made reasonable judgements in their assessment process for determining the level of provisions held.

Internal Audit

During 2019, Internal Audit services were delivered by the Group's Director of Internal Audit with support in delivery by Ernst & Young. In the second half of the year, Savills Investment Management (SIM) appointed a Head of Internal Audit who has assumed responsibility for internal audit planning and delivery within SIM.

The Board's responsibility for internal control and risk is detailed on page 76 and is incorporated into this report by reference.

The Committee approved the annual Group Internal Audit plan and the SIM Internal Audit plan, and received progress against those plans during the year. The Committee ensured that Internal Audit was appropriately resourced with the skills and experience relevant to the operations of the Group and that information was made available to it to enable it to fulfil its mandate to the appropriate professional standards.

The Committee reviewed Internal Audit reports from both Group and SIM on a regular basis and the Group Director of Risk & Assurance, the Group Director of Internal Audit and the SIM Head of Internal Audit attended meetings and presented to the Committee where appropriate. The Committee monitors the status of all Internal Audit recommendations and management's responsiveness to their implementation and challenges both Internal Audit and management where appropriate to provide assurance that the control environment is robust and effective.

In assessing the performance of Internal Audit, 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 auditors' findings and recommendations and reports from the External auditor on any issues identified during the course of their work.

Audit Committee report
continued

Internal Control and Risk Management

The 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 its 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 2019
- reports from the Group Director of Risk & Assurance including reports on Group-wide risk assessment activity and annual self-assessment findings
- reports from the SIM Head of Risk & Compliance and the SIM Head of Internal Audit
- reports from the External auditor on any issues identified during the course of their work

The Committee and the Board considered that the information received was sufficient to enable a review of the effectiveness of the Group's internal controls in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

External Audit

The Committee has primary responsibility for overseeing the relationship with the External auditor, including assessing the External auditor's performance, independence and effectiveness, recommending the appointment, reappointment or removal of the External auditor, and negotiating and agreeing the external audit fees. 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 chair of the Committee 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 re-appointment of PwC as the Group's External auditor and it was satisfied that it should recommend to the Board their re-appointment 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 2020 AGM.

An important aspect of managing the External auditor relationship, and of the annual effectiveness review, is ensuring that there are adequate safeguards to protect auditor objectivity and independence. In conducting its annual assessment, the Committee reviews the External auditor's own policies and procedures for safeguarding its objectivity and independence. As one of the ways in which it seeks to protect the independence and objectivity of the external auditors, the Committee has a policy governing the engagement of the External auditor to provide non-audit services and its assessment of PwC's independence is underpinned by this policy. In accordance with the Group's policy in place to 31 December 2019, the following non-audit services were not provided by the External auditor:

- bookkeeping or other services related to the accounting records or Financial Statements
- taxation services (except for de minimis amounts, outside of Europe and outside the scope of the Group audit)
- financial information systems design and implementation
- Internal Audit outsourcing services
- management functions or human resources advice
- advising on senior executive (including Executive Director) remuneration

Audit and non-audit fees

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 £2.2m for audit services and £0.2m for non-audit services, principally for audit related assurance services relating to transactions. Details of the fees paid to the External auditor can be found in note 8.2 to the Financial Statements on page 155. During the financial year ended 31 December 2019 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, that when PwC was used, it 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 ended 31 December 2019 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 restrictions (FRC's Revised Ethical Standard for auditors June 2016) 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, were effective for the Group from 1 January 2017. As part of the Group's policy 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.

Audit Tender

PwC has been the Company's auditor since 2001. In 2018 the Committee considered the timing of a potential External Audit tender process, given the requirement for PricewaterhouseCoopers LLP to be replaced after the 31 December 2020 audit due to Mandatory External auditor rotation rules. The Committee commenced the External Audit tender process in Q2 2019, ensuring compliance with the Code. This concluded with the Committee's recommendation to the Board at the Committee's December 2019 meeting that Ernst & Young ('EY') be appointed as External auditor (subject to Shareholder approval) for financial years commencing on or after 1 January 2021. The Committee approved the tender participants, process, timetable and assessment criteria. As a first phase, the participants were provided access to a data room which contained information to enable the participants to gain a better understanding of how the Group is structured and operates. The information was supplemented by meetings with the Committee Chair and senior management across the Group. This process ran in parallel with each firm conducting an auditor independence assessment for the purpose of the 2020 financial year. The second phase of the process included an evaluation of each of the tender participants by way of scorecards detailed in the Request for Proposal document and subsequent shortlisting for progression to presentation stage. The Committee then reviewed the written proposals and met with the tender participants who were assessed against a range of criteria, including industry expertise, FTSE 250 market segment expertise, geographic coverage, breadth of sector experience and specialist expertise. This was led by the Committee Chair and the Committee concluded its deliberations at its meeting in December 2019, resulting in the recommendation to the Board to approve the appointment of Ernst & Young, which will be proposed for Shareholder approval at the 2021 AGM. Going forward, the Committee anticipates that the audit will be put out to tender at least every 10 years.

During the year, the Company confirms that it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Directors' Remuneration report

"On behalf of the Board, I am pleased to introduce our 2019 Directors' Remuneration Report (the 'Report') which sets out Savills philosophy and policy in relation to Directors' remuneration and how this was implemented in the year ended 31 December 2019."

Rupert Robson, Chairman of the Remuneration Committee

2015–2019 Overview

+18%
Underlying Profit

+26%
Dividend Payments to Shareholders*

+8%
Executive Director Remuneration**

+96%
Total Shareholder Return

* The dividend cost for 2019 comprises the cost of the final dividend recommended by the Board (amounting to £16.5m), payment of which is subject to Shareholder approval at the Company's Annual General Meeting ('AGM') scheduled to be held on 6 May 2020, the cost of the supplemental dividend (£20.5m) declared by the Board on 12 March 2020 (payable to Shareholders on the Register of Members as at 14 April 2020) and the interim dividend (£6.7m) paid on 2 October 2019.

** Executive Director remuneration comprises the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer job holders between 1 January 2015 and 31 December 2019.

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 112 to 121 as specified by the UK Listing Authority and the Regulations.

Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2019 Directors' Remuneration Report (the 'Report'). Included within this Report is the Directors' Remuneration Policy (the 'Policy'), which subject to Shareholder approval at the 2020 Annual General Meeting ('AGM') will apply from that date, 6 May 2020, replacing the Policy which was approved by Shareholders at the AGM in 2017. The Policy, together with our Annual Report on Directors' Remuneration, will be presented to Shareholders for approval at the AGM on 6 May 2020.

Our remuneration philosophy

As previously reported, our long-standing focus and business philosophy 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.

The 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.

2019 performance and remuneration

Annual performance-related profit share

Savills delivered a resilient full year performance reflecting both the robustness and geographic diversity of our market positions generally, and the strength of our less transactional businesses. This result was achieved against the backdrop of significant challenges in the UK and Hong Kong, two of our key markets. In the UK, the effect of Brexit and political uncertainty suppressed market activity in both Commercial and Residential transactional markets until mid-December. The clear outcome of the General Election prompted a strong close to the year as confidence to transact returned to the market. In Hong Kong, the political unrest severely reduced the volume of trading activity from mid-year. The strength of Savills position in both markets contributed to a resilient performance through increased market share, despite lower volumes of activity generally. Thanks largely to an excellent performance in the UK, significant year-on-year growth in the US and a strong performance from Savills Investment Management, the Group delivered underlying profit for the year to 31 December 2019 of £143.4m.

Key financial highlights for the year included:

- Revenue of £1.93bn, representing growth of nearly 10% on 2018
- Underlying profit before tax of £143.4m (2018 : £143.7m)
- Transaction Advisory revenues up 2%, Consultancy revenues by 15% and Property Management by 17%.
- Further progressing our strategy of being a leading advisor in the key markets in which we operate, by adding complementary businesses and teams to our strong core business. In particular during 2019 we:
  - in Asia Pacific, continued to expand throughout Australia and in Singapore, where we recruited circa 50 professionals across our service lines. Savills India, which opened for business in October 2018, saw significant expansion and now employs over 300 professionals in six offices (Bangalore, Mumbai, Delhi NCR, Hyderabad, Pune and Chennai)
  - in EMEA, further integrated and developed the Middle East operation acquired in 2018, with team recruitment in the Middle East, along with Sweden, Germany and France enhancing our strength in those regions across key business lines
  - in North America, continued to expand our occupier-focused business lines through both recruitment and investment in technology and central services such as marketing and research. In March 2019, the business was re-branded to Savills Inc
  - in the UK, completed the successful integration of acquisitions made in 2018, including Currell Group and the Broadgate Estates third party property management portfolio and acquired KKS a workplace consultancy and design business
  - continued to invest in our own technology platform in order both to deliver innovative solutions to our clients through data analysis and insight and to drive internal efficiencies. Improving efficiency in our Valuation teams is a particular area of focus locally in multiple parts of the Group, and we continued to roll out our award winning Knowledge Cubed platform, developed out of the United States and deployed to occupier clients across the globe

Directors' Remuneration report
continued

At the beginning of 2019, the Committee set stretching financial targets for the 75% of the performance-related profit share relating to the delivery of Underlying Profit before Tax ('UPBT'). The Group delivered a resilient financial performance in 2019, notwithstanding the market uncertainties noted above. As such, the Executive Directors received 79.7% of the maximum potential award in relation to Group financial performance. This compares with an allocation of 78.7% of the maximum potential award in relation to financial performance in the previous year. It should be noted that 2019 UPBT includes a first time charge under IFRS16 which increased the Group's property costs by £3.5m (2018: £nil) and that accordingly the UPBT targets and performance are not directly comparable with 2018. In relation to the objectives-based element which accounts for up to 25% of annual award, the Executive Directors were determined to have performed towards the top end of their personal strategic and operational objectives, taking account as well of the challenging conditions in the UK and Hong Kong. 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 96 of this Report.

Performance Share Plan

The end of the 2019 financial year was also the end of the three-year performance period for our Performance Share Plan ('PSP') awards made in May 2017. In this regard:

- the 50% of PSP award shares subject to a TSR condition measured against the FTSE 250 Index (excluding investment trusts) are anticipated to vest at 100% for this part, reflecting relative TSR performance outperforming the Index by more than 8% p.a.; and
- the 50% of PSP award shares subject to an EPS condition are anticipated to vest at 0% for this part.

The Committee determined that it would be appropriate for annual performance-related profit share outcomes to be determined as described above and for the May 2017 PSP awards to vest in May 2022 without further adjustment as both were valid reflections of overall performance by the Company.

The Committee exercised what it regards as normal commercial judgement in respect of Directors' remuneration throughout the year (and in all cases in line with the Company's Directors' Remuneration Policy) including in relation to setting performance metrics and confirming the outcome of performance for the incentive arrangements. There were no other exercises of judgment or discretion by the Committee save as detailed in this report.

Policy for 2020–23

During the course of 2019 the Committee undertook a review of the Directors' Remuneration Policy approved by Shareholders in 2017 in anticipation of seeking Shareholder approval at the 2020 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 broadly 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). Salaries continue to be reviewed each year (although not necessarily increased). For 2020, the Committee approved a 2% increase in the Executive Directors' base salaries, the same as that applying generally to Savills UK staff.
- **Pension:** for all new appointments the pension contribution will be aligned to the wider UK workforce contribution rate, which is currently 8% of salary at Savills UK (although subject to periodic review). For the two existing Executive Directors, the pension contribution continues to be set at 14% and 18% of annual base salary respectively for the reasons set out below.
  - The Group Chief Executive Officer was a member of the defined benefit Savills Pension Plan when that Plan was closed to future benefit accrual in 2010. The Plan was historically an 'all employee' Scheme. When the Plan was closed to future benefit accrual in 2010, it was agreed that all the then Plan members should subsequently be entitled to a 14% of salary employer pension contribution or equivalent. There remain a significant number of other long-standing employees who are former members of the Plan and who remain on the same 14% rate, so the Group Chief Executive Officer is fully aligned with staff with an equivalent level of service to him. For these reasons, the Remuneration Committee does not believe there should be a requirement to adjust the Group Chief Executive Officer's pension contribution rate.
  - The Group Chief Financial Officer joined the Company in March 2009, at which time the approach when the issue was raised as part of the recruitment dialogue was for the Company to agree a pension contribution at the same level as that then being paid as the employer contribution to the Plan, after which the individual contribution would be fixed and would not adjust up or down in line with future actuarial assumption changes. The Group Chief Financial Officer has, therefore, a long-standing contractual right to receive an 18% of salary contribution. As the differential between the two Executive Director rates is relatively small and the contribution rate is driven off the low salaries that are a feature to the Company's pay structure, the Remuneration Committee has

determined that it remains appropriate to maintain the current levels.

- **Benefits:** no changes are proposed.
- **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 strong performance. For 2020, the cap on the profit share opportunity will therefore be, for the Group Chief Executive Officer, £2.240m and for the Group Chief Financial Officer, £1.679m, being 2.2% higher than the cap applying in 2019, reflecting year on year growth in RPI (2019 caps: Group Chief Executive Officer £2.192m; Chief Financial Officer £1.643m). Annual awards will continue to be determined as follows:
  - 75% based on Group UPBT performance
  - 25% on the achievement of pre-set personal strategic and operational objectives

Reflecting feedback from some Shareholders, the UPBT target range will be made narrower than at present by significantly raising the lower threshold. In order to maintain an appropriate calibration, one third of the maximum award will be payable for threshold performance (as opposed to 25% currently). The new, increased threshold level will be higher than the point at which one-third would currently be payable. As the UPBT outturn moves above this threshold, payouts will increase on a straight-line basis, with two-thirds of the maximum payable at the midpoint (which is effectively 50% of the bonus opportunity above the threshold). Consistent with market practice, the actual range will be set around the start of the financial year. 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 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.

There was some Shareholder feedback that the retention of the charitable giving facility in the current policy (which allowed the Executive Directors to give to charity out of their bonus prior to the 50% cash/shares split of bonus) was no longer appropriate. As charitable waivers are no longer effective (due to changes in HMRC Regulations), and are no longer offered by the Group, we propose to discontinue this item in the new policy.

- Performance Share Plan: annual grant to be made at the existing award levels of 200% of base salary for the Group Chief Executive Officer and the Group Chief Financial Officer. For the 2020 awards, the EPS growth and relative total Shareholder return targets will continue to be used and a third ROE measure is also being introduced with an equal weighting to the TSR and EPS measures. The ROE measure is being introduced as this is considered to be a good indicator of the operating efficiency of the Group and accords with the goal of creating Shareholder value by delivering good sustainable returns across the cycle. Awards that have satisfied the performance conditions attaching to them (measured over a three-year performance period) will vest once a further two-year holding period has passed, that is, on the fifth anniversary of grant.
- Share Ownership Guidelines are 500% of salary, which can be achieved through purchase or the retention of any after-tax shares which vest until the guideline is met. New PSP awards (and bonus deferrals) will be placed into a nominee account until such time as this level is achieved. In addition to the annual performance-related profit share deferral period and PSP holding period that remain in place for departing Executive Directors, an additional post-cessation shareholding requirement is being introduced at 250% of salary, which will need to be held for two years post cessation.

Governance developments

On behalf of the Committee, I wanted to take the opportunity to thank Liz Hewitt, who served as a member of the Committee until her retirement from the Board at the conclusion of the 2019 AGM. I also welcome Dana Roffman, who joined the Committee following her appointment to the Board as a Non-Executive Director on 1 November 2019.

2019 was the first year the Company was subject to the 2018 UK Corporate Governance Code and accordingly the Committee's remit was expanded to be responsible for setting all elements of the remuneration of the Group Executive Board members in addition to the Executive Directors. The Committee also received a report on workforce remuneration during the year.

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 2018 Annual Remuneration Report at the 2019 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 6 May 2020.

Rupert Robson

Chairman of the Remuneration Committee

Directors' Remuneration report
continued

Annual Report on Remuneration

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 so promoting the long-term interests of the Company. The Committee also considers the broader implications of the Policy in the context of environmental, social or governance considerations and how the Policy best supports the Group's delivery of its objectives in these areas. The Committee is responsible for the broad policy governing senior staff remuneration. It sets the actual levels of all elements of the remuneration of the Executive Directors and the Group Executive Board members. The Committee also reviews workplace remuneration and related policies and the alignment of incentives and rewards with culture; and when setting the policy for Executive Director remuneration takes those matters into account. The Policy remains under periodic review to ensure that it remains consistent with the Company's scale and scope of operations, supports business strategy, its environmental, social and governance strategy and its 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
Stacey Cartwright	Member of the Committee	Independent
Tim Freshwater	Member of the Committee	Independent
Dana Roffman	Member of the Committee (from 1 November 2019)	Independent
Florence Tondu-Mélique	Member of the Committee	Independent

Committee attendee	Position	Status
Nicholas Ferguson	Non-Executive Chairman	Attends by invitation (except when his own remuneration is discussed)
Mark Ridley	Group Chief Executive Officer	Attends by invitation (except when his own remuneration is discussed)
Chris Lee	Group Legal Director & 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	3	3
Stacey Cartwright	3	3
Tim Freshwater	3	3
Florence Tondu-Mélique	2	3
Dana Roffman (appointed 1 November 2019)	1	1
Liz Hewitt (retired 8 May 2019)	2	2

As at 31 December 2019 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 52 to 53.

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

- reviewing the Directors' Remuneration Policy in the context of best practice and corporate governance developments and taking account of workforce remuneration across the Group;
- 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 Group Executive Board members; and
- approving the grant of Performance Share Plan awards.

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, FIT Remuneration Consultants. 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 2019, FIT Remuneration Consultants received fees of £47,384.70 plus VAT in relation to advice provided to the Committee. FIT Remuneration Consultants provided no other services to the Group during the year.

The Committee is satisfied that the advice received from FIT Remuneration Consultants 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 and other Group Executive Board members.

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).

Directors' Remuneration report
continued

Remuneration Policy

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, the proposed amendments to the current Policy and how it will be applied for 2020 is set out below.

Element	Summary of approach	Change from previous policy	Application of Policy for 2020
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.	No change.	The Committee has determined that base salaries will be increased by 2.0% effective 1 March 2020, consistent with the rate of increase in Savills UK. Salaries in 2020 will therefore be as follows: ▪ Group Chief Executive Officer: £295,000 ▪ Group Chief Financial Officer: £225,500
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 Group Chief Executive Officer will be entitled to a pension from the legacy defined benefit pension plan but no longer accrues benefits under the plan.	For new appointments the pension contribution will be aligned to the wider UK workforce contribution rate.	Pension contributions/salary supplements for 2020 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 £9,000); ▪ Permanent Health Insurance; ▪ Life Insurance; and ▪ Relocation expenses.	No change.	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 is the norm for listed companies) on variable performance-related pay. Consequently, 50% of any award payable above an amount equal to base salary is deferred into shares for three years. Malus and clawback provisions apply.	The maximum potential has been increased by RPI. Narrowed UPBT target range with significantly increased threshold level. Removal of the charitable giving item in the current policy.	The maximum potential annual profit share awards for 2020 are: ▪ Group Chief Executive Officer: £ 2.240m ▪ Group Chief Financial Officer: £1.679m. For 2020 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.

Directors’ Remuneration Policy

Element	Summary of approach	Change from previous policy	Application of Policy for 2020
Performance Share Plan	Awards of shares are made subject to a three-year performance period. Any awards which satisfy the three-year performance conditions attaching to them will then be subject to an additional two-year holding period before vesting. 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.	Introduction of new third metric: ROE.	The awards for 2020 will be up to 200% of base salary. For 2020 Performance Share Plan awards, one-third of the award will vest subject to Earnings Per Share performance, one-third will vest subject to relative TSR performance against the FTSE Mid 250 Index (excluding investment trusts) and one-third will vest subject to ROE performance measured over the three year period starting on 1 January 2020.
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.	Introduction of post-cessation shareholding requirements.	500% of base salary for the Group Chief Executive Officer and Group Chief Financial Officer while in post. 250% of salary applying for two years post-cessation.

Non-Executive Director fees, which are set consistent with the median for the FTSE 250 and which are subject to annual review, will next be reviewed in July 2020 with any increase capped at RPI. Additional fees, again set consistent with the median for the FTSE 250, which are payable to the Senior Independent Director and Committee Chairs to recognise their additional responsibilities will also next be reviewed in July 2020. The Chairman’s fee, which again is set at levels consistent with the median for the FTSE 250 and is subject to annual review, capped at RPI, will next be reviewed in July 2020.

The Committee has ensured that the Directors’ Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Corporate Governance Code:

Clarity – Our Directors’ Remuneration Policy is well understood by our senior executive team and has been clearly articulated to our Shareholders and representative bodies (both on an ongoing basis and during consultation when changes are being made).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Directors’ Remuneration Policy and practices are straightforward to communicate and operate.

Risk – Our Directors’ Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both annual incentives and long-term incentives which employ a blend of financial, non-financial and Shareholder return targets, (ii) the significant role played by shares in our incentive plans including the deferral under the annual performance-related profit share (together with in employment and post cessation shareholding guidelines) and (iii) malus/clawback provisions within all our incentive plans.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits. The use of shares within our incentive plans means that actual pay outcomes are highly aligned to the experience of our Shareholders.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/‘at-risk’ pay, together with the structure of the Executive Directors’ service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to the Company’s culture through the use of metrics in both the Annual performance-related profit share and PSP that measure how we perform against key aspects of our strategy, which has the objective of delivering sustainable growth in profit and ROE. A similar structure operates across the Group.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

This part of the Report sets out the policy which will be put forward for Shareholder approval at the 2020 AGM in accordance with section 439A of the Companies Act 2006 (the 'Policy'). The Policy will apply from the 2020 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 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. The Committee has determined that base salaries will be increased by 2.0% effective 1 March 2020, consistent with the rate of increase in Savills UK. Salaries in 2020 will therefore be as follows: ▪ Group Chief Executive Officer: £295,000 ▪ Group Chief Financial Officer: £225,500 ▪ 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
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 2020 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 general rate available for 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 the maximum level will be aligned to the wider employer workforce contribution rate, which is currently 8% of salary in Savills UK. 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 may be provided for a limited period and 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 2020 are: ▪ £2.240m for the Group Chief Executive Officer. ▪ £1.679m 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 £2.240m 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 2020 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.

Directors' Remuneration report
continued

Directors' Remuneration Policy continued

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. 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 initially proposed to be based on three measures: ▪ Relative TSR against the FTSE 250 (excluding investment trusts) or other appropriate comparator group; ▪ Earnings per share; and ▪ Return on Equity The Committee may review the performance measures for the PSP to ensure they remain aligned to the Group's 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 PSP awards subject to a holding period (discounted for anticipated tax liabilities) may be counted during the holding period for the purposes of the guidelines. Share awards do not otherwise count towards this requirement. 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 base salary for all Executive Directors. From the adoption of this policy at the 2020 AGM, a guideline will apply additionally for a period of two years from the date on which an Executive Director stands down from the Board. The requirement in these circumstances will be to retain shares with a value equivalent to the lower of either: 250% of base salary; or the value of shares held at the date of standing down from the Board. In these circumstances, however, the requirement will not apply either to shares purchased by an Executive Director with their own funds or obtained under awards granted at recruitment to buy-out awards from a previous employer.	n/a

Malus and clawback

Malus (being the reduction or forfeiture of bonus or 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.

Directors' Remuneration report
continued

Directors' Remuneration Policy continued

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 reviewed 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; and ▪ 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, earnings and return based measures ensures that the 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.

Directors' Remuneration report
continued

Directors' Remuneration Policy continued

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 setting base salaries for fee earners which are significantly below market medians and placing 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 87 and 88 (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	– Mark Ridley – 1 May 2018 – 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.

Directors' Remuneration report
continued

Directors' Remuneration Policy continued

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.

Annual Report on Remuneration

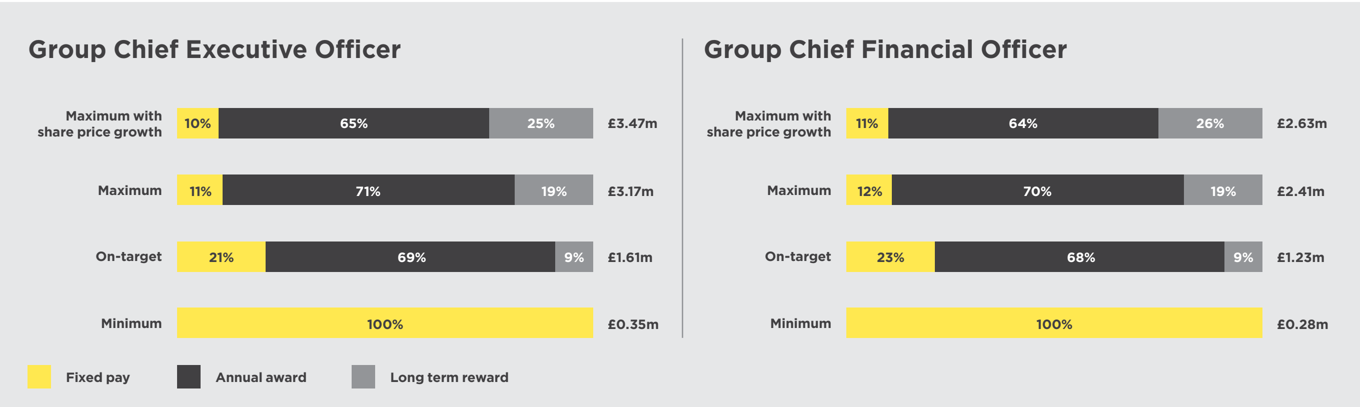
The Company operates a consistent remuneration philosophy across the Group. In this context, the Committee does not consider it necessary to consult with employees in the Group on the specific remuneration policy for Executive Directors, although Executive Director pay is included as a standing agenda item for 'Employee Voice' forums.

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.

Illustrations of application of the Policy

The charts below illustrate how much the current Executive Directors could earn under four different performance scenarios for 2020: 'Minimum', 'On-target performance', 'Maximum with share price growth' – based on the assumptions below.



Element in the above chart	Component	'Minimum'	'On-target'	'Maximum'
Fixed Pay	Base salary	2020 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 2019		
Annual reward	Annual performance-related profit share	0% of maximum award	50% of maximum award	Group Chief Executive Officer – £2,240,000 Group Chief Financial Officer – £1,679,000
Long term reward	PSP	0% of maximum award	25% of maximum award	Group Chief Executive Officer – £590,000 Group Chief Financial Officer – £451,000
Other assumptions	▪ 'Maximum with share price growth' is as 'Maximum' including assumed 50% share price growth ▪ 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 a 50% of maximum award has been used for illustrative purposes			

Directors' Remuneration report
continued

Annual Report on Remuneration continued

Total remuneration for 2019

Set out below are details of Executive Director remuneration for 2019.

Executive Directors' 'single figure' for the financial year ended 31 December 2019 and as a comparison for the financial year ended 31 December 2018 (audited).

	Mark Ridley[1]		Simon Shaw		Jeremy Helsby[2]	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Salary	289,000	170,000	221,000	219,167	–	286,667
Benefits[3]	11,035	7,202	15,639	11,216	–	10,803
Pension: contribution	40,460	23,800	39,780	39,450	–	40,133
Annual profit share – cash	1,047,770	653,000	785,560	764,000	–	1,016,000
Annual profit share – deferred shares	755,770	364,000	564,500	543,000	–	727,000
Near term remuneration	2,141,035	1,218,002	1,626,479	1,576,833	–	2,080,603

The aggregate near term remuneration paid to the two Executive Directors in the year ended 31 December 2019 was £3.77m (2018 three Executive Directors: £4.88m).

	Mark Ridley[1]		Simon Shaw		Jeremy Helsby[2]	
	2019 £ Notional	2018 £ Actual	2019 £ Notional	2018 £ Actual	2019 £ Notional	2018 £ Actual
Gain on long-term share-based awards						
Performance Share Plan – performance element[4] (for 2019: notional)	210,000	56,552	210,000	56,552	–	124,399
Performance Share Plan – share appreciation element[4] (for 2019: notional)	22,827	13,530	22,827	13,530	–	29,762
Long-term share-based reward (non-cash – for 2019: notional)[4]	232,827	70,082	232,827	70,082	–	154,161
Total i.e. 'Single Figure' (for 2019: part notional)	2,373,862	1,288,084	1,859,306	1,646,915	–	2,234,764

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

Notes:

1. Remuneration for 2018 calculated from date of appointment to the Board on 1 May 2018.
2. Retired from the Board 31 December 2018.
3. Benefits comprise private medical insurance and car allowance. For Simon Shaw in 2019 this also includes £4,423 being the cash equivalent of additional holiday entitlement accruing under the Company's loyalty holiday reward scheme (and reflecting Simon Shaw's 10th year of service).
4. For 2019 the notional value of the PSP award with a performance period which ended on 31 December 2019 (i.e. where the award will vest in May 2022) 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 2019 (977.3p) per share). For 2018, the value shown has been updated to reflect the actual market sale price at the date of vesting which was 884.2p per share and Dividend Shares. The estimates provided for long-term share-based reward in last year's report in respect of 2018 were: Mark Ridley £52,389, Simon Shaw £52,389 and Jeremy Helsby £115,257. 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).

Performance-related remuneration for 2019

Annual performance-related profit share

UPBT performance-related element

The following near-term performance measures applied to the 2019 annual performance-related profit share arrangements:

75% of the award was based on profit performance, defined as UPBT performance. The target range and Savills performance were as follows:

Minimum (0% of element)	Mid-point (62.5% of element)	Maximum target (100% of element)	Savills UPBT performance	Bonus award (% of element)
£98.8m	£129.4m	£160m	£143.4m	79.7%

Due to the change in accounting policy following the adopting of IFRS 16, the UPBT targets and performance are not directly comparable with 2018.

There was straight-line vesting between the minimum and mid-point and the mid-point and maximum.

Reflecting the Group's resilient performance in 2019, awards at 79.7% of the maximum potential were earned by the Executive Directors in respect of the UPBT performance-related element (2018: 78.7%).

The remaining 25% of annual performance-related profit share awards was based on individual performance against key strategic and operational objectives. The Executive Directors were each awarded 90% of this 25%.

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

Details of Mark Ridley's achievement against the key objectives set included the following:

- ensuring strong relationships with the Group's key regional leaders to achieve a smooth transition from Jeremy Helsby
- securing the existing and building bench strength across the Regions to ensure that the platform supports the Board's vision for growth
- establishing regional service line strategy boards for all core service lines to ensure the delivery of an integrated offering and the sharing of best practice regionally (and ultimately globally)
- implementing new initiatives in key markets to drive further growth, in particular:-
  - in Asia Pacific, overseeing the successful strengthening of the Capital Markets and Office Leasing offerings in China, the recruitment of the market leading Singapore Capital Markets team, the growth of the Group's Indian business (which, having been launched in October 2018, now operates in six cities employing 300 people) and the development of Logistics, Retail and Office Leasing offerings across Australia;
  - in the US, driving new US leadership team to (a) deliver the targeted improvement in performance, resulting in a strong result in 2019; and (b) continue to grow and strengthen the tenant rep platform and to broaden the service offering, in particular by building out the logistics/industrial brokerage and advisory offerings in the US; and
  - overseeing the recruitment of a new CEO to lead the next phase of Savills Investment Management's growth
- enhancing the Group's investor relations programme to build investor understanding and re-position the business with markets and investors

Directors' Remuneration report continued

Annual Report on Remuneration continued

Details of Simon Shaw's achievement against the key objectives set included the following:

- leading on the recruitment of the new CEO for Savills Investment Management and successfully effecting consequential management changes in that business
- ensuring that the Group was prepared for Brexit, in particular re-locating the AIFM authorisations held by Savills Investment Management to Luxembourg
- overseeing and sponsoring the Group's multi-year technology initiatives, including during the year
  - the deployment of Savills award winning Knowledge Cubed platform to our occupier services clients across all regions;
  - the continued roll out of Workthere.com, Savills advisory service to corporates seeking flexible office or co-working space, which had now been launched in ten countries;
  - continuing the progressive harmonisation of accounting systems across the Group based on AX Dynamics implementations; and
  - sponsoring the launch of digitised offerings for, for example, Valuation Services, and in the UK Auctions and digital tools to enhance remote working in the Group's UK residential business
- leading the review of the Group's funding facilities and re-arranging the Group's £360m RCF and extending this to 2024 (with two term extension options)
- continuing to develop the Group's risk management/control environment so that it evolves consistent with the growth of the Group's geographic spread and the broadening of the service offering

In line with the Policy, 50% of the overall awards to Mark Ridley and Simon Shaw, above an amount equal to their respective base salaries, was deferred for a further three-year period in the form of shares.

Long-term incentives

The PSP award granted in 2017 is subject to performance in the three years to 31 December 2019. Following an assessment of Savills performance against targets set at grant, the Committee determined that 50% of the award had met the performance criteria and will vest at the end of the two-year holding period in May 2022. 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.	Outperform index by 8.2% p.a.	100%
% EPS growth	50%	RPI plus 3% p.a. compounded	RPI plus 8% p.a. compounded	Below threshold	0%

Non-Executive Directors fees (audited)

The Non-Executive Director fees for 2019 were as follows:

	Nicholas Ferguson (Chairman)	Stacey Cartwright	Tim Freshwater	Liz Hewitt (retired in May 2019)	Charles McVeigh (retired in May 2019)	Rupert Robson	Florence Tondu-Mélique	Dana Roffman (appointed 1 November 2019)
Basic fee	£215,000	£54,000	£54,000	£18,925	£18,925	£54,000	£54,000	£9,117
Additional fees								
Senior Independent Director			£8,000					
Remuneration Committee Chairman						£10,000		
Audit Committee Chairman		£9,728		£5,326				
2019 Total	£215,000	£63,728	£62,000	£24,251	£18,925	£64,000	£54,000	£9,117
2018 Total	£207,500	£13,325	£60,650	£67,650	£52,650	£61,817	£13,325	-

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

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.

The current fee payable to Nicholas Ferguson as Chairman is £215,000 p.a. (2018: £215,000 p.a.).

The current base fee for the Non-Executive Directors is £54,700 p.a., (2018: £53,300 p.a.) with additional fees payable to the Senior Independent Director (£8,000 p.a.; 2018 : £5,000 p.a.), the Audit Committee Chairman (unchanged at £15,000 p.a.) and the Remuneration Committee Chairman (unchanged at £10,000 p.a.).

Fees were increased in 2019 with effect from 1 July following consideration of external market benchmarking and the increased time commitment of the roles.

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

Operation of Policy in 2020

Base salary

The Committee has determined that an increase of 2% will be applied for 2020. The base salaries of the Executive Directors will therefore be as follows:

- Group Chief Executive Officer: £295,000; and
- Group Chief Financial Officer: £225,500.

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 2020 will be:

- £2.240m for the Group Chief Executive Officer; and
- £1.679m for the Group Chief Financial Officer.

Directors' Remuneration report
continued

Annual Report on Remuneration continued

For the 2020 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 retains a general discretion to reduce 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 2020 will be up to 2x each Executive Director's base salary.

Awards will vest subject to the satisfaction of EPS targets for one-third 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 2019 EPS base starting position, this would represent outstanding performance for Shareholders.

A further one-third 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.

A further one-third of the award will vest subject to the satisfaction of Return on Equity Targets as follows:

- 25% (i.e. threshold) of the element to vest if the Company's ROE is 24.0%;
- 100% (i.e. the maximum) of the element to vest if the Company's ROE is 32.5% or more; and

with straight-line vesting between the two points. ROE is defined as underlying profit before tax ('UPBT')/average ordinary Shareholders' equity, measured over the three-year performance period.

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 2019 and 2018.

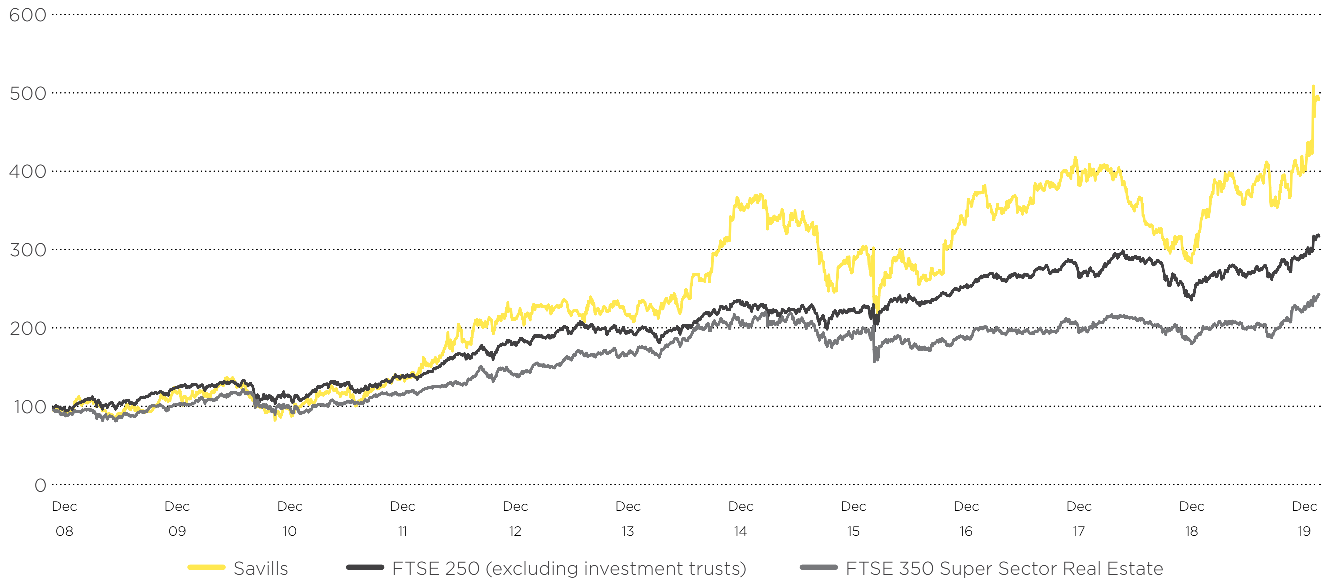
	2019 £m	2018 £m	% increase
Employment costs	1,240.5	1,160.8	7
Underlying profit before tax	143.4	143.7	–
Dividend payment to Shareholders	43.7	42.7	2
Executive Director remuneration	4.2	4.2	2
Tax	122.4	112.4	9

- 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 2019 comprises the cost of the final dividend recommended by the Board (amounting to £16.5m), payment of which is subject to Shareholder approval at the Company's AGM scheduled to be held on 6 May 2020, the cost of the supplemental dividend (£20.5m) declared by the Board on 12 March 2020 (payable to Shareholders on the Register of Members as at 14 April 2020) and the interim dividend (£6.7m) paid on 2 October 2019 and is based on the number of shares in issue as at 31 December 2019.
- 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, social security costs, pension costs and share-based payments. To allow comparability the remuneration paid to the interim role of Deputy Group Chief Executive has been ignored in this calculation.

Total Shareholder return and Group Chief Executive Officer remuneration

The total Shareholder return delivered by the Company over the last 10 years is shown in the chart below. Over this period the Company has delivered total Shareholder return of 17% per annum (FTSE 250 (excluding investment trusts): 12% per annum; FTSE 350 Super Sector Real Estate: 9% per annum). Savills was ranked 51st by TSR performance in the FTSE 250 (excluding investment trusts) and ranked fourth (of 27 companies) by performance in the FTSE 350 Super Sector Real Estate over the 10 years to 31 December 2019.

Total Shareholder Return ('TSR')



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.

Directors' Remuneration report
continued

Annual Report on Remuneration continued

Pay for performance

Year	Group Chief Executive Officer	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 to vest (maximum potential of award) 100%
2019	Mark Ridley	2,377	143.4	-0.2	84	50
2018	Jeremy Helsby	2,196	143.7	+ 2.3	82	41
2017	Jeremy Helsby	2,507	140.5	+3.5	80	84
2016	Jeremy Helsby	2,595	135.8	+12	98	50
2015	Jeremy Helsby	2,298	121.4	+21	100	N/A
2014	Jeremy Helsby	3,279	100.5	+34	100	100
2013	Jeremy Helsby	2,630	75.2	+28	86	100
2012	Jeremy Helsby	1,786	58.6	+16	65	100
2011	Jeremy Helsby	1,268	50.4	+7	49	0

Total remuneration in the years 2012 to 2019 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, 2016, 2017, 2018 and 2019 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 31/12/2018 to 31/12/2019		
	Percentage change in base salary %	Percentage change in benefits %	Percentage change in profit share award %
Group Chief Executive Officer	1%	2%	3%
All UK employees	3%	16%	-2%

Notes:

1. The percentage change for the Group Chief Executive Officer is comparing the pay of Mark Ridley in 2019 with that of Jeremy Helsby in 2018.
2. Salary, benefits and bonus is compared against full-time equivalent UK employees. The UK workforce was chosen as a suitable comparator group as Mark Ridley 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.)
3. The base salary for the Group Chief Executive Officer continues to be positioned significantly below the market median against the FTSE 250.

CEO to employee pay ratio

The table below shows how the CEO's single figure remuneration (as taken from the single figure remuneration table on page 96) compares to the equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option A	86 : 1	58 : 1	32 : 1

Notes to the CEO to employee pay ratio:

The regulations provide three options which may be used to calculate the pay for the employees at the 25th percentile, median and 75th percentile. We have used Option A, following guidance that this is the preferred approach of some proxy advisors and institutional Shareholders. Option A captures all relevant pay and benefits for all employees in line with the single figure for remuneration calculated for Executive Directors.

The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for UK employees within the Group during the 2019 calendar year.

The pay for part-time employees has been grossed-up to one FTE.

The Committee has reviewed the employee data and believes the median pay ratio to be consistent with the pay, reward and progression policies for the Company's UK employees over the period.

The CEO's pay is based on the single figure of remuneration set out on page 96 of this report. Because a large portion of the CEO's pay is variable, the pay ratio is heavily dependent on the outcomes of variable pay plans and, in the case of long-term share-based awards, share price movements.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, the median and the 75th percentile are shown below:

	Salary			Total pay and benefits		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2019	£24,000	£30,796	£47,176	£27,626	£40,981	£73,564

Pensions disclosure

Mark Ridley receives a non-pensionable salary supplement equal to 14% of pensionable earnings. This salary supplement is at the same level as pension contributions or non-pensionable salary supplements as are received by all former members of the Savills Defined Benefit Pension Plan (the 'Plan') across the Group. For the Group Chief Financial Officer, the Company contributes 18% per annum of pensionable earnings to his personal pension plan in line with his service contract agreed at the time of appointment.

Mark Ridley no longer accrues a pension benefit under the Plan. The value of the legacy benefit is shown below.

Executive Director	Defined benefit pension accrued at 31 December 2019	Defined benefit pension accrued at 31 December 2018	Defined benefit pensions value for 2019 remuneration table	Defined benefit pensions value for 2018 remuneration table
Mark Ridley	34,815	33,734	–	–

Mark Ridley's accrued pension ceased to be linked to salary from 29 February 2016, at which point the accrued pension was £31,875 p.a. The pension now increases in line with the standard revaluation provisions of the Plan that apply to all deferred pensioners. The amounts shown include revaluation to 31 December 2018 and 31 December 2019 respectively. In last year's report we showed the pension accrued at the date the salary link was ceased. No additional benefit is due in the event of early retirement.

Share interests

Details of shares in the Company which the Directors beneficially held or had a beneficial interest in as at 31 December 2019 are shown below.

Where the performance conditions attaching to any PSP award have been satisfied and the award is due to vest in the future, the PSP award shares (discounted for anticipated tax liabilities) will count towards the shareholding requirements:

Directors' Remuneration report
continued

Annual Report on Remuneration continued

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
Mark Ridley	182,961	153,653	134,119	143%
Simon Shaw	155,864	141,083	158,540	160%

The Company currently applies shareholding requirements 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 2019
Nicholas Ferguson	29,286
Stacey Cartwright	2,860
Tim Freshwater	–
Rupert Robson	7,981
Dana Roffman	–
Florence Tondu-Mélique	–

As at 12 March 2020, no Director had bought or sold shares since 31 December 2019.

The Sharesave Scheme

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

Scheme interests granted in 2019

The following table sets out details of awards made to Executive Directors under the PSP in 2019.

	Type of award	Basis of award (face value)	Performance period	% vesting for threshold performance	% vesting for maximum performance	Performance criteria
Mark Ridley	Nil-cost options	£578,000	1 January 2019 to 31 December 2021	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	£442,000				

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

The Performance Share Plan ('PSP')

Number of shares

Directors	At 31 December 2018	Awarded during year	Vested during year	Lapsed during year	At 31 December 2019	Date of grant	Closing mid-market price of a share the day before grant	Market value at date of vesting	First vesting date
Mark Ridley	35,038	–	7,926	27,112	–	27.04.16	713.5p	884.2p	27.04.19
	47,646	–	–	–	47,646	22.05.17	881.5p	–	22.05.22
	43,010	–	–	–	43,010	16.04.18	976.5p	–	16.04.23
	–	62,997	–	–	62,997	15.04.19	917.5p	–	15.04.24
Simon Shaw	35,038	–	7,926	27,112	–	27.04.16	713.5p	884.2p	27.04.19
	47,646	–	–	–	47,646	22.05.17	881.5p	–	22.05.22
	45,263	–	–	–	45,263	16.04.18	976.5p	–	16.04.23
	–	48,174	–	–	48,174	15.04.19	917.5p	–	15.04.24

Awards over 14,364 shares, together with a further 1,488 shares in lieu of dividends, vested under the PSP to Executive Directors during the year. A subscription cost of 2.5p nominal value per share is payable on actual receipt of shares. The total pre-tax gain on awards vested during the year was £139,767.

The Deferred Share Bonus Plan ('DSBP')

Number of shares

Directors	At 31 December 2018	Awarded during year	Vested during year	At 31 December 2019	Date of grant	Closing mid-market price of a share the day before grant	Market value at date of vesting	First vesting date
Mark Ridley	65,201	–	65,201	–	14.03.16	705.5p	916.8p	14.03.19
	47,954	–	–	47,954	18.04.17	929.0p	–	18.04.20
	46,492	–	–	46,492	16.04.18	976.5p	–	16.04.21
	–	39,673	–	39,673	15.04.19	917.5p	–	15.04.22
Simon Shaw	60,240	–	60,240	–	14.03.16	705.5p	916.8p	14.03.19
	46,824	–	–	46,824	18.04.17	929.0p	–	18.04.20
	52,534	–	–	52,534	16.04.18	976.5p	–	16.04.21
	–	59,182	–	59,182	15.04.19	917.5p	–	15.04.22

Under the DSBP awards over 125,441 shares and 12,278 shares in lieu of dividends vested to Executive Directors during the year. The total pre-tax gain on awards vested during the year was £1,262,589. No DSBP awards lapsed.

During the year, the aggregate gain on the exercise of share options and shares vested was £1,402,356. The mid-market closing price of the shares at 31 December 2019, the last business day of the year, was 1,135p and the range during the year was 706p to 1,175p.

Directors' Remuneration report
continued

Annual Report on Remuneration continued

Payments to past Directors and payments for loss of office

No Executive Director left the Company during the year ended 31 December 2019. 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 2019, 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
Mark Ridley	1 May 2018
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
Stacey Cartwright	1 October 2018	30 September 2021
Nicholas Ferguson	26 January 2016	26 January 2022
Tim Freshwater	1 January 2012	31 December 2020
Rupert Robson	23 June 2015	22 June 2021
Dana Roffman	1 November 2019	31 October 2022
Florence Tondu-Mélique	1 October 2018	30 September 2021

The Directors' service contracts and letters of appointment are available for inspection at our City office, 15 Finsbury Circus, London EC2M 7EB.

Shareholder votes on remuneration matters

The table below shows the voting outcomes for the 2018 Annual Remuneration Report at the AGM held on 8 May 2019 and the Directors' Remuneration Policy at the AGM held on 9 May 2017.

	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'*
2018 Annual Directors' Remuneration Report	100,373,254	93.18%	7,349,199	6.82%	107,722,453	5,636
Directors' Remuneration Policy	104,842,007	98.35%	1,753,512	1.65%	106,595,519	2,665,000

* 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.

Other information incorporated into this report by reference can be found at:

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 and dividends

The results for the Group are set out in the consolidated income statement on page 122 which shows a reported profit for the financial year attributable to the Shareholders of the Company of £82.9m (2018: £76.7m).

An interim dividend of 4.95p per ordinary share amounting to £6.7m (2018: £6.5m) was paid on 2 October 2019. It is recommended that a final dividend of 12.05p per ordinary share (amounting to £16.5m) is paid, together with a supplemental interim dividend of 15.0p per ordinary share (amounting to £20.5m) and to be declared by the Board on 12 March 2020 and paid on 12 May 2020 to Shareholders on the register at 14 April 2020. More details of the proposed dividend and the Company's performance can be found in the Chairman's statement on pages 4 and 5.

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 4 to 47. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pagse 22 to 23. In addition, Note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources, including a £360m committed revolving credit facility that extends to June 2024. 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.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue as a going concern for a period of at least 12 months from the date of the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Directors

Biographical details of the current Directors are shown on pages 50 to 53. All the Board members served throughout the year save for Dana Roffman who was appointed as an Independent Non-Executive Director with effect from 1 November 2019. As at 31 December 2019 the Board comprised the Non-Executive Chairman, two Executive Directors and five 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 page 104 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 pages 104 and 105. It is the Board's policy that the GEB Members should retain at least 105,000 shares (value at 31 December 2019: £1,191,750) in the Company and that the Group Chief Executive Officer and Group Chief Financial Officer hold shares to the value of five times their respective base salaries (£1,445,000 and £1,105,000 respectively).

Directors' interests in significant contracts

No Directors were materially interested in any contract of significance.

Directors' report
continued

Indemnification of Directors

In accordance with the Company's Articles of Association, and to the extent permitted by law, the Directors and the Group Legal Director & Company Secretary are granted an indemnity, in respect of any liabilities incurred as a result of their holding office. Such indemnities were in force during the financial year to 31 December 2019 and up to the date of this Report. The Company also maintains appropriate insurance cover in respect of legal action against its Directors and Officers.

Management Report

This Directors' Report, on pages 107 to 108, together with the Strategic Report on pages 4 to 47, form the Management Report for the purposes of DTR 4.1.5R.

Additional Information Disclosure

Pursuant to regulations made under the CA 2006 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 2019 comprised 143,056,718 2.5p ordinary shares, details of which may be found on pages 188 and 189.

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 for general meetings of the Company, by members 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 general meeting or the adjourned meeting (as the case may be).

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 2019 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	%
Heronbridge Investment Management LLP	7,249,840	5.07
Aberdeen Asset Managers Limited (and/or acting for its affiliates) as discretionary investment manager on behalf of multiple managed portfolios	7,189,327	5.07
Liontrust Investment Partners LLP	7,210,255	5.04
Merian Global Investors (UK) Limited	7,184,549	5.02
Standard Life Investments (Holdings) Limited	6,723,563	<5.00
BlackRock, Inc.	not known	<5.00
Aggregate of Standard Life Aberdeen plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	7,068,920	4.98
Old Mutual Plc	6,685,646	4.71

Note: On 24 Febuary 2020, Heronbridge Investment Management LLP disclosed a shareholding of less than 5%. No other changes to the above have been disclosed to the Company in accordance with DTR 5, between 31 December 2019 and 12 March 2020.

As at 31 December 2019, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 4,388,054 ordinary shares and the Savills Rabbi Trust held 1,602,405 ordinary shares. Any voting or other similar decisions relating to these shares held in trust are taken by the trustees, who may take account of any recommendation of the Company. The EBT waives its right to receive Savills plc dividends. The Savills Rabbi Trust does not currently waive Savills plc dividends. For further details of the trusts please refer to note 2.21 to the Financial Statements.

Repurchase of shares

In accordance with the Listing Rules, at the AGM on 8 May 2019 Shareholders gave authority for a limited purchase of Savills shares of up to 10% of the issued share capital of the Company. During the year, no shares were purchased under the authority.

The Board proposes to seek Shareholder approval at the AGM on 6 May 2020 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 and Accounts (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 its 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 89, 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 re-appointment 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 Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB at 12 noon on 6 May 2020; 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. Instead, Half Year results statements are published on the Company's website. This is consistent with our target to reduce printing and distribution costs.

Political contributions

The Company made no political contributions during the year (2018: £nil).

Employees' policies and involvement

The Directors recognise that the quality, commitment and motivation of Savills staff is a key element to the success of the Group; see page 32 for more information as to employee engagement.

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 91 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 the 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 the current statutory limit of £150 per month) from pre-tax income. Shares under the SIP normally vest after five years and are free from income tax and national insurance contributions.

Directors' report
continued

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.

Whistleblowing

The Group encourages staff to report any concerns which they feel need to be brought to the attention of management. Whistle-blowing 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 of victimisation or reprisal.

Independent auditors

In accordance with section 489 of the CA 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the forthcoming AGM.

Disclosure of information to the auditor

Each Director confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware and that each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with an subject to those provisions.

Engagement with UK employees

In accordance with s172 our statement on engagement with UK employees is on page 32.

Engagement with suppliers, customers and others in a business relationship with the company

In accordance with s172 our statement on engagement with suppliers, customers and others in a business relationship with the company is on pages 32 and 33.

By order of the Board

Chris Lee
Group Legal Director & Company Secretary

12 March 2020

Savills plc
Registered in England No. 2122174

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent Company 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 Group and parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company 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.

The Directors are also responsible for safeguarding the assets of the Group and parent Company 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 Group and parent 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 Group and parent Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 50 to 53 confirm that, to the best of their knowledge:

- the Group and parent Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the parent Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent Company's auditors are aware of that information.

On behalf of the Board

Mark Ridley
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.

12 March 2020

Independent auditors' report

to the members of Savills plc

Report on the audit of the financial statements

Opinion

In our opinion, Savills Group financial statements and Company financial statements (the 'financial statement'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2019 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- 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.

We have audited the financial statements, included within the Report and Accounts (the 'Annual Report'), which comprise: the Consolidated and Company statements of financial position as at 31 December 2019; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity and the Consolidated and Company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

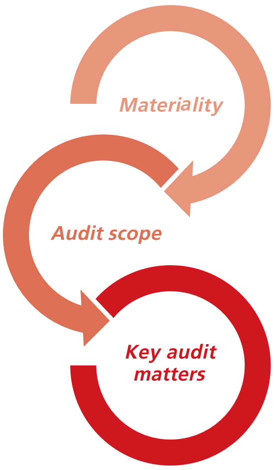
Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the Group or the Company in the period from 1 January 2019 to 31 December 2019.

Our audit approach

Context

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

Overview



- Overall Group materiality: £7.1 million (2018: £7.2 million), based on 5% of Group underlying profit before tax as defined in note 2.2 to the financial statements.
- Overall Company materiality: £2.5 million (2018: £2.4 million), based on 1% of total assets.

- We conducted audit work in the UK, Germany, Spain, Ireland, Dubai, Sharjah, United States of America, Hong Kong, China, Republic of Korea, Singapore, Japan and Australia, and across all four of the Group's business lines.
- Audits of the complete financial information were performed on the UK, Germany, Spain, Ireland, United States of America, Hong Kong, Shanghai (China Central), Republic of Korea, Singapore (Investment Management) and Australia businesses.
- We carried out specified audit procedures over the financial information of the entities in Dubai, Sharjah, Beijing, Singapore (excluding Investment Management) and Japan.
- We carried out full scope audit procedures on parts of the business which accounted for 85% (2018: 82%) of Group revenues and 86% (2018: 91%) of Group underlying profit before tax.

The areas of focus were:

- Risk of fraud in revenue recognition in relation to cut-off for transaction income in the investment management and transactional advisory businesses (Group).
- Goodwill impairment assessment – particularly for the Middle East business (Group).
- Provisions for litigation (Group).
- Recoverability of trade receivables (Group).
- Recognition of Right-of-use-assets and leased liabilities in accordance with IFRS 16 (Group and Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to financial services and real estate services across the Group, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Listing Rules, pensions legislation, UK and international tax legislation and equivalent local laws and regulations applicable to significant component teams. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management, internal audit and the Group's legal team and external legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgments made by management in its significant accounting estimates, in particular in relation to litigation provisions, recoverability of trade receivables and impairment of goodwill (see related key audit matters below);
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditors' report
continued
to the members of Savills plc

Report on the audit of the financial statements continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition in relation to cut-off for transaction income in the investment management and transactional advisory businesses (Group) 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. The recognition of revenue is largely dependent on the date the underlying transaction is deemed to be completed.	We examined the appropriateness of the Group's accounting policy for revenue recognition, and its compliance with IFRSs as adopted by the EU, and tested the application of this policy. For a sample of material transactions, we evaluated the contractual terms and the revenue recognition policy adopted and determined that the related revenue had been recorded on a consistent basis across the Group in accordance with Group policies and IFRS 15 (Revenue from contracts with customers). We have tested through agreeing a sample of revenue transactions to underlying contracts and third party documentation, for example, property sales completion statements, determining that these sales had taken place and were recorded in the correct period. We also tested journal entries posted to revenue accounts to identify any unusual or irregular items, and the reconciliations between the revenue subledgers used by the Group and their financial ledgers. There were no material issues identified by our testing of revenue recognition in the year.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment (Group) The Group carried £374.2m of goodwill at 31 December 2019 (2018: £383.8m). 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. A particular focus during our testing was the goodwill balance in relation to the Middle East business. No goodwill impairment charge was taken as a result of the Directors' review.	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. We involved PwC valuation experts to determine a range of acceptable discount rates, with reference to valuations of similar companies and other relevant external data and compared this range with the discount rates adopted by the Group. The discount rates adopted by the Group were below the discount rates determined by the valuation experts. We performed sensitivity analysis on the key assumptions within the cash flow forecasts which included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and profit margins. 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 the likelihood of material impairment to be reasonably possible. In our work, we did not identify any material misstatements.
Provisions for litigation (Group) The Group is subject to a number of legal claims in the normal course of business. The calculation of provisions against these claims is judgmental, given the range of possible outcomes on each claim. 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. The Group provision for litigation as at 31 December 2019 is £11.5m (2018: £11.0m).	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 legal claim letters and accompanying third party documentation received by the Group; ▪ Obtained and read insurance contracts, and verified that the terms were appropriately accounted for; ▪ Met with the Group's internal and external legal counsels to discuss material developments and the latest status of legal matters, including the potential exposure after taking into account the Group's insurance cover; ▪ Verified the amounts and other details in respect of new claims to the relevant supporting documentation; ▪ Reviewed the outcome of prior year estimates of litigation provisions to help assess the reliability of the estimates this year; ▪ Reviewed the legal cases settled during the year and, where relevant, traced the related cash payments to bank statements; and ▪ 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 the Directors had made reasonable judgments 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.

Independent auditors' report
continued
to the members of Savills plc

Report on the audit of the financial statements continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables (Group) The Group is exposed to a risk of default in respect of trade receivables given the current global environment, and there is therefore a risk that the net valuation of receivables could be overstated. This 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: ▪ A sample of trade receivables invoices were agreed to the post year end cash receipts by vouching to bank statements; ▪ Where 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 local management teams. We also evaluated the Group's credit control procedures, and assessed the ageing profile of 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; and ▪ We reviewed management's loss allowance provision for trade receivables calculations and ensured that these were consistent with Group policy, and the expected credit loss model as stipulated by IFRS 9, and that they provided appropriate level of provision against the non-recovery of uncollected debts. Based upon the above, we are satisfied that management had taken reasonable judgments that were supported by the available evidence in respect of the relevant receivables.

Key audit matter	How our audit addressed the key audit matter
Recognition of Right-of-use-assets and leased liabilities in accordance with IFRS 16 (Group and Company) The Group adopted IFRS 16 'Leases' with effect from 1 January 2019. IFRS 16 replaces the existing standard IAS 17 and specifies how a business should recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessee to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Determining the value of the Right-of-use assets and lease liabilities requires management to make judgements over key estimates and assumptions, including the certainty of lease term renewals and determination of appropriate discount rates to be applied. Our specific audit focus was on the recognition of Right-of-use-assets and leased liabilities considering the following areas of risk: ▪ Leasing arrangements within the scope of IFRS 16 are not identified; ▪ The underlying lease data used to calculate the impact is incomplete and/or inaccurate; ▪ Specific assumptions applied to determine the discount rates and lease term renewals; ▪ The disclosures in the financial statements are insufficient especially as to the transitional impact.	In order to assess the recognition of Right-of-use-assets and leased liabilities in accordance with IFRS 16, we performed the following procedures: ▪ Considered completeness by testing the reconciliation to the Group's operating lease commitments, and comparing those leases recorded in the Group's lease management system with the number and types of leases in each of the Group's significant businesses; ▪ Verified the accuracy of the underlying lease data by agreeing a sample of leases to original contract or other supporting information, and agreed the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment; ▪ Assessed the appropriateness of the discount rates applied in determining lease liabilities; and ▪ Assessed whether the disclosures within the financial statements are appropriate and complete. ▪ Challenged the key judgements and assumptions used by management. In particular, we evaluated whether management was reasonably certain to undertake renewal options and had appropriately accounted for the measurement of lease liabilities for renewal terms. Based upon the work performed, we consider that the key assumptions used, and calculations undertaken by management to determine the right-of-use assets and liabilities as defined by IFRS 16 and the corresponding disclosure made to be appropriate.

Independent auditors' report
continued
to the members of Savills plc

Report on the audit of the financial statements continued

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 structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Taken together, our full scope audit procedures accounted for 85% (2018: 82%) of Group revenues and 86% (2018: 91%) 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 report to a regional finance team in Hong Kong, and in the North America the local functions report to the North America finance team in New York. At a Group level, a separate finance team consolidates the reporting packs of Europe & the Middle East, Asia Pacific, UK, North America and the central functions.

In our view, due to their significance and/or risk characteristics, businesses in the UK, Germany, Spain, Ireland, the United States of America, Hong Kong, Shanghai (China Central), Australia, Republic of Korea, Singapore (Investment Management) and Australia business, 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, Dubai, Sharjah, Japan and Singapore (excluding investment management business).

Based upon Group materiality, other than in Spain, Ireland and Germany we did not carry out detailed audit procedures on Savills Europe.

In order to direct and supervise the Group audit, the Group engagement team sent detailed instructions to 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 with all significant component audit teams. The Group team visited the audit teams located at the Savills Asia Pacific head office in Hong Kong and Republic of Korea, given the significance of this region to the Group, Germany, Spain and the North America head office in New York. 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, share-based payments, tax and goodwill impairment assessment. 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 in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	£7.1 million (2018: £7.2 million).	£2.5 million (2018: £2.4 million).
How we determined it	5% of Group underlying profit before tax as defined in note 2.2 to the financial statements.	1% of total assets.
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.	The parent Company is a non-trading holding Company and accordingly we conclude that the total assets is an appropriate benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.5 million to £6.6 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.3 million (Group audit) (2018: £0.3 million) and £0.3 million (Company audit) (2018: £0.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. As not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (*CA06*)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (*CA06*)

Independent auditors' report

continued

to the members of Savills plc

Reporting on other information continued

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

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 25 of the Annual Report 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.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 31 of the Annual Report 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 to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and 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 UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (*Listing Rules*)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 111, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the 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 obtained in the course of performing our audit.
- The section of the Annual Report on pages 69 to 77 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (*CA06*)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 111, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of Directors' remuneration specified by law are not made; 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.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 30 April 2001 to audit the financial statements for the year ended 31 December 2001 and subsequent financial periods. The period of total uninterrupted engagement is 18 years, covering the years ended 31 December 2001 to 31 December 2019.

John Waters (Senior Statutory auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory auditors
London

12 March 2020

Consolidated income statement

for the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Revenue	6 and 7	**1,930.0**	1,761.4
Less:			
Employee benefits expense	10.1	**(1,240.5)**	(1,165.0)
Depreciation*	17 and 18	**(60.6)**	(14.9)
Amortisation of intangible assets and impairment of goodwill and intangible assets	16	**(10.4)**	(10.6)
Other operating expenses*	8.1	**(505.1)**	(473.3)
Other operating income	8.1	**0.5**	0.1
Other gains	8.1	**1.7**	2.9
Operating profit		**115.6**	100.6
Finance income	12	**6.5**	4.4
Finance costs*	12	**(18.3)**	(6.7)
		(11.8)	(2.3)
Share of post-tax profit from joint ventures and associates	19.1	**11.8**	11.1
Profit before income tax		**115.6**	109.4
Income tax expense	13	**(32.0)**	(32.2)
Profit for the year		**83.6**	77.2
Attributable to:			
Owners of the parent		**82.9**	76.7
Non-controlling interests		**0.7**	0.5
		83.6	77.2
Earnings per share			
Basic earnings per share	15.1	**60.6p**	56.2p
Diluted earnings per share	15.1	**58.8p**	54.6p

Supplementary income statement information

Reconciliation to underlying profit before income tax			
Profit before tax	9	**115.6**	109.4
– restructuring and acquisition-related costs	9	**25.2**	29.1
– other underlying adjustments	9	**2.6**	5.2
Underlying profit before income tax	7	**143.4**	143.7

Underlying earnings per share			
Basic earnings per share	15.2	**78.0p**	77.8p
Diluted earnings per share	15.2	**75.7p**	75.6p

* Depreciation, Other Operating Expenses and Finance costs in 2019 have been impacted by the adoption of IFRS 16. As a result of the adoption in 2019, Depreciation has increased by £44.2m, Finance costs have increased by £9.3m, and other operating expenses have reduced by £50.0m in comparison to the 2019 results if prepared on the same lease accounting policy used in 2018. Comparative results have not been restated as a result of the modified retrospective transition approach used. See Note 2.26 and Note 8 for more information.

Consolidated statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Profit for the year		**83.6**	77.2
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme and employee benefit obligations	11.2 and 27.2	**(23.2)**	15.7
Changes in fair value of equity investments at FVOCI		**(0.3)**	(0.1)
Tax on items that will not be reclassified	13	**4.4**	(2.8)
Total items that will not be reclassified to profit or loss		**(19.1)**	12.8
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(21.0)**	19.3
Tax on items that may be reclassified	13	**3.8**	(0.3)
Total items that may be reclassified subsequently to profit or loss		**(17.2)**	19.0
Other comprehensive (loss)/income for the year, net of tax		**(36.3)**	31.8
Total comprehensive income for the year		**47.3**	109.0
Total comprehensive income attributable to:			
Owners of the parent		**46.6**	108.5
Non-controlling interests		**0.7**	0.5
		47.3	109.0

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 £55.6m (2018: £55.5m).

Consolidated and Company statements of financial position

as at 31 December 2019

		Group		Company	
	Notes	2019 £m	2018 £m	2019 £m	2018 £m
Assets: Non-current assets					
Property, plant and equipment	17	**68.9**	71.5	**2.7**	1.6
Right of use assets	18	**226.2**	–	**58.7**	–
Goodwill	16	**374.2**	383.8	**–**	–
Intangible assets	16	**44.5**	48.7	**6.7**	4.8
Investments in subsidiaries	19.3	**–**	–	**81.5**	128.8
Investments in joint ventures and associates	19.1	**51.4**	48.3	**–**	–
Deferred income tax assets	20	**32.7**	29.7	**2.7**	1.4
Financial assets at fair value through other comprehensive income ('FVOCI')	19.2	**32.6**	31.2	**–**	–
Retirement benefit surplus	11.2	**–**	2.8	**–**	0.1
Contract assets	6.1	**1.6**	1.3	**–**	–
Other receivables		**27.3**	19.1	**–**	–
		859.4	636.4	**152.3**	136.7
Assets: Current assets					
Contract assets	6.1	**7.5**	7.8	**–**	–
Trade and other receivables	21.1	**568.9**	528.3	**73.4**	10.3
Income tax receivable		**3.6**	2.7	**1.7**	2.2
Derivative financial instruments	26	**0.2**	0.1	**–**	–
Cash and cash equivalents	22	**209.9**	223.9	**83.1**	90.2
		790.1	762.8	**158.2**	102.7
Liabilities: Current liabilities					
Borrowings	24	**33.4**	0.4	**–**	–
Lease liabilities	25	**45.3**	–	**5.4**	–
Derivative financial instruments	26	**0.1**	0.1	**–**	–
Contract liabilities	6.1	**10.8**	11.1	**–**	–
Trade and other payables	23.1	**589.9**	629.1	**13.9**	14.6
Income tax liabilities		**17.2**	11.0	**–**	–
Employee benefit obligations	27.2	**16.2**	15.8	**0.1**	0.1
Provisions	27.1	**10.7**	8.4	**–**	–
		723.6	675.9	**19.4**	14.7
Net current assets		**66.5**	86.9	**138.8**	88.0
Total assets less current liabilities		**925.9**	723.3	**291.1**	224.7
Liabilities: Non-current liabilities					
Borrowings	24	**148.0**	149.6	**–**	–
Lease liabilities	25	**221.8**	–	**69.9**	–
Other payables	23.2	**17.7**	38.2	**–**	–
Retirement and employee benefit obligations	11.2 and 27.2	**20.5**	11.7	**0.5**	–
Provisions	27.1	**12.6**	12.8	**1.2**	–
Deferred income tax liabilities	20	**2.1**	6.0	**–**	–
		422.7	218.3	**71.6**	–
Net assets		**503.2**	505.0	**219.5**	224.7
Equity:					
Share capital	28	**3.6**	3.6	**3.6**	3.6
Share premium		**97.2**	96.6	**97.2**	96.6
Other reserves	30	**95.5**	117.6	**38.2**	38.2
Retained earnings	30	**306.2**	286.5	**80.5**	86.3
Equity attributable to owners of the parent		**502.5**	504.3	**219.5**	224.7
Non-controlling interests		**0.7**	0.7	**–**	–
Total equity		**503.2**	505.0	**219.5**	224.7

The consolidated and Company financial statements on pages 122 to 210 were authorised for issue by the Board of Directors on 11 March 2020 and were signed on its behalf by:

J J M Ridley **S J B Shaw**
Savills plc
Registered in England No. 2122174

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Notes	Share capital £m	Share premium £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 2019		**3.6**	**96.6**	**117.6**	**286.5**	**504.3**	**0.7**	**505.0**
Change in accounting policy (IFRS 16 adoption)	2.26	–	–	–	(9.3)	(9.3)	–	(9.3)
Balance at 1 January 2019 (restated)		**3.6**	**96.6**	**117.6**	**277.2**	**495.0**	**0.7**	**495.7**
Profit for the year		–	–	–	82.9	82.9	0.7	83.6
Other comprehensive income/(loss):								
Remeasurement of defined benefit pension scheme and employee benefit obligations	11.2 and 27.2	–	–	–	(23.2)	(23.2)	–	(23.2)
Changes in fair value of financial assets at FVOCI		–	–	(0.3)	–	(0.3)	–	(0.3)
Tax on items directly taken to reserves	13	–	–	–	8.2	8.2	–	8.2
Currency translation differences		–	–	(21.0)	–	(21.0)	–	(21.0)
Total comprehensive income for the year		–	–	**(21.3)**	**67.9**	**46.6**	**0.7**	**47.3**
Employee share option scheme:								
– Value of services provided		–	–	–	17.8	17.8	–	17.8
Purchase of treasury shares		–	–	–	(14.1)	(14.1)	–	(14.1)
Shares issued		–	0.6	–	–	0.6	–	0.6
Dividends	14	–	–	–	(42.8)	(42.8)	(0.5)	(43.3)
Disposal of financial assets at FVOCI		–	–	(0.8)	0.8	–	–	–
Transactions with non-controlling interests		–	–	–	(0.6)	(0.6)	(0.2)	(0.8)
Balance at 31 December 2019		**3.6**	**97.2**	**95.5**	**306.2**	**502.5**	**0.7**	**503.2**

	Notes	Share capital £m	Share premium £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 2018		3.5	91.1	98.4	247.2	440.2	1.5	441.7
Profit for the year		–	–	–	76.7	76.7	0.5	77.2
Other comprehensive income/(loss):								
Remeasurement of defined benefit pension scheme obligations/retirement benefit surplus	11.2	–	–	–	15.7	15.7	–	15.7
Changes in fair value of financial assets at FVOCI		–	–	(0.1)	–	(0.1)	–	(0.1)
Tax on items directly taken to reserves	13	–	–	0.1	(3.2)	(3.1)	–	(3.1)
Currency translation differences		–	–	19.3	–	19.3	–	19.3
Total comprehensive income for the year		–	–	19.3	89.2	108.5	0.5	109.0
Employee share option scheme:								
– Value of services provided		–	–	–	18.2	18.2	–	18.2
Purchase of treasury shares		–	–	–	(25.1)	(25.1)	–	(25.1)
Shares issued		0.1	5.5	–	–	5.6	–	5.6
Dividends	14	–	–	–	(41.4)	(41.4)	(0.2)	(41.6)
Disposal of financial assets at FVOCI		–	–	(0.5)	0.6	0.1	–	0.1
Transfer between reserves		–	–	0.4	(0.4)	–	–	–
Transactions with non-controlling interests		–	–	–	(1.8)	(1.8)	(1.2)	(3.0)
Movement related to business combinations	19.4	–	–	–	–	–	0.1	0.1
Balance at 31 December 2018		3.6	96.6	117.6	286.5	504.3	0.7	505.0

* 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 30.

** 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 30.

Company statement of changes in equity

for the year ended 31 December 2019

	Notes	Share capital £m	Share premium £m	Capital redemption reserve* £m	Merger relief reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total equity £m
		Attributable to owners of the Company							
Balance at 1 January 2019		**3.6**	**96.6**	**0.3**	**34.9**	**3.0**	**5.0**	**81.3**	**224.7**
Change in accounting policy (IFRS 16 adoption)	2.26							**(6.3)**	**(6.3)**
Balance at 1 January 2019 (restated)		**3.6**	**96.6**	**0.3**	**34.9**	**3.0**	**5.0**	**75.0**	**218.4**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**55.6**	**55.6**
Other comprehensive income:									
Remeasurement of defined benefit retirement surplus and long term service	11.2	**–**	**–**	**–**	**–**	**–**	**–**	**(1.2)**	**(1.2)**
Tax on items directly taken to reserves	13	**–**	**–**	**–**	**–**	**–**	**–**	**1.6**	**1.6**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**56.0**	**56.0**
Employee share option scheme:									
– Value of services provided		**–**	**–**	**–**	**–**	**–**	**1.0**	**–**	**1.0**
– Exercise of share options		**–**	**–**	**–**	**–**	**–**	**(1.9)**	**(14.8)**	**(16.7)**
Distribution for Employee Benefit Trust		**–**	**–**	**–**	**–**	**–**	**–**	**3.5**	**3.5**
Shares issued		**–**	**0.6**	**–**	**–**	**–**	**–**	**–**	**0.6**
Dividends	14	**–**	**–**	**–**	**–**	**–**	**–**	**(43.3)**	**(43.3)**
Balance at 31 December 2019		**3.6**	**97.2**	**0.3**	**34.9**	**3.0**	**4.1**	**76.4**	**219.5**

	Notes	Share capital £m	Share premium £m	Capital redemption reserve* £m	Merger relief reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total equity £m
		Attributable to owners of the Company							
Balance at 1 January 2018		3.5	91.1	0.3	34.9	3.0	5.5	78.4	216.7
Profit for the year		–	–	–	–	–	–	55.5	55.5
Other comprehensive income:									
Remeasurement of defined benefit retirement surplus	11.2	–	–	–	–	–	–	0.9	0.9
Tax on items directly taken to reserves	13	–	–	–	–	–	–	(0.2)	(0.2)
Total comprehensive income for the year		–	–	–	–	–	–	56.2	56.2
Employee share option scheme:									
– Value of services provided		–	–	–	–	–	2.1	–	2.1
– Exercise of share options		–	–	–	–	–	(2.6)	(7.5)	(10.1)
Distribution for Employee Benefit Trust		–	–	–	–	–	–	(4.1)	(4.1)
Shares issued		0.1	5.5	–	–	–	–	–	5.6
Dividends	14	–	–	–	–	–	–	(41.7)	(41.7)
Balance at 31 December 2018		3.6	96.6	0.3	34.9	3.0	5.0	81.3	224.7

* 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 2019

	Notes	Group 2019 £m	Group 2018* £m	Company 2019 £m	Company 2018 £m
Cash flows from operating activities					
Cash generated from operations	33	**132.6**	139.8	**44.5**	43.9
Interest received		**6.4**	4.0	**1.2**	1.1
Interest paid		**(17.8)**	(5.1)	**(2.5)**	–
Income tax (paid)/received		**(25.8)**	(34.4)	**2.8**	3.0
Net cash generated from operating activities		**95.4**	104.3	**46.0**	48.0
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**0.2**	0.2	**–**	–
Proceeds from sale of equity investments	19.2	**4.5**	12.3	**–**	–
Proceeds from sale of interests in joint ventures, associates and other investments		**2.1**	1.5	**–**	–
Dividends received from joint ventures and associates		**10.5**	11.2	**–**	–
Repayment of loans by joint ventures, associates and subsidiaries		**–**	–	**35.0**	40.0
Loans to joint ventures, associates and subsidiaries		**(1.1)**	(1.1)	**(40.0)**	(45.1)
Loans to other parties		**(6.1)**	–	**–**	–
Disposal of subsidiaries, net of cash disposed		**–**	0.4	**–**	–
Acquisition of subsidiaries, net of cash acquired	19.4	**(1.5)**	(35.5)	**–**	–
Deferred consideration paid in relation to current and prior year acquisitions		**(5.0)**	(16.0)	-	–
Purchase of property, plant and equipment	17	**(16.2)**	(16.9)	**(1.4)**	(0.8)
Purchase of intangible assets	16	**(7.3)**	(5.9)	**(2.4)**	(2.5)
Purchase of investment in joint ventures, associates and equity investments	19.1–19.2	**(8.4)**	(25.3)	**–**	–
Net cash used in investing activities		**(28.3)**	(75.1)	**(8.8)**	(8.4)
Cash flows from financing activities					
Proceeds from issue of share capital		**0.6**	5.6	**0.6**	5.6
Proceeds from borrowings		**158.1**	305.0	**–**	–
Repayments of borrowings		**(125.2)**	(261.6)	**–**	–
Financing fees paid		**(1.8)**	–	**–**	–
Principal elements of lease payments	25	**(45.0)**	–	**(5.1)**	–
Contribution to Employee Benefit Trust		**–**	–	**3.5**	(4.1)
Purchase of treasury shares	30	**(14.1)**	(25.1)	**–**	–
Purchase of non-controlling interests		**(0.1)**	(2.6)	**–**	–
Dividends paid	14	**(43.3)**	(41.6)	**(43.3)**	(41.7)
Net cash (used) in financing activities		**(70.8)**	(20.3)	**(44.3)**	(40.2)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(3.7)**	8.9	**(7.1)**	(0.6)
Cash, cash equivalents and bank overdrafts at beginning of year		**223.9**	205.2	**90.2**	90.8
Effect of exchange rate fluctuations on cash and cash equivalents held		**(10.3)**	9.8	**–**	–
Cash, cash equivalents and bank overdrafts at end of year	22 and 24	**209.9**	223.9	**83.1**	90.2

* 2018 Cash generated from operations has been re-presented to reflect £8.0m of employment-linked deferred consideration payments previously shown as cash used in investing activities, now shown in cash generated from operations to reflect the requirement for recipients to remain engaged actively in the business at the payment date in accordance with IAS 7.

Notes to the financial statements

Year ended 31 December 2019

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, Europe, Asia Pacific, North America, Africa and the Middle East. Savills is listed on the London Stock Exchange and employs 39,319 staff worldwide.

The Company is a public limited company incorporated and domiciled in England, United Kingdom. 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 11 March 2020.

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 equity investments and derivative financial instruments held at fair value and the IFRS 2 share-based payments charge which is based on fair value movements of the Group's share price.

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 9 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 9 (underlying profit before tax) and Note 15.2 (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.

(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.

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) Acquisition of subsidiaries

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. 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.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration only applies to situations where contingent payments are not dependent on future employment of vendors. Payments dependent on future employment are expensed to the income statement over the relevant period of employment as required by IFRS 3 (revised). Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed as incurred.

(c) 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.

(d) Disposal of subsidiaries

When the Group ceases to control any retained interest in a subsidiary, 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.

Notes to the financial statements

continued

Year ended 31 December 2019

2. Accounting policies continued

2.3 Consolidation continued

(e) 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 19.1).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement 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.

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

(f) 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 of accounting, 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 share of its joint venture's post-acquisition profits or losses is recognised in the income statement with a corresponding adjustment to the carrying amount of the investment. 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 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. Exchange differences arising from this translation of foreign operations are taken directly to the foreign exchange reserve. When foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange reserve is transferred to the income statement.

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.

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.

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.

Notes to the financial statements
continued
Year ended 31 December 2019

2. Accounting policies continued

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 16).

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 backlogs	2 years
Contracts – investment, property management and other existing business contracts	2–20 years
Brands	2 years
Computer software	3–7 years

Acquired investment management contracts relating to open-ended funds have been attributed indefinite useful lives, reflecting the open-ended nature of the funds, the Group's intention to continue with the management of the funds for the foreseeable future and the expectation that these contracts are expected to generate net cash inflows for the Group for this foreseeable period.

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 or amortised cost 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 Equity investments

Classification of equity investments at fair value through other comprehensive income (FVOCI)

The Group has made an irrevocable election at initial recognition for certain equity investments to be classified as FVOCI. Changes in fair value are recognised through other comprehensive income rather than profit or loss. Dividends from these investments are recognised in profit or loss. When such investments are disposed or become impaired, the accumulated gains and losses, recognised in other comprehensive income, are reclassified to retained earnings and will not be recycled to the income statement.

2.12 Trade and other receivables

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less provision for impairment. Receivables are discounted where the time value of money is material.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables.

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.

Notes to the financial statements
continued
Year ended 31 December 2019

2. Accounting policies continued

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.

2.16 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of the Group's 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 and the Savills Rabbi 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 asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations are 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.

The net defined benefit cost is allocated amongst participating Group subsidiaries on the basis of pensionable salaries.

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.

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 and Savills Rabbi Trust

The Company has established the Savills plc 1992 Employee Benefit Trust (the ‘EBT’) and the Savills Rabbi Trust (the ‘Rabbi Trust’), 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 and Rabbi Trust are included in the Group statement of financial position. Investments in the Group’s own shares are shown as a deduction from equity.

Notes to the financial statements

continued

Year ended 31 December 2019

2. Accounting policies continued

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. The Group recognises a provision up to the limit of its self-insured liabilities in respect of any claim, with the excess of any self-insured element settled by professional indemnity insurance cover. The professional indemnity insurance cover is spread across a panel of insurers so that it is highly unlikely that the Group would be liable for any settlement in excess of the self-insured element of any given claim. As a result, the amount of the claim in excess of the self-insured element is not included in the professional indemnity claims provision.

(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

Up to 31 December 2018, the Group recognised a provision when 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.

From 1 January 2019, following the adoption of IFRS16, circumstances previously represented as onerous lease contracts are reflected as a reduction in the carrying value of the right-of-use asset as explained in Note 2.26.

(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

The Group recognises revenue from the following major sources:

- Residential property transactions
- Commercial property transactions
- Property consultancy services
- Property and facilities management services
- Investment management services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(a) Residential property transactions

Generally, revenue is recognised at a point in time, when unconditional contracts are exchanged. Fees are a fixed consideration or a fixed percentage of the transaction value and are invoiced to the client upon completion.

For new home developments revenue is recognised following the terms of the contract. In some instances revenue is recognised on a staged basis, reflecting the Group's obligations to find a buyer and to further support the client after exchange of contracts through to completion of the build and contract, which can be a number of years later. For these developments, revenue recognition commences when the underlying contracts are exchanged, with total revenue from the contract recognised by the date of completion in accordance with contractual terms. Fees are a fixed consideration or a fixed percentage of the transaction value and are invoiced to the client at each contractual milestone, in line with the recognition of revenue. In other instances, the revenue will be recognised when contracts are exchanged and the transaction is unconditional, in these instances no further support is provided to the client after this point.

(b) Commercial property transactions

Generally, revenue is recognised at a point in time on the date of completion or when unconditional contracts have been exchanged. Fees are a fixed consideration or a fixed percentage of the transaction value and are invoiced to the client upon completion.

(c) Property consultancy services

The Group primarily provides a wide range of professional property services including valuation, building and housing consultancy, environmental consultancy, development, planning, research, corporate services, landlord and tenant services and strategic projects.

Generally, revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Fee arrangements include fixed fee arrangements and fee for service arrangements ('time and materials').

For fixed-price contracts, revenue is recognised based on the stage of completion with reference to the actual services provided to the end of the reporting period as a proportion of the total services to be provided under the contract. This is determined on a contract by contract basis with reference to actual costs incurred in relation to the best estimate of total costs expected for completion of the contract or using a milestone based approach, depending on the contract terms.

For fee for service contracts, revenue is recognised up to the amount of fees that the Group is entitled to invoice for services performed to date based on contracted rates.

Payment arrangements vary between contracts, ranging from monthly retainers, monthly invoicing, quarterly invoicing, invoicing upon reaching certain milestones in the contract or payment upon completion of the final performance obligation in the contract. As a result, services rendered under a contract will often exceed consideration received from a customer and a contract asset will be recognised. If payments exceed services rendered, a contract liability will be recognised.

In some instances, revenue will be recognised at a point in time upon delivery of the final report to the client. This is often the case for standalone valuation reports where the performance obligation is the provision of a property valuation report to the client. The Group is entitled to invoice the customer when the final report has been issued, at which point payment will be due.

(d) Property and facilities management services

The Group primarily manages commercial, industrial, residential, leisure and agricultural property for owners.

The primary performance obligation relates to the ongoing management of a property where revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Payment arrangements vary between contracts. The majority of customers are invoiced monthly or quarterly in advance, with consideration payable upon the issue of an invoice. Where invoicing is in advance a contract liability will be recognised.

In some property management arrangements, the Group is required to evaluate whether it is the principal (report revenues on a gross basis) or agent (report revenues on a net basis). Where the primary performance obligation of the contract relates to the arrangement of services for a customer rather than the responsibility to provide the services, the Group is considered the agent and the mark-up for the sub-contracted services will be recognised as revenue (revenues reported on a net basis).

For leasing fees and management fees on repairs or other ad hoc property management services outside of the standard contract terms, revenue is recognised at a point in time upon completion of the performance obligation. In these instances, the invoice would be raised to the customer upon completion of the performance obligation and payment due at this time.

Notes to the financial statements

continued

Year ended 31 December 2019

2. Accounting policies continued

2.23 Revenue continued

(e) Investment management services

Base management fees are received for the provision of fund and asset management services. Fund management fees are typically either fixed or calculated as a fixed percentage of the net asset value or gross asset value of the underlying portfolio of investments. Asset management fees are typically calculated as a fixed percentage of gross rental income or passing rents. Revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Customers are generally invoiced quarterly in advance, as a result a contract liability will be recognised as the payments received will exceed services rendered.

Transaction fees are received for the coordination and management of the due diligence in connection with acquisitions and sales of assets for customers. Transaction fees are calculated as a fixed percentage on the purchase or sales price and are recognised at a point in time upon unconditional exchange of contracts.

Performance fees are received when a fund's performance exceeds a designated return hurdle rate or pre-defined benchmark or when the sale of individual assets exceeds a designated return hurdle rate. The Group estimates fees for this variable fee arrangement using a most likely amount approach on a contract by contract basis. Variable consideration is included in revenue only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

(f) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(g) Costs of obtaining a contract

In the Investment Management business the Group pays placement fees to third parties for sourcing new investors and equity for a fund. These costs are capitalised and amortised on a straight-line basis over the life of the fund, consistent with the pattern of transfer of service to which the asset relates.

Incremental costs of obtaining a contract are recognised as an expense when incurred when the amortisation period of the asset that would otherwise have been recognised is less than a year.

2.24 Leases

As explained below in Note 2.26, the Group has revised its accounting policy for leases where the Group is the lessee following the adoption of IFRS 16 on 1 January 2019.

The Group enters into lease agreements for the use of buildings, equipment and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 32 for details. From 1 January 2019, following the adoption of IFRS 16, leases are recognised as a right-of-use asset and a corresponding lease liability for future lease payables at the date at which the leased asset is available for use by the Group. Depreciation of the right-of-use asset will be recognised in the income statement on a straight-line basis, with interest recognised on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and interest cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. 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.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss in accordance with IFRS 16 p.5. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Notes to the financial statements

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Year ended 31 December 2019

2. Accounting policies continued

2.24 Leases continued

Accounting policy applied prior to 1 January 2019

Under IAS 17 (prior to transition to IFRS 16), leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership were classified as finance leases. Finance lease assets were 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 were 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 were included as liabilities in the statement of financial position. Leasing payments comprise capital and finance elements and the finance element was charged to the income statement.

The annual payments under all other lease agreements (operating leases) were 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 were also spread on a straight-line basis over the lease term.

A lease was 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.

2.26 Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 January 2019 are as follows:

IFRS 16, 'Leases', replaces IAS 17 that relates to the classification, measurement and recognition of leases with the objective of ensuring that lessees and lessors provide relevant information that represents those transactions. The standard is effective for the Group from 1 January 2019.

The Group applies the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets have been measured on transition either as if the new rules had always been applied or at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses and onerous lease provisions where applicable).

The Group's activities as a lessor are not material and hence there is no significant impact on the financial statements with respect to sub-leasing activities.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.36%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics for example leases of similar assets, in the same geographic area with consistent length of lease term
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The table below reconciles the measurement of lease liabilities upon transition with reference to operating lease commitments disclosed at 31 December 2018.

	Group £m	Company £m
Operating lease commitments disclosed as at 31 December 2018	**354.0**	**96.4**
(Less): short-term leases recognised on a straight-line basis as expense	**(5.4)**	**–**
Add: adjustments as a result of a different treatment of extension and termination options	**0.9**	**–**
(Less): adjustments for leases committed but not yet commenced	**(5.2)**	**–**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**(46.6)**	**(18.8)**
Lease liability recognised as at 1 January 2019	**297.7**	**77.6**
Of which are:		
Current lease liabilities	**45.2**	**4.6**
Non-current lease liabilities	**252.5**	**73.0**
	297.7	**77.6**

The associated right-of-use assets for certain property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

The recognised right-of-use assets relate to the following types of assets:

	Group		Company	
	31 December 2019 £m	1 January 2019 £m	31 December 2019 £m	1 January 2019 £m
Leasehold properties	221.8	253.0	58.7	60.6
Equipment and motor vehicles	4.4	4.3	–	–
Total right-of-use assets	**226.2**	**257.3**	**58.7**	**60.6**

Notes to the financial statements

continued

Year ended 31 December 2019

2. Accounting policies continued

2.26 Adoption of standards, amendments and interpretations to standards continued

Practical expedients applied continued

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	Group			Company		
	1 January 2019 – pre IFRS 16 £m	Application of IFRS 16 £m	1 January 2019 – Restated £m	1 January 2019 – pre IFRS 16 £m	Application of IFRS 16 £m	1 January 2019 – Restated £m
Right of use assets	–	257.3	**257.3**	–	60.6	**60.6**
Trade and other receivables	528.3	4.5	**532.8**	22.3	–	**22.3**
Trade and other payables	629.1	(10.8)	**618.3**	26.1	(10.7)	**15.4**
Lease liabilities (current)	–	45.2	**45.2**	–	4.6	**4.6**
Provisions (current)	8.4	(0.6)	**7.8**	1.2	–	**1.2**
Trade and other payables (non-current)	38.2	(14.7)	**23.5**	–	–	**–**
Lease liabilities (non-current)	–	252.5	**252.5**	–	73.0	**73.0**
Provisions (non-current)	12.8	(0.5)	**12.3**	–	–	**–**
Retained Earnings	286.5	(9.3)	**277.2**	86.5	(6.3)	**80.2**

Earnings per share decreased by 2.6p per share for the year ended 31 December 2019 as a result of the adoption of IFRS 16.

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 January 2019 that are not relevant or considered to have a significant impact on the Group and its financial statements include the following:

IFRIC 23 New Interpretation	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
AIP Amendments to IFRS 3	Previously held Interests in a joint operation
AIP Amendments to IFRS 11	Previously held Interests in a joint operation
AIP Amendments to IAS 12	Income tax consequences of payments on financial instruments classified as equity
AIP Amendments to IAS 23	Borrowing costs eligible for capitalisation

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

For the years ended 31 December, 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:

	Movement of currency against sterling			
£m	**-10.0%**	**-5.0%**	**+5.0%**	**+10.0%**
2019				
Estimated impact on post-tax profit				
Euro	**(1.6)**	**(0.8)**	**0.9**	**2.0**
Hong Kong dollar	**(1.0)**	**(0.5)**	**0.6**	**1.2**
US dollar	**(0.9)**	**(0.5)**	**0.5**	**1.1**
Estimated impact on components of equity				
Euro	**0.4**	**0.2**	**(0.2)**	**(0.5)**
Hong Kong dollar	**(14.2)**	**(7.5)**	**8.2**	**17.4**
US dollar	**(16.6)**	**(8.7)**	**9.6**	**20.2**
2018				
Estimated impact on post-tax profit				
Euro	(1.0)	(0.5)	0.6	1.3
Hong Kong dollar	(1.7)	(0.9)	1.0	2.1
US dollar	(0.7)	(0.4)	0.4	0.9
Estimated impact on components of equity				
Euro	1.0	0.6	(0.6)	(1.3)
Hong Kong dollar	(13.8)	(7.2)	8.0	16.9
US dollar	(18.0)	(9.4)	10.4	22.0

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.

Notes to the financial statements

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Year ended 31 December 2019

3. Financial risk management continued

3.3 Interest rate risk continued

For the year ended 31 December 2019, 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:

	Increase in interest rates			
£m	+0.5%	+1.0%	+1.5%	+2.0%
2019				
Estimated impact on post-tax profit and equity	**0.2**	**0.7**	**1.1**	**1.6**
2018				
Estimated impact on post-tax profit and equity	0.5	0.8	1.2	1.6

	Decrease in interest rates			
£m	-0.5%	-1.0%	-1.5%	-2.0%
2019				
Estimated impact on post-tax profit and equity	**(0.6)**	**(1.1)**	**(1.4)**	**(1.1)**
2018				
Estimated impact on post-tax profit and equity	(0.3)	(0.3)	0.1	0.4

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, equity 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.

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 2019. Refer to Note 21 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)	2019 £m	2018 £m
AA-	**45.1**	25.7
A+	**23.4**	55.4
A	**91.3**	101.8
A-	**22.6**	17.0
BBB+ or below	**27.5**	24.0
Total	**209.9**	223.9

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 24) and cash and cash equivalents (Note 22) 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.

£m	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2019				
Borrowings	**33.4**	**–**	**–**	**148.0**
Lease liabilities	**45.3**	**54.9**	**84.7**	**104.9**
Derivative financial instruments	**0.1**	**–**	**–**	**–**
Trade and other payables	**524.0**	**15.2**	**2.5**	**0.5**
	602.8	**70.1**	**87.2**	**253.4**
2018				
Borrowings	0.4	–	–	149.6
Finance leases	–	0.1	–	–
Derivative financial instruments	0.1	–	–	–
Trade and other payables	563.8	30.8	8.4	0.2
	564.3	30.9	8.4	149.8

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 2018.

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 2019. The Savills Investment Management Group has regulated entities in the UK, Jersey, Luxembourg, Germany, Italy, Japan, Singapore, Australia and the US. 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.

Notes to the financial statements

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Year ended 31 December 2019

3. Financial risk management continued

3.6 Capital 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	2019	2018	2019	2018
Equity	**503.0**	505.0	**219.5**	224.7
Cash and cash equivalents	**209.9**	223.9	**83.1**	90.2
Bank overdrafts	**(0.1)**	–	**–**	–
Borrowings	**(181.3)**	(150.0)	**–**	–
Net cash	**28.5**	73.9	**83.1**	90.2

3.7 Categories of financial instruments

	Financial assets at FVPL 2019 £m	Financial assets at FVOCI 2019 £m	Financial assets at amortised cost 2019 £m	Total carrying amount 2019 £m	Financial assets at FVPL 2018 £m	Financial assets at FVOCI 2018 £m	Financial assets at amortised cost 2018 £m	Total carrying amount 2018 £m
Financial assets:								
Financial assets at FVOCI	–	32.6	–	32.6	–	31.2	–	31.2
Trade and other receivables	–	–	505.9	505.9	–	–	470.4	470.4
Derivative financial instruments	0.2	–	–	0.2	0.1	–	–	0.1
Cash and cash equivalents	–	–	209.9	209.9	–	–	223.9	223.9
Total financial assets	0.2	32.6	715.8	748.6	0.1	31.2	694.3	725.6

	Financial liabilities at FVPL 2019 £m	Financial liabilities at amortised cost 2019 £m	Total carrying amount 2019 £m	Financial liabilities at FVPL 2018 £m	Financial liabilities at amortised cost 2018 £m	Total carrying amount 2018 £m
Financial liabilities:						
Borrowings	–	181.4	181.4	–	150.0	150.0
Lease liabilities	–	267.1	267.1	–	–	–
Trade and other payables	–	540.9	540.9	–	602.0	602.0
Derivative financial instruments	0.1	–	0.1	0.1	–	0.1
Total financial liabilities	0.1	989.4	989.5	0.1	752.0	752.1

3.8 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019:

£m	Level 1	Level 2	Level 3	Total
2019				
Assets				
Financial assets at FVOCI				
– Listed	0.8	–	–	0.8
– Unlisted	–	6.9	24.9	31.8
Derivative financial instruments	–	0.2	–	0.2
Total assets	0.8	7.1	24.9	32.8
Liabilities				
Derivative financial instruments	–	0.1	–	0.1
Total liabilities	–	0.1	–	0.1

Notes to the financial statements

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Year ended 31 December 2019

3. Financial risk management continued

3.8 Fair value estimation continued

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2018:

£m	Level 1	Level 2	Level 3	Total
2018				
Assets				
Financial assets at FVOCI				
– Listed	1.1	–	–	1.1
– Unlisted	–	10.4	19.7	30.1
Derivative financial instruments	–	0.1	–	0.1
Total assets	1.1	10.5	19.7	31.3
Liabilities				
Derivative financial instruments	–	0.1	–	0.1
Total liabilities	–	0.1	–	0.1

Level 1 instruments are those whose fair values are based on quoted market prices.

The fair value of Level 2 unlisted available-for-sale investments and financial assets at FVOCI 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. 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.

Unlisted equity securities, where cost has been determined as the best approximation of fair value, the fair value estimates is included in Level 3. Cost is considered the best approximation of fair value in these instances either due to insufficient more recent information being available and / or there being a wide range of possible fair value measurements due to the nature of the investments and cost is considered the best estimate of fair value within the range.

The following table presents the changes in Level 3 items for the period ended 31 December 2019.

	Unlisted equity securities £m
Opening balance 1 January 2019	**19.7**
Additions	**5.3**
Disposal	**(0.1)**
Closing balance 31 December 2019	**24.9**

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 2019			
Assets			
Cash and cash equivalents	**371.4**	**(161.5)**	**209.9**
Liabilities			
Bank overdrafts	**(161.6)**	**161.5**	**(0.1)**
As at 31 December 2018			
Assets			
Cash and cash equivalents	364.1	(140.2)	223.9
Liabilities			
Bank overdrafts	(140.2)	140.2	–

5. Critical accounting estimates and management judgements

5.1 Accounting estimates

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 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 11.2.

(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.

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Year ended 31 December 2019

5. Critical accounting estimates and management judgements continued

5.1 Accounting estimates continued

(d) 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.

e) Goodwill and intangible assets with indefinite useful lives

The Group tests goodwill and intangible assets with indefinite useful lives for impairment on an annual basis. Within this process, the Group makes a number of key assumptions including discount rates, terminal growth rates and forecast cash flows. The assumptions impact the recoverability of goodwill and intangible assets with indefinite useful lives and the requirement for impairment charges in the income statement. Additional information is disclosed in Note 16.

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 27.1. Known claims could be inadequately provided for or additional claims could be made which might not be covered by existing provisions or by insurance as detailed in Note 31.

g) Estimate involved in determination of the incremental borrowing rate applied in discounting lease liabilities

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

5.2 Management judgements

The following are critical judgements, apart from those involving estimations (which are dealt with separately above), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

a) Non-underlying items

The Group presents underlying profit, earnings and taxation as part of its non-GAAP measures explained in Note 2.2. These measures involve the exclusion of items that, in the judgement of the Directors, need to be disclosed separately in order to obtain a clear and consistent presentation of the Group's underlying performance as they are deemed to be material, exceptional and/or non-operational by virtue of their nature. Further details of these items disclosed by the Directors in the reconciliation to underlying profit are detailed in Note 9.

b) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

c) Accounting of equity investments

The Group holds more than 20% of the equity interest in YOPA Property Ltd and Vucity Ltd. The Group has deemed that it does not exert significant influence over these investments and has therefore not adopted equity accounting. Further details are given in Note 19.2.

6. Revenue from contracts with customers

Revenue of £1.930.0m (2018: £1,761.4m) in the income statement relates solely to revenue arising from contracts with customers.

The Group derives revenue from the transfer of services over time and at a point in time in the major product lines and geographical regions as highlighted in the Group's segment analysis (Note 7).

6.1 Contract assets and liabilities

The Group recognised the following revenue-related contract assets and liabilities:

	2019 £m	2018 £m
Asset recognised for costs incurred to obtain a contract – investment management contracts	**1.6**	1.3
Work in progress – consulting contracts	**7.5**	7.8
Total contract assets	**9.1**	9.1
Current	**7.5**	7.8
Non-current	**1.6**	1.3
	9.1	9.1
Deferred revenue	**10.8**	11.1
Total contract liabilities – current	**10.8**	11.1

An impairment loss on contract assets of £0.2m was recognised in the income statement in the reporting period (2018: £nil).

Amortisation on contract costs recognised in the income statement amounted to £0.2m (2018 £0.1m).

All consulting contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6.2 Revenue recognised in relation to contract liabilities

Revenue recognised in the year that was included in the contract liability balance at the beginning of the period totalled £8.6m.

Revenue recognised in the year from performance obligations satisfied in previous years was not material.

7. 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 2 and the segmental reviews on pages 18 to 21 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. Europe & the Middle East segment operations are based in Germany, France, Spain, Portugal, the Netherlands, Belgium, Sweden, Italy, Ireland, Poland, Czech Republic, United Arab Emirates, Egypt, Oman, Bahrain and Saudi Arabia. North America segment operations are based in a number of states throughout 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.

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7. Segment analysis continued

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 154.

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2019 is as follows:

2019	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
Revenue						
United Kingdom – commercial	94.2	180.3	190.1	33.2	–	497.8
United Kingdom – residential	139.1	49.6	41.0	–	–	229.7
Total United Kingdom	233.3	229.9	231.1	33.2	–	727.5
Europe & the Middle East	127.5	38.6	80.9	35.4	–	282.4
Asia Pacific – commercial	138.6	69.6	372.5	10.6	–	591.3
Asia Pacific – residential	35.8	–	–	–	–	35.8
Total Asia Pacific*	174.4	69.6	372.5	10.6	–	627.1
North America	293.0	–	–	–	–	293.0
Revenue	828.2	338.1	684.5	79.2	–	1,930.0
Underlying profit/(loss) before tax						
United Kingdom – commercial	12.3	19.4	12.1	9.0	(14.2)	38.6
United Kingdom – residential	17.8	7.6	3.7	–	–	29.1
Total United Kingdom	30.1	27.0	15.8	9.0	(14.2)	67.7
Europe & the Middle East	5.4	2.9	0.2	7.3	–	15.8
Asia Pacific – commercial	12.4	4.6	19.2	1.8	–	38.0
Asia Pacific – residential	4.6	–	–	–	–	4.6
Total Asia Pacific	17.0	4.6	19.2	1.8	–	42.6
North America	17.3	–	–	–	–	17.3
Underlying profit/(loss) before tax**	69.8	34.5	35.2	18.1	(14.2)	143.4

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2018 is as follows:

2018	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
Revenue						
United Kingdom – commercial	98.4	171.5	157.1	25.7	–	452.7
United Kingdom – residential	131.5	44.4	33.8	–	–	209.7
Total United Kingdom	229.9	215.9	190.9	25.7	–	662.4
Europe & the Middle East	113.1	33.4	68.9	31.6	–	247.0
Asia Pacific – commercial	160.1	45.1	327.0	9.4	–	541.6
Asia Pacific – residential	45.9	–	–	–	–	45.9
Total Asia Pacific*	206.0	45.1	327.0	9.4	–	587.5
North America	264.5	–	–	–	–	264.5
Revenue	813.5	294.4	586.8	66.7	–	1,761.4
Underlying profit/(loss) before tax						
United Kingdom – commercial	15.7	19.0	10.2	4.7	(13.7)	35.9
United Kingdom – residential	17.6	6.8	2.8	–	–	27.2
Total United Kingdom	33.3	25.8	13.0	4.7	(13.7)	63.1
Europe & the Middle East	5.5	3.0	–	4.4	–	12.9
Asia Pacific – commercial	21.2	4.3	19.2	1.9	–	46.6
Asia Pacific – residential	8.3	–	–	–	–	8.3
Total Asia Pacific	29.5	4.3	19.2	1.9	–	54.9
North America	12.8	–	–	–	–	12.8
Underlying profit/(loss) before tax**	81.1	33.1	32.2	11.0	(13.7)	143.7

* Revenues of £293.7m (2018: £275.4m) are attributable to the Hong Kong and Macau region.

** Transaction Advisory underlying profit before tax includes depreciation of £29.6m (2018: £7.5m), software amortisation of £1.3m (2018: £1.1m) and share of post-tax profit from joint ventures and associates of £0.9m (2018: £3.1m). Consultancy underlying profit before tax includes depreciation of £7.9m (2018: £2.3m), software amortisation of £0.5m (2018: £0.6m) and share of post-tax profit from joint ventures and associates of £0.1m (2018: £0.2m loss). Property and Facilities Management underlying profit before tax includes depreciation of £15.8m (2018: £3.9m), software amortisation of £1.0m (2018: £1.1m) and share of post-tax profit from joint ventures and associates of £9.4m (2018: £7.8m). Investment Management underlying profit before tax includes depreciation of £1.9m (2018: £0.3m) and software amortisation of £0.1m (2018: £0.4m) and share of post-tax gain from associates of £1.4m (2018: £0.4m). Included in Other underlying loss is depreciation of £5.6 m (2018: £0.9m) and software amortisation of £0.5m (2018: £0.4m).

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 9.

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7. Segment analysis continued

Inter-segmental revenue is not material. No single customer contributed 10% or more to the Group's revenue for both 2019 and 2018.

Non-current assets by geography are set out below:

	2019 £m	2018 £m
Non-current assets		
United Kingdom	**283.8**	168.7
Europe & the Middle East	**150.3**	119.3
Asia Pacific	**134.4**	90.9
North America	**196.7**	176.2
Total non-current assets	**765.2**	555.1

Non-current assets include goodwill and intangible assets, plant, property and equipment, right-of-use assets, investments in joint ventures and associates and retirement benefits. Financial assets held at FVOCI, non-current other receivables, non-current contract assets and deferred tax assets are not included.

8. Operating profit

8.1 Operating profit

Operating profit is stated after charging/(crediting):

	Group	
	2019 £m	2018 £m
In depreciation		
– Depreciation of right of use assets – leasehold properties	**42.4**	–
– Depreciation of right of use assets – equipment and motor vehicles	**1.8**	–
In other operating expenses		
– Net foreign exchange (gains)/losses (excluding net losses/(gains) on forward foreign exchange contracts)	**1.4**	(0.2)
– Net losses/(gains) on forward foreign exchange contracts	**0.1**	0.2
– Significant restructuring costs*	**11.5**	8.4
– Acquisition-related costs**	**13.7**	20.7
– IAS 17 Operating lease costs	**–**	59.1
– Expense relating to short-term leases	**0.9**	–
– Expense relating to variable lease payments not included in lease liabilities	**1.2**	–
In other operating income		
– Dividends from equity investments held at FVOCI		
Related to investments held at the end of the reporting period	**(0.5)**	(0.1)
In other gains/losses		
– Profit on disposal of joint ventures, associates & other investments	**(1.5)**	(1.0)
– Profit on disposal of subsidiaries	**(0.2)**	(0.4)

* Significant restructuring costs include staff related costs of £ 1.5m (2018: £4.7m), an impairment of right of use assets of £0.5m (2018: £1.2m onerous contract provisions) and other related restructuring costs of £ 9.5 m (2018: £2.5m) arising primarily from costs incurred in rebranding the North American business to and the final reorganisation within the ex SEB German Investment management business (2018: integration of the Aguirre Newman and Cluttons Middle East acquisitions).

** Refer to Note 9 for a further breakdown of acquisition-related costs.

8.2 Fees payable to the Company's auditors, PricewaterhouseCoopers LLP, and its associates

	Group	
	2019 £m	**2018 £m**
audit services		
Fees payable to the Company's auditors for the audit of parent Company	**0.4**	0.3
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**1.8**	1.7
	2.2	2.0
Audit-related assurance services	**0.2**	0.1
Transaction advisory services	**–**	0.8
Other assurance services	**–**	0.1
	0.2	1.0
Total	**2.4**	3.0

9. Underlying profit before tax

	2019 £m	**2018 £m**
Statutory profit before tax	**115.6**	109.4
Adjustments:		
Amortisation of acquired intangible assets (excluding software)	**6.9**	6.6
Impairment of goodwill and acquired intangible assets (excluding software)	**–**	0.3
Share-based payment adjustment	**(2.6)**	(1.9)
Profit on disposal of subsidiaries, joint venture and available-for-sale investments	**(1.7)**	(2.9)
Restructuring costs	**11.5**	8.4
Acquisition-related costs	**13.7**	20.7
GMP equalisation charge	**–**	3.1
Underlying profit before tax	**143.4**	143.7

In the prior year, a £0.3m impairment charge was recognised relating to acquired investment management contracts.

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 to align the underlying staff cost in the year with the revenue recognised in the same period.

Profit on disposal includes profits recognised in relation to the proceeds received in relation to legacy real estate funds in North America and disposal of a portion of the Group's holding in a joint venture in China (Beijing Jiaming Savills Property Management Company Ltd). In the prior year, profit on disposal included profits recognised in relation to the disposals of subsidiaries (100% of Savills Asset Management Pte Ltd and 80.5% of FPD Property Services (India) Private Ltd (Savills India), which is now treated as an equity investment held at FVOCI) and the part disposal of a joint venture (Beijing Financial Street Savills Property Management Company Ltd) in Asia Pacific.

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Year ended 31 December 2019

9. Underlying profit before tax continued

Restructuring costs includes costs of integration activities in relation to significant business acquisitions. Charges in the year primarily relate to costs incurred in rebranding the North American business to Savills in line with the original integration plan and the final reorganisation within the German Investment management business associated with the SEB acquisition of 2015. In the prior year, costs related to the integration of Aguirre Newman in Spain and Cluttons Middle East.

Acquisition-related costs include £12.4m (2018: £14.2m) of provisions for future payments in relation to business acquisitions, which are expensed through the income statement to reflect the requirement for the recipients to remain engaged actively in the business at the payment date. These relate to acquisitions in the UK (£5.0m - primarily Currell Group), North America (£2.9m) and Europe & the Middle East (£4.5m - primarily Aguirre Newman). In the prior year, these costs related to acquisitions in the UK (£3.6m - primarily GBR and Smiths Gore), North America (£2.6m) and Europe & the Middle East (£8.0m - primarily Aguirre Newman). In addition, acquisition-related costs includes £0.5m of unwinding of interest on deferred consideration payments (2018: £1.0m) and £0.8m of transaction costs (2018: £3.3m). The prior year also included £2.2m for payments in relation to Savills Investment Management's acquisition of Merchant Capital (Japan) in May 2014.

The 2018 Guaranteed Minimum Pension ('GMP') equalisation charge reflects the past service cost on the UK defined benefit pension scheme, which is the estimated cost of equalising GMPs for the impact between males and females.

10. Employees

10.1 Employee benefits expense

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Basic salaries and wages	**644.5**	581.8	**9.2**	8.5
Profit share and commissions	**466.8**	463.2	**5.9**	5.3
Wages and salaries	**1,111.3**	1,045.0	**15.1**	13.8
Social security costs	**80.0**	71.1	**2.0**	1.7
Other pension costs	**31.5**	30.7	**0.5**	0.5
Share-based payments	**17.7**	18.2	**1.0**	2.1
	1,240.5	1,165.0	**18.6**	18.1

10.2 Staff numbers

The monthly average number of employees (including Directors) for the year was:

	Group		Company	
	2019	2018	**2019**	2018
United Kingdom	**6,388**	5,955	**143**	133
Europe & the Middle East	**2,032**	1,752	**–**	–
Asia Pacific	**29,912**	28,486	**–**	–
North America	**825**	788	**–**	–
	39,157	36,981	**143**	133

The average number of UK employees (including Directors) during the year included 113 employed under fixed-term and temporary contracts (2018: 157).

10.3 Key management compensation

	Group	
	2019 £m	**2018 £m**
Key management		
– Short-term employee benefits	**23.2**	30.5
– Post-employment benefits	**0.1**	0.2
– Share-based payments	**2.6**	2.6
	25.9	33.3

The key management of the Group for the year ended 31 December 2019 comprised Executive Directors and the GEB members. Details of Directors' remuneration is contained in the Remuneration report on pages 96 to 99.

During the year, seven (2018: eight) GEB members made aggregate gains totalling £2.1m (2018: £5.4m) on the exercise of options under PSP and DSBP schemes (2018: PSP, DSP and DSBP schemes).

Retirement benefits under the defined benefit scheme are accruing for three (2018: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2018: two) GEB members.

11. Pension schemes

11.1 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 £31.5m (2018: £27.5m). The amount outstanding as at 31 December 2019 in relation to defined contribution schemes is £1.3m (2018: £2.0m).

11.2 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 was carried out as at 31 March 2019 and has been updated to 31 December 2019 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 13 active employees and 102 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.

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Year ended 31 December 2019

11. Pension schemes continued

11.2 Defined benefit plan continued

A full actuarial valuation of the SFM Plan was carried out as at 31 December 2019 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	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Liability/(asset) in the statement of financial position	**9.4**	(2.8)	**0.6**	(0.1)
Past service cost included in employee benefit expense	**–**	3.1	**–**	0.2
Net interest (income)/cost included in finance costs	**(0.2)**	0.4	**–**	–
Actuarial (loss)/gain included in other comprehensive income	**(21.4)**	16.8	**(1.1)**	0.9

The past service cost in 2018 relates to the estimated cost of equalising GMP for the impact between males and females; this follows the conclusion of a High Court case in the UK on 26 October 2018.

Rule 23 of the governing Trust Deed and Rules of the UK Plan covers the rights upon termination of the UK Plan, which is triggered when there are no beneficiaries surviving in accordance with Rule 19. Management interprets these rules that in the event of the UK Plan winding up with no members, any surplus assets would be returned to the Company. Based on these rights, any net surplus in the scheme is recognised in full.

The amounts recognised in the statement of financial position in relation to the UK Plan are as follows:

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Present value of funded obligations	**309.9**	262.1	**17.1**	14.6
Fair value of plan assets	**(300.5)**	(264.9)	**(16.6)**	(14.7)
Liability/(asset) recognised in the statement of financial position	**9.4**	(2.8)	**0.5**	(0.1)

The movement in the defined benefit obligation/(asset) 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 2019	**262.1**	**(264.9)**	**(2.8)**	**14.6**	**(14.7)**	**(0.1)**
Interest expense/(income)	**7.5**	**(7.7)**	**(0.2)**	**0.4**	**(0.4)**	**–**
Remeasurements:						
– Gains on plan assets, excluding amounts included in interest income	**–**	**(25.7)**	**(25.7)**	**–**	**(1.4)**	**(1.4)**
– Loss from change in financial assumptions	**45.0**	**–**	**45.0**	**2.5**	**–**	**2.5**
– Gain from change in demographic assumptions	**(2.2)**	**–**	**(2.2)**	**(0.1)**	**–**	**(0.1)**
– Experience losses	**4.3**	**–**	**4.3**	**0.1**	**–**	**0.1**
Employer contributions	**–**	**(9.0)**	**(9.0)**	**–**	**(0.5)**	**(0.5)**
Benefit payments	**(6.8)**	**6.8**	**–**	**(0.4)**	**0.4**	**–**
At 31 December 2019	**309.9**	**(300.5)**	**9.4**	**17.1**	**(16.6)**	**0.5**

	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 2018	298.2	(278.7)	19.5	16.5	(15.4)	1.1
Interest expense/(income)	7.4	(7.0)	0.4	0.4	(0.4)	–
Past service cost	3.1	–	3.1	0.2	–	0.2
Remeasurements:						
– Losses on plan assets, excluding amounts included in interest income	–	21.8	21.8	–	1.2	1.2
– Gain from change in financial assumptions	(28.8)	–	(28.8)	(1.6)	–	(1.6)
– Gain from change in demographic assumptions	(8.0)	–	(8.0)	(0.4)	–	(0.4)
– Experience gains	(1.8)	–	(1.8)	(0.1)	–	(0.1)
Employer contributions	–	(9.0)	(9.0)	–	(0.5)	(0.5)
Benefit payments	(8.0)	8.0	–	(0.4)	0.4	–
At 31 December 2018	262.1	(264.9)	(2.8)	14.6	(14.7)	(0.1)

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Year ended 31 December 2019

11. Pension schemes continued

11.2 Defined benefit plan continued

The table below outlines the Group's defined benefit pension amounts in relation to the SFM Plan:

	SFM Plan 2019 £m	SFM Plan 2018 £m
Liability/(asset) in the statement of financial position	**0.8**	0.3
Current service cost included in employee benefits expense	**–**	0.1
Actuarial loss/(gain) included in other comprehensive income	**1.3**	1.1

Section 5.2 of the SFM Plan Trust Deed provides the Trustor (Savills Fund Management GmbH, Savills Fund Management Holding AG, and Savills Investment Management (Germany) GmbH respectively) with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business neither Trustor nor Trustee have any rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme. Based on these rights, any net surplus in the scheme is recognised in full.

The amounts recognised in the statement of financial position in relation to the SFM Plan are as follows:

	SFM Plan 2019 £m	SFM Plan 2018 £m
Present value of funded obligations	**14.6**	14.0
Fair value of plan assets	**(13.8)**	(13.7)
Liability/(asset) recognised in the statement of financial position	**0.8**	0.3

The movement in the defined benefit obligation/(asset) for the SFM Plan over the year is as follows:

	SFM Plan Present value of obligation £m	SFM Plan Fair value of plan assets £m	SFM Plan Total £m
At 1 January 2019	14.0	(13.7)	0.3
Interest expense/(income)	0.3	(0.3)	–
Remeasurements:			
– Gains on plan assets, excluding amounts included in interest income	–	(0.7)	(0.7)
– Loss from change in demographic assumptions	1.6	–	1.6
– Experience gains	0.4	–	0.4
Employer contributions	–	(0.8)	(0.8)
Benefit payments	(0.9)	0.9	–
Exchange movement	(0.8)	0.8	–
At 31 December 2019	14.6	(13.8)	0.8

	SFM Plan		
	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2018	13.9	(15.2)	(1.3)
Current service cost	0.1	–	0.1
Interest expense/(income)	0.3	(0.3)	–
Remeasurements:			
– Losses on plan assets, excluding amounts included in interest income	–	1.1	1.1
– Loss from change in demographic assumptions	0.1	–	0.1
– Experience gains	(0.1)	–	(0.1)
Employer contributions	–	0.4	0.4
Benefit payments	(0.4)	0.4	–
Exchange movement	0.1	(0.1)	–
At 31 December 2018	14.0	(13.7)	0.3

The significant actuarial assumptions were as follows:

	SFM Plan		UK Plan	
As at 31 December	**2019**	**2018**	**2019**	**2018**
Expected rate of salary increases	**2.50%**	2.50%	**3.25%**	3.25%
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	**–**	–	**3.10%**	3.20%
– accrued after 5 April 2005	**–**	–	**2.30%**	2.30%
Rate of increase to pensions in deferment				
– accrued before 6 April 2001	**–**	–	**5.00%**	5.00%
– accrued after 5 April 2001	**–**	–	**2.20%**	2.30%
– accrued after 5 April 2009	**–**	–	**2.20%**	2.30%
Discount rate	**1.39%**	2.07%	**2.00%**	2.90%
Inflation assumption	**1.75%**	1.75%	**3.20%**	3.40%

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11. Pension schemes continued

11.2 Defined benefit plan continued

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	
		2019	**2018**	**2019**	**2018**
Retiring at the end of the reporting year	– Male	**84.8**	85.0	**88.2**	88.2
	– Female	**88.9**	88.6	**89.7**	89.6
Retiring 20 years after the end of the reporting year	– Male	**87.6**	87.4	**89.9**	90.0
	– Female	**90.9**	90.7	**91.4**	91.5

The sensitivity of the defined benefit obligations 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	(0.2)	(6.0)
0.1% increase in inflation rate	–	3.8
0.1% increase in salary increase rate	0.2	0.3
1 year increase in life expectancy	0.7	13.0

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations 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 obligations 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 obligations liability recognised in the statement of financial position.

Plan assets are comprised as follows:

	SFM Plan				UK Plan			
	2019		**2018**		**2019**		**2018**	
	£m	**%**	**£m**	**%**	**£m**	**%**	**£m**	**%**
Equity instruments	**–**	**–**	–	–	**–**	**–**	17.1	6%
Liability-driven investment (LDI)	**–**	**–**	–	–	**72.9**	**24%**	69.3	26%
Investment funds	**13.8**	**100%**	13.7	100%	**31.2**	**10%**	67.9	26%
Bonds	**–**	**–**	–	–	**127.6**	**43%**	79.3	30%
Cash and cash equivalents	**–**	**–**	–	–	**0.7**	**–**	31.3	12%
Asset backed securities	**–**	**–**	–	–	**68.1**	**23%**	–	–
Total	**13.8**	**100%**	13.7	100%	**300.5**	**100%**	264.9	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 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 2020 are £0.4m. The Company expects to contribute £nil.

The weighted average duration of the defined benefit obligations is 20 years for the UK Plan and 17 years for the SFM Plan.

Expected maturity analysis of the undiscounted pension benefits:

At 31 December 2019	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	**6.6**	**4.7**	**17.9**	**464.5**	**493.7**
– SFM Plan	**0.9**	**0.4**	**1.0**	**16.4**	**18.7**

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Year ended 31 December 2019

12. Finance income and costs

	Group	
	2019 £m	**2018 £m**
Bank interest receivable	**6.4**	4.0
Fair value gain	**0.1**	0.4
Finance income	**6.5**	4.4
Bank interest payable	**(8.4)**	(5.1)
Unwinding of discounts on liabilities	**(0.8)**	(1.1)
Finance charges on lease liabilities	**(9.3)**	–
Net interest on defined benefit pension obligations	**0.2**	(0.4)
Fair value loss	**–**	(0.1)
Finance costs	**(18.3)**	(6.7)
Net finance cost	**(11.8)**	(2.3)

13. Income tax expense

Analysis of tax expense for the year:

	Group	
	2019 £m	**2018 £m**
Current tax		
United Kingdom:		
Corporation tax on profits for the year	**13.3**	13.8
Adjustment in respect of prior years	**(0.5)**	(1.4)
	12.8	12.4
Overseas tax	**22.6**	19.8
Adjustment in respect of prior years	**0.2**	0.2
Total current tax	**35.6**	32.4
Deferred tax		
Representing:		
United Kingdom	**(2.8)**	(2.1)
Effect of change in UK tax rate on deferred tax	**0.2**	0.4
Overseas tax	**(1.3)**	–
Effect of change in overseas tax rate on deferred tax	**0.5**	(0.1)
Adjustment in respect of prior years	**(0.2)**	1.6
Total deferred tax (Note 20)	**(3.6)**	(0.2)
Income tax expense	**32.0**	32.2

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the UK weighted average tax rate of 19% (2018: 19%) applicable to profits of the consolidated entities as follows:

	Group	
	2019 £m	2018 £m
Profit before income tax	115.6	109.4
Tax on profit at 19% (2018: 19%)	22.0	20.8
Effects of:		
Adjustment in respect of prior years	(0.5)	0.4
Difference in overseas tax rates	4.2	4.3
Utilisation of previously unprovided tax losses	(0.4)	–
Expenses and other charges not deductible for tax purposes	8.4	8.6
Tax on joint ventures and associates	(2.4)	(2.2)
Effect of change in tax rates on deferred tax	0.7	0.3
Income tax expense	32.0	32.2

The effective tax rate of the Group for the year ended 31 December 2019 is 27.7% (2018: 29.4%), which is higher (2018: higher) than the UK weighted average applicable rate.

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.

The tax (charged)/credited to other comprehensive income is as follows:

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Tax on items that will not be reclassified to profit or loss				
Deferred tax on pension actuarial gains/losses	4.4	(2.8)	0.2	(0.2)
	4.4	(2.8)	0.2	(0.2)
Tax on items that may subsequently be reclassified to profit or loss				
Current tax credit on employee benefits	2.3	2.4	0.5	0.6
Current tax credit/(charge) on foreign exchange reserves	0.2	0.3	–	–
Current tax credit on retirement benefits	1.7	1.7	0.1	0.1
Current tax on IFRS16 initial lease recognition release	(0.2)	–	(0.1)	-
Deferred tax on additional pension contributions	(1.7)	(1.7)	(0.1)	(0.1)
Deferred tax on pension – effect of tax rate change	(0.2)	–	–	–
Deferred tax on employee benefits	–	(3.1)	(0.1)	(0.6)
Deferred tax on foreign exchange reserves	0.1	0.1	–	–
Deferred tax on IFRS16 recognition and release	1.6	–	1.1	–
	3.8	(0.3)	1.4	–
Tax on items relating to components of other comprehensive income	8.2	(3.1)	1.6	(0.2)

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14. Dividends – Group and Company

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Amounts recognised as distribution to equity holders in the year:				
In respect of the previous year				
Ordinary final dividend of 10.8p per share (2017: 10.45p)	**14.8**	14.3	**14.9**	14.4
Supplemental interim dividend of 15.6p per share (2017: 15.1p)	**21.3**	20.6	**21.5**	20.7
In respect of the current year				
Interim dividend of 4.95p per share (2018: 4.8p)	**6.7**	6.5	**6.9**	6.6
	42.8	41.4	**43.3**	41.7

In addition, the Group paid £0.5m (2018: £0.2m) of dividends to non-controlling interests.

The Board recommends a final dividend of 12.05p (net) per ordinary share (amounting to £16.5m) is paid, alongside the supplemental interim dividend of 15.0p per ordinary share (amounting to £20.5m), to be paid on 12 May 2020 to Shareholders on the register at 14 April 2020. These financial statements do not reflect this dividend payable.

Under the terms of the Savills plc 1992 Employee Benefit Trust (the 'EBT'), the Trustees have waived their dividend entitlement for all shares held by the Trust. The dividends paid to the Rabbi Trust are eliminated upon Group consolidation, as a result the dividends paid by the Group and the Company are not equal.

The total paid and recommended ordinary and supplemental dividends for the 2019 financial year comprises an aggregate distribution of 32.0p per ordinary share (2018: 31.2p per ordinary share).

15. Earnings per share

15.1 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, 4,388,054 shares (2018: 5,502,275 shares) and the Rabbi Trust, 1,602,405 shares (2018: 1,386,356).

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:

	2019 Earnings £m	2019 Shares million	2019 EPS pence	2018 Earnings £m	2018 Shares million	2018 EPS pence
Basic earnings per share	**82.9**	**136.7**	**60.6**	76.7	136.4	56.2
Effect of additional shares issuable under option	**–**	**4.2**	**(1.8)**	–	4.0	(1.6)
Diluted earnings per share	**82.9**	**140.9**	**58.8**	76.7	140.4	54.6

15.2 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), restructuring costs, acquisition-related costs and other exceptional costs.

	2019 Earnings £m	2019 Shares million	2019 EPS pence	2018 Earnings £m	2018 Shares million	2018 EPS pence
Basic earnings per share	**82.9**	**136.7**	**60.6**	76.7	136.4	56.2
Amortisation of acquired intangible assets (excluding software) after tax	**5.1**	**–**	**3.7**	4.7	–	3.4
Impairment of goodwill and acquired intangible assets (excluding software) after tax	**–**	**–**	**–**	0.3	–	0.2
Share-based payment adjustment after tax	**(2.2)**	**–**	**(1.6)**	(1.7)	–	(1.2)
Profit on disposal of subsidiaries, joint ventures and equity investments after tax	**(1.2)**	**–**	**(0.9)**	(2.9)	–	(2.1)
Restructuring costs after tax	**9.3**	**–**	**6.8**	6.9	–	5.1
Acquisition-related costs after tax	**12.8**	**–**	**9.4**	19.7	–	14.4
GMP equalisation charge after tax	**–**		**–**	2.5	–	1.8
Underlying basic earnings per share	**106.7**	**136.7**	**78.0**	106.2	136.4	77.8
Effect of additional shares issuable under option	**–**	**4.2**	**(2.3)**	–	4.0	(2.2)
Underlying diluted earnings per share	**106.7**	**140.9**	**75.7**	106.2	140.4	75.6

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 9) are amortisation of acquired intangible assets (excluding software) £6.9m (2018: £6.6m), share-based payment adjustment £2.6m credit (2018: £1.9m credit), restructuring costs of £11.5 m (2018: £8.4m), net profit on disposals of £1.7m (2018: £2.9m profit) and the acquisition-related costs of £13.7m (2018: £20.7m).

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16. Goodwill and intangible assets

	Group							Company
	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlogs £m	Brands £m	Computer software £m	Total £m	Total £m
Cost								
At 1 January 2019	434.5	21.9	42.1	6.9	1.3	26.9	533.6	7.3
Additions through business combinations (Note 19.4)	1.5	–	–	–	–	–	1.5	–
Other additions	–	–	–	–	–	7.3	7.3	2.4
Disposals	–	–	–	–	–	(4.7)	(4.7)	(0.4)
Exchange movement	(13.1)	(0.4)	(0.7)	(0.3)	(0.1)	(0.4)	(15.0)	–
At 31 December 2019	422.9	21.5	41.4	6.6	1.2	29.1	522.7	9.3
Accumulated amortisation and impairment								
At 1 January 2019	50.7	16.1	15.3	6.3	0.7	12.0	101.1	2.5
Amortisation charge for the year	–	2.2	3.8	0.3	0.6	3.5	10.4	0.5
Disposals	–	–	–	–	–	(3.9)	(3.9)	(0.4)
Exchange movement	(2.0)	(0.3)	(0.7)	(0.2)	(0.1)	(0.3)	(3.6)	–
At 31 December 2019	48.7	18.0	18.4	6.4	1.2	11.3	104.0	2.6
Net book value								
At 31 December 2019	374.2	3.5	23.0	0.2	–	17.8	418.7	6.7

The carrying amount of intangible assets with indefinite useful lives totals £2.9m as at 31 December 2019 (2018: £2.9m), which consists of investment management contracts in relation to open-ended funds. No impairment charge has been recognised in 2019 (2018: £0.3m in relation to one of these investment management contracts).

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 backlogs £m	Brands £m	Computer software £m	Total £m	Total £m
Cost								
At 1 January 2018	402.7	23.6	27.1	6.5	1.3	24.4	485.6	5.8
Additions through business combinations	21.1	4.3	15.1	–	–	–	40.5	–
Other additions	–	–	–	–	–	5.9	5.9	2.5
Disposals	–	(6.2)	(0.4)	–	–	(3.4)	(10.0)	(1.0)
Exchange movement	10.7	0.2	0.3	0.4	–	–	11.6	–
At 31 December 2018	434.5	21.9	42.1	6.9	1.3	26.9	533.6	7.3
Accumulated amortisation and impairment								
At 1 January 2018	49.4	19.8	12.8	4.7	–	11.2	97.9	3.1
Amortisation charge for the year	–	2.3	2.3	1.4	0.6	3.7	10.3	0.4
Impairment charge	–	–	0.3	–	–	–	0.3	–
Disposals	–	(6.2)	(0.4)	–	–	(2.9)	(9.5)	(1.0)
Exchange movement	1.3	0.2	0.3	0.2	0.1	–	2.1	–
At 31 December 2018	50.7	16.1	15.3	6.3	0.7	12.0	101.1	2.5
Net book value								
At 31 December 2018	383.8	5.8	26.8	0.6	0.6	14.9	432.5	4.8

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:

2019	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
United Kingdom	**28.7**	**11.9**	**30.9**	**2.0**	**73.5**
Europe & the Middle East	**59.6**	**19.0**	**18.4**	**4.7**	**101.7**
Asia Pacific	**14.7**	**4.7**	**29.5**	**2.3**	**51.2**
North America	**150.7**	**–**	**–**	**–**	**150.7**
Total goodwill and indefinite life intangible assets	**253.7**	**35.6**	**78.8**	**9.0**	**377.1**

2018	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
United Kingdom	28.7	10.4	30.8	2.0	71.9
Europe & the Middle East	62.2	19.9	19.2	4.9	106.2
Asia Pacific	15.2	4.8	30.3	2.3	52.6
North America	156.0	–	–	–	156.0
Total goodwill and indefinite life intangible assets	262.1	35.1	80.3	9.2	386.7

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16. Goodwill and intangible assets continued

16.1 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, adjusted to incorporate cash flows arising from leases held. 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 testing (2018: £0.3m relating to an indefinite life investment management contract, which has been fully impaired).

16.2 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 pre-tax 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:

	2019 Discount rate range	2018 Discount rate range
United Kingdom	**8.2%–11.1%**	9.3%–12.2%
Europe	**8.0%–13.1%**	7.9%–13.1%
Asia Pacific	**8.1%–9.6%**	7.7%–11.2%
North America	**8.2%–8.3%**	9.3%–9.8%
Middle East	**8.5%**	n/a

(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:

	2019 Long-term growth rate range	2018 Long-term growth rate range
United Kingdom	**1.8%–2.0%**	1.6%–2.0%
Europe	**0.8%–3.0%**	0.8%–3.0%
Asia Pacific	**0.6%–5.9%**	0.6%–5.9%
North America	**1.6%–1.8%**	1.7%–1.8%
Middle East	**2.5%**	n/a

16.3 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 2019'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.

17. Property, plant and equipment

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2019	**0.1**	**75.4**	**67.1**	**142.6**
Additions	**–**	**4.3**	**11.9**	**16.2**
Disposals	**–**	**(4.3)**	**(11.6)**	**(15.9)**
Exchange movement	**–**	**(0.9)**	**(1.9)**	**(2.8)**
At 31 December 2019	**0.1**	**74.5**	**65.5**	**140.1**
Accumulated depreciation and impairment				
At 1 January 2019	**–**	**30.0**	**41.1**	**71.1**
Charge for the year	**–**	**7.0**	**9.4**	**16.4**
Disposals	**–**	**(4.2)**	**(10.7)**	**(14.9)**
Exchange movement	**–**	**(0.4)**	**(1.0)**	**(1.4)**
At 31 December 2019	**–**	**32.4**	**38.8**	**71.2**
Net book value				
At 31 December 2019	**0.1**	**42.1**	**26.7**	**68.9**

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 2018	0.1	69.7	58.3	128.1
Additions through business combinations	–	0.1	0.9	1.0
Disposal of subsidiary	–	–	(0.1)	(0.1)
Additions	–	4.6	12.3	16.9
Disposals	–	(0.1)	(5.7)	(5.8)
Exchange movement	–	1.1	1.4	2.5
At 31 December 2018	0.1	75.4	67.1	142.6
Accumulated depreciation and impairment				
At 1 January 2018	–	23.5	36.4	59.9
Charge for the year	–	6.4	8.5	14.9
Disposals	–	(0.1)	(4.7)	(4.8)
Exchange movement	–	0.2	0.9	1.1
At 31 December 2018	–	30.0	41.1	71.1
Net book value				
At 31 December 2018	0.1	45.4	26.0	71.5

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17. Property, plant and equipment continued

Company	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2019	**0.1**	**–**	**7.9**	**8.0**
Additions	**–**	**–**	**1.4**	**1.4**
Disposals	**–**	**–**	**(2.1)**	**(2.1)**
Transfer from Group Company	**–**	**0.7**	**–**	**0.7**
At 31 December 2019	**0.1**	**0.7**	**7.2**	**8.0**
Accumulated depreciation and impairment	**–**	**–**	**–**	**–**
At 1 January 2019	**–**	**–**	**6.4**	**6.4**
Charge for the year	**–**	**–**	**1.0**	**1.0**
Disposals	**–**	**–**	**(2.1)**	**(2.1)**
At 31 December 2019	**–**	**–**	**5.3**	**5.3**
Net book value				
At 31 December 2019	**0.1**	**0.7**	**1.9**	**2.7**

Company	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2018	0.1	–	7.2	7.3
Additions	–	–	0.8	0.8
Disposals	–	–	(0.1)	(0.1)
At 31 December 2018	0.1	–	7.9	8.0
Accumulated depreciation and impairment				
At 1 January 2018	–	–	5.6	5.6
Charge for the year	–	–	0.9	0.9
Disposals	–	–	(0.1)	(0.1)
At 31 December 2018	–	–	6.4	6.4
Net book value				
At 31 December 2018	0.1	–	1.5	1.6

18. Right of use assets

As explained in Note 2.26, the Group has revised its accounting policy for leases where the Group is the lessee following the adoption of IFRS 16 on 1 January 2019. The balance sheet shows the following amounts relating to Right of use assets:

Group	Leasehold properties £m	Equipment and motor vehicles £m	Total right of use assets £m
Cost			
At 1 January 2019	**–**	**–**	**–**
Change in accounting policy (IFRS 16 adoption Note 2.26)	**253.0**	**4.3**	**257.3**
At 1 January 2019 restated	**253.0**	**4.3**	**257.3**
Additions	**16.6**	**2.3**	**18.9**
Disposals	**(0.8)**	**(0.1)**	**(0.9)**
Exchange movement	**(5.2)**	**(0.3)**	**(5.5)**
At 31 December 2019	**263.6**	**6.2**	**269.8**
Accumulated depreciation and impairment			
At 1 January 2019	**–**	**–**	**–**
Charge for the year	**42.4**	**1.8**	**44.2**
Impairment	**0.5**	**–**	**0.5**
Disposals	**(0.4)**	**–**	**(0.4)**
Exchange Movements	**(0.7)**	**–**	**(0.7)**
At 31 December 2019	**41.8**	**1.8**	**43.6**
Net book value			
At 31 December 2019	**221.8**	**4.4**	**226.2**

Company	Leasehold properties £m	Equipment and motor vehicles £m	Total right of use assets £m
Cost			
At 1 January 2019	–	–	–
Change in accounting policy (IFRS 16 adoption Note 2.26)	60.6	–	60.6
At 1 January 2019 restated	60.6	–	60.6
Additions	2.8	–	2.8
Disposals	–	–	–
At 31 December 2019	63.4	–	63.4
Accumulated depreciation and impairment			
At 1 January 2019	–	–	–
Charge for the year	4.7	–	4.7
At 31 December 2019	4.7	–	4.7
Net book value			
At 31 December 2019	58.7	–	58.7

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 2.26.

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19. Investments and transactions

19.1 Group – Investments in joint ventures and associates

	Joint ventures			Associates			
	Investment £m	Loans £m	Total £m	Investment £m	Loans £m	Goodwill £m	Total £m
Cost or valuation							
At 1 January 2019	**10.7**	**2.3**	**13.0**	**2.5**	**–**	**14.8**	**17.3**
Additions	**2.0**	**–**	**2.0**	**0.1**	**–**	**–**	**0.1**
Disposals	**(0.4)**	**–**	**(0.4)**	**–**	**–**	**–**	**–**
Loans advanced		**0.5**	**0.5**	**–**	**0.6**	**–**	**0.6**
Exchange movement	**(0.4)**	**–**	**(0.4)**	**(0.1)**	**–**	**0.1**	**–**
At 31 December 2019	**11.9**	**2.8**	**14.7**	**2.5**	**0.6**	**14.9**	**18.0**
Share of profit							
At 1 January 2019	**10.6**	**–**	**10.6**	**7.4**	**–**	**–**	**7.4**
Group's share of profit from continuing operations	**7.8**	**–**	**7.8**	**4.0**	**–**	**–**	**4.0**
Dividends received	**(6.8)**	**–**	**(6.8)**	**(3.7)**	**–**	**–**	**(3.7)**
Exchange movement	**(0.4)**	**–**	**(0.4)**	**(0.2)**	**–**	**–**	**(0.2)**
At 31 December 2019	**11.2**	**–**	**11.2**	**7.5**	**–**	**–**	**7.5**
Total							
At 31 December 2019	**23.1**	**2.8**	**25.9**	**10.0**	**0.6**	**14.9**	**25.5**

	Joint ventures			Associates			
	Investment £m	Loans £m	Total £m	Investment £m	Loans £m	Goodwill £m	Total £m
Cost or valuation							
At 1 January 2018	9.2	0.6	9.8	2.1	–	0.3	2.4
Additions through business combinations	–	0.5	0.5	–	–	–	–
Additions	1.4	–	1.4	0.5	–	14.5	15.0
Disposals	(0.2)	–	(0.2)	(0.2)	–	–	(0.2)
Loans advanced	–	1.1	1.1	–	–	–	–
Exchange movement	0.3	0.1	0.4	0.1	–	–	0.1
At 31 December 2018	10.7	2.3	13.0	2.5	–	14.8	17.3
Share of profit					–		
At 1 January 2018	10.3	–	10.3	7.5	–	–	7.5
Group's share of profit from continuing operations	6.0	–	6.0	5.1	–	–	5.1
Dividends received	(5.8)	–	(5.8)	(5.4)	–	–	(5.4)
Disposals	(0.4)	–	(0.4)	–	–	–	–
Exchange movement	0.5	–	0.5	0.2	–	–	0.2
At 31 December 2018	10.6	–	10.6	7.4	–	–	7.4
Total					–		
At 31 December 2018	21.3	2.3	23.6	9.9	–	14.8	24.7

In the opinion of the Directors, the Group does not have any joint ventures or associates that are individually material to the results of the Group.

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.

19.2 Group – Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets at FVOCI comprise the following individual equity investments:

	2019 £m	2018 £m
Non-current assets		
Listed securities		
OnTheMarket plc	**0.8**	1.1
Unlisted securities		
YOPA Property Ltd*	**15.2**	12.7
Vucity Ltd*	**8.0**	6.0
Aomi Project TMK	**2.1**	2.3
Savills IM Japan Value Fund II	**1.7**	2.4
Euro V	**1.6**	1.4
Prime London Residential Development Fund II	**0.7**	0.8
Cordea Savills UK Property Ventures No. 1 LP	**0.6**	0.6
Daishin GK Canal	**0.5**	–
Prime London Residential Development Fund	**0.2**	0.3
Home Click Pte Ltd	**0.2**	0.2
Savills Property Services (India) Private Ltd	**0.2**	0.2
Greater Tokyo Office Fund	**–**	2.1
Serviced Land No. 2 LP	**–**	0.3
Other smaller investments	**0.8**	0.8
	32.6	31.2

* The Group holds more than 20% of the equity interest in Vucity Ltd and during the year held more than 20% of the equity interest in YOPA Property Ltd. However, the Group does not have the power to participate in the financial and operational decisions of these entities, does not have representation on the Board of Directors of these entities and does not participate in major policy-making processes of the entities. As a result, the Group does not exert significant influence over these investments.

During the year the Group increased its investment in YOPA Property Ltd and Vucity Ltd at a total cost of £4.5m. New investments relating to a number of investments in Japan of £0.9m include Daishin GK Canal (£0.5m), and additional investments were made in Euro V and Savills IM Japan Value Fund II at a total cost of £0.9m. The Group made disposals of investments totalling £4.5m including partial disposals of Greater Tokyo Office Fund (£2.3m), Savills IM Japan Value Fund II (£1.4m), and full disposal of its holding in Serviced Land Fund 2 (£0.4m) following the funds liquidation.

During the prior year, the Group increased its investment in YOPA Property Ltd and Vucity Ltd at a total cost of £4.5m and made new investments in Home Click Pte Ltd, Euro V and Savills IM Japan Value Fund II at a total cost of £4.0m. Furthermore, the Group sold its majority shareholding in FPD Property Services (India) Private Ltd with the resulting shareholding of 19.5% held as an equity investment at FVOCI (£0.2m).

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19. Investments and transactions continued

19.2 Group – Financial assets at fair value through other comprehensive income ('FVOCI') continued

Equity investments at FVOCI are denominated in the following currencies:

	2019 £m	2018 £m
Sterling	**25.6**	22.0
Japanese yen	**4.6**	5.0
Hong Kong dollar	**0.2**	2.1
Euro	**1.8**	1.6
Other	**0.4**	0.5
	32.6	31.2

Refer to Note 3.8 for information about methods and assumptions used in determining fair value.

At 31 December 2019 the Group held conditional commitments to co-invest £4.4m in the Savills IM Japan Value Fund II, £2.7m in Euro V, and £0.2m (2018: £0.2m) in the Cordea Savills UK Property Ventures Fund No. 1 LP.

19.3 Company – Investments in subsidiaries

	Shares in Group undertaking £m	Loans to Group undertakings £m	Total £m
Cost			
At 1 January 2018	57.2	66.5	123.7
Loans advanced	–	45.1	45.1
Loans repaid	–	(40.0)	(40.0)
At 31 December 2018	57.2	71.6	128.8
Loans advanced	**–**	**40.0**	**40.0**
Loans repaid	**–**	**(35.0)**	**(35.0)**
Loans capitalised	**24.3**	**(24.3)**	**–**
Loans transferred to amounts owed by subsidiary undertakings (Note 21.1)	**–**	**(52.3)**	**(52.3)**
At 31 December 2019	**81.5**	**–**	**81.5**

Refer to Note 36 for a full list of the Group's subsidiaries.

19.4 Acquisitions of subsidiaries

On 3 June 2019, the Group acquired the trade and assets of KKS Strategy LLP, a London-based workplace consultancy and design studio. Total acquisition consideration is provisionally determined at £1.5m, all of which was settled on completion. A further £1.6m is payable over instalments in June 2020, 2021 and 2022 and is deemed to be linked to continued active engagement within the business. As required by IFRS 3 (revised), these payments will be expensed to the income statement over the relevant period of engagement.

The fair value exercise is in progress and goodwill of £1.5m has been provisionally determined being equal to the cash consideration paid upon completion. No other assets were identified as part of the fair value exercise undertaken.

2018 Acquisitions

In the year ended 31 December 2018 the Group acquired Cluttons Middle East and the Currell Group along with the third party property management portfolio of Broadgate Estates Limited. There are no changes to the provisional fair values in respect of these acquisitions as reported in the Group's 2018 Annual Report.

20. 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 are as follows:

The movement on the deferred tax account is shown below:

	Group		Company	
	2019 £m	**2018 £m**	**2019 £m**	**2018 £m**
Deferred tax assets				
– Deferred tax asset to be recovered after more than 12 months	**23.9**	21.3	**2.1**	0.8
– Deferred tax asset to be recovered within 12 months	**8.8**	8.4	**0.6**	0.6
	32.7	29.7	**2.7**	1.4
Deferred tax liabilities				
– Deferred tax liability to be recovered after more than 12 months	**(1.2)**	(4.6)	**–**	–
– Deferred tax liability to be recovered within 12 months	**(0.9)**	(1.4)	**–**	–
	(2.1)	(6.0)	**–**	–
Deferred tax asset – net	**30.6**	23.7	**2.7**	1.4

	Group		Company	
	2019 £m	**2018 £m**	**2019 £m**	**2018 £m**
At 1 January – asset	**23.7**	34.0	**1.4**	2.2
Change in accounting policy (IFRS 16 adoption Note 2.26)	**1.6**	–	**1.1**	–
At 1 January 2019 (restated)	**25.3**	34.0	**2.5**	–
Amount credited to the income statement (Note 13)	**4.3**	0.5	**0.3**	0.1
Effect of tax rate change within the income statement (Note 13)	**(0.7)**	(0.3)	**–**	–
Tax credited/(charged) to other comprehensive income				
– Pension asset on actuarial loss/(gain)	**4.4**	(2.8)	**0.2**	(0.2)
– Pension asset on additional contributions	**(1.7)**	(1.7)	**(0.1)**	(0.1)
– Pension asset – effect of UK tax rate change within other comprehensive income	**(0.2)**	–	**–**	–
– Employee benefits	**–**	(3.1)	**(0.1)**	(0.6)
– Movement on foreign exchange reserves	**0.1**	0.1	**–**	–
– IFRS16 Initial lease recognition released to reserves	**(0.2)**	–	**(0.1)**	–
Additions through business combinations (Note 19.4)	**–**	(3.3)	**–**	–
Disposal of subsidiaries	**–**	(0.2)	**–**	–
Exchange movement	**(0.7)**	0.5	**–**	–
At 31 December – asset	**30.6**	23.7	**2.7**	1.4

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.

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20. Deferred income tax continued

As at the reporting date the Group did not recognise deferred tax income tax assets of £1.7m (2018: £1.8m) in respect of losses amounting to £7.3m (2018: £7.8m), of which £0.6m expires within 5 years (2018: £0.2m) and the remaining £6.7m being carried forward indefinitely against future taxable income (2018: £1.6m).

Deferred tax assets – Group	Accelerated capital allowances £m	Other including provisions £m	Tax losses £m	Retirement benefits £m	Revaluations £m	Employee benefits £m	Total £m
At 1 January 2018	2.2	19.6	2.5	5.7		6.9	36.9
Amount (charged)/credited to the income statement (Note 13)	(0.5)	(2.2)	0.7	(0.2)	0.2	1.0	(1.0)
Effect of tax rate change within the income statement (Note 13)	(0.1)	(0.2)	–	–	–	–	(0.3)
Amounted credited/(charged) to other comprehensive income (Note 13)	–	–	–	0.4	–	(3.1)	(2.7)
Transfer to deferred tax liabilities	–	–	–	(3.6)	–	–	(3.6)
Disposal of subsidiaries	–	(0.2)	–	–	–	–	(0.2)
Exchange movement	–	0.4	0.1	0.1	–	–	0.6
At 31 December 2018	1.6	17.4	3.3	2.4	0.2	4.8	29.7
Change in accounting policy (IFRS 16 adoption Note 2.26)	–	1.6	–	–	–	–	1.6
Balance at 1 January 2019 (restated)	1.6	19.0	3.3	2.4	0.2	4.8	31.3
Amount (charged)/credited to the income statement (Note 13)	**0.6**	**(0.7)**	**1.0**	**(0.2)**	**–**	**2.6**	**3.3**
Effect of tax rate change within the income statement (Note 13)	**–**	**(0.6)**	**–**	**–**	**–**	**–**	**(0.6)**
Amounted credited/(charged) to other comprehensive income (Note 13)	**–**	**(0.1)**	**–**	**2.7**	**–**	**–**	**2.6**
Effect of UK rate change within other comprehensive income (Note 13)	**–**	**–**	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Transfer to deferred tax liabilities	**–**	**–**	**–**	**(0.5)**	**–**	**–**	**(0.5)**
Exchange movement	**–**	**(0.5)**	**(0.2)**	**(0.1)**	**–**	**–**	**(0.8)**
At 31 December 2019	**2.2**	**17.1**	**4.1**	**4.1**	**0.2**	**7.4**	**35.1**
Set-off of deferred tax liabilities pursuant to set-off provisions							**(2.4)**
Net Deferred Tax Asset at 31 December 2019							**32.7**

Deferred tax liabilities – Group	Accelerated capital allowances £m	Other including provisions £m	Retirement Benefits £m	Intangible assets £m	Total £m
At 1 January 2018	(0.1)	(0.9)	–	(1.9)	(2.9)
Tax (charged)/credited to the income statement (Note 13)	(0.1)	–	0.7	0.9	1.5
Tax credited/(charged) to other comprehensive income (Note 13)	–	0.1	(4.9)	–	(4.8)
Transfer from deferred tax assets	–	–	3.6	–	3.6
Additions through business combinations (Note 19.4)	–	–	–	(3.3)	(3.3)
Exchange movement	–	(0.2)	0.1	–	(0.1)
At 31 December 2018	(0.2)	(1.0)	(0.5)	(4.3)	(6.0)
Tax (charged)/credited to the income statement (Note 13)	0.1	–	–	0.9	1.0
Effect of tax rate change within income statement	–	–	–	(0.1)	(0.1)
Transfer from deferred tax assets	–	–	0.5	–	0.5
Exchange movement	–	0.1	–	–	0.1
At 31 December 2019	(0.1)	(0.9)	–	(3.5)	(4.5)
Set-off of deferred tax liabilities pursuant to set-off provisions					2.4
Net Deferred Tax Liabilities at 31 December 2019					**(2.1)**
Net deferred tax asset					
At 31 December 2019					30.6
At 31 December 2018					23.7

Deferred tax assets – Company	Accelerated capital allowances £m	Other including provisions £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2018	0.3	0.3	0.1	1.5	2.2
Amount (charged)/credited to the income statement	–	(0.2)	0.2	0.1	0.1
Tax charged to other comprehensive income (Note 13)	–	–	(0.3)	(0.6)	(0.9)
At 31 December 2018	0.3	0.1	–	1.0	1.4
Change in accounting policy (IFRS 16 adoption)	–	1.1	–	–	1.1
Balance at 1 January 2019 (restated)	0.3	1.2	–	1.0	2.5
Amount (charged)/credited to the income statement	–	–	–	0.3	0.3
Tax charged to other comprehensive income (Note 13)	–	(0.1)	0.1	(0.1)	(0.1)
At 31 December 2019	0.3	1.1	0.1	1.2	2.7
Net deferred tax asset					
At 31 December 2019					2.7
At 31 December 2018					1.4

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21. Trade and other receivables

21.1 Trade and other receivables – current

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Trade receivables	**463.0**	441.8	**–**	–
Less: loss allowance/impairment of receivables provision	**(25.6)**	(22.6)	**–**	–
Trade receivables – net	**437.4**	419.2	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**70.9**	7.8
Other receivables	**41.1**	32.1	**–**	0.1
Prepayments	**48.0**	39.8	**2.5**	2.4
Accrued income	**42.3**	37.2	**–**	–
	568.9	528.3	**73.4**	10.3

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.

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.

Amounts owed by subsidiary undertakings are unsecured, interest-free and generally cleared within the month.

Accrued income is expected to be settled within 12 months of the balance sheet date.

The carrying amounts of the Group's gross trade receivables are denominated in the following currencies:

	Group	
	2019 £m	2018 £m
Sterling	**191.5**	174.0
Euro	**93.3**	86.8
Hong Kong dollar	**51.0**	47.8
US dollar	**44.0**	49.1
Australian dollar	**24.0**	28.5
Chinese renminbi	**26.5**	26.9
Other*	**32.7**	28.7
	463.0	441.8

* Other currencies include United Arab Emirates Dirham, 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.

21.2 Group – Loss allowance/impairment of trade receivables provision

The other classes within trade and other receivables do not contain impaired assets.

The loss allowance provision for trade receivables as at 31 December 2019 and 31 December 2018 was determined as follows; the expected credit losses below also incorporate forward looking information.

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	**0.7%**	**1.5%**	**1.9%**	**13.9%**	**49.9%**	**5.5%**
Gross carrying amount (£m)	**309.9**	**58.1**	**31.7**	**27.3**	**36.0**	**463.0**
Loss allowance provision (£m)	**(2.3)**	**(0.9)**	**(0.6)**	**(3.8)**	**(18.0)**	**(25.6)**

31 December 2018	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.8%	1.2%	1.1%	10.4%	67.5%	5.1%
Gross carrying amount (£m)	323.9	40.3	27.1	25.9	24.6	441.8
Loss allowance provision (£m)	(2.5)	(0.5)	(0.3)	(2.7)	(16.6)	(22.6)

The loss allowance provision for trade receivables as at 31 December reconciles to the opening loss allowance for that provision as follows:

	2019 £m	2018 £m
At 1 January	**(22.6)**	(19.9)
Amendment following implementation of IFRS 9	**–**	0.4
Adjusted balance as at 1 January	**(22.6)**	(19.5)
Increase in loan loss allowance recognised in the income statement during the period	**(7.2)**	(5.1)
Receivables written off during the year as uncollectible	**2.4**	2.4
Foreign exchange	**1.8**	–
At 31 December	**(25.6)**	(22.6)

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22. Cash and cash equivalents

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Cash at bank and in hand	**168.2**	192.6	**83.1**	90.2
Short-term bank deposits	**41.7**	31.3	**–**	–
	209.9	223.9	**83.1**	90.2

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 2019 was 2.49% (2018: 1.91%); these deposits have an average maturity of 30 days (2018: 36 days).

Cash subject to restrictions in Asia Pacific amounts to £34.8m (2018: £34.7m) 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		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Sterling	**8.7**	8.9	**83.1**	90.1
Hong Kong dollar	**55.2**	62.9	**–**	–
Euro	**43.7**	35.4	**–**	–
Chinese renminbi	**31.6**	36.4	**–**	–
US dollar	**20.2**	36.7	**–**	0.1
Japanese yen	**12.9**	4.8	**–**	–
Australian dollar	**6.2**	7.1	**–**	–
South Korean won	**8.8**	9.8	**–**	–
Singapore dollar	**5.0**	6.6	**–**	–
Other currencies*	**17.6**	15.3	**–**	–
	209.9	223.9	**83.1**	90.2

* Other currencies include United Arab Emirates Dirham, Canadian dollar, Czech koruna, New Taiwan dollar, Macau pataca, Thai baht, Vietnamese dong, New Zealand dollar, Philippine peso, Danish krone, Polish zloty and Swedish krona.

23. Trade and other payables

23.1 Trade and other payables – current

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Deferred consideration (Note 23.3)	**18.1**	15.7	**–**	–
Trade payables	**103.6**	109.4	**1.7**	1.9
Amounts owed to subsidiary undertakings	**–**	–	**3.1**	2.5
Other taxation and social security	**55.0**	54.2	**0.3**	0.8
Other payables	**54.3**	63.0	**–**	0.1
Accruals	**358.9**	386.8	**8.8**	9.3
	589.9	629.1	**13.9**	14.6

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.

23.2 Other payables – non-current

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Deferred consideration (Note 23.4)	**13.1**	22.1	**–**	–
Other payables	**4.6**	16.1	**–**	–
	17.7	38.2	**–**	–

23.3 Deferred consideration – current

	2019 £m	2018 £m
At 1 January	**15.7**	21.3
Reclassification from non-current deferred consideration (Note 23.4)	**12.2**	10.7
Additions through business combinations (Note 19.4)	**–**	3.5
Deferred consideration linked to employment accrued during year	**6.5**	3.6
Interest unwind	**0.2**	0.6
Deferred consideration paid	**(16.5)**	(24.0)
Exchange movements	**–**	–
At 31 December	**18.1**	15.7

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23. Trade and other payables continued

23.4 Deferred consideration – non-current

	2019 £m	2018 £m
At 1 January	**22.1**	21.6
Reclassification to current deferred consideration (Note 23.3)	**(12.2)**	(10.7)
Additions through business combinations (Note 19.4)	**–**	1.8
Deferred consideration linked to employment accrued during year	**3.0**	8.4
Interest unwind on discounted deferred consideration	**0.5**	0.5
Deferred consideration paid	**–**	–
Exchange movements	**(0.3)**	0.5
At 31 December	**13.1**	22.1

24. Borrowings

	Group	
	2019 £m	2018 £m
Current		
Bank overdrafts	**0.1**	–
Unsecured bank loans due within one year or on demand	**33.3**	0.4
	33.4	0.4
Non-current		
Loan notes	**150.0**	150.0
Transaction costs (issuance of loan notes and RCF arrangement fees)	**(2.0)**	(0.5)
Finance leases	**–**	0.1
	148.0	149.6
	181.4	150.0

The Company does not have any borrowings as at 31 December 2019 and 31 December 2018.

In June 2019 the Group amended and extended its existing £360m multi-currency revolving credit facility (‘RCF’) to include a £90m accordion facility and extend the expiry date from December 2020 to June 2024. As at 31 December 2019 £32.5m (2018: £nil) of the RCF was drawn.

In June 2018, the Group raised £150.0m of long term debt through the issuance of 7, 10 and 12 year fixed rate private note placements into the US institutional market.

The remaining unsecured bank loans due within one year or on demand reflects a £0.8m working capital loan in Thailand, which is payable on demand, denominated in Thailand baht and has an effective interest rate of 4.55%.

Movements in borrowings are analysed as follows:

	Group	
	2019 £m	**2018 £m**
Opening amount as at 1 January	**150.0**	110.2
Additional borrowings	**158.1**	305.0
Repayments of borrowings (including overdraft movement)	**(125.2)**	(265.2)
Non-cash movement	**(1.5)**	–
Closing amount as at 31 December	**181.4**	150.0

The exposure of the Group's borrowings to interest rate changes at the reporting date are:

	Group	
	2019 £m	**2018 £m**
Less than 1 year	**32.6**	0.4
Between 2 and 5 years	**–**	0.1
	32.6	0.5

The Group's non-current loan notes are fixed rate notes and therefore excluded from the above analysis.

The effective interest rates at the reporting date were as follows:

	Group	
	2019 %	**2018 %**
Bank overdrafts	**7.85**	–
Bank loans	**1.67**	4.09
Loan notes	**3.16**	3.16

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	
	2019 £m	**2018 £m**
Sterling	**180.5**	149.5
Other	**0.9**	0.5
	181.4	150.0

The Group has the following undrawn borrowing facilities:

	Group	
	2019 £m	**2018 £m**
Floating rate – expiring within 1 year or on demand	**45.3**	32.1
Floating rate – expiring between 1 and 5 years	**328.0**	360.1
	373.3	392.2

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Year ended 31 December 2019

25. Lease liabilities

As explained in note 2.26, the Group has revised its accounting policy for leases where the Group is the lessee following the adoption of IFRS 16 on 1 January 2019. The balance sheet shows the following amount relating to lease liabilities:

	2019	
	Group £m	Company £m
As at 1 January 2019	-	-
Change in accounting policy (IFRS 16 adoption Note 2.26)	297.7	77.6
At 1 January 2019 (restated)	297.7	77.6
Additions – new leases	19.7	2.8
Repayments of lease liabilities	(54.3)	(7.6)
Unwinding of discount	9.3	2.5
Exchange Movements	(5.3)	-
Closing amount as at 31 December 2019	267.1	75.3
Current	45.3	5.4
Non-current	221.8	69.9

26. Derivative financial instruments

	Group	
2019	Assets £m	Liabilities £m
Forward foreign exchange contracts – at fair value	0.2	0.1
Interest rate cap contract – at fair value	–	–
	0.2	0.1

	Group	
2018	Assets £m	Liabilities £m
Forward foreign exchange contracts – at fair value	0.1	0.1
Interest rate cap contract – at fair value	–	–
	0.1	0.1

The Company does not have any derivative financial instruments as at 31 December 2019 and 31 December 2018.

Forward foreign exchange contracts

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2019 were £35.0m (2018: £43.5m). 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.

Gains and losses on the interest rate cap are recognised in net finance costs in the income statement.

27. Provisions

27.1 Provisions

	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
At 1 January 2019	11.0	8.0	1.4	0.8	21.2	–
Change in accounting policy (IFRS 16 adoption Note 2.26)	–	–	(1.1)	–	(1.1)	–
At 1 January 2019 (restated)	11.0	8.0	0.3	0.8	20.1	–
Provided during the year	3.1	0.5	–	3.6	7.2	–
Utilised during the year	(1.8)	(0.2)	(0.1)	(0.4)	(3.2)	–
Released during the year	(0.8)	(0.5)	–	(0.2)	(1.9)	–
Transfer from Group Company	–	–	–	–	–	1.2
Total	11.5	7.8	0.2	3.8	23.3	1.2
Less non-current portion	6.3	6.3	–	–	12.6	1.2
Current portion	5.2	1.5	0.2	3.8	10.7	–

2018	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
Current	5.5	1.4	0.7	0.8	8.4	–
Non-current	5.5	6.6	0.7	–	12.8	–
Total	11.0	8.0	1.4	0.8	21.2	–

(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 nine 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 five years.

From 1 January 2019, following the adoption of IFRS16, circumstances previously represented as onerous lease contracts are reflected as a reduction in the carrying value of the right-of-use asset as explained in Note 2.26.

(d) Restructuring provision

This provision comprises termination payments to employees affected by restructuring and lease termination penalties.

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27. Provisions continued

27.2 Employee benefit obligations

In addition to the defined benefit obligations pension scheme disclosed in Note 11.2, the following are included in employee benefit obligations:

Group	Total £m
At 1 January 2019	**27.2**
Provided during the year	**4.5**
Re-measurement of long service leave obligation	**0.5**
Utilised during the year	**(4.9)**
Exchange movements	**(0.8)**
At 31 December 2019	**26.5**

The above provisions relate to holiday pay and long service leave in the UK, Asia Pacific and Europe & the Middle East. Profit shares are included within accruals (Note 23).

The Company had £0.1m of employee benefit obligations as at 31 December 2019 (2018: £0.1m), relating to holiday pay and long service leave.

The above employee benefit obligations have been analysed between current and non-current as follows:

	Group	
	2019 £m	2018 £m
Current	**16.2**	15.8
Non-current	**10.3**	11.4
	26.5	27.2

28. Share capital – Group and Company

Authorised and allotted	2019 Number of shares	2018 Number of shares	2019 £m	2018 £m
Ordinary shares of 2.5p each:				
Authorised	**202,000,000**	202,000,000	**5.1**	5.1
Issued, called up and fully paid	**143,056,718**	142,923,604	**3.6**	3.6

Movement in issued, called up and fully paid share capital:

	2019		2018	
	Number of shares	£m	Number of shares	£m
At 1 January	**142,923,604**	**3.6**	141,931,341	3.5
Issued to direct participants on exercise of options under the Sharesave Scheme	**87,938**	**–**	820,985	0.1
Issued to direct participants under the Performance Share Plan	**45,176**	**–**	171,278	–
At 31 December	**143,056,718**	**3.6**	142,923,604	3.6

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 2019, the EBT held 4,388,054 shares (2018: 5,502,275 shares) and the Rabbi Trust held 1,602,405 shares (2018: 1,386,356). 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 and the Rabbi Trust, who may take account of any recommendation of the Company. The EBT waives all of its dividend entitlement. For further details of the EBT and the Rabbi Trust refer to Note 2.21.

At the Annual General Meeting ('AGM') held on 8 May 2019, the Shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 14,295,352 of its own ordinary shares (AGM held on 8 May 2018: 14,178,941). Such authority remains valid until the conclusion of the next AGM or 7 August 2020, whichever is the earlier.

29. Share-based payment

The Group operates four equity-settled share-based payment arrangements, namely the Sharesave Scheme, the Performance Share Plan ('PSP'), the Deferred Share Plan ('DSP') and the Deferred Share Bonus Plan ('DSBP'). The Group recognised total expenses relating to equity-settled share-based payment transactions of £17.0m in 2019 (2018: £18.2m). Of the total share-based payments charge, £0.6m (2018: £0.5m) relates to the Sharesave, £8.2m (2018: £7.1m) relates to DSP schemes and £8.5m (2018: £10.2m) relates to DSBP schemes offset by a credit of £0.3m (2018: £0.4m expense) relating to PSP schemes

Refer to the Remuneration Report for details of the various schemes, pages 96 to 106.

29.1 Movements in share schemes

2019 number of awards ('000)	Sharesave awards	PSP awards	DSP awards	DSBP awards
Outstanding at 1 January	**1,593**	**542**	**3,589**	**4,082**
Granted	**–**	**136**	**1,461**	**1,134**
Exercised/cancelled	**(88)**	**(45)**	**(1,059)**	**(1,130)**
Forfeited/lapsed	**(151)**	**(155)**	**(170)**	**(87)**
Outstanding at 31 December	**1,354**	**478**	**3,821**	**3,999**
Exercisable at 31 December				
Weighted average exercise price for awards outstanding at end of the year (pence)	**640.0**	**–**	**–**	**–**
Weighted average remaining contractual life (years)	**1.8**	**3.3**	**1.8**	**1.6**
Weighted average share price at the date of exercise for awards exercised in the year (pence)	**855.8**	**888.5**	**618.0**	**885.4**

2018 number of awards ('000)	Sharesave awards	PSP awards	DSP awards	DSBP awards
Outstanding at 1 January	967	558	2,560	4,050
Granted	1,467	170	1,606	1,101
Exercised/cancelled	(829)	(156)	(411)	(995)
Forfeited/lapsed	(12)	(30)	(166)	(74)
Outstanding at 31 December	1,593	542	3,589	4,082
Exercisable at 31 December	72	–	–	–
Weighted average exercise price for awards outstanding at end of the year (pence)	638.8	–	–	–
Weighted average remaining contractual life (years)	2.6	2.5	1.9	1.6
Weighted average share price at the date of exercise for awards exercised in the year (pence)	840.0	979.4	941.4	968.0

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29. Share-based payment continued

29.2 Fair value of options

For all the DSP and DSBP schemes the fair value of awards is the closing share price before award date. The Actuarial Binomial model of actuaries Lane Clark & Peacock LLP is used to fair value awards granted under the PSP scheme. The key inputs to determine the fair value of the awards granted under the PSP scheme during 2019 are shown below.

Performance Share Plan: Awards in the year ended 31 December 2019	15 April 2019
Share price at grant date	925.0p
Risk-free rate	0.9%
Volatility of Savills share price	22% per annum
Correlation of Savills share price to index	55%
Employee turnover	Zero

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.

The fair values of options granted in the period are shown below.

Grant	Grant date	Deferred period	Fair value pence
DSP 2019	19 December 2018	1 – 3 years	690.0
DSBP 2019	15 April 2019	3 – 5 years	917.5
DSP 2019	15 April 2019	3 years	917.5
DSP 2019	9 May 2019	3 – 5 years	884.0
DSP 2019	16 September 2019	3 – 5 years	897.0
DSP 2019	1 October 2019	3 years	885.5

30. 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 2019	**37.4**	**(55.4)**	**304.5**	**286.5**	**2.1**	**34.9**	**80.1**	**0.5**	**117.6**
Change in accounting policy (IFRS 16 adoption Note 2.26)	–	–	(9.3)	(9.3)	–	–	–	–	–
Balance at 1 January 2019 restated	**37.4**	**(55.4)**	**295.2**	**277.2**	**2.1**	**34.9**	**80.1**	**0.5**	**117.6**
Profit attributable to owners of the Company	–	–	82.9	82.9	–	–	–	–	–
Other comprehensive income/(loss)	–	–	(15.0)	(15.0)	–	–	(21.0)	(0.3)	(21.3)
Employee share option scheme:									
– Value of services provided	17.8	–	–	17.8	–	–	–	–	–
– Exercise of options	(16.7)	19.5	(2.8)	–	–	–	–	–	–
Purchase of treasury shares	–	(14.1)	–	(14.1)	–	–	–	–	–
Dividends	–	–	(42.8)	(42.8)	–	–	–	–	–
Disposal of equity investments at FVOCI	–	–	0.8	0.8	–	–	–	(0.8)	(0.8)
Transactions with non-controlling interests	–	–	(0.6)	(0.6)	–	–	–	–	–
Balance at 31 December 2019	**38.5**	**(50.0)**	**317.7**	**306.2**	**2.1**	**34.9**	**59.1**	**(0.6)**	**95.5**

* Included within profit and loss account is tax on items taken directly to equity (Note 13) as disclosed above.

	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 2018	33.2	(41.7)	255.7	247.2	1.7	34.9	61.0	0.8	98.4
Profit attributable to owners of the Company	–	–	76.7	76.7	–	–	–	–	–
Other comprehensive income/(loss)	–	–	12.5	12.5	–	–	19.5	(0.2)	19.3
Employee share option scheme:									
– Value of services provided	18.2	–	–	18.2	–	–	–	–	–
– Exercise of options	(14.0)	11.4	2.6	–	–	–	–	–	–
Purchase of treasury shares	–	(25.1)	–	(25.1)	–	–	–	–	–
Dividends	–	–	(41.4)	(41.4)	–	–	–	–	–
Disposal of equity investments at FVOCI	–	–	0.6	0.6	–	–	(0.4)	(0.1)	(0.5)
Transfer between reserves	–	–	(0.4)	(0.4)	0.4	–	–	–	0.4
Transactions with non-controlling interests	–	–	(1.8)	(1.8)	–	–	–	–	–
Balance at 31 December 2018	37.4	(55.4)	304.5	286.5	2.1	34.9	80.1	0.5	117.6

* Included within profit and loss account is tax on items taken directly to equity (Note 13) as disclosed above.

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Year ended 31 December 2019

31. 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.

32. Operating lease commitments – minimum lease payments

The Group leases various property, equipment and vehicles under lease agreements which were classified as non-cancellable operating leases up to the 31 December 2018.

From 1 January 2019, following the adoption of IFRS 16, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, and no longer classifies leases as operating or finance leases. See Note 2.26 and Note 18 for further information.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group 2018 £m	Company 2018 £m
Amounts due within:		
Within 1 year	55.9	7.0
Between 1 to 5 years	178.7	28.1
After 5 years	119.4	61.3
	354.0	96.4

Significant operating leases relate to the various property leases for Savills offices in the UK, Continental Europe & the Middle East, Asia Pacific and North America. There are no significant non-cancellable sub-leases.

33. Cash generated from operations

	Group		Company	
	2019 £m	**2018* £m**	**2019 £m**	**2018 £m**
Profit for the year	**83.6**	77.2	**55.6**	55.5
Adjustments for:				
Income tax (Note 13)	**32.0**	32.2	**(2.0)**	(2.1)
Depreciation (Note 17 & 18)	**60.6**	14.9	**5.6**	0.9
Amortisation of intangible assets (Note 16)	**10.4**	10.3	**0.4**	0.4
Impairment of goodwill and intangible assets (Note 16)	**–**	0.3	**–**	–
Loss on disposal of property, plant and equipment and intangible assets	**1.4**	0.8	**–**	–
Profit on disposal of subsidiaries, joint ventures and equity investments	**(1.7)**	(2.9)	**–**	–
Net finance cost/(income) (Note 12)	**11.8**	2.3	**1.3**	(1.1)
Share of post-tax profit from joint ventures and associates (Note 19.1)	**(11.8)**	(11.1)	**–**	–
Decrease in employee and retirement obligations	**(9.5)**	(7.0)	**(0.5)**	(0.3)
Exchange movement on operating activities	**(0.2)**	(0.6)	**–**	–
Increase/(decrease) in provisions	**3.4**	(3.2)	**1.2**	(0.6)
Charge for share-based compensation (Note 29)	**17.8**	18.2	**1.0**	2.1
Exercise of share options	**–**	–	**(16.7)**	(10.1)
Operating cash flows before movements in working capital	**197.8**	131.4	**45.9**	44.7
(Increase)/decrease in contract assets	**(0.2)**	(3.1)	**–**	–
Increase/(decrease) in contract liabilities	**–**	2.8	**–**	–
(Increase)/decrease in trade and other receivables	**(50.5)**	(33.6)	**(0.6)**	(2.3)
Increase/(decrease) in trade and other payables	**(14.5)**	42.3	**(0.6)**	1.5
Cash generated from operations	**132.6**	139.8	**44.6**	43.9

* 2018 Cash generated from operations has been re-presented to reflect £8.0m of employment-linked deferred consideration payments previously shown as cash used in investing activities, now shown in cash generated from operations to reflect the requirement for recipients to remain actively engaged in the business at the payment date.

Foreign exchange movements resulted in a £13.0m decrease in current and non-current trade and other receivables (2018: £10.9m increase) and a £15.3m decrease in current and non-current trade and other payables (2018: £12.3m increase).

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34. Analysis of cash net of debt

2019	At 1 January £m	Cash flows £m	Movements through business combinations and disposals £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	**223.9**	**(3.7)**	**–**	**(10.3)**	**209.9**
Bank overdrafts	**–**	**(0.1)**	**–**	**–**	**(0.1)**
	223.9	**(3.8)**	**–**	**(10.3)**	**209.8**
Bank loans	**(0.4)**	**(32.9)**	**–**	**–**	**(33.3)**
Loan notes	**(150.0)**	**–**	**–**	**–**	**(150.0)**
Transaction costs (issuance of loan notes and RCF arrangement fees)	**0.5**	**1.5**		**–**	**2.0**
Finance leases	**(0.1)**	**0.1**	**–**	**–**	**–**
Cash and cash equivalents net of debt	**73.9**	**(35.1)**	**–**	**(10.3)**	**28.5**

2018	At 1 January £m	Cash flows £m	Movements through business combinations £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	208.8	6.7	(1.4)	9.8	223.9
Bank overdrafts	(3.6)	3.6	–	–	–
	205.2	10.3	(1.4)	9.8	223.9
Bank loans	(106.5)	106.1	–	–	(0.4)
Loan notes	–	(150.0)	–	–	(150.0)
Transaction costs (issuance of loan notes)	–	0.5	–	–	0.5
Finance leases	(0.1)	–	–	–	(0.1)
Cash and cash equivalents net of debt	98.6	(33.1)	(1.4)	9.8	73.9

35. Related party transactions

Other than disclosed below and the information provided within the Remuneration Report and Note 10.3 Key management compensation, there were no significant related party transactions during the year.

(a) Loans to related parties

Loans to joint ventures and associates are disclosed in Note 19.1.

(b) Company transactions

The Company provided corporate function services to its subsidiaries at an arm's length value of £23.5m (2018: £21.6m).

Dividends of £48.5m were received from subsidiaries during the year (2018: £55.3m). Amounts outstanding to and from subsidiaries as at 31 December 2019 are disclosed in Notes 21 and 23.

(c) Transactions with associates

In the year the Group received income of £0.2m (2018: £nil) from an associate.

36. 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 2019, 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
Incoll Group Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Incoll Management Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Moores Cost Consulting Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (ACT) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Holdings Pty Ltd	(ii)	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (NSW) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (QLD) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (SA) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (TAS) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (VIC) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (WA) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Capital Advisory Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Investment Management (Australia) Pty Limited		Australia	Level 36, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia
Savills Occupier Services Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Project Management Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Project Services (SA) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Valuations Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Cluttons Sales SPC	(iv)	Bahrain	Flat/shop: 2802, Building: 2504, Road: 2832, Block: 428, Area: Al Seef, Manama
Savills Middle East Co. S.P.C		Bahrain	Flat/shop: 2804, Building: 2504, Road: 2832, Block: 428, Area: Al Seef, Manama
Savills Canada, Inc.		Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3
Savills Inc.		Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3
Savills Services Inc.		Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3

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36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Guardian Property Services (Shanghai) Company Ltd	China	Room 220, Block 1, No.100 Jinyu Road, Pu Dong, Shanghai
Savills Business Information Technology (Shenzhen) Limited	China	Unit 201 ,A Tower, No.1 QianWan Yi Road,Qianhai Shengan Cooperation District,Shenzhen
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 1301, R&F Center, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623
Savills Property Services (Hengqin) Limited	China	Room 105-19233, No. 6 Baohua Road, Hengqin new area, Zhuhai
Savills Property Services (Shanghai) Company Ltd	China	Unit D, Room 62,Block 3, No.227, Ru Shan Road, Shanghai
Savills Property Services (Tianjin) Company Ltd	China	Unit 4607, Tianjin World Financial Center, No.2 Dagu North Road, Xiaobailou Street, Heping District, Tianjin
Savills Property Services (Wuhan) Company Ltd	China	Unit 08-10, 27th Floor,CITIC PACIFIC Mansion, No.1627 Zhongshan Avenue, Jiang'an District
Savills Property Services (Zhuhai) Company Ltd	China	Room 2204, 22/F, Tower B, China Overseas Building, Midtown, No. 2021 Jiuzhou West Avenue, 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 Technology Innovation Services (Shanghai) Company Ltd	China	Room 205, floor 2 west, No. 707 zhangyang road, China (Shanghai) Pilot Free Trade Zone
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 2105, R&F Centre, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou
Shanghai Shan Mei Real Consulting Limited	China	Room 5, 2F, No. 707 Zhangyang Road, Pilot Free Trade Zone, Shanghai
Shanghai XinMin Equity Investment Management Co. Ltd	China	Unit 602, No. 4, Lane 541, Wenshui East Road, Hongkou District, Shanghai City
Shenzhen Guardian Property Management Ltd	China	Unit 03, 9/F, China Resources Tower, No.2666, Keyuan South Road, Nanshan District, Shenzhen, 518000, China
Swan Property Services (Beijing) Company Ltd	China	2101 East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022

Fully-owned subsidiary	Country of incorporation	Registered office
Savills CZ s.r.o.	Czech Republic	Florentinum, Building A, Na Florenci 2116/15, Prague 1, 110 00
Savills Investment Management ApS	Denmark	Østergade 13, 2nd Floor, 1100, København K, Denmark
Cluttons Egypt Consulting JSC	Egypt	Building 17, Street 210, Al Maadi, Cairo
Savills Egypt Consulting JSC	Egypt	Building 17, Street 210, Maadi, Cairo.
Savills Investment Management SAS	France	54–56 avenue Hoche, 75008 Paris
Savills Valuation SAS	France	21 Boulevard Haussmann 75009, Paris, France
Savills Advisory Services GmbH	Germany	Taunusanlage 18, 60325 Frankfurt am Main
Savills Fund Management Holding AG	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Immobilien Beratungs GmbH	Germany	Taunusanlage 18, 60325 Frankfurt am Main
Savills Immobilien Beteiligungs -GmbH	Germany	Taunusanlage 18, 60325 Frankfurt am Main
Savills Immobilien Management GmbH	Germany	Taunusanlage 18, 60325 Frankfurt am Main
Savills Investment Management (Germany) GmbH	Germany	Sonnenstrasse 19, Munich
Martel Maides Limited	Guernsey	1 Le Truchot St Peter Port GUERNSEY GY1 1WD
Parkes & Associates Limited	Guernsey	First Floor, Harbour Court, Les Amballes, St Peter Port, Guernsey, GY1 1WU
Savills Channel Islands Limited	Guernsey	22 Smith Street, St Peter Port, Guernsey, GY1 2JQ
Bridgewater Management 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
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
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

Notes to the financial statements
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Year ended 31 December 2019

36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
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
Larry Smith Asia Ltd	Hong Kong	Unit 1009 10/f Chinachem golden Plaza 77 Mody Road Tsim Sha Tsui East, Kowloon HK
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 (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	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
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
Savills Guardian (Holdings) Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills IM Shanghai Investco Limited	Hong Kong	6/F, International Trade Tower, 348 Kwun Tong Road, Kowloon, Hong Kong
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 Investment Management (Hong Kong) Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Savills Investment Management Asia Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong

Fully-owned subsidiary		Country of incorporation	Registered office
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 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 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 Residence Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Valuation and Professional Services Ltd		Hong Kong	Room 1208, Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong
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
Cluttons (India) Private Limited		India	Flat no. 333, 3rd Floor, Devika Tower, 6 Nehru Place, New Delhi 110019
Actium	(ii)	Ireland	33 Molesworth Street, Dublin 2, Ireland
Anateo Ltd	(ii)	Ireland	33 Molesworth Street, Dublin 2, Ireland
HOK Financial services		Ireland	33 Molesworth Street, Dublin 2, Ireland
Liffey Valley Management Ltd		Ireland	33 Molesworth Street, Dublin 2, Ireland
Mahon Point Management Ltd		Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Advisory Services (Ireland) Limited		Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Commercial (Ireland) Limited	(ii)	Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Management Resource Ireland Ltd		Ireland	33 Molesworth Street, Dublin 2, Ireland

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Year ended 31 December 2019

36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Residential (Ireland) Ltd	Ireland	33 Molesworth Street, Dublin 2, Ireland
White Water (Newbridge) Limited	Ireland	33 Molesworth Street, Dublin 2, Ireland
White Water Management Limited	Ireland	33 Molesworth Street, Dublin 2, Ireland
White Water Residential DAC (Designated Activity Company)	Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Investment Management SGR S.p.A	Italy	via San Paolo 7, 20121 Milan, Italy
Savills Italia S.r.l.	Italy	Via Manzoni, 37 – 20121 Milano
Savills Italy SRL (EUR)	Italy	Via Manzoni, 37 – 20121 Milano
Savills Asset Advisory Company Ltd	Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
Savills Investment Architecture Design GK	Japan	3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041
Savills Japan Company Ltd	Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
SIM Real Estate GK	Japan	3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041
Greater Tokyo Office Fund (Jersey) GP Limited	Jersey	3rd Floor Walker House, 28-34 Hill Street, St Helier, Jersey, JE4 8PN
Prime London Residential Development Jersey GP Limited	Jersey	3rd Floor Walker House, 28-34 Hill Street, St Helier, Jersey, JE4 8PN
Prime London Residential Development Jersey II GP Limited	Jersey	3rd Floor Walker House, 28-34 Hill Street, St Helier, Jersey, JE4 8PN
Savills (Jersey) Ltd	Jersey	19 Halkett Place, St Helier, JE2 4WG
Savills Investment Management (Jersey) Limited	Jersey	3rd Floor, Walker House, 28-34 Hill St, St Helier, Jersey, JE4 8PN
Savills IM European Fund V GP S.a.r.l	Luxembourg	10, rue C.M. Spoo
Savills (Macau) Ltd	Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
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

Fully-owned subsidiary	Country of incorporation	Registered office
Savills (Myanmar) Ltd	Myanmar	No. 8, Unit 8-A, Centerpoint Towers, No. 65, Corner of Sule Pagoda Road & Merchant Street, Kyauktada Township, Yangon
Savills Asset and Property Management BV	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Agency B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Building & Project Consultancy B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Consultancy B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Holdings B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Investment Management B.V	Netherlands	Vida Building, Kabelweg 57, 1014 BA Amsterdam
Savills Investments B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Nederland Holdings BV	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Retail B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Tagis Property Management B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills (NZ) Ltd	New Zealand	Level 6, 41 Shortland Street, Auckland Central, Auckland, 1010
Savills (NI) Limited	Northern Ireland	2nd Floor, Longbridge House, 16-24 Waring Street, Belfast, BT1 2DX, Northern Ireland
FPD Management Services Philippines Inc.	Philippines	12/F., Times Plaza Building, United Nations Avenue corner Taft Avenue, Ermita, Manila 1000 Phlippines
Savills Investment Management SP Z.O.O	Poland	Ul. Miła 2, 00-180, Warszawa, Poland
Savills Property Management Sp Zoo	Poland	Al. Jana Pawła II 22, Warszawa
Savills Sp z o o	Poland	Al. Jana Pawła II 22, Warszawa

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36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Portugal – Consultoria, Lda.	Portugal	Praça Marquês de Pombal, 16 – 7º, 1250163 Lisbon
Savills Portugal – Mediaçao Imobiliaria Lda	Portugal	Praça Marquês de Pombal, 16 – 7º, 1250163 Lisbon
iProcurePro Pte Ltd	Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
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 Investment Management Pte. Limited	Singapore	80 Robinson Road, #02-00, Singapore 068898
Savills Property Management Pte Ltd	Singapore	20 Martin Road #03-01/02 Seng Kee Building, 239070
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 Korea Advisors Realty Company Ltd	South Korea	13/F Seoul Finance Center, 136 Sejong-daero Jung-gu, Seoul
Savills Korea Company Ltd	South Korea	13/F Seoul Finance Center, 136 Sejong-daero Jung-gu, Seoul
Savills Aguirre Newman Arquitectura Barcelona SAU	Spain	Avda. Diagonal 609-615, Barcelona
Savills Aguirre Newman Arquitectura SA	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman Barcelona SA	Spain	Avda. Diagonal 609-615, Barcelona
Savills Aguirre Newman Consultores, S.A.U	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman Corporate Finance, S.A.U.	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman S.A.U.	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman Valoraciones y Tasaciones SA	Spain	Avda. Diagonal 609-615, Barcelona
Savills Consultores Inmobiliarios SA	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Investment Management SLU	Spain	Calle General Lacy, 23, 28045 Madrid
Loudden Bygg-och Fastighetsservice AB	Sweden	Box 6317, 102 35 Stockholm
Savills Förvaltning AB	Sweden	Sergels Torg 12 111 57 Stockholm
Savills Investment Management AB	Sweden	Kungsgatan 56, 111 22 Stockholm
Savills Sweden AB	Sweden	Sergels Torg 12 111 57 Stockholm

Fully-owned subsidiary		Country of incorporation	Registered office
Savills (Taiwan) Ltd		Taipei	21/F, No. 68, Sec. 5, Zhong-Xiao East Road, Taipei 110
Savills Residential Services (Taiwan) Ltd		Taipei	21/F, No. 68, Sec. 5, Zhong-Xiao East Road, Taipei 110
Savills Valuation & Professional Services (Taiwan)	(iii)	Taipei	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 Services (Thailand) Limited		Thailand	990 Abdulrahim Place Building, 26/F, Rama IV Road, Silom Subdistrict, Bang Rak District, Bangkok
Savills Real Estate LLC (Dubai)	(iv)	United Arab Emirates	22nd Floor, Arenco Tower, Sheikh Zayed Road, PO Box 3087 Dubai
Savills Real Estate LLC (Sharjah)	(iv)	United Arab Emirates	2702C, Al Marzouqi Towers, King Faisal Street, UAE
B Bids Limited		United Kingdom	33 Margaret Street, London, W1G 0JD
Buckleys Estate Agents Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Chesterfield & Co (Rentals) Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
CMS Creative Limited		United Kingdom	33 Margaret Street, London, W1G 0JD
Cordea Savillls SLP GP Limited		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
Cordea Savillls SLP LP		United Kingdom	Wemyss House, 3 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savills Investments Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Currell Commercial Limited		United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Currell Management LLP		United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Currell Residential Limited		United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Grosvenor Hill Ventures Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
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, EH12 5HD
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

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Year ended 31 December 2019

36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
JP Case & Co Property Services Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
LIBRA Housing Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Liverpool ONE Management 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 Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
PCA Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
PCA Management Consultants Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Portnalls Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
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
Prime London Residential Development GP LLP	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Prime London Residential Development II GP LLP	United Kingdom	33 Margaret Street, London, UK, 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 SLP II GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Savillls IM UK Income and Growth General Partner LLP	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills (Europe) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (Overseas Holdings) Limited	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

Fully-owned subsidiary		Country of incorporation	Registered office
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 Finance Holdings plc		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Financial Services Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Holding Company Ltd	(i)	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Dawn GP Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM Euro V Co-Investment GP LLP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM Euro V Co-Investment LP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM Holdings Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM Investco Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM Investments Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM JVF II Co-Investment GP LLP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM JVF II Co-Investment LP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM SLP General Partner LLP		United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, United Kingdom, EH3 6DH
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, EH12 5HD
Savills IM UK One Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM UK Property Ventures No.1 GP Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM UK Two Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills India Limited		United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management (UK) Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills Investment Management LLP		United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills Investment Management Overseas Holdings Limited		United Kingdom	33 Margaret Street, London, UK, W1G 0JD

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36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Italy Holding Limited	United Kingdom	33 Margaret St, London W1G 0JD
Savills KSA Limited	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 Management Resource Northern Ireland Ltd	United Kingdom	Longbridge House 2nd Floor, 16-24 Waring Street, Belfast, Northern Ireland, BT1 2DX
Savills ME Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Middle East Holdings Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Place-Shaping & Marketing Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Telecom Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Trust Company Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.1 GP Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Serviced Land No.2 GP Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Serviced Land No.2 JV GP Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Smith Woolley Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Smiths Gore Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Stratland Management Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
The Currell Group Limited	United Kingdom	9 Bonhill Street, London, EC2A 4DJ
The London planning Practice Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Wellington Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Yoohop Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
BTR Capital Advisors I, LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
BTR Capital Advisors II, Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
BTR Capital Advisors III, Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
Gravitas Lease Audit Services LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Gravitas Real Estate Solutions LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Kelly, Legan & Gerard Inc.	United States	398 Park Avenue – 11th FL, New York, NY 10022
Savills (L&P) Inc	United States	Unex House, 132–134 Hils Road, Cambridge CB2 8PA
Savills (ME) LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills America Ltd	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Capital Markets LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills Gravitas Real Estate Solutions LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Investment Management Inc.	United States	251 Little Falls Drive, Wilmington, DE 19808
Savills Occupier Services Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
SSOC, LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Studley International, Inc	United States	399 Park Avenue – 11th FL, New York, NY 10022
Studley Advisors, Inc	United States	399 Park Avenue – 11th FL, New York, NY 10022
SVS (GA) Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
SVS Stone LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
The Great Studley Stamp Company	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills Vietnam Company Ltd	Vietnam	6/F, Sentinel Place building, 41A Ly Thai To, Hoan Kiem District, Hanoi City
SVVN Price Valuation Limited Liability Company	Vietnam	81-83-83B-85 Ham Nghi Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City, Vietnam

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
Savills Belux Group SA	99.9	Belgium	Avenue Louise 81, 1050 Brussels, Belgium
Savills Property Services (Shenzhen) Company Ltd	85	China	Unit 02, 9/F, China Resources Tower, No.2666, Keyuan South Road, Nanshan District, Shenzhen, 518000, China
Savills SA	99.97	France	21 Boulevard Haussmann 75009, Paris, France
Savills Fund Management GmbH	94	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Investment Management (KVG) GmbH	94.9	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Piccadilly General Partner GmbH	94	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Sweden Investment AB	51	Sweden	Segels Torg 12, 111 57 Stockholm
Absolute Result Ltd	80.2	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Billion Property Management Ltd	80	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
The Aurora Management Services Ltd	80	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
PT Savills Consultants Indonesia	80.4	Indonesia	Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270, Indonesia
Savills Investment Management (Luxembourg) S.à r.l.	94.9	Luxembourg	10, rue C.M. Spoo

Notes to the financial statements
continued

Year ended 31 December 2019

36. Group – Investments continued

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
Savills & Partners LLC	65	Oman	Hatat Complex Suite 30-36, Ground Floor, P O Box 1475, Ruwi, Sultanate of Oman, Location - Wadi Adai – Romellah
Liverpool ONE Management Company Ltd	50	United Kingdom	33 Margaret Street, London, W1G 0JD
SGDN Ltd	51	United Kingdom	Stuart House, City Road, Peterborough, PE1 1QF

Joint Ventures	% owned	Country of incorporation	Registered office
Shanghai No.1 and FPDSavills Property Management Company Ltd	51	China	Building No1, 3rd Floor, No.400, Fangchun Rd, Pudong District, Shanghai
Zhuhai Hengqin Savills Assets Operation Management Company Ltd	51	China	Room 105-1460, No. 6 Baohua road, Hengqin new area, Zhuhai
Beijing China Railway Savills Property Management Services Company Ltd	49	China	Room 202 Tower D, Beijing China Railway Plaza, No.3 South Road Auto Museum, Fengtai District, Beijing
Beijing Tianrun Savills Property Management Company Ltd	49	China	Unit 3501A, 35/F, No. 8 Jianguomenwai Dajie, Chaoyang District, Beijing, PRC
Gohigh Savills (Shanghai) Property Management Company Ltd	49	China	Room 203D, 2/F, No. 21, Lane 596, Middle Yanan Road, Jingan District, Shanghai
Guangzhou Nansi & Savills Property Management Co Ltd	49	China	Room 1304, Feng Ze Dong Road No.106, Nan Sha Area, Guang Zhou PRC
Shanghai Qihui Savills Property Services Company Ltd	49	China	Rm 548, 9F, No. 583 Lingmu Rd., Xuhui District, Shanghai
Everbright Savills Property Management (Shanghai) Company Ltd	45	China	Room E-266, 3/F, Ru Shan Road No.227, Pilot Free Trade Zone, Shanghai
Fuzhou Hengli & Savills Property Management Company Ltd	45	China	8/F, No.128 Wusi Road, Gudong Street, Gulou District, Fuzhou
Beijing Haizhi Savills Property Management Company Ltd	40	China	Zone B, 6/F, Tower B, No.18 Zhong Guan Cun Avenue, Haidian District, Beijing
Savills BM Property Services Company Ltd	40	China	Room 115, No.53, Lane 749, Middle Tianmu Road, Zhabei District, Shanghai
Shenzhen Qianhai Savills Property Services Company Ltd	40	China	Unit 201,A Tower, No.1, QianWan Road,Qianhai Shengan Cooperation District,Shenzhen
Daisy Savills Property Management (Beijing) Company Ltd	35	China	Unit 702, Tower 2, Office Building, 7/F, No. 18 Jianguomennei Avenue, Chaoyang District, Beijing
Suzhou Industrial Park Hengtai Savills Property Management Company Ltd	35	China	Unit 303-304, Moon Bay International Business Center, 9 Cuiwei Avenue, Suzhou Industrial Park, Suzhou
Beijing BHG Savills Retail & Property Management Company Ltd	30	China	Room 107, Block 1, No 208, Lane 4, North Xiangyun Road, Daxing District, Beijing
Beijing Oriental Savills Asset Management Company Ltd	30	China	Unit 303, 3/F No, 9 West Street Wangfujing, Dongcheng District, Beijing
Beijing Zhaotai Savills Property Services Company Ltd	30	China	B1/F, 11 Fenghui Yuan, Tai Ping Avenue, Xicheng District, Beijing, P.R.C

Joint Ventures	% owned	Country of incorporation	Registered office
Chongqing Shenghua Savills Property Services Group Company Ltd	30	China	Room 102, 1st Floor, GuoHua Financial Center, No. 9 JuXianYan Square, JiangBeiZui, Chongqing
Nanjing Smart Science Technology Park & Savills Property Management Company Ltd	30	China	Room 468, Floor 4, building 9, Xingzhihui Business Garden, No. 19, Xinghuo Road, Jiangbei New District, Nanjing, 210008, China
Savills Raycom Property Management (Beijing) Company Ltd	30	China	Unit B1-08, No.2 South Road Ke Xue Yan, Haidian District, Beijing
Shanghai Poly Savills Property Management Company Ltd	30	China	Unit 01, 20/F, South Tower, No.528 South Pu Dong Road, Pu Dong, Shanghai
Shanxi Zhidi Savills Property Services Company Ltd	30	China	4/F, Block 3, No.42 Xing Shan Temple, Xian City
Anlian Savills Property Management (Shenzhen) Ltd	25.5	China	Unit B02(b), 19/F, Anlian Plaza, No.4018, Jintian Road, Futian District, Shenzhen
COSCO Savills Property Development Company Ltd	25	China	Unit M, 7th Floor, No.720 Pudong Ave, Pudong District, Shanghai
Beijing Financial Street Savills Property Management Company Ltd	20	China	B1/F, Tong Tai Building, 33 Financial Street, West District, Beijing.
Beijing Zhong Bao Savills Property Management Company Ltd	10	China	603 China Life Tower, 16 Chao Wai Street, Chaoyang District, Beijing
Tianjin TEDA Savills Property Services Company Ltd	10	China	B2/F, Zone A1, Teda MSD, No.56 Second Avenue, Economy & Technology Development Zone, Tianjin
SERE Egypt Consulting JSC	54	Egypt	Building 17, Street 210, Maadi, Cairo.
Jiayi Savills Property Services Ltd	51	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Greenmile Ventures Ltd	50	Hong Kong	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Greenwall Gateway Ltd	50	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Skywise Technology & Innovation Company Limited	50	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
G.E.S. Holdings Ltd	50	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 - 187, Edf. Kong Fai Com. 7/F, K - P
G.E.S. Ltd	50	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 - 187, Edf. Kong Fai Com. 7/F, K - P
Savills (Johor) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (KL) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Malaysia) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Penang) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Project Management) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Cluttons Saudi Arabia Company Limited	49	Saudi Arabia	Dammam, Malek Saud Street, 31411
Savills Science Ltd	50	United Kingdom	33 Margaret Street, London, W1G 0JD

Notes to the financial statements
continued
Year ended 31 December 2019

36. Group – Investments continued

Associates	% owned	Country of incorporation	Registered office
SAS – Riviera Estates	44.8	France	11 Avenue Jean Medecin, 06000, Nice
KSH Guardian Property Management Ltd	50	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Lippo-Savills Property Management Ltd	50	Hong Kong	Room 2301, 23/F, Tower One, Lippo Centre, 89 Queensway
Yuen Sang Property Management Company Ltd	50	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Taiping Property Management Ltd	45	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Home Ltd	40	Hong Kong	Flat G&H, 55/F, Block 3, Metro Town, Tseung Kwan O, New Territories
Hengli Savills Property Management Limited	49	Hong Kong	Unit 1806-08, Tower Two, Lippo Centre, 89 Queensway, Hong Kong
Cordea Nichani India Advisers Private Limited	25	India	Ground Floor Front, 19 Kumarakrupa Road, Bangalore 560001, India
Rootcorp Ranganatha Limited	25	Mauritius	4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius
Monaco Real estates SARL	51	Monaco	10 Ter Boulevard Princesse Charlotte
Really Pte Ltd	50	Singapore	19 Cecil Street #05-09 The Quadrant at Cecil Singapore 049704
Huttons Asia Pte Ltd	48	Singapore	3 Bishan Place #05-01 CPF Bishan Building S 579838
Huttons Capital Pte Ltd	48	Singapore	3 Bishan Place #05-01 CPF Bishan Building S 579838
DRC Capital LLP	25	United Kingdom	4th Floor, 6 Duke Street St James's, London, United Kingdom, SW1Y 6BN

Other significant holdings		% owned	Country of incorporation	Registered office
Vucity Ltd	(ii)	33.33	United Kingdom	George Hay, Brigham House, Biggleswade, England, SG18 0LD

(i) Directly owned by Savills plc.
(ii) Both ordinary and redeemable shares owned by the Group.
(iii) Partnership interest.
(iv) Economic interest/part economic interest.

The total non-controlling interest at the end of the year is £0.7m (2018: £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.

There were no material transactions with non-controlling interests during the year. Refer to Note 22 for details on restrictions on the Group's ability to access cash in the Group's Asia Pacific operating subsidiaries.

Shareholder Information

Key dates for 2020

Annual General Meeting	6 May 2020
Financial half year end	30 June 2020
Announcement of half year results	6 August 2020

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 call +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 Year 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 Nabarro Olswang LLP

Cannon Place
78 Cannon Street
London EC4N 6AF

Registrars

Equiniti

Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Statutory 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

Shareholder Information
continued

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.

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