

Savills plc  
**Annual report  
and accounts  
2021**

The Savills logo is displayed in a bold, lowercase, red sans-serif font against a solid yellow rectangular background.

## 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.



See more online at  
<https://ir.savills.com>



## Our global size and strength

→ p05



# Our people and our knowledge

→ p10



Pride in everything we do



Take an entrepreneurial approach to business



Help our people fulfil their true potential



Always act with integrity



# Our expertise and technology

→ p04



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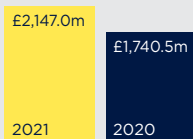


# Record revenue and profits resulting from extraordinarily strong trading recovery

## Revenue

**£2,147.0m**

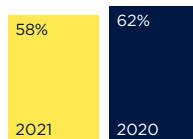
(2020: £1,740.5m)



## Breadth of service (non-transactional)\*

**58%**

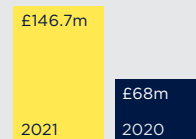
(2020: 62%)



## Reported profit after tax

**£146.7m**

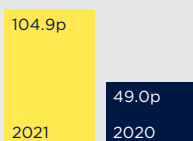
(2020: £68m)



## Reported earnings per share

**104.9p**

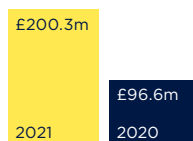
(2020: 49.0p)



## Underlying profit\*\*

**£200.3m**

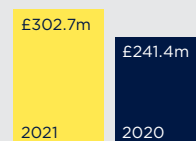
(2020: £96.6m)



## Operating cash generation

**£302.7m**

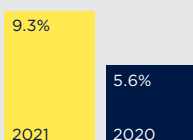
(2020 restated: £241.4m)\*\*\*



## Underlying profit margin\*\*

**9.3%**

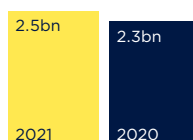
(2020: 5.6%)



## Property under management (sq. ft.)

**2.5bn**

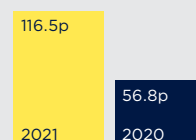
(2020: 2.3bn)



## Underlying earnings per share\*

**116.5p**

(2020: 56.8p)





**Savills delivered a record performance in 2021 reflecting the significant recovery in both residential and commercial transactional markets supported by growth in our less transactional Investment Management, Property Management and Consultancy businesses.”**

**Mark Ridley**  
CEO

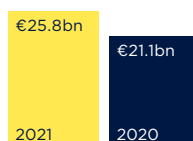
➔ See pages 20 to 27

- \* Defined as the % of Group revenue derived from non-transactional revenue streams. See Non-Financial Key Performance Indicators on page 19 for further information.
- \*\* Underlying profit is calculated by adjusting reported pre-tax profit for profit/loss on disposals, share-based payment adjustments, amortisation and impairment of intangible assets arising from business combinations, impairment of goodwill, significant restructuring costs, transaction-related costs and other items that are considered significant in size or non-operational in nature. Refer to Note 2.3 and Note 8 to the financial statements for further explanation of underlying profit measures.
- \*\*\* See Note 2.29 for details on the prior year restatement.

**Assets under management**

**€25.8bn**

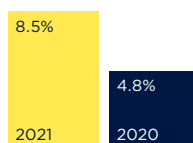
(2020: €21.1bn)



**Reported pre-tax profit margin**

**8.5%**

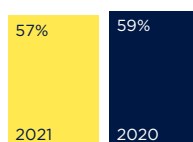
(2020: 4.8%)



**Geographical spread (% non-UK)**

**57%**

(2020: 59%)



# Demonstrating geographic and business diversity



## Where our expertise lies

Established in 1855, Savills plc is one of the leading real estate advisors in the world. Our range of expertise covers all the key segments of residential, office, industrial, retail, leisure, healthcare, rural and hotel property, and mixed-use development schemes.

### Transaction Advisory

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

➔ See pages 23 and 24

### 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 25

### Investment Management

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

➔ See page 27

### Consultancy

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

➔ See page 26



Our vision is to be the real estate adviser of choice in the markets we serve. We do not wish to be the biggest, just the best.

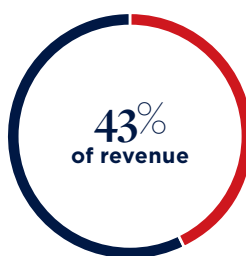
Staff

c.40,000



## Locations

### United Kingdom



Revenue  
**£925.6m**  
(2020: £710.7m)

Offices  
**128**  
(2020: 129)

Employees  
**8,840**  
(2020: 6,939)

### Asia Pacific



Revenue  
**£626.5m**  
(2020: £575.7m)

Offices  
**59**  
(2020: 58)

Employees  
**27,813**  
(2020: 29,160)



## Our global size and strength

We have an international network of circa 700 offices and associates and circa 40,000 staff throughout the UK, Asia Pacific, the Americas, Continental Europe, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

### Continental Europe and the Middle East

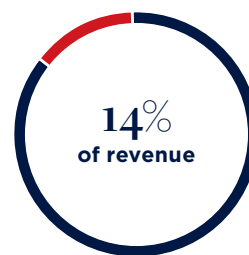


Revenue  
**£301.2m**  
(2020: £240.7m)

Offices  
**50**  
(2020: 48)

Employees  
**2,525**  
(2020: 2,135)

### North America



Revenue  
**£293.7m**  
(2020: £213.4m)

Offices  
**41**  
(2020: 36)

Employees  
**912**  
(2020: 833)



Offices and associates

**c.700**





# Chairman's statement

## Results

The Group's revenue increased by 23% to £2.15bn (2020: £1.74bn), with strong trading in the last quarter of the year led by the UK and Asia Pacific regions. Both Continental Europe and the Middle East ('CEME') and North American regions recovered to reverse 2020's losses delivering better than expected profits for 2021. With more than half of the revenue growth from the Transaction Advisory business and reduced levels of discretionary expenditure, underlying profit for the year substantially increased by 107% to £200.3m (2020: £96.6m), reflecting a margin of 9.3% (2020: 5.6%). The Group's reported profit before tax increased by 120% to £183.1m (2020: £83.2m).

## Overview

Savills delivered a record revenue and profit performance in 2021, reflecting both the robustness and geographic diversity of our business and the strategy of maintaining staffing levels throughout the course of the pandemic. Overall, our Transaction Advisory revenue increased 34%, our less transactional businesses of Consultancy and Property Management grew revenue by 24% and 9% respectively. The UK Residential Transaction Advisory business delivered a record performance with a revenue increase of 38%.

Despite the backdrop of pandemic-related uncertainty in 2021, the UK performed exceptionally well across all business lines. There were notably strong performances from the Transactional

Business lines, albeit Commercial office leasing volumes remained below historic averages in the majority of markets. Savills strengths in both logistics and retail warehousing, both of which enjoyed significant volume increases year-on-year, also contributed to our overall outperformance. The UK prime residential market continued to perform extremely strongly and volumes in the Prime Central London market clearly began to improve through the last quarter of the year.

In Asia Pacific, the business as a whole had a good finish to the year. Hong Kong sales activity and market share were strong and Australia, Singapore and Japan also enjoyed strong trading activity in the final quarter. In both CEME and North America the increase in transaction volumes resulted in profits in both regions for the year. Commercial Transaction revenues increased 27% and 28% year-on-year in CEME and North America respectively.

Savills Investment Management outperformed expectations, as a result of new fund launches and strong investment performance from the majority of our products, together with the benefit of the acquisition of DRC Capital LLC ('DRC') from the end of May in attractive markets for real estate debt investment. Capital raising and deployment were robust following the cautious approach adopted across the markets during the pandemic. A number of new funds successfully launched during the year and Assets Under Management ('AUM') increased 22% to €25.8bn (2020: €21.1bn).



Underlying profit

**£200.3m**

(2020: £96.6m)

Underlying profit margin

**9.3%**

(2020: 5.6%)



**Nicholas Ferguson CBE**  
Chairman

9 March 2022





## The Group experienced an extraordinarily strong trading recovery in 2021, resulting in record revenue and profits.”

The increase in transaction volumes, alongside substantially lower levels of discretionary expenditure (travel, entertainment and marketing events all remained severely curtailed), resulted in an increase to the Group underlying profit margin to 9.3% (2020: 5.6%).

The impact of the above factors on the Group underlying profit margin delivered an increase in reported profit before tax of 120% to £183.1m, representing an 8.5% reported pre-tax profit margin (2020: 4.8%).

Currency movements in the year decreased revenue by £49.8m, underlying profit by £4.1m and reported profit before taxation by £3.2m.

### Impact of COVID-19 and war in Ukraine

The real estate sector has shown resilience in the face of the pandemic. Global real estate investment volumes substantially recovered during the year, with volumes 59% higher than 2020. Office investment remains below pre-pandemic levels, however volumes in the highly sought-after industrial sector were up 61% on 2019 levels. Residential became the largest sector for investment globally during 2021, with investors attracted to its secure, income generating qualities.

Globally, office leasing volumes have been the slowest transactional segment to recover as Corporate Occupiers assess both return to work strategies for their staff and, increasingly, the Environmental, Social and Governance ('ESG') impact of their leasehold estates.

The UK housing market performed strongly in 2021, delivering double digit house price growth and the highest level of transactional activity since 2007. The prime housing markets performed particularly strongly with activity levels remaining buoyant even after the end of an extended stamp duty holiday, despite reduced levels of publicly marketed stock during the second half of the year. Prime transactions were more heavily weighted to the markets beyond London, as buyers continued to reassess their housing needs in the search for space.

## Chairman's statement continued

In the Asia-Pacific region, investors were resilient in the face of varied pandemic-related restrictions and geopolitical concerns in 2021 with an estimated 30% rise in volumes compared with 2020. In many countries which experienced significant lockdowns, real estate markets appear to have learned how to manage on a "business as usual" basis.

In Europe, there was also a strong rebound in European commercial and residential investment volumes in 2021 despite the ongoing pandemic-related disruptions. European investment volumes reached an apex during the final quarter of 2021, marking a 25% jump in volumes on the past 5-year average.

In North America, corporate office leasing markets improved somewhat during the period, which became increasingly apparent in the last quarter of 2021. The tech and life science sector continues to lead demand as the five prominent American tech giants expanded in key talent hubs with buildings that will incentivise in-office employee collaboration and satisfaction, even as hybrid work policies remained largely in force. Demand for industrial space also continued at a record pace and average vacancy has reduced to 4.5% across the US.

It is too early to predict the impact of the crisis in Ukraine on the world's real estate markets. Savills derives immaterial revenues (<0.1%) from clients of Russian origin and we have suspended our long-standing franchise relationship with an agency in Moscow. The Group does not have operations in Ukraine.

### Sustainability in real estate

Decarbonising the real estate sector is an urgent and pressing need; a challenge that COP26 highlighted. Consequently, ESG considerations are increasingly defining both investor and occupier decisions. In Europe, ESG is already actively shaping the assets and geographies in demand, a trend set to spread globally over coming periods. Throughout the period, Savills engaged our in-house sustainability expertise to audit the Group's footprint and recommend the strategy for progressing to net Zero. The 2021 Annual Report contains the Group's first report under the Task Force on Climate-Related Financial Disclosures ('TCFD') framework. In summary, we have achieved significant reductions in Scope 1 and 2 CO<sub>2</sub> emissions since 2016, which represented 6,738 tonnes CO<sub>2</sub>e in 2021. We are committing to Science-Based Targets to deliver our goals, consistent with a no greater than 1.5°C temperature increase, of achieving Scope 1 and 2 net zero by 2030 and net zero in our value chain (i.e. Scope 3, including assets under the Group's control) by 2040.

### 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.

During the pandemic, the Group has continued to focus on strategic development of the business, which has been enabled by the Group's strong balance sheet. In the first half of the year, Savills Investment Management completed the accelerated acquisition of the outstanding 75% of DRC Capital (a related party), the specialist European Real Estate Debt Investment Manager.

In December 2021, the Group entered a significant strategic partnership between Savills Investment Management and Samsung Life Insurance ('SLI') to accelerate the future growth of the Savills Investment Management business. The Group sold an initial 25% stake in the Savills Investment Management business to SLI for consideration of £71.7m, of which £63.7m was received on completion. SLI, in turn, is committed to investing in excess of US\$1bn into Savills Investment Management products over the initial five year term of the relationship.

Earlier in the year, the Group acquired T3 Advisors, a leading Real Estate advisor in the Life Science and Technology sectors in North America. In Q4 we enhanced our Asia Pacific project management and real estate consulting capabilities through the acquisition of 60% of the Merx Group of companies headquartered in Singapore. The Group also further strengthened our market leading position in Spain by acquiring a largely retail property management business.

Since the end of the year, the Group has also entered into a business venture with leading Berlin-based real estate agent Thomas Zabel as part of our expansion strategy in the European residential market.

In addition to the acquisitive growth in our business, we continue to undertake organic growth initiatives across the platform, with significant recruitment across all our regions, with particular focus on North America, Greater China and CEME.

Revenue

**£2,147.0m**

(2020: £1,740.5m)

Reported profit after tax

**£146.7m**

(2020: £68.0m)

## Focus on technology

Technology continues to be an important focus for the Group, and we benefit from the investments we have made both internally and externally, through Grosvenor Hill Ventures (our technology investment subsidiary).

Across the Group data-led insight continues to help us solve many of the most complex real estate challenges our clients face. While markets around the world are at different phases of data transparency, our regional centres of excellence closely aligned to client facing teams help match real estate understanding with data expertise.

In the summer our award-winning Knowledge Cubed platform underwent a significant upgrade with the launch of a host of new “apps” to help corporate occupiers manage their real estate interests. In the UK auction market, we have continued to take market share by utilising our bespoke live-stream auctioning platform, and off this success have further expanded our commercial auction offering.

As employees return to offices across the world, there is an increasing focus on tenant experience with landlord clients and their customers increasingly looking to deploy technology that reduces day-to-day points of friction. We’ve observed an evolution from the pre-pandemic objective of “community building” particularly within the multi-tenant office environment to platforms that genuinely improve the occupational experience. Post year-end we completed the acquisition of one such platform “Cureoscity” which is currently being rolled out to our UK Property Management clients to enhance tenant security and experience.

Our technology-enabled flexible office brokerage Work there capitalised on the increased demand for flexible workspace across the globe. It delivered a very strong end to the year and has a good pipeline for 2022, with particularly strong performances from the UK, US, Netherlands and France.

During the year we led a funding round into Income Analytics through Grosvenor Hill Ventures, alongside MSCI. This exciting business is a data technology firm which provides investors with proprietary global rental default risk measures on commercial real estate income at tenant, asset, fund and portfolio levels.

## Board

As previously announced, in January 2021 Philip Lee and Richard Orders joined the Board as Non-Executive Directors. Rupert Robson retired from the Board at the Annual General Meeting in May 2021 and Tim Freshwater retired from the Board on 31 December 2021. I thank them both for their enormous contribution to the Board over the years and Tim in particular for his valuable counsel latterly as Senior Independent Director.

## Dividends

A final ordinary dividend of 12.75p is recommended by the Board (2020: 17.0p), alongside a supplemental interim dividend of 15.6p (2020: nil). In addition, in view of the Group’s very strong recovery and cash generation since the lockdowns of 2020, the Board is also proposing a one-time special dividend of 27.05p being similar to the 2019 final ordinary and supplementary dividends which were cancelled as COVID-19 took hold in March 2020.

The aggregate dividend of 55.4p will, subject to Shareholder approval for the recommended final dividend at the AGM on 11 May 2022, be paid on 17 May 2022 to Shareholders on the register at 8 April 2022. The total paid and recommended ordinary, supplemental and special dividend for the 2021 financial year comprises an aggregate distribution of 61.4p (2020: 17.0p).

## People

The strength of our recovery is an absolute testament to the commitment of our entire global workforce and I would like to express my thanks to all our staff worldwide for their hard work, their flexible approach during challenging times and relentless commitment to client service.

## Summary and outlook

Savills delivered a record performance in 2021 despite the backdrop of pandemic-related uncertainty in the year. This was a result of our strategy to maintain full operating strength and high levels of client service through the pandemic, enabling the Group to successfully service clients into the progressive recovery of many markets in which we operate. Our balance sheet remains strong and we continue to focus on developing our global businesses through the coming periods through acquisitions and organic growth.

The war in Ukraine has shocked the world and, in response, Savills is providing support both through international charities and via our Polish operation, focussing particularly on Ukrainian refugees. Our thoughts are with everyone affected in the region and we can only hope for a peaceful resolution as quickly as possible.

At this stage it is too early to predict the economic, including longer term inflationary, impact of the Ukrainian crisis on the world’s real estate markets. Subject to this key uncertainty, we would anticipate real estate transaction volumes to normalise in the year ahead, alongside the continued recovery of global markets as they emerge from pandemic-related disruptions.

The Group has started the new year in line with our expectations.

**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 founded on 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 70 to 141.

## 1 Our resources & relationships

### Outstanding people

Local knowledge  
Entrepreneurial approach



### Intellectual property

Market intelligence  
Brand and reputation



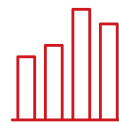
### Long-term client relationships

Client care programmes  
High quality service



### Financial

Prudent capital structure  
Strong cash generation



## 2 Our business model

Defensive, scale business

Revenue by business

Property and facilities management  
**35%**

Consultancy  
**18%**

Investment management  
**5%**

Cyclical high-margin businesses

Commercial transactions  
**31%**

Residential transactions  
**11%**

We are committed to delivering the highest levels of client 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 inclusive, 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 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.

### 3 Underpinned by

### 4 Our value creation

#### 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 geographic diversification

#### Shareholders

##### Dividends

**34.35p**

Ordinary and supplemental

**27.05p**

Special

**61.4p**

Aggregate

##### Reported profit after tax

**£146.7m**

##### Reported earnings per share

**104.9p**

##### Underlying profit

**£200.3m**

##### Underlying earnings per share

**116.5p**

#### People

- Developing talent  
Employee engagement
- Diversity and Inclusion

#### Clients

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

#### Community

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

# UK Commercial

**2021 saw a steady recovery in most areas of the UK commercial property market, with some parts of the market seeing more robust transactional volumes than in 2019.**

The total volume of commercial investment transactions last year was £65 billion, 38% up on 2020 and the highest level since 2017. The largest year-on-year percentage increases in transactional volumes were in shopping centres and leisure, though the highest volumes remained in offices and industrials.

The proportion of investment that came from non-domestic investors in 2021 was exactly in line with the long-run average of 46%, though European and North American investors were more active than those from Asia-Pacific due to travel restrictions.

Leasing volumes were up year-on-year in all asset classes, with logistics achieving another record leasing volume (7% up year-on-year, 46% up on the long-term average), and regional office take-up growing by 29%.

The central London office leasing market saw a strong recovery in the second half of 2021, leading to a 91% year-on-year increase in take-up. However, leasing activity in central London remained five percent below its long-run average due to a slow return to the office by staff in some locations.

## Canada Water

**British Land instructed Savills as residential sales and commercial leasing agents on their 53-acre Canada Water project. This will be the UK's most sustainable regeneration scheme and London's first net zero neighbourhood, and is expected to deliver up to 3,000 new homes, two million sq ft of workspace and one million sq ft of retail, leisure, entertainment and community space including proposed health and social infrastructure, and educational uses for all ages.**

### Case Study

Increase in investment transactions from 2020

**+38%**







Case Study

## UK Residential

**The UK housing market performed strongly in 2021 delivering double digit house price growth and the highest level of transactional activity since 2007.**

### Barrington Hall – guide price £15m

A beautifully refurbished large Grade II\* Listed country house set in around 42 acres on the Essex and Hertfordshire borders, Savills sold Barrington Hall in 2021, breaking the price record for the area. Savills previously sold the house to the developer who undertook an extensive renovation over three years and reunited the estate with its former coach house to create the world-class property it is today.

Increase in transactions levels on 2020

**+45%**

The prime housing markets performed particularly strongly with activity levels remaining buoyant even after the end of an extended stamp duty holiday, despite reduced levels of publically marketed stock.

Prime transactions were more heavily weighted to the market beyond London, as buyers continued to reassess their housing needs. However activity levels in the capital were still higher than the pre-pandemic norm.

While the prime central London market continued to be primarily driven by UK resident buyers activity levels held up well, with levels of spend in the £5m+ market over £5.5bn for the first time since 2014.

Urban rental markets showed a strong recovery in the second half of the year, as social distancing measures were relaxed and demand from key tenant groups – such as young professionals, students and corporates – returned.

The strong housing market underpinned sales of new homes which, in turn, fed strong demand for consented and strategic development land., despite changes to the Help to Buy scheme that is due to come to an end by April 2023.

## North America

### 2021 brought increased stabilisation across the U.S. commercial real estate and economic markets, even in the face of the surging COVID-19 Omicron variant.

With signs of recovery taking hold across many sectors, 2022 brings hope that positive momentum will continue into the new year. After peaking at 14.7% in April 2020, U.S. unemployment has been improving steadily and was at 3.9% in December 2021, the first time it has fallen under 4.0% since the pandemic's onset. Real GDP increased 5.7% in 2021 on an annual level, in contrast to a decrease of 3.4% in 2020.

Office demand picked up substantially starting in the third and fourth quarters, resulting in a 20% increase in annual leasing volume compared to 2020. Many companies continued to delay return-to-office plans over the winter to keep employees safe, however organisations seem far more confident in making longer-term office real estate decisions now than at any prior point during the pandemic thus far. Tech continues to lead demand as the FAANG giants expand in key talent hubs and invest in office spaces that will incentivise in-office employee collaboration and satisfaction, even as hybrid work policies evolve.

Demand for industrial space continues at a record pace and vacancy ended the year at 4.4% on average across the U.S. and is as low as 1.0% – 3.0% in key markets like Southern California and Northern New Jersey. Given current supply chain issues, occupiers are expanding into new industrial markets across the country to reduce reliance on specific ports and transportation networks. A total of 68 metro areas across the U.S. and Canada are forecasted to see at least 10 million square feet of new warehouse construction over the next five years.

The U.S. capital markets recovery is fully underway with commercial sales volumes surging in the second half of the year. The relatively stable yield provided by some sectors combined with optimism around income growth generated a frenzy of activity resulting in more than \$140 billion in transactions in major metros. Multifamily and industrial product (including life sciences R&D space) account for more than 60% of this volume and will continue to be key areas of focus in the coming year. Pent-up demand and market stabilization will fuel higher levels of investment volume throughout 2022 though interest rates will be closely watched as the Fed is expected to raise interest rates in the coming year to address inflationary concerns.

#### Kirkland & Ellis – Chicago, Illinois

Savills was part of a team that represented international law firm Kirkland & Ellis in one of the largest downtown Chicago office leases of the past decade when it secured an approximately 600,000 square foot lease at 333 W. Wolf Point Plaza Drive, the 60-story, 1.2 million square foot building also known as Salesforce Tower Chicago. Savills, in conjunction with Newmark, oversaw and executed the real estate strategy including lease negotiations and site selection for Kirkland & Ellis.

With 1,700 Chicago-based employees, Kirkland & Ellis is the largest law firm in the city and the highest-grossing law firm in the world.

This transaction is the largest downtown office lease since Kirkland's prior move to a 650,000 square foot office at 300 North LaSalle Street in 2009.

#### Case Study







## Pan European Logistics Portfolio

Savills, together with Eastdil Secured, has advised Macquarie Capital Principal Finance and Elite Partners Capital on the sale of a pan-European logistics portfolio, Elite Logistics Fund I to Blackstone European Property Income Fund (BEPIF) for EUR 520 million.

Total European investment volumes

€351bn

## Europe

**The total European investment volumes reached approximately €351bn in 2021, a record high, 26% up on the past five-year average.**

This very high volume was fuelled by large portfolio deals, notably mergers & acquisitions within the living sectors.

In the context of improved travelling conditions, cross border capital invested in Europe increased by 28% year on year and represented nearly half of the total amount invested in the region, notably driven by increased activity from northern American funds.

European multifamily investment volumes reached approximately €92.3bn in 2021, a 79% increase year on year and a 120% increase on the past five-year average. Hence, multifamily has joined offices as the largest two real estate sectors in Europe, accounting for 25.2% and 28.1%, respectively, of total investment. Investment activity within the logistics sector also increased sharply by 58% year on year, and reached €64.8bn in 2021.

European office take-up reached 8.2m sq m during 2021, down 11% on the previous five-year average, but a 25% increase against 2020, as the office market recovery continues to take shape. Among the most resilient performers were Oslo (+13% vs five year average), La Defense (+8%), London West End (+4%) and Paris (+1%) marking a reversal of the trend observed in 2020. European office vacancy rates rose from 7.1% to 7.2% between Q2 and Q4 2021, although on a quarterly basis, average vacancy rates fell by 0.1%, marking the first decrease since the outbreak of the pandemic. A shortage of prime office stock has increased prime rents by an average of 3% over the past 12 months as Munich (+17%), London City (+12%) and Amsterdam (+11%) reported the largest annual increases.

European logistics take-up reached a record 38m sq m in 2021, 28% ahead of the previous five-year average. Germany (8.6m sq m), the Netherlands (6.9m sq m) and the UK (5.1m sq m) drove leasing activity. European logistics vacancy rates fell from 5.1% to 3.5% over the course of 2021, marking a record average low as Dublin (1.1%), the Netherlands (3.3%), the UK (2.9%) and Denmark (1.9%) remain among the most undersupplied markets. A shortage of prime logistics space has ultimately led to prime rents rising by 5% year on year as London (+25%), Dublin (+17%) and Prague (+12%) were among the fastest-growing markets.



## Investment Management

### Globally, 404 private equity real estate funds raised total capital of \$194bn in 2021, according to Prequin data.

While the number of funds has fallen again, the aggregate capital raised has risen, highlighting the trend for increasingly large funds dominating the market. According to INREV's global investment intentions survey 2022 a continued appetite for real estate is evident as the current 8.9% global allocation to the asset class is 120 basis points below the 10.1% average target allocation. It is therefore no surprise that global property markets had a stellar 2021, RCA report. More than \$1.3 trillion was spent on income-producing property in 2021, 59% higher than the 2020 total and 22% ahead of the prior peak in 2019. These extraordinary figures were driven by global demand for apartment and industrial property, and a rebound in the U.S. market, in particular. The availability of capital remained high. At the end of 2021, that USD 285 billion in dry powder behind core, core+, value-add and opportunistic strategies wanted to be spent on global real estate markets, Prequin report.

More than

**\$1.3t**

was spent globally on income-producing property in 2021



Case Study

### 241 O'Riordan Street and Clifford Gardens Shopping Centre, Australia

Savills Investment Management completed the first Australian transactions, totalling US\$230m, for the newly launched Asia-Pacific Income and Growth Fund. The core-plus fund, with a targeted investment volume of US\$1.2bn, completed the purchases of 241 O'Riordan Street, an 11-storey US\$117.4m office building, in Mascot, Sydney and Clifford Gardens Shopping Centre, a US\$112.4m shopping centre in Toowoomba, Australia's second-largest inland city. In 2022 The Fund will continue to target opportunities in Asia Pacific's key markets.



Case Study

## Louis Vuitton, Hanoi, Vietnam

**Client:** LVMH  
**Services:** Dior and LV flagship stores in Ha Noi  
**Location:** International Centre, Ngo Quyen, Ha Noi, Vietnam  
**Size:** 1,300 sqm      **Year:** 2021

### Challenge

- This transaction was quite complex as the moving parts included planning the refurbishment with the owner; liaising with both sets of design teams from the retailers and the owners; and completing both sets of commercial leases, relocations and fitting-out within the parameters of the project's completion dates.
- Leases were completed as the pandemic was gaining momentum so there was some apprehension from all parties.
- There were not many large floorplates in Ha Noi's CBD that met all the requirements of the world's leading brands like LV and Dior.

### Solution

- Assisted International Centre throughout with support for design planning, refurbishment, and fitting-out.
- Gave advice on the timeline and commercial terms.
- Engaged and supported all parties to find suitable and satisfying solutions. This meant working with the tenant, the landlord, and the design teams.

### Result

- Successfully closed the largest luxury retail lease transaction in Ha Noi in recent years.

Major property types such as office and retail have again captured investor interest, given the upside potential alongside reviving commercial activity and after the significant declines in transaction volumes seen in 2020. The significance of logistics assets as a key supply chain component and data centres remains a feature of regional real estate demand as these 'alternative' asset classes are more widely accepted.

Despite the optimistic outlook for the region, however, a developing divergence has been observed between governmental approaches to the evolving pandemic. Singapore has been implementing "Living with COVID" since late 2021, and it is very likely that more markets will follow suit with more relaxed border restrictions and vaccinated travel lanes to align with Europe and the US. Meanwhile, China and Hong Kong have been reaffirming a "Zero-COVID" strategy with on-going travel restrictions and strict social distancing measures alongside lockdowns on the mainland. The impact of this disparity between markets on the regional economy and real estate markets will be a focus of 2022.

## Asia Pacific

**2021 saw a strong rebound for most of the markets in the region, with China (8.1%), India (8.3%), and Singapore (7.4%) topping the list of best performing economies in terms of GDP growth rates.**

Export growth and a recovery in domestic consumption have been the key drivers behind economic progress.

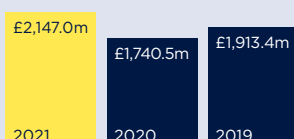
By virtue of the positive economic landscape, commercial real estate transaction volumes have gone from strength to strength, even exceeding pre-COVID levels and passing the US\$200bn mark for the first time, representing a 22% and 9.8% growth YOY over 2020 and 2019 respectively. China (US\$55.1bn), Australia (US\$40.4bn), Japan (US\$38.6bn), South Korea (US\$37.3bn), and Hong Kong (US\$11.3bn) headed the list of the most active countries in the region. These top-performing markets saw a pronounced bounce back in 2021 especially Australia (105%) and Singapore (177%) while Japan lagged (-14%).

# Key Performance Indicators

## Financial KPIs

### Revenue

# £2,147.0m



#### The measure

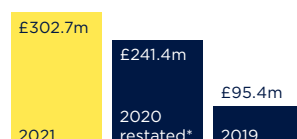
Revenue growth is the increase/decrease in revenue year-on-year.

#### The target

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

### Cash generation

# £302.7m



#### The measure

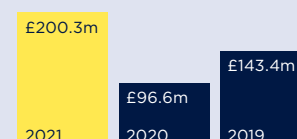
The amount of cash the business has generated from operating activities.

#### The target

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

### Underlying profit

# £200.3m



#### The measure

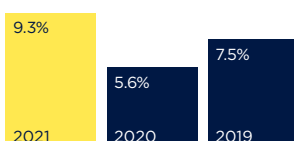
Underlying profit growth is the increase/decrease in underlying profit year-on-year.

#### The target

To deliver sustainable growth in underlying profit.

### Underlying profit margin

# 9.3%



#### The measure

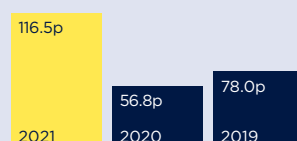
Profitability after all operating costs but before the impact of exceptional costs and taxation.

#### The target

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

### Underlying earnings per share

# 116.5p



#### The measure

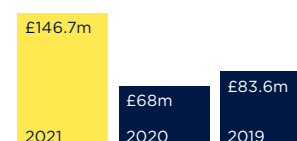
Earnings per share ('EPS') is the measure of profit generation. Underlying EPS is calculated by dividing underlying profit by the weighted average number of shares in issue.

#### The target

To deliver growth in underlying EPS to enhance Shareholder value.

### Reported profit after tax

# £146.7m



#### The measure

Reported profit after tax growth is the increase/decrease in reported profit after tax year-on-year and over a longer term.

#### The target

To deliver sustainable long-term growth in reported profit after tax.

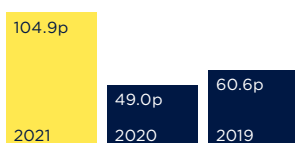
\* See Note 2.29 for details on the prior year restatement.



## Non-Financial KPIs

### Reported earnings per share

104.9p



#### The measure

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

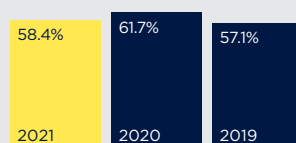
#### The target

To deliver long-term growth in reported EPS to enhance Shareholder value.

### Breadth of service offering

58.4%

(% non-transactional income)



#### The measure

Revenue by type of business.

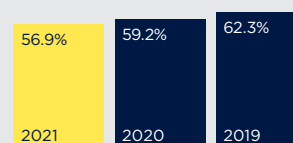
#### The target

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

### Geographical spread

56.9%

(% non-UK)



#### The measure

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

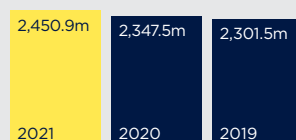
#### The target

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

### Property under management

2,450.9

(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

€25.8bn



#### 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



The key components of our business strategy are as follows:

**Business diversification**

**Geographical diversification**

**Commitment to clients by delivering the highest standards of client service**

**Strength in all real estate sectors**

**Maintenance of our financial strength**



**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.”**



**Key operating highlights**

Significant upturn in both Residential and Commercial transactional markets, supported by growth in our Investment Management, Property Management and Consultancy businesses have all contributed to record profits in 2021.

|  |  |   |
|--|--|---|
| <p>2020’s strategy of maintaining full operating strength and high levels of client service positioned the Group well for the progressive recovery in 2021.</p>  | <p>Transactional Advisory revenues up 34% in recovering markets; Commercial Transaction revenue increased 35% overall with strong growth in the UK and Asia Pacific. Residential Transaction revenue up 31%.</p> | <p>Less transactional businesses, in aggregate 58% of Group revenue, continue to perform well with revenue up 17%.</p>                            |
| <p><b>Overall the Group’s underlying profit increased to</b><br/><b>£200.3m</b><br/>(2020: £96.6m)</p>   | <p>Property and Facilities Management revenue up 9%, Consultancy revenue up 24%.</p>   | <p>Savills Investment Management revenue up, driven by base management fees growth of 30%. Assets under Management (‘AUM’) up 22% at €25.8bn.</p> |
| <p>The Group entered a significant strategic partnership between Savills Investment Management and Samsung Life Insurance (‘SLI’) to accelerate the future growth of the Savills Investment Management business.</p> | <p>Continued investment in people, technology leadership and innovation in sustainability including the launch of Savills Earth consultancy services.</p>  | <p><b>On a reported basis, profit before tax increased by 120% to</b><br/><b>£183.1m</b><br/>(2020: £83.2m)</p>                                   |

## Chief Executive's review continued

### Our Performance

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 |        |          |
|---------------|----------------|---------|----------|-----------------------------|--------|----------|
|               | 2021           | 2020    | % growth | 2021                        | 2020   | % growth |
| UK            | <b>925.6</b>   | 710.7   | 30       | <b>129.5</b>                | 78.8   | 64       |
| Asia Pacific  | <b>626.5</b>   | 575.7   | 9        | <b>59.2</b>                 | 42.3   | 40       |
| CEME          | <b>301.2</b>   | 240.7   | 25       | <b>15.4</b>                 | (2.2)  | n/a      |
| North America | <b>293.7</b>   | 213.4   | 38       | <b>15.1</b>                 | (8.4)  | n/a      |
| Unallocated   | -              | -       | n/a      | <b>(18.9)</b>               | (13.9) | n/a      |
| <b>Total</b>  | <b>2,147.0</b> | 1,740.5 | 23       | <b>200.3</b>                | 96.6   | 107      |

On a constant currency basis Group revenue increased by 26% to £2,196.8m, underlying profit increased 112% to £204.4m and reported profit before tax increased by 124% to £186.3m. Our Asia Pacific business represented 29% of Group revenue (2020: 33%) and our overseas businesses as a whole represented 57% of Group revenue (2020: 59%). Our performance by service line is set out below:

|                                    | Revenue £m     |         |          | Underlying profit/(loss) £m |        |          |
|------------------------------------|----------------|---------|----------|-----------------------------|--------|----------|
|                                    | 2021           | 2020    | % growth | 2021                        | 2020   | % growth |
| Transaction Advisory               | <b>892.9</b>   | 667.2   | 34       | <b>97.6</b>                 | 19.4   | 403      |
| Property and Facilities Management | <b>745.6</b>   | 681.9   | 9        | <b>49.1</b>                 | 44.8   | 10       |
| Consultancy                        | <b>396.7</b>   | 320.6   | 24       | <b>47.0</b>                 | 31.5   | 49       |
| Investment Management              | <b>111.8</b>   | 70.8    | 58       | <b>25.5</b>                 | 14.8   | 72       |
| Unallocated                        | -              | -       | n/a      | <b>(18.9)</b>               | (13.9) | n/a      |
| <b>Total</b>                       | <b>2,147.0</b> | 1,740.5 | 23       | <b>200.3</b>                | 96.6   | 107      |

Overall, our Commercial and Residential Transaction Advisory business revenues together represented 42% of Group revenue (2020: 38%). Of this, the Residential Transaction Advisory business represented 11% of Group revenue (2020: 10%). Our Property and Facilities Management businesses continued to perform well, growing year-on-year and representing 35% of Group revenue (2020: 39%). Our Consultancy businesses represented 18% of revenue (2019: 19%). The Investment Management business had a strong performance, with revenue increasing by 58%. It represented 5% of Group revenue (2020: 4%).

### People

The UK businesses have won many awards during 2021 including Property Advisor of the Year' at the 2021 Education Investor Global awards, Sales and Letting Agency of the Year at the 2021 RESI Awards, the 'Best Property Agency / Consultancy' for London and UK in the International Property Awards 2021-22, and The Times Property Graduate Employer of Choice for the 15th consecutive year.

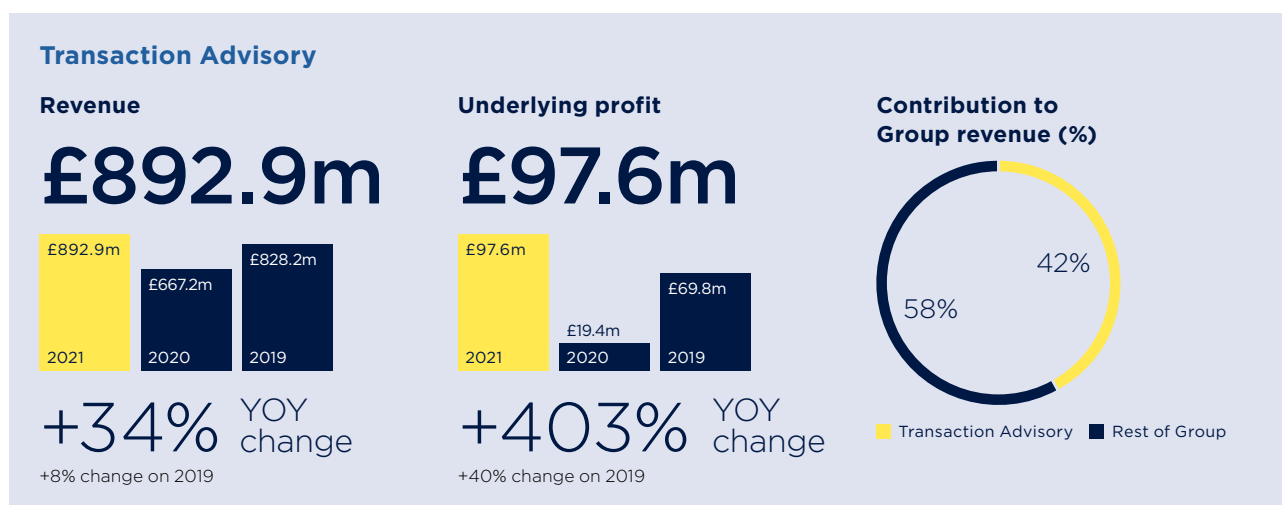
In our European business, Savills Aguirre Newman was awarded Best Real Estate Consultant in Spain at the Euromoney Real Estate awards for the tenth consecutive year.

In our Asian Pacific business, Savills China received awards from RICS for its excellent performance in the real estate industry, including Facility Management Team of the Year and Research Team of the Year.

In the US, 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, particularly in such challenging times.



**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 increased by 34% (38% on constant currency basis) to £892.9m (2020: £667.2m). Globally our Commercial Capital Transaction business revenue increased by 44% and our Leasing and Occupier focused transactional revenues grew by 30%. Our Global Residential business revenue increased by 31%.

Underlying profits grew 403% to £97.6m (2020: £19.4m), with an increased underlying profit margin of 10.9% (2020: 2.9%), as a result of the upturn in activity across most of our key markets.

### Asia Pacific Commercial

Revenue from the Asia Pacific Commercial Transactional business increased by 47% to £153.0m (2020: £103.9m), an increase of 51% in constant currency, and exceeding 2019 revenues by 10%.

Investment markets recovered in the majority of our key markets, notably Hong Kong, Australia, Singapore and Japan as investors started to deploy capital after the slow-down in 2020. The exceptions were in Mainland China and South Korea where demand remained somewhat subdued. In China, both continued pandemic-related restrictions and the impact of recoverability of the bonds issued by certain major developers, affected investor sentiment. In South Korea by contrast, 2021 represented a reversion to more normal levels of activity after an unusually strong performance in 2020.

Leasing activity in the region also improved, notably in Australia and Singapore, as corporates which had delayed making longer term lease decisions during 2020, began to commit to new leases.

Overall the Asia Pacific Commercial Transactional business resulted in an underlying profit of £20.6m, more than six times higher than the previous year (2020: £3.3m) with a margin of 13.5% (2020: 3.2%).

### UK Commercial

UK Commercial Transactional revenue grew by 44% to £115.2m (2020: £79.8m), reflecting improvement in both the investment and leasing sectors.

Our capital markets revenues increased by 53%, representing a combination of market share gains and overall market recovery; UK commercial property investment volumes in 2021 were approximately £65bn, being 38% higher than the same period in 2020. Retail warehousing and industrial sectors experienced the strongest recovery, sectors in which Savills enjoys strong market positions. Our leasing revenues grew by 36% on 2020 (13% growth on 2019), with growth across our sector specialisms including Retail.

Improved revenue allied to significantly reduced discretionary costs in comparison with normal market conditions, combined to improve Underlying profit by 126% to £21.5m (2020: £9.5m 2019: £12.3m) representing a significant increase in margin to 18.7% (2020: 11.9%).

## Chief Executive's review continued

### North America

Revenue from the North America Transactional business increased by 28% to £263.6m (2020: £205.2m), an improvement of 36% in constant currency.

Being mainly a transactional business focused primarily on occupiers, the business recovered as anticipated from the impact of Covid in 2020. The overwhelming majority of North American revenue relates to occupier leasing transactions and improved by 27% to £240.6m (2020: £190.1m). This compares favourably with the overall leasing volume in the US market, which increased 20% over 2020.

Capital markets revenues improved by 52% to £23.0m (2020: £15.1m).

In addition, during the period discretionary expenditures such as travel and entertainment were suppressed, helping to deliver a recovery to underlying profit of £10.3m (2020: loss of £7.5m).

### Continental Europe and the Middle East

In CEME, transaction fee income increased by 27% to £124.4m (2020: £98.2m); an improvement of 30% in constant currency. Our Investment revenues grew year-on-year by 25%, with significant recovery across the region, most notably in Ireland and Spain, whilst investment volumes in EMEA (excluding UK) reached €261bn in 2021, 4% above the previous five year average. Leasing revenues also recovered in 2021, with all three of our principal sectors up year-on-year (office by 18%, industrial by 41% and retail by 14%).

Our three largest contributors in this segment are Ireland, Germany and Spain. Ireland recovered significantly, having fallen by 65% in 2020, reaching 88% of the 2019 pre-pandemic level. The majority of this improvement derived from capital transactions where Savills is clear market leader. Revenues in Germany were down 2%, but up 1% on a constant currency basis, with reductions in Investment and Office leasing offset by growth in Industrial transactions. On a constant currency basis, revenues in Germany were 3% higher than in 2019, having been one of the few global locations to have achieved revenue growth in 2020. The 12% increase in revenues in Spain was also principally due to improved investment markets. In general transactional activity, particularly in respect of investment, progressively recovered across the rest of CEME region which collectively delivered revenues of approximately 98% of 2019 pre-pandemic levels.

As a result underlying profit increased to £1.4m (2020: £12.3m loss, 2019: £5.4m profit).

### UK Residential

UK Residential Transactional revenue grew by 38% to £210.7m (£153.2m), with significant improvement in second hand agency revenues (up 48% year-on-year), supported by robust performances in both new homes and our Private Rented Sector (PRS) capital markets teams.

The UK housing market performed strongly in 2021 delivering double digit house price growth and the highest level of transactional activity since 2007. The prime housing markets performed particularly strongly with activity levels remaining buoyant despite the end of the extended stamp duty holiday, although there were reduced levels of available stock by the end of the year. Prime transactions were more heavily weighted to the regional markets outside London, as buyers continued to reassess their housing needs in the search for space. The prime central London market continued to be predominantly driven by UK resident buyers and activity was resilient; indeed sales in the £5m+ market exceeded £5.5bn for the first time since 2014. Overall Savills saw transaction levels increase by 45% on 2020, with exchanges of 7,412 in 2021 (2020: 5,128). The strong housing market underpinned sales of new homes which, in turn, fed strong demand for consented and strategic development land.

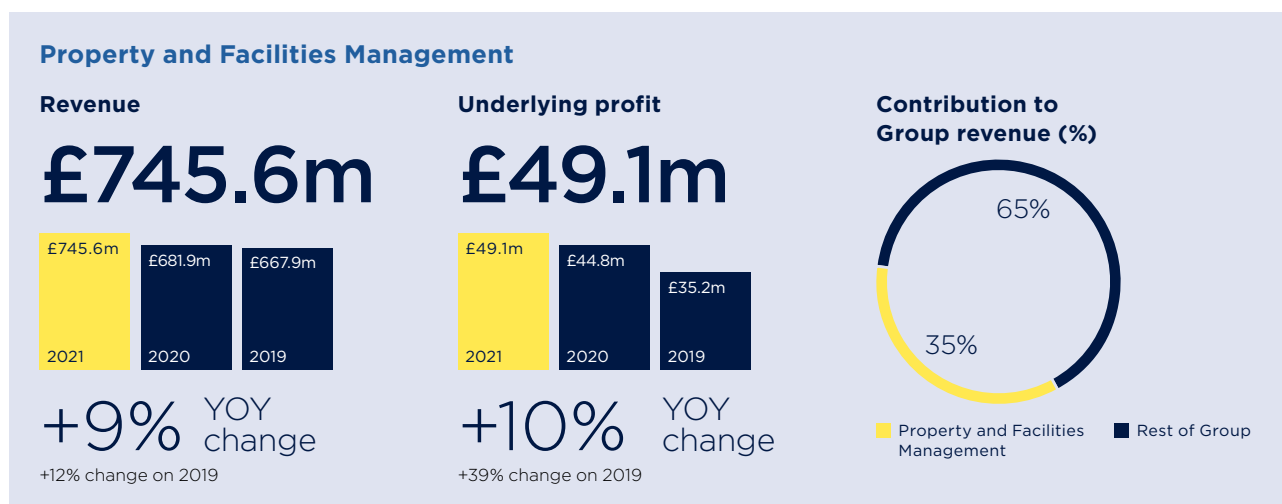
Revenue in the New Homes business increased by 13% in 2021. The Regional business outperformed 2020 with revenue increasing by 27% and London revenues remained stable. The Regional teams recorded 3,208 (70%) of the total reservations; a 24% improvement on 2020. In the London new homes market sales activity outside the central zone enjoyed similarly robust market conditions as the UK generally. However, in the more central prime locations, which are more dependent upon international buyers, activity continued to be relatively subdued as a result of international travel restrictions during much of the year.

Underlying profit increased by 69% to £38.9m (2020: £23.0m) reflecting a pre-tax margin of 18.5% (2020: 15.0%).

### Asia Pacific Residential

Revenue from the Asia Pacific Residential Transaction business decreased by 3% to £26.0m (2020: £26.9m), a fall of 1% in constant currency. Whilst there was revenue growth in many of our markets including Mainland China and Australia, and an increased contribution from our joint venture in Singapore (Huttons), this was more than offset by reductions in activity in Hong Kong, where fewer prime transactions with mainland buyers took place during the period.

Underlying profits grew by £1.5m to £4.9m (2020: £3.4m) supported by the higher profit contribution from Huttons, our residential joint venture agency in Singapore, and the benefit of cost reductions across the region.



### Property and Facilities Management

Our Property and Facilities Management businesses continued to perform well, with revenues growing by 9% to £745.6m (2020: £689.1m); 12% in constant currency. Savills total area under management increased by 4% to 2.45bn sq. ft. (2020: 2.35bn sq. ft.). Underlying profit increased by 10% to £49.1m (2020: £44.8m), 13% in constant currency.

#### Asia Pacific

In our Asia Pacific Property Management segment, revenues were £356.7m, a decline of 3% year-on-year (2020: £368.3m); a 1% increase in constant currency. There was 10% revenue reduction in facilities management (40% of the total revenue in this segment) as a result of certain contracts not being renewed in Hong Kong and South Korea, which was partially offset by a 2% increase in property management (which accounts for the other 60% of revenue in this segment). In Singapore, our investment in 2020 resulted in trading ahead of our expectations in 2021.

Underlying profits in 2021 were affected by the removal of 2020's COVID-19 employment subsidies comprising a net year-on-year reduction of approximately £5m. The trail effect of 2020 subsidies meant that the underlying profit margin for the region continued to be the top end of the normalised margin range of 7.2% (2020: 7.5%) for this service line. In absolute terms, profit declined by only £1.9m (£0.7m on a constant currency basis) to £25.8m.

### UK

The UK Property Management business grew revenues by 23% to £300.6m (2020: £245.0m) reflecting significant contracts won in 2021 and the full year effect of contracts won in 2020. The Residential Property Management Lettings team, which is also included in this segment, had a successful year, with revenues increasing by 10%, primarily as a result of the number of managed and tenanted properties increasing by 11% and 9% respectively.

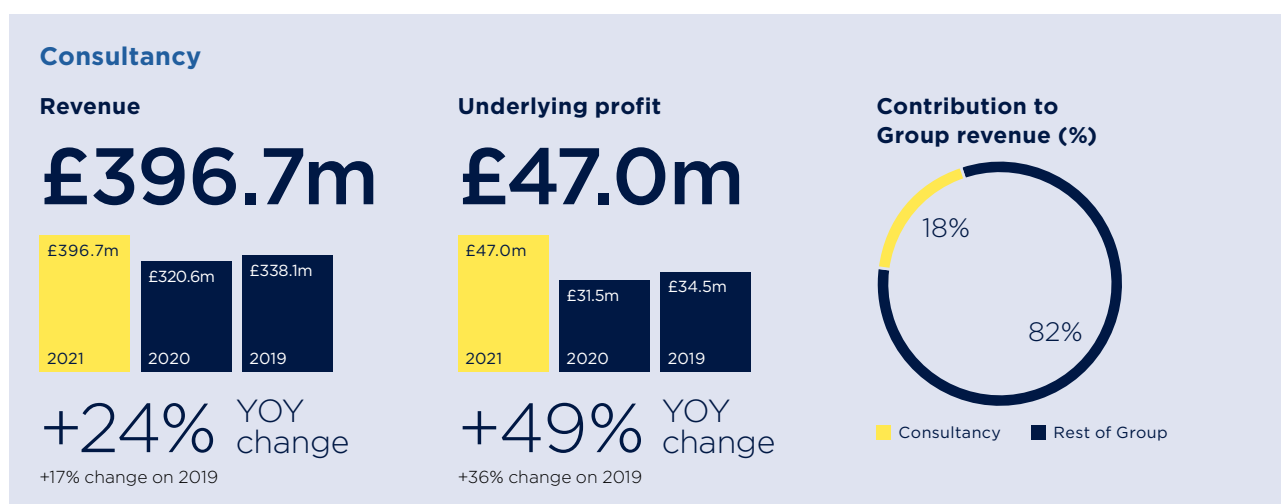
The higher revenues, along with a continued drive to improve efficiencies, increased underlying profit by 28% to £22.0m (2020: £17.2m).

### Continental Europe and the Middle East

In the CEME Property Management business revenues were up by £19.7m (29%) to £88.3m (2020: £68.6m); 33% on a constant currency basis. During August 2020 we acquired a German property management business, OMEGA Immobilien Management GmbH and OMEGA Immobilien Service GmbH ('Omega'), which contributed £11.5m of revenue to this segment in 2021 (2020: £3.6m). There was also revenue growth in the Middle East, following expansion in Egypt and an increase in ownership of the business in Saudi Arabia (previously a joint venture interest). Elsewhere, contract wins in Ireland, Spain and the Netherlands, and the full year effect of 2020 wins in France all contributed to the growth in this segment.

The Building and Project Consultancy platform, which is included in this segment at this early stage of its development, continued to expand with recently created teams in Italy, France, Poland and Sweden supplementing the significant growth in the Middle East.

As a result of the above factors underlying profit increased to £1.3m (2020: underlying loss of £0.1m).



### Consultancy

As clients across the Globe sought advice through the pandemic and in preparation for recovery, global Consultancy revenue increased by 24% to £396.7 (2020: £320.6m); 25% on a constant currency basis. Underlying profit increased by 49% to £47.0m (2020: £31.5m); 52% on a constant currency basis.

### UK

The UK Consultancy businesses, comprising a broad range of advisory activities, increased revenue by 19% to £244.0m (2020: £205.8m). Our Housing teams saw significant revenue growth through the impact of Government legislation on the sector and increased post lockdown access to housing stock for survey work, which had been delayed from 2020. The remaining principal Consultancy services (Building Consultancy, Planning, Development and Valuations) all registered increased revenue through the progressive recovery in general activity and increased focus on ESG in all aspects of Real Estate. This element of our advisory service, which is addressed by a suite of services branded “Savills Earth” now comprises c. 120 professionals and is becoming a significant driver of Real Estate decisions across all sectors.

Underlying profit increased by 41% to £33.1m (2020: £23.5m).

### Asia Pacific

In the Asia Pacific Consultancy segment, revenues increased by 18% to £81.3m (2020: £69.1m); 19% on a constant currency basis. Three of our largest businesses in the region (China, Hong Kong and Singapore) experienced increased market demand, whilst in Australia where we currently offer the broadest suite of services in the region, pandemic restrictions were significant throughout the period and revenues increased by 2%, with growth in Valuations being offset by reductions in Project Management due to COVID-19-related contract delay and/or cancellations.

Cost increases and the impact of an internal re-organisation between segments in China, restricted profitability overall with underlying profit increasing by 2% (6% on a constant currency basis) to £6.6m (2020: £6.5m).

### Continental Europe and the Middle East

Revenues increased by 10% to £41.3m (2020: £37.5m), 14% on a constant currency basis.

In Spain, which represents approximately 25% of CEME Consultancy, revenue increased by 14%, whilst in Germany, lower volumes of transactional related valuation work led to a 21% decline in revenue year-on-year. All other countries collectively registered good growth in revenue.

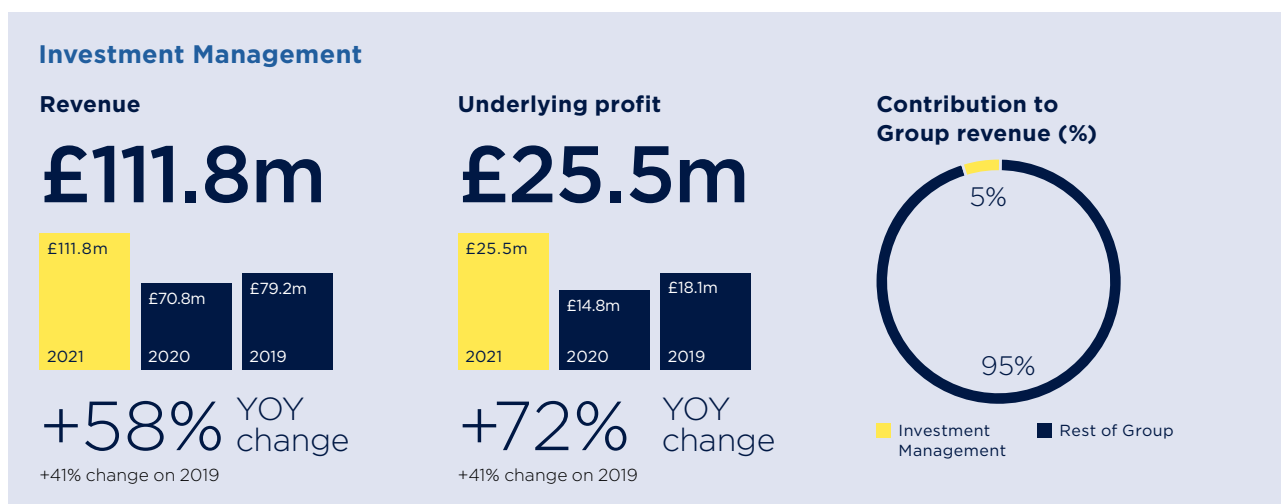
Underlying profits grew by 4% on a reported basis to £2.5m (2020: £2.4m); 13% in constant currency.

### North America

As part of our strategy to diversify our income streams by building up our Consultancy practices, in March 2020 we announced the acquisition of Macro Consultants LLC, a national project management consultancy business, and in June 2021 we acquired T3 Advisors, a workplace solutions advisory firm specialising in the life science and technology sectors.

As a result of a strong performance of these two acquisitions, the North America Consultancy revenues were £30.1m (2020: £8.2m) with an underlying profit of £4.8m (2020: underlying loss of £0.9m).





### Investment Management

Our Investment Management business achieved revenue growth of 58% to £111.8m (2020: £70.8m); 60% in constant currency. Base Management fees (representing 70% of revenue) increased by 30% year on year including the benefit of the acquisition of the remaining partnership interests in Real Estate Debt investor, DRC Capital LLP (May 2021). These were supplemented by a 12% increase in transaction fees and a supernormal increase of over 90% in performance fees.

During the year we announced the strategic relationship with Samsung Life Insurance of South Korea ('SLI'), The transaction completed on 31 December 2021 involving the sale of 25% of Savills Investment Management to SLI and the latter's commitment to invest at least \$1bn, predominantly seed capital, into funds managed by Savills Investment Management through the initial 5 year term of the agreement.

Assets under management at 31 December 2021 increased by 14% to £21.7bn (2020: £19.0bn) and £2.5bn of capital was raised during the year (2020: £1.7bn).

Underlying profit, which was enhanced by the supernormal level of performance fee income increasing profit margin to 22.8%, grew 72% to £25.5m (2020: £14.8m); 75% in constant currency.

**Mark Ridley**  
Group Chief Executive

# Chief Financial Officer's review

### Profit margin

Underlying profit margin increased to 9.3% (2020: 5.6%), reflecting the significantly higher levels of transactional activity and the abnormally low levels of discretionary expenditure in respect of travel, entertaining and marketing events in particular.

Reported pre-tax profit margin increased to 8.5% (2020: 4.8%).

### Taxation

The tax charge for the year increased to £36.4m (2020: £15.2m), representing an effective tax rate on reported profit before tax of 19.9% (2020: 18.3%). The Group's effective reported tax rate is marginally higher than the UK effective rate of tax of 19% as a result of profits in higher tax jurisdictions and non-deductible transaction-related costs.

The underlying effective tax rate increased to 18.7% (2020: 18.5%).

### Transaction-related costs

During the year the Group recognised a total of £17.0m in transaction-related costs (2020: £5.0m). This increase reflects a higher volume of business development activity year-on-year. These costs primarily relate to future consideration payments, associated with acquisitions, which are subject to a future service condition (2021: £13.9m, 2020: £4.0m). The largest individual components of this charge in 2021 relate to the acquisition of DRC Capital LLP and the acquisition of Macro Consultants LLC in 2020.

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

### Earnings per share

Basic earnings per share increased 114% to 104.9p (2020: 49.0p), reflecting a 116% increase in reported profit after tax. Adjusted on a consistent basis for significant restructuring, transaction-related costs, profits and losses on disposals, certain share-based payment adjustments, amortisation and impairment of intangible assets arising from business combinations, impairments of goodwill and significant fair value gains and losses, underlying basic earnings per share increased 105% to 116.5p (2020: 56.8p).

Fully diluted earnings per share increased by 108% to 99.8p (2020: 47.9p). The underlying fully diluted earnings per share increased 100% to 110.9p (2020: 55.5p).

### Cash resources, borrowings and liquidity

Cash and cash equivalents, net of overdrafts in notional pooling arrangements, at year end increased 45% to £491.2m (2020: £338.3m). This increase reflected: strong trading results, the higher cash outflows associated with corporate acquisition activity and the reinstatement of dividend payments in the year, together with the cash proceeds received from the sale of the Group's 25% interest in Savills Investment Management.



Underlying profit margin increased to

**9.3%**

(2020: 5.6%)



**Simon Shaw**  
Group Chief  
Financial Officer



**A strong trading performance coupled with the benefit of substantially lower levels of discretionary expenditure has considerably enhanced the Group’s financial position during the year.”**

Gross borrowings at year end decreased to £150.5m (2020: £160.6m). These principally comprise £150.0m (2020: £150.0m) of 7, 10 and 12 year fixed rate notes which were issued in June 2018, in 2020 borrowings also included £11.4m drawn under a revolving credit facility in North America. The Group’s UK revolving credit facility (‘RCF’) was undrawn at the end of the year (2020: undrawn), with a total of £422.2m (2020: £397.2m) of undrawn borrowing facilities available to the Group. At the year end, cash and cash equivalents net of borrowings was £340.7m (2020: £177.7m), refer to Note 33.

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 £302.7m (2020: £241.4m).

## Chief Financial Officer's review continued

With a large proportion of the Group's revenue typically 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 1.1m (2020: 8,504) new ordinary shares were issued on the exercise of options by participants of the Group's SAYE schemes. The total number of ordinary shares in issue (before the impact of shares held by the Savills plc 1992 Employee Benefit Trust and the Savills Rabbi Trust) at 31 December 2021 was 144.2m (2020: 143.1m).

### Savills Pension Scheme

The funding level of the defined benefit Savills Pension Scheme in the UK, which is closed to future service-based accrual, improved substantially during the year primarily as a result of the increase in the yield on AA-rated corporate bonds. The plan was in a surplus position of £17.4m at the year-end (2020: £2.6m liability).

### Net assets

Net assets as at 31 December 2021 were £753.4m (2020: £581.6m). This movement reflects the Group's trading performance alongside the actuarial gain on the defined benefit pension plans and proceeds from the sale of the Group's 25% interest in the Savills Investment Management group to Samsung Life in December 2021.

### 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 18 and 19. 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 during the year represented a £49.8m decrease in revenue and a £4.1m decrease in underlying profit. Refer to Note 3.2 to the financial statements for further information on foreign exchange risk.

**Simon Shaw**  
Group Chief Financial Officer



# A clear framework for identifying and managing risk

## 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 principal risks and the emergence of new principal 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. Principal 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.



**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.”**

Group policies and delegated authority levels set by the Board provide the basis against which potential 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.

# Principal 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

- Approves the Group's strategy
- Determines Group appetite for risk in achieving its strategic objectives
- Establishes 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

- Receives regular reports on Internal and External Audit and other assurance activities
- Receives regular risk updates from the businesses
- Determines the nature and extent of the principal Group risks and assess the effectiveness of mitigating actions
- Annually reviews the effectiveness of risk management and internal control systems
- Approves the Group risk management policy.

## 2. Group Executive Board

### Responsibilities

- Strategic leadership of the Group's operations
- Ensures that the Group's risk management and other policies are implemented and embedded
- Monitors that appropriate actions are taken to manage material strategic risks and key risks arising within the risk appetite of the Board
- Considers emerging risks in the context of the Group's strategic objectives
- Approves Group Policies
- Monthly/quarterly finance and performance reviews
- Receives updates from Group Risk Committee
- Monitors 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 threatens the Group's business model, future performance, solvency or liquidity.

### Actions

- Review of risk management and assurance activities and processes.

### Principal and emerging risks

The Directors have carried out a robust assessment of the principal risks facing the Company – including those that would threaten its business model, future performance, solvency or liquidity. Our consideration of the key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigations in place, is set out below. There may be 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 98 to 105.

We also conduct a formal exercise twice yearly to identify and assess emerging risks. While assessing potential emerging risks we have considered our risk exposure across a number of themes e.g. finance and economics, geopolitical and security, social, technological, climate and sustainability. Emerging risk and horizon scanning are integrated as part of regular risk discussions and reported at both regional and Group level.

## 3. Regional Business Executive Committees' Responsibilities

### Responsibilities

- Responsible for risk management and internal control systems within the relevant regions/businesses
- Monitors the discharge of responsibilities by operating companies within the relevant regions/businesses.

### Actions

- Reviews key risks and mitigation plans
- Reviews results of assurance activities
- Escalates key risks to Group Management and Group Executive and Plc Boards.

## 4. Heads of the Group functions and operating companies

### Responsibilities

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

### Actions

- Regularly reviews operational, project, functional and strategic risks as well as emerging risks
- Reviews mitigating controls, whether financial, operational or compliance and mitigation plans to address control gaps
- Plans, executes and reports 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, the Group Information Security Committee. 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 and uncertainties facing the business continued

In summary, the Group's material existing and emerging risks (not in order of priority) are:

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

| Risk  | Description   | Mitigations  | Change from 2020 |
|---|---|--|------------------|
| <b>1 Business conditions, general economy and geopolitical issues</b>   |   |  |                  |
| <b>Strategic objective:</b><br>Geographic diversification/<br>Financial strength  | <p>Global market conditions remain volatile, with political and economic uncertainty in many sectors and markets.</p> <p>The time that it will take several major economies within which we operate to recover from the economic recessions caused by the COVID-19 pandemic remains unknown, particularly while the risk of new and serious variants is ongoing. Continuing restrictions on international travel may also cause some disruption to more transactional business.</p> <p>Further, the rapidly evolving Russia/Ukraine conflict brings heightened geo-political uncertainty, in particular as inflationary pressures increase due to higher energy costs and, potentially, interest rates. The overall impact on the real estate sector will take some time to become clear.</p> <p>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.</p> <p>There is a currency risk from operating in a large number of countries.</p> | <p>The strength of Savills business and brand and the focus on client service.</p> <p>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.</p> <p>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.</p> <p>Our exposure to countries with economies which are currently weak is balanced by our business in stronger markets. When considering new market entry we undertake due diligence including the impact assessment of political and economic issues in that particular country.</p> <p>We manage currency risk in local operations through natural hedging and matching revenue and costs in the same currency.</p> | Unchanged        |
| <b>2 Achieving the right market positioning in response to the needs of our clients</b>   |   |  |                  |
| <b>Strategic objective:</b><br>Business diversification/<br>Strength in Residential and Commercial markets/<br>Geographical diversification/<br>Commitment to clients | <p>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 and this will continue as any changes to our clients' utilisation of real estate emerge as a result of the COVID-19 pandemic.</p>   | <p>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.</p> <p>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.</p>   | Unchanged        |



| Risk  | Description   | Mitigations  | Change from 2020 |
|---|---|--|------------------|
| <b>3 Recruitment and retention of high-calibre staff</b>  |   |  |                  |
| <b>Strategic objective:</b><br>Financial strength/<br>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. Further, the motivation of our people and retaining our collaborative culture is essential to the delivery of our strategic objectives. These needs are emphasised by the current extremely active recruitment markets which have increased the pressure to attract and retain the best people.  | <p>We continue to invest in the development of our people and our training and development programmes across the businesses.</p> <p>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. We continuously review our markets to ensure that reward packages remain competitive.</p> <p>We aim to develop talent and promote from within. Our diversity and Inclusion strategy, health and wellbeing programme and encouragement of charitable and community-based work all combine to ensure that employee retention remains high.</p>   | Up               |
| <b>4 Reputational and brand risk</b>  |   |  |                  |
| <b>Strategic objective:</b><br>Strength in Residential and Commercial markets/<br>Commitment to clients | <p>'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 due to an action or event that results in negative media / social media coverage.</p> <p>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.</p>  | <p>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.</p> <p>Our social media policy is supported by guidance and training as well as ongoing monitoring. All external statements have to be appropriately approved.</p> <p>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.</p> <p>The Group has well established ESG programmes as set out in Responsible Business on pages 45 to 64.</p>  | Unchanged        |
| <b>5 Legal risk</b>   |   |  |                  |
| <b>Strategic objective:</b><br>Financial strength/<br>Commitment to clients                             | <p>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.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ In our valuation consultancy businesses, we can be subject to claims alleging the over-valuation of properties.</li> </ul> | <p>The Group has a range of policies in place including client acceptance, legal and regulatory compliance, data protection, procurement, contractor management and valuation.</p> <p>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.</p> <p>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.</p> | Unchanged        |

# Principal and emerging risks and uncertainties facing the business continued

| Risk   | Description   | Mitigations  | Change from 2020 |
|--|---|--|------------------|
| <b>6 Failure or significant interruption to our IT systems causing disruption to client service</b>                |   |  |                  |
| <b>Strategic objective:</b><br>Financial strength/<br>Commitment to clients  | <p>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.</p> <p>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.</p>   | <p>Specific back-up and resilience requirements are built into our systems.</p> <p>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.</p> <p>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.</p> <p>Penetration testing and vulnerability testing is carried out regularly.</p> <p>Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated.</p> <p>We are continuously reviewing our resilience to cyber security attacks due to the constant threat. For example, we have implemented anti-ransomware software across our business in order to address the risk of ransomware attacks. Cyber insurance cover is in place.</p> | Unchanged        |
| <b>7 Operational resilience/ Business Continuity (including pandemics)</b>   |   |  |                  |
| <b>Strategic objective:</b><br>Financial strength/<br>commitment to clients  | <p>Significant non-IT events may affect continuity of service to clients, consequential revenue loss and reputational damage.</p> <p>COVID-19 variants may continue to have an impact on transactional activity globally in 2022, but it is difficult to predict this impact accurately in a dynamic environment.</p>   | <p>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.</p> <p>Continuity plans encompass a range of events that could impact on our people or buildings such as pandemics, terrorist events and natural disasters.</p> <p>Appropriate plans/measures continue to be maintained for the COVID-19 pandemic, and we monitor the on-going impacts closely. The welfare of our staff and clients continues to be paramount and we have implemented risk management measures consistent with government guidances in all locations.</p>  | Unchanged        |
| <b>8 Business conduct</b>  |   |  |                  |
| <b>Strategic objective:</b><br>Business diversification/<br>Geographical diversification/<br>Commitment to clients | <p>We operate in international markets that may present business conduct-related risks involving, for example, fraud, bribery or corruption.</p> <p>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, debaring and/or reputational damage.</p> | <p>We have programmes to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement.</p> <p>We have a zero tolerance approach to breaches of our Code of Conduct.</p>   | Unchanged        |

| Risk   | Description   | Mitigations   | Change from 2020 |
|--|---|---|------------------|
| <b>9 Changes in the regulatory environment/regulatory breaches</b> |   |   |                  |
| <b>Strategic objective:</b><br>Commitment to clients               | <p>We are required to meet a broad range of regulatory compliance requirements in each of the markets in which we operate.</p> <p>For example:</p> <p>Some of our operations have regulatory licences:</p> <ul style="list-style-type: none"> <li>▪ In the UK, Savills Capital Advisors Limited and Savills Investment Management LLP 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').</li> <li>▪ 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 the 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.</li> <li>▪ Some of our service businesses are regulated by The Royal Institution of Chartered Surveyors ('RICS'), for example Savills (UK) Ltd.</li> </ul> <p>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.</p> | <p>Our Group Policy Framework, which sets out our standards for professional, regulatory, statutory compliance and business conduct, is reviewed regularly.</p> <p>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.</p> <p>Our compliance environment, at all levels, is subject to regular review by internal audit and external assurance providers.</p> | Unchanged        |

# Principal and emerging risks and uncertainties facing the business continued

| Risk   | Description   | Mitigations   | Change from 2020 |
|--|---|---|------------------|
| <b>10 Acquisition/integration risk</b>   |   |   |                  |
| <b>Strategic objective:</b><br>Business diversification/<br>Geographical diversification/<br>Strength in Residential and Commercial markets/<br>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 advisors 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.   | Down             |
| <b>11 Environment and sustainability</b>   |   |   |                  |
| <b>Strategic objective:</b><br>Commitment to clients/<br>Financial strength  | Savills offers its clients expert advice on a growing range of environmental and sustainability matters, particularly in key markets such as the UK, Australia and some European markets. Looking forward more widely, it seeks to expand and develop these services. In doing so the Group considers that it must uphold similar standards in support of its credentials in this area. Environment and sustainability matters are a significant consideration for investors and employees. Savills, like all listed companies, has commitments and targets to meet in accordance with the legislation of the relevant jurisdictions. | We apply the Group's Sustainability Policy and employ appropriately qualified and skilled teams. We are continuously enhancing our services in this area to ensure that we can provide clients, investors and employees with top quality advice and information. We collect data and report in accordance with the relevant legislation and regulatory framework, including TCFD (Responsible Business pages 65 to 68). | Unchanged        |



## Viability statement

In addition to the going concern statement, the Directors have considered the viability of the business. 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 2024, 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 6 to 69. 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 137.

### Period for Assessment

The Directors have determined that a three year period 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 6 to 69. 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.

### Viability Assessment

Sensitivity analysis was undertaken on the three year plan, including financing projections, to flex the financial forecasts under a variety of severe downside scenarios, which involved applying different assumptions to the underlying forecast both individually and in aggregate. These scenarios assess the potential impact from several macro-economic risks, including a severe global economic downturn analogous to that experienced during the Global Financial Crisis in 2008/09 (the impact of which on the Group's results has so far not been replicated since) and a recurrence of the suppression of activity experienced in 2020 as a result of COVID-19 measures and restrictions. The results of this sensitivity analysis showed that the Group would maintain significant facility covenant headroom to be able to withstand the impact of such scenarios over the period of the financial forecast, as a result of the resilience and diversity of our business across the Group, underpinned by a strong balance sheet. 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.

### Viability Statement

The Audit Committee reviews the output of the viability assessment in advance of final evaluation by the Board. Based on the Group's strong net cash position and undrawn £360m Revolving Credit Facility at the year end, as described in the Chief Financial Officer's review, combined with 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 2024. The Directors also considered it appropriate to prepare the financial statements on the going concern basis as explained in Note 2.2 to the accounts.

# Stakeholder engagement

## 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.

We aim to maintain an open and positive dialogue with all our stakeholders, considering their key interests and communicating with them on a regular basis. The strength of our stakeholder relationships has never been more important than during COVID-19. The Board remains committed to strengthening further its dialogue with employees and the Company's wider stakeholder group, considers the views of key stakeholders in its decision-making, recognising that they are central to the long-term prospects of the Company.

The Group has adapted to a change of working practices since the start of the pandemic and keeps engagement channels under review. The Board uses a range of engagement mechanisms in order to understand and consider our stakeholders' views in the oversight and decision-making of the Board. We do this through various methods.

In some cases, the Board engages directly with stakeholders (receiving presentations and reports from the Executive Directors and in relation to business for which they have responsibility, senior management from across the group), but there is also significant engagement at an operational level particularly in relation to employees, clients and suppliers, with the Board receiving regular updates on stakeholder views. The Board maintains oversight of this engagement and the Board receives reports and updates on such engagement from the Executive Directors and senior management and is given the opportunity to challenge these findings at Board and Committee meetings. This information is used to inform discussion and decision-making.

As a Board, the collective role of the Directors is to act as effective and responsible stewards of the Company. In so doing, the Board ensures that the Company is well positioned to achieve long term sustainable success and deliver value for its stakeholders as a whole.



| Stakeholder Group           | How we engaged them in 2021  |
|-----------------------------|--|
| <p><b>Our Clients</b></p>   | <p>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.</p> <p>We invest in our people and systems to ensure they have the right skills, competencies and tools to effectively nurture and grow client relationships. In 2021 we introduced a tailored training and coaching programme aimed specifically at supporting our Client Advocates, as well as sharing of best practice client advocacy across our senior management community.</p> <p>As part of our Client Relationship Management (CRM) Programme our dedicated Client Advocates have maintained continuous dialogue with our clients and share updates relating to their strategy and needs with the wider client relationship teams. Our investment in this programme, our internal collaboration and the introduction of technology has supported our client relationship management approach, resulting in being able to better meet our clients' expectations and adapt more quickly to evolving market conditions.</p> <p>The quality of our service performance continues to be regularly assessed by independent reviewers. This 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.</p> <p>Our 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.</p> <p>This feedback helps us maintain the highest levels of client service and develop and extend our client offering.</p>   |
| <p><b>Our People</b></p>    | <p>Our people bring a diverse range of experience, expertise and perspectives that contribute to our values and culture, and are essential for the delivery of our strategic objectives. It is vital for our continued success that we maintain an environment where our people feel valued, motivated, and able to thrive.</p> <p>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.</p> <p>We continue to be a responsible employer in our approach to our people, ensuring we communicate and engage regularly in a variety of ways. We are always looking for opportunities to improve. During 2021, we used a number of channels to communicate and engage, including regular town-hall and other meetings, all-employee e-mails, our intranet and pulse surveys, with particular focus on initiatives relating to staff mental health and well-being.</p> <p>Although this year, the Board was unable to travel due to the restrictions related to the pandemic, it would otherwise hold one meeting a year one of our overseas locations. In recent years, the Board has visited the Group's offices Madrid and Paris. These visits enable the Board to engage directly with local management and other employees during presentations, as well as at social events.</p> <p>As part of our commitment to helping of all our people to understand the Group's growth strategy and to raise other questions they have about the Group, our digital platform allows direct employee communication (in local languages) with Non-Executive Directors (including the Chairman) to allow staff feedback to flow to the Board direct.</p> <p>Our Speak Up whistleblowing hotline allows employees to confidentially raise any concerns or issues.</p> |
| <p><b>Our Community</b></p> | <p>Our community engagement programmes across the Group have been developed to have a positive impact on the areas where our people live and ensure that Savills is firmly engaged with the communities in which we operate.</p> <p>We are mindful that as a Company we do not work in isolation. To successfully engage with local communities, we know that we need to adopt a range of approaches e.g. charitable giving, volunteering events, pro bono work, work experience opportunities to facilitate and participate in community interaction and cohesion. This approach means we can establish and maintain effective connections, deliver real impact and remain proactive to the current issues that communities may be facing. We have aligned our Group's ESG strategy with 9 of the 17 UN Sustainable Development Goals (SDGs) to help us achieve our goals.</p> <p>Examples of our community initiatives during 2021 are on pages 54 and 57.</p>   |

## Stakeholder engagement continued

| Stakeholder Group              | How we engaged them in 2021  |
|--------------------------------|--|
| <p><b>Our Environment</b></p>  | <p>Making a meaningful contribution to the wider society enables us to create stronger communities and have a positive environmental and social impact.</p> <p>We achieved our previous carbon emissions reduction target ahead of schedule, securing a 30% reduction in emissions from our business (i.e. scope 1 and 2 emissions) over 2016-18, and were as a result recognised in the inaugural FT European Climate Leaders 2021. We also further strengthened our risk management process by embedding climate risk and scenario analysis complemented by full disclosure to TCFD in relation to 2021.</p> <p>Read more about our ESG strategy including carbon efficiency improvements, GHG Emissions and TCFD reporting on pages 65 to 68.</p>   |
| <p><b>Our Shareholders</b></p> | <p>Regular discussions with, and briefings for, investors and analysts including investor roadshows. 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 programme included one-to-one investor meetings and roadshows and formal communication of financial results, and requisite regulatory announcements. This programme maintains a continuous two-way dialogue between the Company and Shareholders. By actively engaging with Shareholders we can respond to views expressed in relation to a number of topics such as company performance, and future growth plans.</p> <p>The AGM provides the Board with an opportunity to engage with our Shareholders. In common with the practice adopted by the majority of UK quoted companies, the 2021 AGM was held as a 'closed' meeting, with a minimum quorum present, in line with government rules relating to COVID-19 safeguards at the time. Shareholders were invited to submit questions to the Board before the meeting. As at the date of this Report, it is proposed that the 2022 AGM will be held in person.</p> <p>The Chairman and Stacey Cartwright as the Senior Independent Director are also available to meet Shareholders at all times as required.</p>  |
| <p><b>Our Suppliers</b></p>    | <p>The procurement choices we make can have a significant impact on people, organisations and the wider environment. We have an obligation to ensure that our supply chain and procurement practices follow proper standards.</p> <p>We are committed to engaging suppliers who share our standards. To this end, we continue to conduct due diligence on all third party suppliers at the commencement of their engagement and at regular intervals thereafter.</p> <p>Our property management businesses work with a broad and diverse range of supply partners to ensure that we can deliver the best services for our clients. The close relationships we foster with supply partners across a variety of property management clients ensures we have good access to quality partners. During the pandemic regular engagement with their key suppliers has been essential in ensuring continuity of service and responding to the impacts of the pandemic.</p> <p>All suppliers are required to operate with high service levels and the ethical standards that are set out in Savills Code of Conduct.</p> <p>We regularly monitor the relationship and engagement approach with our third-party suppliers including communications relating to the Company's whistleblowing policy.</p> <p>We strive for continual improvement. We are committed to advancing our policies and systems across the Company to ensure we address and monitor performance in all aspects of sustainability that are relevant to the business.</p> |



## 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 2021.

In the context of the Board's activities during 2021, the table below sets out 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 decision making in 2021.

| Section 172 matters  | How the Board had regard to these matters during the year   |
|--|---|
| <p><b>(a) likely consequences of any decisions in the long term</b></p>                              | <p>The Board remains mindful that its strategic decisions can have both short and long term implications for the Group and its stakeholders and these implications are considered carefully.</p> <p>We consider our stakeholders when developing and executing our strategy which is reviewed on an annual basis. During the year the Board:</p> <ul style="list-style-type: none"> <li>▪ Reviewed and set the Group's strategy and medium-term plan, including updates on strategic initiatives from across the business and discussion of priorities in the short and long term</li> <li>▪ Held a strategy session in October 2021 in order to consider the Group's strategy in depth</li> <li>▪ Considered regular updates on the impact of COVID-19 on the business, and oversaw the continued response to the pandemic</li> <li>▪ Considered regular reports from Senior Management on business performance, financing and the implementation of strategy throughout the year</li> <li>▪ Approved the strategic alliance between Savills IM and Samsung Life and the acquisition of the outstanding 75% in DRC</li> </ul> <p><b>More on longer-term context</b></p> <ul style="list-style-type: none"> <li>▪ Our purpose and Strategy – pages 10 and 11</li> <li>▪ Board focus in 2021 – pages 84 and 85</li> <li>▪ Risk informed decision making – pages 84 and 85</li> </ul>   |
| <p><b>(b) interests of employees</b></p>   | <p>We recognise our people are fundamental to the long-term success of our business. Their health, safety and wellbeing is one of our primary considerations in the way we operate and the support we provide to them.</p> <p>Notwithstanding the challenges of the pandemic, constructive two-way dialogue continues to allow the Board to maintain an understanding of the issues material to our people.</p> <p>Employee engagement and wellbeing have never been more important and throughout 2021 we have worked hard to listen to and support the needs of our people through a variety of initiatives across the Group. We have also continued to use digital learning content to help employees and have provided regular guidance and blogs posted on our intranet relating to health, and safety and wellbeing, and made available facilities such as 'Myndup' to support mental health wellbeing. We also celebrated events such as Time to Talk Day and World Mental Health Day.</p> <p>During the year we also held a number of events focusing wellbeing and mental health issues supported by webinars provided by external providers.</p> <p><b>More on Engagement</b></p> <ul style="list-style-type: none"> <li>▪ Working for and with stakeholders: information on engagement with employees, clients, shareholders, communities – pages 45 to 64 (Responsible Business) ; pages 85 and 86 (Corporate Governance)</li> <li>▪ Focus on Culture – How the Board promotes high standards of culture and KPIs – page 83 (Corporate Governance)</li> </ul> |
| <p><b>(c) fostering the Company's business relationships with suppliers, clients and others;</b></p> | <p>During the year the Board reviewed the 2022-2024 Business Plan which included the importance of focusing on:</p> <p>continuing to 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; and continuing 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</p> <p><b>More on fostering business relationships</b></p> <ul style="list-style-type: none"> <li>▪ Board Principal Decisions – pages 84 and 85 (Corporate Governance)</li> <li>▪ Our clients – page 47 (Responsible Business)</li> </ul>  |

## Stakeholder engagement continued

| Section 172 matters   | How the Board had regard to these matters during the year   |
|---|---|
| <p><b>(d) impact of the Company's operations on the community and the environment</b></p> | <p>TCFD allows us to better understand climate related risk in our own operations. The Board supports management's approach to Environmental, Social and Governance matters and we are committed to strengthening our understanding of climate-related risks to our own operations as well as helping our clients to improve the resilience of their portfolios.</p> <p>We recognise the need for action in addressing the climate crisis and transitioning to a greener, safer and more resilient economy. We are committed to improving the impacts that our operations have on the environment, managing the climate-related risks and working together with our clients, suppliers and local communities towards delivering a more sustainable future.</p> <p>Through 2021 we have continued to target improvements based on delivering against our ESG objectives, as we progress towards our 9 Sustainable Development Goals globally. These SDGs are those where we feel we can make the largest impact and which are most relevant to our business.</p> <p>During 2021 we started the work to assess our emissions in our value chain (scope 3 emissions), and have included an initial partial disclosure of this Report &amp; Accounts. We continue to work towards carbon net zero, and reflecting this we are committed to agreeing Science Based Targets and joining the Race To Zero Campaign to help us achieve our carbon net zero goals. This will see the Group as a whole commit to carbon net zero for our own operations (scopes 1 and 2 emissions) by 2030 and for our value chain (scope 3 emissions) by 2040. This commitment will see us continuing to work collaboratively with clients, industry and our supply chain to ensure that we meet our targets and ambitions.</p> <p><b>More on environmental performance</b></p> <ul style="list-style-type: none"> <li>▪ Environment – Our Strategy in Action – pages 58 to 61 (Responsible Business)</li> </ul>   |
| <p><b>(e) maintaining a reputation for high standards of business conduct</b></p>         | <p>Savills Code of Conduct sets out our commitment to operate responsibly wherever we work in the world, to work professionally, fairly and with integrity.</p> <p>We are committed to ensuring that we take all appropriate steps to prevent Modern Slavery from occurring in our business or supply chain and continue to publish our annual Modern Slavery Statement on our website, which sets out Savills zero tolerance approach to Modern Slavery in our organisation and supply chain. We continued to provide training on modern slavery and have taken steps to make sure our staff and supply chain partners are aware of the Act and its requirements.</p> <p>The Board is committed to maintaining the highest standards of corporate governance, which are fundamental to discharging our responsibilities.</p> <p>Our Governance Report explains how robust and effective corporate governance practices enable the Group to deliver its strategy and create long-term Shareholder value.</p> <p>The Board is committed to ensuring that its composition provides the necessary balance of diversity, skills experience, independence and knowledge to ensure we continue to run the business effectively and deliver sustainable growth. The Committee regularly the Board's blend of skills and experience and ongoing commitment to ensure the Group has a balanced Board.</p> <p>During the year the Board:</p> <ul style="list-style-type: none"> <li>▪ Considered the composition and effectiveness of the Board;</li> <li>▪ Reviewed and approved corporate statements;</li> <li>▪ Undertook annual review of the principal and emerging risks of the Group;</li> <li>▪ Reviewed and validated the effectiveness of the Group's systems of internal controls and risk management framework;</li> <li>▪ Considered reports on specific risk areas across the business; and</li> <li>▪ Reviewed and approved the Group's full-year 2021 and half-year 2021 results, as well as the regulatory announcements and the Group's Viability Statement and Going Concern status.</li> </ul> <p><b>More on high standards of business conduct</b></p> <ul style="list-style-type: none"> <li>▪ Our Culture – page 53 (Responsible Business)</li> <li>▪ Culture and Values – page 83 (Corporate Governance)</li> </ul> |
| <p><b>(f) acting fairly as between members of the Company</b></p>                         | <p>The Directors understand their duty to act fairly between different shareholders as required by UK company law and the Company's regulatory obligations pursuant to its UK listing.</p> <p>We are in regular contact with our major Shareholders and potential Shareholders.</p> <p>Our active engagement programme with our Shareholders involves a regular, scheduled programme of meetings as part of our continuing commitment to open and transparent dialogue, including the Group's approach to remuneration.</p> <p>During the year the Group Chief Executive and Group Chief Financial Officer undertook their regular programme of engagement which included: the financial reporting cycle comprising full-year and half-year financial results; one-to-one investor meetings (virtual) and calls.</p> <p>During the year the Board reviewed and approved the following activities and documents and in doing so considered that they were acting fairly between members:</p> <ul style="list-style-type: none"> <li>▪ AGM Trading Update</li> <li>▪ Half year financial results</li> <li>▪ Notice including resolutions for the Annual General Meeting 2021</li> <li>▪ Full Year results for the year ending 31 December 2020</li> <li>▪ Annual Report and Accounts 2020</li> <li>▪ 2020 Final and 2021 Interim Dividend approval</li> </ul> <p><b>More on acting fairly</b></p> <ul style="list-style-type: none"> <li>▪ Engaging with stakeholders – page 86 (Corporate Governance)</li> </ul>   |

# Savills is committed to being a good corporate citizen in all aspects of its operations and activities.

## Our Environmental Social and Governance (ESG) Structure

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.



## Value



### Our Clients

We always aim to build long-term client relationships. And aim to be a leader in every market we enter.

➔ See page 47

### 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.

➔ See pages 48 and 49

### Reinforcing Culture

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

➔ See page 53

### Sustainability and 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.

➔ See pages 58 to 61

### 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.







➔ See pages 54 to 57

## Responsible business continued

The Group's ESG strategy aims to achieve a positive impact on the environment and society, whilst maintaining robust governance measures and is aligned with 9 of the 17 UN Sustainable Development Goals (SDGs):

### Our chosen SDGs

We adopted these nine SDGs in our UK pilot in 2020 and are now agreeing underlying objectives to support our delivery against these in our regional businesses.

| SDG Goal  | Savills Objective  |
|---|--|
|  <b>Good Health &amp; Well-Being</b>           | Our goal is to provide healthy workplaces, encourage healthy lifestyles and raise awareness of mental health & wellbeing |
|  <b>Quality Education</b>                      | We aim to create opportunities for growth and development for our people and within the communities that we impact       |
|  <b>Gender Equality</b>                        | We actively promote gender equality and aim to create a diverse and inclusive environment for all                        |
|  <b>Affordable &amp; Clean Energy</b>          | We aim to maximise energy efficiency, and switch to using renewable energy across our workspaces                         |
|  <b>Decent Work and Economic Growth</b>        | We are committed to operating responsibly and providing fair, safe and diverse workplaces                                |
|  <b>Sustainable Cities And Communities</b>     | We work with government, national and local communities to create sustainable places                                     |
|  <b>Responsible Consumption and Production</b> | We seek to reduce our environmental impacts through active operational management and responsible procurement            |
|  <b>Climate Action</b>                        | We aim to minimise carbon emissions and work continuously towards net zero carbon targets globally                       |
|  <b>Life on Land</b>                         | We expect our suppliers to operate responsibly and seek to protect biodiversity and ecosystems                           |

### ESG Key Performance Highlights

#### Environment

We continue to target improvements based on delivering against our Sustainability objectives. We aim to maximise energy efficiency, minimise carbon emissions and work continuously towards net zero carbon targets globally. We recognise the urgency of the climate crisis and, as part of this, we are committed to agreeing SBTi (Science based Targets) within the next 24 months and to joining the Race To Zero Campaign.

#### Environmental highlights during 2021 include:

- In 2021, our global scope 1 & 2 GHG emissions fell further to 6,738 tonnes CO<sub>2</sub>e, a 6.2% year on year reduction, delivering a 20.4% reduction since our 2018 baseline
- Undertook an initial partial assessment of our scope 3 GHG emissions footprint
- Continuing to move further towards our 9 Sustainable Development Goals globally
- Being recognised on Financial Times's inaugural list of European Climate Leaders 2021.

#### Social

We are committed to fostering a responsible work culture and to helping our people reach their full potential. Our diverse Board meets the recommendations of Hampton-Alexander review on gender diversity and Parker Review on ethnic diversity.

We have six active diversity and inclusion focus areas: Ethnicity, Gender, LGBTQ+, Age, Disability and Socio Economic. For details of all our social matters see pages 54 to 57.

#### Social highlights during 2021 include:

- Savills UK was The Times Graduate Employer of Choice in Property winner for the 15th consecutive year
- Savills Asia Pacific launched its new employee welfare scheme.

#### Governance

Savills has a zero tolerance approach to bribery and other forms of corruption. We have continued to deliver mandatory annual training for employees covering: AML, Code of Conduct, Security and Data Protection, Anti-Corruption.

#### 2021 key performance highlights include:

- High standards of governance maintained
- Mandatory annual staff training in place
- Group policies communicated and applied globally
- Alignment to Task Force on Climate-Related Financial Disclosures (TCFD) see pages 65 to 68.



## 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.

We are committed to creating value that impacts the success of our clients' businesses. We prioritise creating and nurturing strong, long-term client relationships and gaining a deep understanding of our clients' needs, challenges and priorities. This enables us to deliver the best quality advice and the innovative solutions that our clients expect.

As part of our Client Relationship Management (CRM) Programme our dedicated Client Advocates maintain continuous dialogue with our clients and share updates relating to their strategy and needs with the wider client relationship teams.

We regularly commission independent client reviews to ensure that we gather feedback on how we are managing client relationships, areas for improvement and added-value we can provide. This approach provides deeper insight into our clients' priorities so we can refine the Savills client experience and make the appropriate skills, expertise and resources available to them. This service offering includes the provision of ESG advice and consultancy services, as advice in this area is a key strategic priority for many of our clients. This investment into understanding our clients and our relationships puts us in a stronger position to both retain mandates and win new projects.

Our CRM Programme plays a vital role in ensuring we implement a proactive approach to client relationship management and our clients receive the joined-up and consistent service they expect. We encourage a collaborative culture which embeds a good understanding across all our teams of the breadth of Savills expertise.

Our ability to provide research into changing consumer attitudes as well as insights across the large number of markets and sectors in which we operate is hugely valued by our clients. We have included dedicated research leads as part of our CRM approach.

We invest in our people to ensure they have the right skills, competencies and we invest in systems to ensure that our people have the tools to effectively nurture and grow client relationships. In 2021 we introduced a tailored training and coaching programme aimed specifically at supporting our Client Advocates, as well as sharing of best practice client advocacy across our senior management community.

To create enhanced visibility of our vast network of clients and prospects, we introduced a new AI relationship platform across the UK & EMEA. This has encouraged better sharing of client information between teams and across borders, and further supports the delivery of a seamless client experience.

We also continued the implementation of our CRM platform across EMEA. Our goal is to ensure greater visibility of client intelligence and increased collaboration between client relationship teams across the UK and EMEA regions.

Our investment into developing a client-centric culture, driving internal collaboration and introducing technology that supports our client relationship management approach means we have been able to better meet our clients' expectations and adapt more quickly to evolving market conditions.

## Engaging and developing our people

**Our people strategy remains focused on supporting delivery of the highest standards of client service through motivated and engaged 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.

### Employee engagement

We believe that in order to deliver our strategy, it is important that our people are fully engaged and motivated. Our employees' wellbeing is fundamental to this and, over the last few years, we have continued to build on our wellbeing programme and activities. Employee engagement and wellbeing have never been more important and throughout the COVID-19 pandemic, we have worked hard to listen to and support the needs of our people.

We communicate honestly and openly with our people to keep them informed and involved with business activities. We use a number of channels to communicate and engage, including regular town-hall and other meetings, all-employee e-mails, our intranet, and our digital platform which allows direct employee communication (in local languages) with Non-Executive Directors (including the Chairman) to allow staff feedback to flow to the Board direct. We have moved away from a more formal engagement survey to more regular and succinct pulse surveys as a means of seeking feedback more frequently from employees, thereby allowing management to be more responsive, and in particular focus the initiatives developed in response to the pandemic, especially those relating to staff mental health and well-being. We have continued to focus on employee engagement through a number of areas of focus. For example, in the UK have improved the clarity of our reward and benefits through the use of, a new Total Reward Statement, so that all our employees clearly see the full reward package.

### 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 invest heavily in our people's development and encourage everyone to pursue opportunities for growth. We recognise that career development and progression is very important and our training programmes are designed to respond to the specific training needs of employees identified through their annual performance reviews and we encourage all our staff to attend conferences, internal events, and participate in projects to supplement their Continuous Professional Development ('CPD'). We also deliver training courses to reinforce and support the development of our values and behaviours for example in relation to Anti-Corruption and Bribery, Our Code of Conduct and security and data management. We continue to deliver training and development in all areas including management and leadership, client and business skills and professional and technical skills.

In order to manage individual development and ongoing learning, we use a Learning Management System ('LMS') across the Group. This has continued to be indispensable during the pandemic to deliver training and wellbeing support, including mental health, across the regions. The LMS is mobile compatible, allows individuals to track and manage their development, watch video podcasts and download course materials.

**Examples of our commitment to developing talent for the future:**

|   |   |   |
|---|---|---|
| <p><b>UK</b><br/>                 'The Times' Graduate Employer of Choice in Property for the 15th Consecutive Year</p> | <p><b>Asia Pacific</b><br/>                 Launched Savills Asia Pacific academies</p>   | <p><b>North America: The Savills Junior Broker Development Programme</b><br/>                 This programme recruits young professionals while focussing on diversity. The programme provides exposure to many areas of the real estate industry with 100% of candidates completing the programme receiving full time positions.</p> |
|   | <p><b>UK: Empower, Engage and Inspire Programme</b><br/>                 Focusing on improving the capability of our leaders and managers</p> | <p><b>UK</b><br/>                 Named No.1 UK Real Estate Super brand for the 15th consecutive year</p>   |

**UK: Graduate Scheme**  
 Our 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.



**Diversity and inclusion**

Diversity and inclusion remains a key priority for the Board. Inclusion is at the heart of our culture, which is grounded in mutual respect and non-discrimination in respect of age, disability, gender, race, religion, sexual orientation or educational background. With oversight from the Board and Nomination & Governance Committee, we have continued to implement our Diversity & Inclusion strategy. We have worked to evolve our activities to educate our people, take decisive action, generate engagement with our people and help implement our inclusion and diversity initiatives, supported by the appointment of for example in the UK with a Head of Diversity & Inclusion. We have made good progress against our inclusion and diversity priorities over the last year, as set out in the table on page 50 and 51.

We look to create an inclusive culture in which difference is accepted and valued. We believe that diversity of thought, experience and background at every level 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. makes us a better business. We are committed to hiring, developing and retaining diverse talent which reflects the communities in which we live and work.

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. There are many ways in which we are working to support becoming a more diverse organisation: leadership, training and awareness raising, employee listening, recruitment and our approach to talent management, 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.

## Engaging and developing our people continued

### Gender balance

In accordance with Companies Act 2006, as at 31 December 2021 our total global workforce of 39,118 colleagues comprised 21,027 males and 18,091 females. Of these, 235 were senior executives (197 males, 38 females) comprising members of the Group Executive Board and Board members of the corporate entities whose financial information is incorporated in the Group's 2021 consolidated accounts in this Annual Report. During the year, the Company's Board of Directors comprised nine members – six males and three female (10 members – 7 males, 3 females until the date of 12 May 2021).

In accordance with the Equality Act 2010, Savills UK, as an employer with 250 or more UK employees publishes an annual gender pay report (calculated in accordance with the published requirements) on the Savills UK's website.







#### 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. We have an established programme in the UK, and continue to develop this programme across the Group with clear objectives.

### Implementation of our Inclusion and Diversity strategy: 6 areas of focus

| Area of Focus  | Objectives   |
|--|--|
| <b>Age</b><br>              | 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   |
| <b>Disability</b><br>       | 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 |
| <b>Ethnicity</b><br>        | 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   |
| <b>Gender</b><br>         | To create a strategy that provides an equal and fair platform for everyone to be the best they can be  |
| <b>LGBTQ+</b><br>         | Embrace diversity and provide a platform and a supportive environment for everyone to be the best they can be<br>Improve LGBTQ+ inclusion in the work place  |
| <b>Socio Economic</b><br> | 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  |
|--|---|
| <ul style="list-style-type: none"> <li>▪ Flexible Working</li> <li>▪ Improving Internal Communication of existing and new policies</li> <li>▪ Promoting Mentoring and Rewarding Loyalty</li> <li>▪ Ensuring that policies and support are offered for Working Carers</li> </ul>  | <ul style="list-style-type: none"> <li>▪ We support a significant number of people flexibly for different reasons to accommodate personal and professional requirements</li> <li>▪ In the UK, 'Making your Mentoring programme relevant for the modern workplace', Savills has had a flat mentoring scheme in place for many years, allowing both mentor and mentee to benefit from their involvement</li> <li>▪ Working with Carers UK to provide support to those with caring responsibilities</li> </ul>   |
| <ul style="list-style-type: none"> <li>▪ Raising awareness through supporting internal and external events</li> <li>▪ Implement compulsory diversity and equality awareness training across the business</li> <li>▪ Engaging with a number of professional bodies and diversity groups and will ask for their assistance and expertise</li> <li>▪ Removing the stigma - promote awareness of mental health issues</li> </ul> | <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Savills achieved certification as a Disability Confident Committed Employer (Level 2) in the UK</li> <li>▪ For UN International Day of Persons with Disabilities we created a video using stories from Savills colleagues across the world</li> </ul>   |
| <ul style="list-style-type: none"> <li>▪ Ensuring zero tolerance of harassment and bullying</li> <li>▪ Making equality in the workplace the responsibility of all leaders and managers</li> <li>▪ Taking action that supports ethnic minority career progression</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Savills UK has signed up to the Race at Work Charter, a UK initiative designed to improve outcomes for Black, Asian and Minority Ethnic (BAME) employees in the UK</li> <li>▪ Savills globally supports Black History Month with educational programmes highlighting key black role models</li> <li>▪ 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</li> <li>▪ In the US our Employee Resource Group 'Black Excellence United' focuses on recruiting, retention, collaboration &amp; advancement of diverse communities</li> <li>▪ We have recruited a D&amp;I Director</li> <li>▪ We have launched an independent helpline for employees to report wrongdoing in the workplace</li> <li>▪ Savills US Junior Development Program - 90% diverse class for each of the last two years &amp; 100% of candidates completing the program have taken full time positions in NY, Houston, Washington DC and Los Angeles</li> </ul> |
| <ul style="list-style-type: none"> <li>▪ Continue to ensure that our training fully supports our approach to diversity and inclusion</li> <li>▪ Relunched our gender equality and unconscious bias training, to further raise awareness of diversity</li> <li>▪ Launched a Communication Skills programme for women focused on public speaking and participating in panel events</li> </ul>                                  | <ul style="list-style-type: none"> <li>▪ We are working hard to redress our balance of men and women in more senior roles through a number of initiatives</li> <li>▪ Our 'Women in Leadership positions', determined in accordance with the Hampton-Alexander Review criteria, was 33% as at 31 October 2021. 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</li> <li>▪ We will continue to evolve our approach to meet the needs of our clients and people</li> <li>▪ In the US we our Employee Resource Group Women's Initiative Network (WIN) is in its second year with 90% participation by Savills US female brokers. WIN has partnered with organisations such as the CREW (Commercial Real Estate Women) Network to enhance programming and industry association activities that will create more educational opportunities for Savills female professionals</li> <li>▪ We have appointed a D&amp;I Director</li> </ul>      |
| <ul style="list-style-type: none"> <li>▪ Raising Awareness</li> <li>▪ Recruit and Retain best people</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Hosted virtual Pride Celebrations</li> <li>▪ As part of LGBTQ+ History Month Savills highlighted one inspirational LGBTQ+ figure each week</li> <li>▪ In the UK Improved our ranking in the Stonewall diversity survey by 149 places</li> </ul>  |
| <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Increasing diversity of talent pool</li> <li>▪ Inspiring the next generation to consider property for their career</li> </ul>  | <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Founding sponsor of Rethink Food, providing vertical farming towers in primary schools in the UK</li> <li>▪ 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</li> <li>▪ Achieved our target of 100 apprentices in the business one year early</li> <li>▪ Working with Career Ready, a social mobility charity, to offer 15 work placements a year for 3 years</li> </ul>  |

# Engaging and developing our people continued

### Inclusive culture

We believe that we have created a culture in which our people can thrive, and be valued for who they are, their knowledge, skills and experience as individuals and what they bring to Savills. We work hard to ensure those skills, experience and perspectives are nurtured and encouraged. We are focused on increasing the diversity of our business and for example in the UK 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.

We believe that creating an inclusive and diverse culture supports the attraction and retention of talented people and supports effective performance. 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.

### Continuing to focus on wellbeing

Our employees' wellbeing is fundamental to our high performing and supportive culture.

We take employee wellbeing seriously and have an established wellbeing programme, and we are committed to the Time to Change pledge. We continued to focus on mental health during the year and resources were provided to managers to support employees working from home as well as those returning to office working. Our continued response to the COVID-19 pandemic prioritised the safety and wellbeing of our people through a variety of initiatives deployed across the business.

We want our workplaces to have a culture of openness and help eradicate the stigma of mental health through educational events, skill building and awareness raising. Initiatives across the globe focus on these important issues, and during the year we held a number of town hall meetings across the Group and events focusing on wellbeing and mental health issues. For example, in Malaysia to mark Mental Health Day, a Nature Walk for all employees was held, looking to reboot and clear their minds with nature at Batu Asah Waterfall, Gombak on October 23rd, 2021. The focus of Nature Walk was to provide a safe environment for staff to exercise and spend time with nature, while recognising the importance of our natural world. This is also in line with our ESG objective of encouraging healthy lifestyles and raising awareness on mental health among our people. Similarly, the UK supported mental health awareness week with a focus on nature, running LionHeart webinars and seminars focusing on mental health, stress relief, Myndup webinars with a focus on managing anxiety about "returning to normal". In the US we improved our mental health support for employees with the introduction of a dedicated employee assistance programme and an external health and wellness service provided by external consultants. We also celebrated events such as Time to Talk Day and World Mental Health Day. For example, in the UK we have set up a dedicated Wellbeing intranet page for employee wellbeing with resources and guidance for coping with stress, anxiety and uncertainty.

We will continue to develop and make available to all employees a number of wellbeing initiatives and benefits to raise awareness of health and lifestyle issues affecting mental health and wellbeing.

## Our culture

### Always acting with integrity, we:

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



We believe that a positive culture is essential to the delivery of the highest standards of 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.

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.

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.

To facilitate the Savills Board's assessment and monitoring of culture, the Board has in place a number of KPIs, set out on page 83 of the Governance Report.

### Our approach to human rights

Savills is committed to conducting its business ethically and in line with all relevant legislation including human rights laws. 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 Speak up procedure.

### Modern slavery

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. We published our latest Modern Slavery and Human Trafficking Statement which can be found at <https://www.savills.co.uk/footer/slavery-and-human-trafficking-statement.aspx> setting out the steps we have taken in the past year to ensure our suppliers and their supply chains adopt similar standards to Savills to prevent slavery and human trafficking taking place in our supply chain.

### Speak Up

Savills Group is committed to maintaining high ethical standards and a culture of openness, integrity and accountability in all its business dealings and practices. Savills takes any malpractice (i.e. fraud, bribery, illegal or unethical conduct or wrongdoing) very seriously. We recognise that employees are often the first to know when someone connected with the Group is doing something wrong and they should be encouraged to raise any concerns they may have about the conduct of others in the business or the way the business is run at an early stage and in an appropriate way, including if they so choose through a 3rd party managed facility. Savills has a Group Speak Up policy which applies to all employees and supply chain partners of the Group's businesses worldwide.

## 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.

To successfully engage with local communities, we know that we need to adopt a range of approaches e.g. charitable giving, volunteering events, pro bono work, work experience opportunities to facilitate and participate in community interaction and cohesion. This approach means we can establish and maintain effective connections, deliver real impact and remain proactive to the current issues that communities may be facing.

## Savills Investment Management global ‘March On’ step challenge

In March 2021, employees at Savills Investment Management were challenged to walk 100 miles throughout March, with the business matching miles with pounds to go towards charities of local offices choosing.

Not only was March On! a great way to improve and maintain physical health, walking can support mental health too, and helped many employees throughout the COVID-19 lockdowns experienced at the time. Over 100 colleagues across 13 of Savills Investment’s offices took part in a monthly step challenge, covering 5001 miles in total, with EUR 6,005 was raised for charity.



## Australia – Ocean Heroes

Ocean Heroes who help people on the Autism spectrum take part in organised sport within a supportive, safe and inclusive environment. Savills Western Australia partnered with this local charity and raised over \$3,000.



Amount raised for Ocean Heroes

**\$3,000**





## Czech Republic – Team Building

Two-day all hands team building during which we spent a day in the forest and joined project which introduced us to the sustainable management of foresters in the Czech forests.

The interactive program was designed so that we understood and experienced that the forest requires professional year-round care, which is provided by experts – foresters. Thanks to this knowledge and personal experience, we gained a deeper relationship and respect not only for the forest itself, but also for the work of the people who take care of it. During the whole day we were divided in to three working groups, first part of the day was dedicated to the learning experience – we got acquainted with the development of the forest from seed to mature tree and at learned about wood as a renewable raw material. Took an active part in tree planting, measured trees with forestry equipment, etc. Second block was dedicated to team building activities, such as bungee-running or archery.

## UK – The Chrysalis Project women’s hostel

Earlier this month a group of volunteers from the London Residential Development Sales and London development teams spent a day making over the garden of The Chrysalis Project women’s hostel, as part of the Stanhope Foundation’s volunteering day.

Having become severely overgrown, the outdoor space required a full overhaul for residents to be able to enjoy it once again. It was a full on day of manual garden labour for the team who all quickly adopted a new found specialism.

The Chrysalis Project is a joint enterprise between Commonweal Housing, St Mungo’s and Lambeth Council, providing high-quality accommodation and support for vulnerable homeless women in South London. The Stanhope Foundation grant is funding one of their three London Employment Specialists within St. Mungo’s Recovery College. The Employment Specialists supports St. Mungo’s clients, referred from other services or within the Recovery College, into work.





Social matters continued

# China – Enter the world of ‘Star’ Painting Exhibition

Chengdu Children’s Child Care Center, established in June 2010, provides educational training and counselling services for children.

Savills helped to organize a painting exhibition at Ruidong Center to raise more awareness about their lives.



# US – Creative Art Works

Supporting under-resourced New York City Youth through the arts, a program that teaches valuable technical and developmental skills while creating profound connections between our young constituents, their art, and their communities.

## Hong Kong – Run for O2

Savills hosted #Run4O2 to support India’s combats against the oxygen shortage during the second COVID-19 wave.

A total of 52 participants based in Hong Kong did up to six running and walking routes in a 55-km run around Hong Kong Island, under the scorching heat of late May. Our efforts helped raise the funds that went directly towards the purchase of 25 Philips Oxygen concentrators which were donated to a NGO in India for use in communities that need them most.



## UK – YoungMinds South Downs Ultra Challenge

An eleven-strong team from the Petworth Office has raised over £7,500 for charity after completing the South Downs Ultra Challenge.

Raising funds for @YoungMinds, a mental health charity for children, young people and their parents, the team walked the 45km challenge in around 10 hours. Philip Kirk, Director, says: “While there were many aching legs and sore feet by the end, we are thrilled with the amount we have been able to raise for such a worthwhile cause. Thankfully the weather was kind to us and, as well enjoying some spectacular views during the walk, we crossed several Estates managed by the team, including the Brighton & Hove City Council Farms Portfolio, The Angmering Estate & The Arundel Estate, and The Bridger Trust.



## Sustainability and environment

**“Savills plc is focused on climate-related risks and working together with its clients, suppliers and the local communities on which its operations impact to deliver a more sustainable future.”**

### Environment – Our Strategy in Action

Our Group ESG Committee, is led by the Group Legal Director & Company Secretary and reports into the Group Executive Board bi-annually on our environmental performance. The Group ESG Committee also co-ordinates the implementation of the Group’s ESG strategy worldwide and supports the ESG risk management processes. Environmental risks, including climate-related risks, form part of the Group’s risk register, covering the potential impact and likelihood of those risks occurring.

Across the Group we continue to implement practical initiatives to improve the environmental performance of the workspaces that we occupy, including in the design of new offices, retrofitting of existing ones, and the ongoing active management of both.

Initiatives underway across many of our locations globally include:

- driving improvements in energy efficiency by introducing LED light replacements and installing motion sensors;
- reducing unnecessary electricity usage in line with reduced building occupancy;
- reducing print / paper wastage by promoting use of electronic documents instead of hard copies, as well as encouraging to go paperless;
- improving waste management and encouraging recycling; e.g. by introduction of new recycling streams;
- using sustainable materials in the fit-out of our premises wherever possible;
- transitioning our energy supplies to green energy contracts; and
- choosing zero or low emission vehicles; and encouraging use of virtual meetings to reduce the need to travel.

## Savills Beijing and Singapore Offices

**Our Beijing office relocated to China Central Place in late October 2021. The new fit-out was designed to meet LEED Gold and WELL Platinum.**

From a wellness perspective an air monitoring system has been installed and life solution water filtration system was adopted which reduces the need for bottled water. Likewise, our Singapore office undertook a refurbishment in 2021, incorporating the following sustainability features:

- carpet and vinyl flooring made from sustainable materials. The 878 sq.m. of carbon neutral flooring helped save 9 metric tonnes of carbon dioxide.
- use of Smart Ocean Task Chair made from materials from the ocean.
- recycling old furniture, such as the redesign of the table tops and donating other used furniture to charity/ employees. Working with suppliers to recover 2,900 kg of CO<sup>2</sup> by recovering 83% of all materials from the 15 tons of furniture.
- in addition, 286 items were donated to the community and an estimated 425 local man-hours were generated in relation to the take-back and refurbishment of the furniture.

**286**

items donated to the Singapore community



## Germany – Frankfurt and Munich

Green wall (moss) in the entrance area, the specification reads: “100% real moss, 100% handmade, 100% sustainable, Made in Germany.”



Our green wall is  
**100%**  
 sustainable

In Asia Pacific, during the year we established a regional ESG Committee to support the Group’s Global objectives and further integrate the regional ESG targets. The Group ESG Committee continued to implement objectives via local representatives for each country and territory, who have created their own local committees and set additional local targets linked to the regional objectives. This year the Asia Pacific Regional ESG Committee also appointed a new Regional Head of Sustainability and ESG to co-ordinate internal reporting compliance, regional ESG initiatives and to manage the sustainability consulting business to support our clients further.

Our Asia Pacific offices are targeting energy audits at all offices with over 30 staff, to be completed during the first half of 2022. The data from these audits will enable our Asia Pacific businesses to set energy efficiency plans and reduce energy intensity.

Our Savills IM business has had a very active year with regards to its environmental performance and completed the following key projects:

- Baselining the climate-change related risk of the assets held within investment funds managed by Savills IM on behalf of investors.
- Increased focus on installing solar PV on assets held within investment funds managed by Savills IM, so far capturing data for 3MWh of solar, a 100% increase on 2020.
- Development of new ESG Frameworks, including Net Zero Strategies for assets held within investment funds managed by Savills IM, with these strategies to be published in Q1 2022.
- 50% of AUM reporting to GRESB, 14 funds with a Green Star.

## Sustainability and environment continued

The UK supported several national environmental days in 2021 including Earth hour, where we undertook a national office switch off on Saturday 27th March.

A focus on consumables this year, along with a boost from COVID-19, led to further reductions in paper. For example in the UK this reduced by 71% compared with the 2019 baseline figure. We also undertook trails of more sustainable gift giving, with the UK development division gifting 30 plants for Christmas to clients as an alternative to standard gifts. In addition, the UK IT team rolled out a power saving initiative during autumn 2021, with a total of 9,485 devices benefiting from power saving policies. This year 108 of our 123 UK offices were ISO14001 certified. Some of the above work was recognised when Savills UK was Shortlisted for EG Sustainability awards 2021.

In CEME there has been a focus on greener transport, energy efficiency in the office and thought leadership relating to ESG. For example, our Madrid offices are Gold LEED certificated.

This year we have continued undertaking thought leadership on ESG via a number of events and blogs. For example, in the Netherlands they have covered topics such as: biophilic design, cross laminated timber constructions, green fintech; biodiversity and valuation of sustainability measures in real estate. Similarly, in the UK 24,713 people were educated via our sustainability related blogs in 2021.

### Savills New York Headquarters

**Our US business now have 18 LEED or Energy Star certified office spaces. During 2021, Savills New York headquarters, 399 Park Avenue, completed a series of renovations which promoted environmental sustainability.**

Improvements made to reduce the office's carbon footprint and energy consumption:

- fluorescent light bulbs switched out to LED lights
- standing desks installed and indoor air quality improved via enhanced outdoor air flows
- introduction of Biophilia via installation of plants throughout the space

#### Case Study



#### Case Study







### Savills UK

**To further our commitment to environmental stewardship, in 2021 the UK business became Jubilee Partners with the Tree Council in support of the "Queen's Green Canopy" initiative. The scheme aims to protect and increase native tree species in honour of Her Majesty's 70 years of service. In December, our people worked as part of a team that planted 3,000 trees in Oxfordshire.**



## Savills Earth

Savills Earth consolidates our established lines of business and expertise to deliver sustainability strategies on behalf of our clients. Through practical advice we support clients to develop strategies and working practices that turn sustainability targets and commitments into reality and embrace the change needed to improve the world we live in for future generations. A few highlights from UK client work in 2021 include:

|  |  |   |
|--|--|---|
| <p><b>#1</b><br/>Launched the first sustainability dedicated graduate scheme in the UK real estate</p>   | <p>Measured a total of<br/><b>£10.8m</b><br/>of Social Value on behalf of our clients</p>  | <p><b>BREEAM®</b><br/><br/><b>23</b><br/>BREEAM In Use assessments completed</p>  |
|    | <p><b>95%</b><br/>of electricity purchased by Savills Energy on behalf of our clients was on green tariffs</p>   | <p><b>83</b><br/>properties certified under ISO14001 and additional 3 standalone ISO 14001 systems underway at large prime regional sites</p> |
| <p>Our forestry teams completed woodland creation feasibility studies for 450ha of client land and undertook 7 forest renewal plans. 444 hectares of woodland creation was also approved</p> |  <p><b>G R E S B®</b><br/>Over 20 GRESB Real Estate submissions supported</p> | <p>Advised on over<br/><b>23GW</b><br/>of proposed and operational renewable energy capacity and 1.1GW of demand capacity</p>                 |
|    |   |   |

# Sustainability and environment continued

### Greenhouse gas emissions

Our Greenhouse Gas (GHG) Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) Regulations 2018 for the financial year to 31 December 2021.

### Reporting methodology

We report our GHG Emissions using the revised edition of the GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance, the GHG Protocol Corporate Value Chain (Scope 3) Standard and the UK Government Guidance on Streamlined Energy and Carbon Reporting (SECR). Our GHG emissions reporting boundary is based on an operational control approach and includes emissions from Savills PLC and Group subsidiaries.

### Scope 1 and 2 emissions

Reported Scope 1 emissions include emissions from business travel by the Group 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 have been calculated using regional/ national emission factors published by the United Nations Statistics Division, the UK Government GHG Conversion Factors for Company Reporting, US Environmental Protection Agency, Australian 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 have been accounted for electricity supplies backed with the Renewable Energy Guarantees of Origin, and residual mixes or grid average emission factors 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 within Savills, reporting datasets into the Group Sustainability Director. Specialist third party verified environmental reporting software has been adopted to manage the data quality review and verification process. Through the ERN network, reported greenhouse gas emissions have been collated using actual activity data wherever possible. In some instances, where activity data was not found to be wholly reliable or readily available, we have estimated the relevant emissions by using a range of standard carbon accounting methods, including data extrapolation, regional benchmarks and use of comparator indicator based estimation.

In addition to the absolute GHG emissions measures, we use two standardised intensity ratios to provide insights on our regional performance and year on year results. The first of these ratios calculates our global

Scope 1 and 2 'market-based' emissions intensity, expressed per Group revenue. In the second, we report on Scope 1 and 2 'location-based' emissions intensity per square metre across our offices globally. The GHG intensity ratio of our offices excludes business travel and is focused on driving improvements in operational energy efficiency in buildings.

Where we have received more accurate energy data we have made restatements to the 2020 absolute performance measures. We have restated GHG emissions accordingly, to reflect these changes. This restatement has resulted to a 2% adjustment to the total energy use and a 0.2% adjustment to the total Scope 1 and 2 GHG emissions reported last year.

### Scope 3 emissions

In 2021, we undertook an initial assessment of the Group's Scope 3 emissions. Following careful consideration of the project scale and the amount of data and assumptions involved, we have adopted a staged approach to the assessment. During the first stage, we analysed the upstream emissions associated with our operations in the United Kingdom and North America. In order to provide an estimate of the Scope 3 emissions for all regions in which we operate, we then scaled-up this data using relevant factors. Scaling metrics used were revenue for procurement and capital expenditure, and staff numbers for business travel and commuting.

Reported Scope 3 emissions include purchased goods and services, capital goods, waste generated in operations, business travel in vehicles not owned or controlled by the Group, employee commuting, and fuel and energy related emission that are not captured in Scope 1 and 2. Purchased goods and services includes all expenditure on services (e.g. cleaning, insurance, IT etc) and consumable products/goods (e.g. food and stationery). Capital expenditure includes all expenditure on durable products/goods that arising within the 2020 financial year (e.g. dish washer, office furniture etc). The methodology used to estimate the supply chain emissions from purchased goods and services and capital goods is based on the Exiobase environmentally extended input-output (EEIO) dataset. EEIO combines economic information about the trade between industrial sectors with environmental information about the emissions arising directly from those sectors.

For the UK, we have financial data for all relevant Scope 3 categories except for commuting. Our commuting figures have been estimated based upon extrapolation of Office for National Statistics national average datasets. For North America, business travel and commuting data was not available and has been calculated by extrapolating from staff numbers and expenditure. Waste, water, fuel and energy-related emissions are collected using the same system as for Scopes 1 and 2, described above.

Going forward, we plan to expand on this work by calculating the emissions of each region directly and we are developing a strategy to implement suitable data collection processes. In addition, we are working to capture emissions from Savills IM Assets Under Management.

## Performance and trends

During 2021, the imposition and easing of COVID-19 restrictions continued to impact the use of our workplaces, which, in turn, have had a considerable impact on the changes in our operational emissions for the second year. With more staff increasingly returning to our offices, the Group's overall energy use increased marginally to 24,933 MWh (an increase of 1.5%), resulting to an overall increase in the associated Scope 1 emissions and, for some regions, Scope 2 emissions. However, our absolute total Scope 1 and 2 GHG emissions have reduced by an additional 442 tonnes CO<sub>2</sub>e to 6,738 tonnes CO<sub>2</sub>e, which represents a 6.2% year on year decrease. This resulted from a combination of several factors, including grid decarbonization, better data quality and energy efficiency improvements across a number of our locations.

Whilst some of the reported emissions reductions are still attributed to the COVID-19 pandemic, our overall performance trend continues to reflect the Group's strategy and efforts made in managing environmental impacts. Since 2018, an improvement has been seen across all GHG emissions metrics, including a 34.7% reduction in the GHG financial intensity expressed as tonnes CO<sub>2</sub>e / £ million revenue. During this time, our total Scope 1 and 2 emissions have reduced by 20.4%, whereas our data coverage has increased by 3% and includes additional 15 offices. Amongst the energy measures implemented in the last two years, examples of the most impactful initiatives include LED light replacements, review of energy management measures to eliminate energy waste, and shifting to zero or low emission vehicles. Furthermore, we are continuing to transition our energy supplies to renewable energy contracts, with good progress across a number of our offices in the United Kingdom and Europe. Further details on the environmental initiatives are provided in the 'Environment - Our Strategy in Action' section.

In 2021 as in 2020, actual or estimated Scope 1 and 2 emissions data was reported for all offices where we have operational control for managing environmental performance. The reported energy and GHG emissions data includes estimates where actual data was unavailable. However, our continuous focus on improving quality and accuracy of the underlying data resulted in a 6% year on year reduction in data estimates.

| Corporate GHG Emissions, tonnes CO <sub>2</sub> e   | 2021          | 2020         | 2019         | 2018         | change vs 2018 |          |
|---|---------------|--------------|--------------|--------------|----------------|----------|
| Scope 1 (Direct)  | 1,808         | 1,794        | 1,775        | 2,162        | -16.3%         | ▼        |
| Scope 2 (Indirect, market-based)  | 4,929         | 5,386        | 6,358        | 6,299        | -21.7%         | ▼        |
| <b>Total Scope 1 and 2<sup>1</sup></b>  | <b>6,738</b>  | <b>7,180</b> | <b>8,133</b> | <b>8,460</b> | <b>-20.4%</b>  | <b>▼</b> |
| Scope 2 (Indirect, location-based)  | 5,630         | 5,847        | 6,719        | 6,697        | -15.9%         | ▼        |
| GHG financial intensity ratio<br>(tonnes CO <sub>2</sub> e / £ million revenue)                 | 3.14          | 4.13         | 4.25         | 4.80         | -34.7%         | ▼        |
| GHG intensity ratio of our offices<br>(tonnes CO <sub>2</sub> e / m <sup>2</sup> ) <sup>2</sup> | 0.042         | 0.042        | 0.048        | nr           | nr             | ▼        |
| Scope 3 upstream, estimate <sup>3,4</sup>   | 55,223        | nr           | nr           | nr           | nr             | -        |
| <b>Total</b>  | <b>61,961</b> | <b>nr</b>    | <b>nr</b>    | <b>nr</b>    | <b>nr</b>      | <b>-</b> |

| Corporate Energy Use MWh               | 2021       | 2020       | 2019      | 2018      | change vs 2018 |   |
|--|------------|------------|-----------|-----------|----------------|---|
| Total energy use                       | 24,933     | 24,568     | 25,938    | 27,079    | -7.9%          | ▼ |
| Data coverage (offices reporting data) | 277 (100%) | 285 (100%) | 282 (92%) | 262 (97%) | +3.0%          | ▲ |

### Notes:

- Total Scope 1 and 2 emissions and GHG financial intensity ratio are calculated using the market-based Scope 2 emissions.
- GHG intensity ratio of our offices is calculated using the location-based Scope 2 emissions.
- Scope 3 upstream emissions have been estimated based upon the regional emissions for our operations in the United Kingdom and North America. We will work to provide a more accurate result in 2022.
- This disclosure is partial, as we continue to work to improve our understanding of our Scope 3, which does not currently include downstream emissions, our final figures are expected to be materially higher.

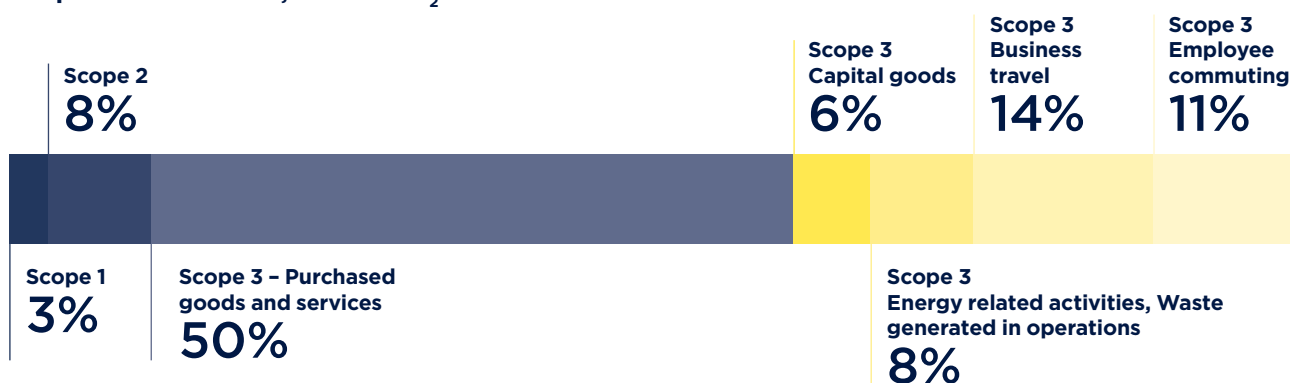
## Sustainability and environment continued

### Scope 3 Performance by category\*

| GHG Emissions Category  | tonnes CO <sub>2</sub> e | %           |
|---|--------------------------|-------------|
| Purchased goods and services  | 31,260                   | 57%         |
| Capital goods   | 3,561                    | 6%          |
| Fuel and energy related activities (not included in scope 1 + 2), and waste generated in operations | 5,153                    | 9%          |
| Business travel   | 8,541                    | 16%         |
| Employee commuting  | 6,709                    | 12%         |
| <b>Total</b>  | <b>55,223</b>            | <b>100%</b> |

\* This disclosure is partial, as we continue to work to improve our understanding of our Scope 3, which does not currently include downstream emissions, our final figures are expected to be materially higher.

### Corporate Emissions, tonnes CO<sub>2</sub>e



### Performance by region

| Region                   | Energy Use    |             | GHG emissions Scope 1 and 2                                |                          |             | GHG emissions Scope 3    |             |
|--------------------------|---------------|-------------|--|--------------------------|-------------|--------------------------|-------------|
|                          | MWh           | %           | Intensity ratio, tonnes CO <sub>2</sub> e / m <sup>2</sup> | tonnes CO <sub>2</sub> e | %           | tonnes CO <sub>2</sub> e | %           |
| Asia Pacific             | 4,612         | 18%         | 0.056  | 2,468                    | 37%         | 22,412                   | 41%         |
| Europe & the Middle East | 8,682         | 35%         | 0.042  | 2,121                    | 31%         | 7,187                    | 13%         |
| North America            | 3,317         | 13%         | 0.033  | 1,020                    | 15%         | 8,256                    | 15%         |
| United Kingdom           | 8,323         | 33%         | 0.036  | 1,128                    | 17%         | 17,368                   | 31%         |
| <b>Total</b>             | <b>24,933</b> | <b>100%</b> | <b>0.042</b>   | <b>6,738</b>             | <b>100%</b> | <b>55,223</b>            | <b>100%</b> |

### Scope 1 & 2 Emissions by Region tonnes CO<sub>2</sub>e



# Task Force on Climate-Related Financial Disclosures (TCFD)

Savills plc is focused on climate-related risks and working together with its clients, suppliers and the local communities on which its operations impact to deliver a more sustainable future. We are pleased to confirm that we have included below and in our TCFD Report on-line (<https://www.savills.com/why-savills/environmental-social-and-governance.aspx>), climate-related disclosures consistent with the four recommendations and the eleven recommended disclosures set out in Figure 4 of Section C of the June 2017 report entitled Recommendations of the Task Force on Climate-related Financial Disclosures, and strongly aligned with the 2021 supplemental guidance entitled Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures.

## Governance

The Board is responsible overall for managing climate related risks and realising opportunities, as detailed in the Governance section (pages 70 to 105). The Board is supported with this by the Group Executive Board, which is responsible for implementing climate related risk management plans, and the Risk and ESG Committees, which are responsible for overseeing climate risk assessment and other aspects of Savills sustainability agenda. The Group's TCFD Working Group, which is supported by WTW, assists each region to effectively assess climate related risk and to develop the action plans required to address climate risks and realise opportunities specific to their business. Regional ESG Groups (in UK, CEME, Asia Pacific and North America) and Savills Investment Management ("Savills IM") have been established to develop and manage programmes in those businesses within the Group's overall TCFD framework.

Go to <https://www.savills.com/why-savills/environmental-social-and-governance.aspx> for our detailed TCFD report, covering:

- Identifying and Assessing Climate Related Risks.
- Processes for Managing Climate Related Risks and integration into overall risk management.
- Climate-related risks and opportunities identified over the short, medium, and long term and related impacts.
- Scenario analysis detail.
- Group TCFD risks and opportunities table.

## Strategy and Risk Management

In order to identify potential climate-related risks and opportunities and assess the impact on Savills businesses, strategy and financial planning, scenario analysis was used. Savills applied two scenarios to stress test the resilience of its business. Transition risks were identified, and stress tested against a well below +2°C scenario and physical risks were tested against a High Emissions Pathway associated with +4°C temperature rise by the end of the century.

Our climate-related risk management process is fully integrated with the global risk management framework. "Environment and sustainability" is one of our principal risks (see page 38). We applied low, medium and high probability and likelihood rankings:

- **Low** - The consequences of the risk materializing are considered relatively unimportant.
- **Moderate** - The consequences of the risk materializing are less severe and can be managed to a large extent.
- **High** - The consequences of the risk materializing are severe but could be managed to some extent.

Our chosen short and medium term time horizons are 2025, 2030 and 2050.

## 2 Degrees - Transition Risks and Opportunities

Under the well below 2°C scenario, Savills strategy is assessed as being resilient to the impacts of the transition to a low carbon economy, with most risks assessed as "low". In particular, Savills assessed that the opportunities presented in terms of new revenue streams derived for example from the expansion of sustainability consultancy services and efficiency gains from technologies, outweighed the transition risks that it is exposed to. The most material transition risks and opportunities under this scenario are assessed as being "moderate" in 2025 with exposure reducing to "low" by 2030 and are as follows:-

1. Reputation: Increased stakeholder concern or negative stakeholder feedback;
2. Market: Shifts in client preferences for real estate services incorporating climate considerations and requiring service providers to have the necessary expertise;
3. Technology: Substitution of existing products or services with lower emissions options;

Savills has identified that it will further reduce its exposure to these risks and exploit potential opportunities through in particular the following actions: -

- in 2020 the UK, Savills largest Regional Business, was the first region to set a net zero target on its scope 1 & 2 emissions, targeting net zero by 2030. Savills IM set equivalent targets in 2021, and extended these to target net zero scope 3 emissions by 2040. Building on this, the Asia Pacific, CEME and North American businesses have baselined their scope 1, 2 and 3 emissions during 2021, to enable Savills as a Group to start the process of setting Science Based Targets (SBTs) and join Race to Zero in March 2022.
- Savills will continue to invest further in the development of its sustainability offering across its Regional Businesses by building out the Savills Earth offering, complemented by appropriate training programmes to ensure that knowledge of climate related risks is embedded in all relevant teams to allow these teams to meet client requirements.



## Task Force on Climate-Related Financial Disclosures (TCFD) continued

- the Group's TCFD Working Group, consolidating the estimates provided by the Regional and Savills IM ESG Groups, has estimated incremental annual expenditure (excluding costs in relation to Assets Under Savills IM Management) this was found to be de minimis in relative terms. This was estimated to assist implementation of the above mitigations over the medium term, which has a "low" financial impact in relative terms.
- Savills will also continue to invest in technology solutions and strategic partnerships with, or acquisitions of firms offering climate-change related services and solutions both to better serve its clients changing demands and to reduce its own carbon footprint.

### 4 Degrees - Physical Risks

Under the High Emissions Pathway (>4°C) scenario, whilst extreme weather events are forecast to increase, the physical risk impact to Savills is expected to be relatively low, due to the nature of the advisory business activities. Savills also assessed the potential for additional revenue opportunities under this scenario. The higher physical risk will likely lead to climate-change related migration in the long-term and increased volume of movement provides opportunities to increase revenue in Savills consultancy and transaction advisory businesses.


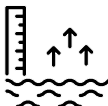
In relation to Savills IM, assets held on behalf of investors in its managed funds do have some exposure to high flood risk and moderate storm risk, and these risks are projected to increase in the long-term.



To ensure strategy resilience, Savills IM intends to invest in detailed assessments of higher-risk assets currently held within its managed funds, and to engage as appropriate with flood and coastal risk management agencies to plan future protection and consider divestment if adaptation measures are deemed inadequate.

### Metrics and Targets



Metrics used by Savills to assess climate related risks and opportunities in line with strategy and risk management process are summarised within our mandatory greenhouse gas reporting section (see page 63). Within this section we disclose energy consumption and scope 1 and 2 greenhouse gas (GHG) emissions, and make an initial partial disclosure of our scope 3 GHG emissions, which have also been taken into account as metrics within our TCFD analysis. Savills has undertaken regional business specific net zero pathways and costing exercises, as part of its TCFD review, with changes in carbon price regulation monitored globally to assist predicting future cost implications.

Savills intends to set a Group intensity based target to meet Science Based Targets for scopes 1 & 2 by 2030, and scope 3 by 2050, with an aspirational target of 2040. Detail around the baseline year to be used and other details will be defined over the next two years, working with Science Based Target initiative (SBTi). Performance against our greenhouse gas targets to date is summarised in our mandatory greenhouse gas reporting section (see page 63).

| Risk Type  | Risk Description  | Time frame of impact | Potential Financial Impact - shortened text   | Materiality Assessment |     |
|--|---|----------------------|---|------------------------|-----|
| <b>Physical - Assessed under the High Emissions Scenario (&gt; 4°C)</b>  |   |                      |   |                        |     |
| Acute catastrophic events<br>                     | Increased frequency and severity of extreme weather events, such as cyclones, hurricanes, heat waves, wildfires and floods                      | <b>Long Term</b>     | <p><b>Risk Impact:</b><br/>Potential for increased property damage from catastrophic events deemed minimal, as damage itself to properties is likely to increase, but properties are leased rather than owned; Climate modelling which considers RCP8.5, conducted by WTW shows minimal exposure across short, medium and long terms. In relation to assets under the management of Savills IM, some exposure, however, Savills IM is developing strategies to mitigate the impact of these risks in relation to assets in funds under its management.</p> <p><b>Opportunity Impact:</b><br/>As cities become increasingly concerned about the impacts of severe physical risk events, there is potential for Savills to support resilient city strategic planning, which could generate additional revenue for the business.</p> | Low                    | Low |
| Chronic - Gradual changes in weather patterns<br> | Longer-term shifts in weather patterns; which may cause increasing frequency of heavy rain and wind, rising sea levels and average temperatures | <b>Long Term</b>     | <p><b>Risk Impact:</b><br/>Potential for increased operational and maintenance costs, which are passed on from landlords to Savills as tenant, relevant cost deemed minimal. Some of the assets in funds managed by Savills IM have some exposure, however, Savills IM is developing strategies to mitigate the impact of these risks in relation to assets in funds under its management.</p>  | Low                    | Low |

| Risk Type   | Risk Description   | Time frame of impact   | Potential Financial Impact - shortened text  | Materiality Assessment |     |
|---|--|--|--|------------------------|-----|
| <b>Transition – Assessed under the Well Below 2°C Scenario (&lt; 2°C)</b>   |  |  |  |                        |     |
| Policy & Regulation<br>  | Enhanced climate risk disclosures                              | <b>Short Term</b>  | <b>Risk Impact:</b><br>The financial cost of compliance and disclosures is considered to be limited.   | Low                    | Low |
|   | Introduction of emissions caps, carbon pricing and offsets     | <b>Long Term</b>   | <b>Risk Impact:</b><br>Savills is predominantly a service provider, its overall level of Scope 1 & 2 emissions is relatively low, and it intends to further reduce its overall emissions through regional targets. | Low                    | Low |
|   |  |  | <b>Opportunity Impact:</b><br>Given higher carbon taxes, there will likely be increased demand for sustainable design and performance advice, providing revenue opportunity.                                       |                        |     |
| Changes in building standards; new requirements for property transactions, development and operations   | <b>Short to Medium-term</b>                                    | <b>Risk Impact:</b><br>Because Savills is already implementing actions to track, and monitor changing regulatory standards, conduct retrofits to increase efficiency of properties and increase ESG knowledge across the business, the risk is assessed as “low”. In relation to assets held in funds managed by Savills IM, ensuring that fund assets meet future minimum standards may result in additional asset management costs at fund level , however overall risks deemed low. | Low  | Low                    |     |
| <b>Opportunity Impact:</b><br>Significant opportunity for Savills Regional Businesses to increase revenue by becoming a leading provider of ESG consultancy services to clients which will increasingly demand it.  |  |  |  |                        |     |
| Reputation<br>   | Increased stakeholder concern or negative stakeholder feedback | <b>Short Term</b>  | <b>Risk Impact:</b><br>Risk is assessed as low, when reflecting the mitigation plans in place, a moderate opportunity exists.  | Moderate               | Low |
| <b>Opportunity Impact:</b><br>A proactive approach to sustainability and commitment to responsible business, such as Savills UK’s Net Zero target and the formation of Savills Earth, could help to attract the next generation of talent who are increasingly concerned with sustainability issues. There is significant opportunity to become a leading provider of ESG services to clients, as Savills continues to develop employee skill sets and knowledge to build its client facing service offering. |  |  |  |                        |     |

# Task Force for Climate Related Financial Disclosure (TCFD) continued

| Risk Type   | Risk Description   | Time frame of impact        | Potential Financial Impact - shortened text   | Materiality Assessment |     |
|---|--|-----------------------------|---|------------------------|-----|
| Market Changes<br>           | Shifts in customer preferences for real estate services incorporating climate considerations | <b>Short Term</b>           | <p><b>Risk Impact:</b></p> <p>Greater level of focus on climate related risks. If Savills fails to respond to these shifts in client focus it could see reduced income and market share, arising from lower relevance in the market. However mitigation in place for this.</p> <p><b>Opportunity Impact:</b></p> <p>Savills could increase its market share and revenues if it becomes a leading provider of sustainability consultancy services. Likely increase in demand for consultancy advice.</p>   | Moderate               | Low |
|   |  | <b>Long Term</b>            | <p><b>Risk Impact:</b></p> <p>Due to the inherent diversification of Savills business this was assessed as being likely to have minimal impact. Savills is not exposed to markets that are expected to be impacted by the transition.</p> <p><b>Opportunity Impact:</b></p> <p>Potential to share expertise across Savills Regional Businesses to meet new client requirements. Consequently, this could generate additional revenue.</p>   |                        |     |
|   |  | <b>Short Term</b>           | <p><b>Risk Impact:</b></p> <p>As Savills is proactively investing in expanding sustainability recruitment and training across its business, this risk is assessed as being low.</p> <p><b>Opportunity Impact:</b></p> <p>If Savills can attract the next generation of talent to build on its existing resource base, it could generate a competitive advantage and lead to increased revenue generation.</p>   |                        |     |
| Technology Development<br> | Substitution of existing products or services with lower emissions options                   | <b>Short to Medium-term</b> | <p><b>Risk Impact:</b></p> <p>Savills will continue to incur development and capital investment costs in relation to client facing real-estate technology. However, relative costs deemed low.</p> <p><b>Opportunity Impact:</b></p> <p>Developments in data collection technology could present Savills a moderate opportunity to increase revenue by further strengthening the Group's client advisory service offering on emissions reporting and benchmarking. There is also an opportunity for Savills to occupy more efficient buildings, with smarter more efficient technology, which could lead to cost reductions on Savills own electricity spend.</p> | Moderate               | Low |

# Non-financial information statement 2021

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   |
|--|--|--|--|
| <b>Environmental matters</b>   | <ul style="list-style-type: none"> <li>▪ Environmental Policy</li> </ul>   | <ul style="list-style-type: none"> <li>▪ 'Environment' section of Responsible Business</li> </ul>  | 58 to 61   |
| <b>Employees</b>   | <ul style="list-style-type: none"> <li>▪ H&amp;S Policy</li> <li>▪ Equality &amp; Diversity Policy</li> <li>▪ Code of Conduct</li> <li>▪ Speak up Policy</li> </ul>  | <ul style="list-style-type: none"> <li>▪ CEO Review</li> <li>▪ Business Model</li> <li>▪ 'People' section of Responsible Business</li> <li>▪ 'Culture' section of Responsible Business</li> <li>▪ S172 (1) Companies Act statement - People</li> <li>▪ Corporate Governance Report</li> <li>▪ Remuneration Report</li> </ul> | 18 to 25<br>8 and 9<br>48 to 52<br>53<br>43<br>70 to 105<br>106 to 136 |
| <b>Human rights</b>  | <ul style="list-style-type: none"> <li>▪ Code of Conduct</li> <li>▪ Modern Slavery Statement</li> </ul>  | <ul style="list-style-type: none"> <li>▪ 'Culture' section of Responsible Business</li> </ul>  | 53   |
| <b>Social matters</b>  | <ul style="list-style-type: none"> <li>▪ Code of Conduct</li> <li>▪ Modern Slavery Statement</li> <li>▪ Tax Strategy</li> </ul>  | <ul style="list-style-type: none"> <li>▪ 'Social Matters' section of Responsible Business</li> </ul>   | 54 to 57   |
| <b>Financial crime (anti money laundering and anti bribery and corruption)</b>                         | <ul style="list-style-type: none"> <li>▪ Code of Conduct</li> <li>▪ Speak Up Policy</li> <li>▪ Anti-Bribery and Corruption Policy</li> </ul>   | <ul style="list-style-type: none"> <li>▪ 'Culture' section of Responsible Business</li> <li>▪ Corporate Governance Report</li> </ul>   | 53<br>70 to 105  |
| <b>Outcome of non-financial policies and standards</b>   | <ul style="list-style-type: none"> <li>▪ Carbon emissions reporting</li> <li>▪ Gender Diversity reporting in accordance with the Corporate Governance Code 2018</li> </ul>   | <ul style="list-style-type: none"> <li>▪ 'Environment' section of Responsible Business</li> <li>▪ Corporate Governance Report</li> </ul>   | 58 to 61<br>70 to 105  |
| <b>Business model</b>  |  | <ul style="list-style-type: none"> <li>▪ Our business model section of the Strategic Report</li> </ul>   | 10 and 11  |
| <b>Due diligence processes in place in pursuance of promoting non-financial policies and standards</b> | <ul style="list-style-type: none"> <li>▪ All employees required to read and adhere to the Code of Conduct</li> <li>▪ Speak Up reports reviewed by the Board</li> <li>▪ Anti-corruption and anti-bribery training and monitoring</li> </ul> |  | 53   |

# Applying the Principles of the 2018 UK Corporate Governance Code

### Compliance Statement

The Company reported against the 2018 UK Corporate Governance Code (the 'Code') and the Companies (Miscellaneous Reporting) Regulations 2018. Our Governance Report reflects these requirements as they apply to Savills and includes cross references to relevant sections of the Strategic Report, the Directors Remuneration Report and other related disclosures. As part of this reporting, a Section 172(1) statement can be found on pages 43 and 44 of the Strategic Report. A copy of the Code is available from the Financial Reporting Council's website at [www.frc.org.uk](http://www.frc.org.uk). It is the Board's view that for the financial year ended 31 December 2021 Savills was fully compliant with all of the Principles and Provisions set out in the Code.

|   |   |   | Page       |
|---|---|---|------------|
| <b>1 Leadership and Company Purpose</b>         | This provides an overview of the Board activities during the year | Chairman's introduction   | 71 to 73   |
|   |   | Board of Directors  | 74 to 77   |
|   |   | Group Executive Board   | 78 to 81   |
|   |   | Board Attendance in 2021  | 82         |
|   |   | Purpose, Culture and Values   | 83         |
|   |   | Board Activities in 2021  | 84 and 85  |
|   |   | Engagement with stakeholders  | 86         |
| <b>2 Division of Responsibilities</b>           | Explains the roles of the Board and its Directors                 | Corporate Governance Structure  | 87         |
|   |   | Division of the Responsibilities of the Directors                               | 88 to 91   |
| <b>3 Composition, Succession and Evaluation</b> | This includes the Nomination & Governance Committee Report        | Board composition and diversity   | 92         |
|   |   | Nomination & Governance Committee Report  | 93 to 96   |
|   |   | Board and Committee Evaluation  | 95 and 96  |
| <b>4 Audit, Risks and Internal Controls</b>     | This includes the Audit Committee Report                          | Review of the effectiveness of the risk management and internal control systems | 97         |
|   |   | Audit Committee Report  | 98 to 105  |
| <b>5 Remuneration</b>                           |   | Directors' Remuneration Report  | 106 to 136 |



## 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.”**

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 69.

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 across Asia, 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 74 to 77. The governance framework and the roles of the various Board Committees, principal management committee and other key committees are set out on pages 87 to 91.

In accordance with the 2018 UK Corporate Governance Code (the 'Code'), all of the Directors, will stand for re-election at the 2022 AGM on 11 May 2022. The Board 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.

### Chairman's introduction continued

During the year, COVID-19 continued to have a significant impact on how we conducted our business. Our primary concerns throughout the pandemic have been the continuation of client service at the highest levels and the well-being of our staff. A key priority was to ensure that employees were protected through appropriate COVID-19 secure working protocols, with a focus on wellbeing and mental health. The Board, as well as our employees across the Group continued to work in manner consistent with the revised way of working we implemented in response to the pandemic, in particular, where travel restrictions applied, in making use of technology to attend and participate in meetings.

We are focused on climate-related risks and working together with our clients, suppliers and the local communities on which its operations impact to deliver a more sustainable future. The Group's sustainability strategy aims to achieve a positive impact on the environment and society, whilst maintaining robust governance measures. Reflecting its ownership of the Group's environmental, social and governance strategy, which aims to achieve a positive impact on the environment and society, whilst maintaining robust governance measures and we have aligned our Group business strategy with 9 of the 17 UN Sustainable Development Goals (SDGs).

In this context the Board has approved the Group's commitment to:

- (a) Reducing scope 1 and 2 emissions to net zero by 2030; and
- (b) scope 3 emissions to net zero by 2040.

Reflecting these targets, and subsequent to the year end, the Group has formally engaged with the Science Based Targets Initiative (SBTi) and has started the process of agreeing science based targets to deliver its net zero targets consistent with a no greater than 1.5°C temperature increase. The Group will also join the "Race to Zero" and the "Business Ambition for 1.5°C".

The Board is responsible overall for climate related risks and opportunities and is supported by the Group Executive Board, which is responsible for implementing climate related risk management plans, and the Group Risk and ESG Committees, which are responsible for overseeing climate risk assessment and other aspects of Savills' sustainability agenda. During the year, a TCFD Working Group was formed to assist each Regional Business to assess climate related risk and opportunities and to develop the action plans required to address climate risks and realise opportunities specific to each Regional Business.

We recognise fully that at the heart of every successful organisation is a strong and healthy culture supported by a robust governance structure. 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 Speak Up policy, in relation to which we are progressively rolling out a third party managed confidential reporting facility, enables employees to raise any matters of concern anonymously and is embedded into our business.

Our people remain our greatest asset and our highest priority. 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. A good board is formed of a diverse group of individuals, each contributing different experiences, skills and backgrounds and which enables independent and effective leadership. In 2021, we welcomed Philip Lee and Richard Orders to the Board, both of whom bring considerable skill, knowledge and experience. Diversity and inclusion remain a priority for the Board and across the Group and we continue to make good progress. From a gender perspective, we are pleased to have seen the positive benefits of this approach, with women representing 33% of the Board's membership in 2021, and now representing 37.5% of the Board's membership. 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 inclusion and diversity applies across all levels of the Group and further details of the policy can be found in the Strategic Report on pages 6 to 69.

Rupert Robson, who served on the Board since 2015, retired at the conclusion of the 2021 AGM and Tim Freshwater, who served on the Board since 2012 retired effective 31 December 2021. I would like to thank Rupert and Tim for their contributions to the Board and its Committees during their terms.

We test Board effectiveness and performance annually through a formal evaluation. Alice Perkins of AP Consulting externally facilitated the review in 2019, so this year's evaluation was conducted in-house, led by the Senior Independent Director and facilitated by the Group Legal Director & Company Secretary. The process, key conclusions and areas of focus for 2022 are set out on pages 95 and 96. Following this review, I am satisfied that the Board continues to perform effectively and in particular I am confident that the Board has the right balance of skills, experience and diversity of personality to continue to encourage open, transparent debate and challenge.

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 98 to 105 sets out in more detail the systems of risk management and internal control. Details of our principal existing and emerging risks and uncertainties can be found on pages 31 to 38.

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 and in 2021 continued our regular, scheduled programme of meetings by way of video conference as part of our continuing commitment to this open and transparent dialogue. You can read more about Shareholder engagement on page 86. Our annual general meeting was, due to the COVID-19 restrictions in place at that time, held as a closed meeting on 12 May 2021. It was disappointing for the Board not to be able to engage with shareholders in person. As at the date of this report, it is proposed that the 2022 AGM will be in person and 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.

Included within this Report is our Annual Report on Directors' Remuneration, will be presented to Shareholders for approval at the 2022 AGM and proposed new Directors' Remuneration Policy which shareholders will also be asked to approve at the AGM.

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

9 March 2022

## 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

Remuneration, Nomination & Governance Committees.



### 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

Mark is a Fellow of the Royal Institution of Chartered Surveyors. 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, 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. Prior to that, 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.



## Stacey Cartwright

**Independent Non-Executive Director;  
Senior Independent 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 Chair 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 and the Senior Independent Non-Executive Director of the English Football Association from 2018 to 2020. She qualified as a Chartered Accountant with Price Waterhouse.

### Other appointments

Non-Executive Director of AerCap Holdings N.V, Genpact Ltd and Majid al Futtaim (MAF) LEC. She is also the Chair of MAF Lifestyle Advisory Committee.

### Committee Membership

Audit, Remuneration and Nomination & Governance Committees.



## Board of Directors continued



**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 Group Leadership Team.

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 and of Auchan Retail International. Appointed "Chevalier de l'Ordre National du Mérite" of the French Republic.

**Committee Membership**

Audit 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 of the Real Estate Private Equity group, of which she was a founding member 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**

Non Executive Director of Silverspac Inc. Advisory Board of NYU Schack Institute of Real Estate.

**Committee Membership**

Remuneration and Nomination & Governance Committees.



## Philip Lee

**Independent Non-Executive Director**

### Appointment to the Board

Philip was appointed to the Board as a Non-Executive Director on 1 January 2021.

### Background and relevant experience

Philip Lee is currently Vice Chairman of Global Banking, South East Asia, HSBC Bank and is a member of the Global Banking Vice Chairman and Banking Leadership Forums. Philip was previously with Deutsche Bank (2013-2018) as Vice Chairman of South East Asia and Chief Country Officer for the Bank in Singapore. Prior to 2013, Philip was with JP Morgan (1995-2013), where he was CEO South East Asia Investment Banking and Senior Country Officer, Singapore, after having worked in senior positions for various other banks in the region before then. Since 2006, he has also held roles on various advisory bodies and Statutory Boards established by the Singapore government.

### Other appointments

Non-Executive Director of Heliconia Capital Management, an investment firm owned by Temasek focused on growth-oriented Singapore companies, and SPH Media Holdings. He is also Chairman of the Singapore Government's Health Promotion Board.

### Committee Membership

Audit and Nomination & Governance Committees.



## Richard Orders

**Independent Non-Executive Director and Chair of the Remuneration Committee**

### Appointment to the Board

Richard was appointed to the Board as a Non-Executive Director on 1 January 2021.

### Background and relevant experience

Richard Orders is currently a managing director at Moelis & Company a leading global independent investment bank, heading the Firm's Hong Kong office having founded its predecessor firm, Asia Pacific Advisors, in 2009. Prior to this, Richard was with ABN AMRO (1996-2008), latterly from 2004-8 as Vice Chairman and Head of Global Clients Asia, having previously been Executive Chairman and CEO of ABN AMRO Asia Corporate Finance. Previously, Richard held various roles in Barings Bank, which he joined in 1976, latterly as Head of Barings Investment Banking business in Asia, ex Australia and Japan (1994-96) and Director of Barings Corporate Finance London (1996).

### Other appointments

None.

### Committee Membership

Remuneration and Nomination & Governance Committees.

## Group Executive Board



### Mark Ridley

#### Group Chief Executive Officer

(effective 1 January 2019)

(see Board of Directors on pages 74 to 77 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 from 2013 when it was established. Before that James was a member of the Executive Board of Savills Commercial, having joined Savills in 1988.



### Simon Shaw

#### Group Chief Financial Officer

(see Board of Directors on pages 74 to 77 for full biography)



## 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, regulatory and compliance issues and for corporate ESG 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 of Savills Hong Kong and Savills Macau and in 2010 was appointed CEO of Savills Greater China. Raymond is a Fellow 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 of the Royal Institute of Chartered Surveyors (RICS) in 2016.

## Group Executive Board continued



### Mitchell E. Rudin

**Chairman & CEO - Savills Inc**

#### **Appointment to the Group Executive Board:**

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

#### **Background and relevant experience**

Mitch joined Savills North America as President in 2019, bringing more than 30 years of leadership in the commercial real estate industry. Prior to joining Savills North America he has served as CEO of Mack-Cali Realty Corporation, Brookfield Office Properties U.S. Commercial Operations, and CBRE's (formerly ESG and Insignia) New York Tri-State Region.

#### **Other appointments**

Mitch is on the boards of the NYC Police Foundation, NYU Schack Institute, Police Athletic League, St. Francis Friends of the Poor and New York City Partnership. 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**

None.





## 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. Before that he was Chief Investment Officer and CEO Europe of MGPA Limited.



## David Lipson

**President – Savills Inc**

Alternates with Mitchell Rudin.

### Background and relevant experience

David Lipson is president of Savills North America, a role he assumed in March of 2021. His responsibilities include oversight of Savills consultancy practices, Mid-Atlantic, Southeast, and Southwest brokerage regions, platform development, strategic expansion of industrial and capital markets teams, as well as mergers and acquisitions and strategic business development pursuits.

### Other appointments

David currently serves as chairman of the board for the British Schools and Universities Foundation. He is a member of the Board of Benefactors at Christ Church, Oxford and the Parents Committee at Dartmouth College.

## Board Attendance in 2021

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

|                                | Board<br>10 scheduled meetings<br>100% attendance | Audit Committee<br>5 scheduled meetings<br>100% attendance | Nomination &<br>Governance Committee<br>1 scheduled meeting<br>100% attendance | Remuneration<br>Committee<br>4 scheduled meetings<br>100% attendance |
|--------------------------------|---|--|--|--|
| <b>Non-Executive Directors</b> |   |  |  |  |
| Nicholas Ferguson <sup>1</sup> | 10  | 1  | 1  | 2  |
| Stacey Cartwright              | 10  | 5  | 1  | 4  |
| Rupert Robson <sup>3</sup>     | 4   | 1  | 1  | 1  |
| Tim Freshwater <sup>4</sup>    | 10  | –  | 1  | –  |
| Florence Tondu-Mélique         | 10  | 5  | 1  | –  |
| Dana Roffman                   | 10  | –  | 1  | 4  |
| Philip Lee                     | 10  | 5  | 1  | –  |
| Richard Orders                 | 10  | –  | 1  | 4  |
| <b>Executive Directors</b>     |   |  |  |  |
| Mark Ridley <sup>5</sup>       | 10  | 6  | –  | –  |
| Simon Shaw <sup>5</sup>        | 10  | 7  | –  | –  |

1. The Chairman attended two Audit Committee meetings by invitation.
2. The Chairman attended four Remuneration Committee meetings by invitation.
3. Rupert Robson retired from the Board at the conclusion of the AGM on 12 May 2021.
4. Tim Freshwater retired from the Board on 31 December 2021.
5. Members of the Group Executive Board.
6. The Group Chief Executive attended two Audit Committee meetings by invitation.
7. The Group Chief Financial Officer attended five Audit Committee meetings by invitation.

### Board Activities

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.

Regular attendance at Board meetings by the Heads of Regional 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 ESG, legal and regulatory updates.

## 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 Speak Up policy supports the culture within the Group where genuine concerns may be reported and investigated without reprisal for “whistleblowers”, enabling employees to raise any matters of concern anonymously. All disclosures are investigated promptly by the Group Legal Director & Company Secretary and escalated to the Board as appropriate, with follow up action being taken as soon as practicable thereafter. The Board as part of its overall review of the Group’s system of internal control, reviews the procedures in place during the year and is satisfied that they are appropriate to the size and scale of the Group.

The KPIs we have adopted for each Regional Business and Savills Investment Management are as follows:

|   |  |
|---|--|
| <b>Staff turnover, retention and absenteeism rates</b>        | <b>Training &amp; Development (programme overview and outputs)</b> |
| <b>Whistleblowing, grievance and ‘speak-up’ data</b>          | <b>Exit interviews</b>   |
| <b>Recruitment, reward and promotion decisions (overview)</b> | <b>Employee surveys, including pulse surveys</b>                   |
| <b>Promptness of payments to suppliers</b>                    | <b>Staff wellbeing</b>   |

### Board Activities in 2021

The Board has formally adopted a schedule of matters reserved to it for decision. A copy of the 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>.

Each year, one of the Board's meetings conducts a strategy review to identify key strategic issues facing Savills to be presented to the Board.

The agreed strategy is then used as a basis for developing the upcoming budget and three year operating plans. The Board met 10 times during the year to consider the items noted below.

Our learning and understanding from our global business leaders continued during 2021, principally through virtual channels. The Board considered the growth plans across the Group, and approved material transactions, specifically the acquisitions of RealPlus (Vietnam); LCA Core (Malaysia); Merx (S E Asia); and in relation to Savills Investment Management, the acquisition of the outstanding 75% of DRC Capital LLP and the subsequent Strategic Alliance with Samsung Life Insurance and significant recruitment proposals as we continued to strengthen of our teams across all various markets. 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 as follows:

#### What the Board did in 2021

|   |  |
|---|--|
| <b>Leadership and people</b>                | <ul style="list-style-type: none"><li>▪ Reviewed the composition and performance of the Board and its Committees</li></ul>   |
| <b>Strategy</b>                             | <ul style="list-style-type: none"><li>▪ Reviewed the performance and growth of the Group's Regional Businesses and Savills Investment Management</li><li>▪ Held the annual strategy review to consider the Group's strategy in depth</li><li>▪ Considered and approved the following growth initiatives consistent with the Group's strategic plan:<ul style="list-style-type: none"><li>- the further growth of the Group's Asia Pacific platform;</li><li>- the continued build-out of the Group's CEME business, with a particular focus on extending the consultancy and project and property management service offerings;</li><li>- the further broadening of the Group's US platform;</li><li>- the strategic alliance between Savills Investment Management and Samsung Life; and</li><li>- the accelerated acquisition of the outstanding 75% of DRC.</li></ul></li></ul> |
| <b>Internal Control and Risk Management</b> | <ul style="list-style-type: none"><li>▪ Reviewed and confirmed the principal existing and emerging risks and uncertainties facing the Group which are described in detail on pages 31 to 38</li><li>▪ Reviewed the Group's risk register and the effectiveness of the systems of internal control and risk management</li><li>▪ Received updates on the risk and internal control environments within the Group's Asia Pacific, North America, CEME and UK businesses and Savills Investment Management</li></ul>  |
| <b>Governance</b>                           | <ul style="list-style-type: none"><li>▪ Received updates on regulatory and governance developments</li><li>▪ Received regular reports in relation to the operational response to the emergence and impact of COVID-19</li><li>▪ Received regular reports in relation to material legal matters</li><li>▪ Reviewed and discussed the evaluation of the performance of the Board, its Committees and individual Directors to ensure that they continued to be effective in support of Group strategy, policy and practice</li><li>▪ Considered and approved situational and if they arose actual conflicts of interest</li><li>▪ Considered issues raised through the Group's Confidential Reporting ('Speak Up') channels</li></ul>   |

|                               |   |
|-------------------------------|---|
| <b>Financial Management</b>   | <ul style="list-style-type: none"> <li>▪ Reviewed the 2023-2024 Group Business Strategy and approved the 2022 Plan</li> <li>▪ Reviewed business, profit and cash management performance, and in each case, assessed performance in these areas against the Group's strategy, objectives and business plans to ensure that the financial returns 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</li> <li>▪ Considered and approved the 2021 Going Concern and Viability Statements</li> <li>▪ Reviewed and approved the Company's 2022 Tax Strategy</li> <li>▪ Approved the 2021 annual and half year results and trading updates, and accounting policies so as to ensure that communication with the Group's shareholders was fair, balanced and understandable; and, subject to shareholder approval, the appointment and the remuneration of the External Auditor</li> </ul> |
| <b>Stakeholder Engagement</b> | <ul style="list-style-type: none"> <li>▪ Received and considered investor feedback collated by the Company's corporate brokers from road-shows, presentations and meetings between investors and the Group Chief Executive and/or Group Chief Financial Officer</li> <li>▪ Received updates on workforce engagement during the year</li> <li>▪ Received regular client feedback from the Group Chief Executive</li> </ul>   |

### Listening to our employees

Our employees are at the heart of the culture of our business. In accordance with the Code, the Board has reviewed the mechanisms that it uses to engage with its workforce. In 2020 the Board considered the three mechanisms set out in the Code and determined that in particular reflecting the Group's geographic spread, that it would be beneficial for all of the Non-Executive Directors to engage in the workforce engagement programme, with each Non-Executive Director to focus on specific regions reflecting their own domiciles, and should therefore to be "designated" for workforce engagement purposes, (rather than nominating a single Non-Executive Director). The Board believes this enhances 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 Non-Executive Director to engage across all of the Group's diverse geographic markets).

As part of our commitment to helping all of our people to understand the Group's growth strategy and to raise other questions they have about the Group, the Board has established 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. These include:

- (a) the promotion of our digital platform which allows 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); and
- (b) as social distancing rules and travel restrictions allow, Board members attending staff 'Town Hall' / Employee Briefing sessions by region.

During the year, the Board discussed whether its current approach to employee engagement continued to be the most effective mechanism to inform its discussions and the decisions that it takes. The Board concluded that the existing approach and mechanisms described above were effective. and as such, was satisfied that these were appropriate alternatives to the employee engagement methods set out in Provision 5 of the Code. Looking beyond 2021 the Board will continue to assess the effectiveness of its engagement with the workforce and how ultimately this informs the decisions that it takes, including the options provided for in the Code.

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 6 to 69.



### Engagement with stakeholders

In accordance with the Code, 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 6 to 69. We regularly engage with our institutional shareholders through an active investor relations programme. COVID-19 has meant that this engagement remained online for the majority of 2021. 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. These engagements generated insightful feedback which was shared with other Board members and committees with due regard being given to these views. In addition, 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 Stacey Cartwright as the Senior Independent Director are also available to meet Shareholders at all times as required.

#### AGM

The Annual General Meeting ('AGM') provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders. In previous years, the whole Board would have been available before and after the meeting in person, in particular, for shareholders to meet new Directors and the Chairmen of each of the Committees would have been available in person at the AGM to answer questions. In common with the practice adopted by the majority of UK quoted companies, the 2021 AGM was held as a 'closed' meeting, with a minimum quorum present, in line with government rules relating to COVID-19 safeguards at the time. Shareholders were invited to submit questions to the Board before the meeting. All resolutions were passed at the meeting in line with the Board's recommendations.

As at the date of this Report, it is proposed that the 2022 AGM will be held in person.

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 Company's 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 11 May 2022 can be found in the Notice of Meeting which accompanies this Report and Accounts. The Group's website includes a specific investor relations section containing all announcements made via the RNS, 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 248.

#### Conflicts of Interest Procedure

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. Procedures are in place for the disclosure by Directors of any interest that conflicts, or possibly may conflict, with the Company's interests and for the appropriate authorisation to be sought if a conflict arises. 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 2021, 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. The 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

# Corporate Governance Structure

The Board leads the Group's Governance Structure.

### Board Leadership and Company Purpose

#### Overview of the Board's responsibilities

- 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

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>

### 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 principal existing and emerging risks and uncertainties as detailed on pages 31 to 38 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 Chief Executive is also supported by Regional Service Line Strategy Groups which are tasked with the continuous development of service line offerings, client relationship management and the development and sharing of best practice 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 6 to 69.

## Division of the Responsibilities of the Directors

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

(during the year the Board consisted of Chairman, two Executive Directors and seven Non-Executive Directors)

| Audit Committee  | Remuneration Committee   | Nomination & Governance Committee   |
|--|--|---|
| <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Oversees external financial reporting, internal control, risk management and reviews the work of the Internal and External auditors</li> <li>▪ Advises the Board on the appointment of the External auditors</li> </ul> <p><b>Chair:</b> Stacey Cartwright</p> <p><b>Number of meetings in the year:</b> 5</p> <p>For more information see pages 98 to 105</p> | <ul style="list-style-type: none"> <li>▪ Responsible for the broad policy governing senior staff pay and remuneration</li> <li>▪ Sets the actual levels of all elements of the remuneration of the Executive Directors, and Group Executive Board members</li> </ul> <p><b>Chair:</b> Richard Orders (who has succeeded Rupert Robson as chair)</p> <p><b>Number of meetings in the year:</b> 4</p> <p>For more information see pages 106 to 136</p> | <ul style="list-style-type: none"> <li>▪ Responsible for size, structure and composition of the Board</li> <li>▪ Reviewing and progressing appointments to the Board</li> <li>▪ 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</li> <li>▪ Makes recommendations to the Board on the membership of the principal Committees of the Board</li> <li>▪ Monitoring of the Company's compliance with applicable codes and other requirements of Corporate Governance</li> </ul> <p><b>Chair:</b> Nicholas Ferguson</p> <p><b>Number of meetings in the year:</b> 1</p> <p>For more information see pages 93 to 96</p> |

### Principal Business Executive Committees

- Lead each Principal Business
- Responsible for the day-to-day management of the relevant Principal Business
- Oversee 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
- Monitor financial and operational performance of the relevant Principal Business and other specific matters delegated to them by the Group Executive Board

## Plc Board

**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, and the Group Legal Director & Company Secretary

## Regional ESG Committees

**Group ESG Committee**

- Responsible (with the Group Risk Committee) for overseeing climate risk assessment and other aspects of the Group's ESG agenda
- Tracks and monitors the delivery of the Group wide ESG targets which are aligned to the 9 UN Sustainable Development Goals

**Chair:** Group Legal Director & Company Secretary

**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

### Division of the Responsibilities of the Directors continued

#### Roles on the Board

The Board comprises executive and non-executive directors, such that no one individual or small group of individuals dominates the Board's decision making. The non-executive directors are all deemed to be independent. 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 division of responsibilities between the various roles of the Board members is detailed below, demonstrating a clear division between the role of the Board and executive management. The role descriptions of the Chairman, Group CEO and Senior Independent Director are reviewed annually by the Board and are updated as necessary to reflect changes in legislation or best practice.

Roles and Responsibilities of the Directors:

|                                      |                   |   |
|--------------------------------------|-------------------|---|
| <b>Non-Executive Chairman</b>        | Nicholas Ferguson | <p>The roles of Chairman and Group Chief Executive are distinct and separate and their roles and responsibilities are clearly established.</p> <p>The Chairman is responsible for:</p> <ul style="list-style-type: none"> <li>▪ leading the Board and its overall effectiveness;</li> <li>▪ demonstrating objective judgement;</li> <li>▪ promoting a culture of openness and constructive challenge and debate between all Directors;</li> <li>▪ facilitating constructive Board relations and the effective contribution of all Non-Executive Directors; and</li> <li>▪ ensuring Directors receive accurate, clear and timely information.</li> </ul> <p>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).</p> |
| <b>Group Chief Executive Officer</b> | Mark Ridley       | <p>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.</p>   |
| <b>Group Chief Financial Officer</b> | Simon Shaw        | <p>The Group Chief Financial Officer supports the Chief Executive in developing and implementing the Group's strategy.</p> <ul style="list-style-type: none"> <li>▪ Leads the global finance function and develops key finance talent;</li> <li>▪ Ensures effective financial reporting, processes and controls are in place;</li> <li>▪ Recommends the annual budget and long-term strategic and financial plan; and</li> <li>▪ Chairs the Group's PropTech investment "fund", Grosvenor Hill Ventures.</li> </ul>   |



|   |                         |  |
|---|-------------------------|--|
| <b>Independent Non-Executive Directors</b>        | Philip Lee              | <ul style="list-style-type: none"> <li>▪ Monitor and challenge the performance of management;</li> <li>▪ Assist in approval and review of strategy;</li> <li>▪ Review Group financial information and provide advice to management;</li> <li>▪ Engage with stakeholders and provide insight as to their views , including in relation to employees and the culture of the Group; and</li> <li>▪ As part of the Nomination &amp; Governance Committee, review the succession plans for the Board and key members of senior management.</li> </ul>   |
|   | Richard Orders          |  |
|   | Dana Roffman            |  |
|   | Florence Tondeu-Mélique |  |
| <b>Senior Independent Non Executive Director</b>  | Stacey Cartwright       | Provides a sounding board for the Chairman and acts as a trusted intermediary for the Directors as required; and is available to respond to Shareholder concerns when contact through the normal channels is inappropriate.  |
| <b>Group Legal Director and Company Secretary</b> | Chris Lee               | <p>The Group Legal Director &amp; 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.</p> <p>The Group Legal Director &amp; 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 &amp; Company Secretary and through him have access, if required, to independent professional advice in respect of their duties at the Company's expense.</p> |

### Time commitment and conflicts

The following section sets out the Company's compliance with Code Provisions 7 and 15. 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 2021 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.

### 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 2021 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.

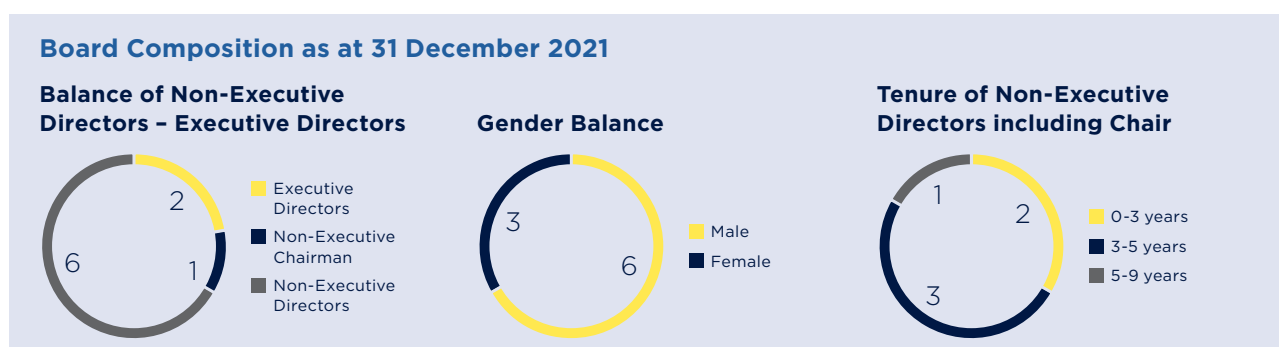
# Composition, Succession and Evaluation

## Board composition and diversity

### Board composition

In line with the requirements of the Code, the Board comprises a majority of independent Non-Executive Directors. (7 Non-Executive Directors (to 12 May 2021 when Rupert Robson retired from the Board); 6 Non-Executive Directors (until 31 December 2021 when Tim Freshwater retired from the Board). 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.

The diagrams below show the Board's composition, tenure and diversity characteristics. The biographical details of the Directors can be found on pages 74 to 77 which show the breadth of their skills and experience, why their contribution is important to the Company's long-term sustainable success, and their membership of the Board's various Committees. Further details regarding diversity at page 49 and our Inclusion and Diversity strategy can be found on pages 50 and 51.



### Diversity & Inclusion

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

While the Committee continues not to set specific representation targets, our policy on recruitment is that we expect our search consultants to ensure, where possible, a diverse and gender-balanced list of potential candidates, in line with our overall intention to strive for improved diversity on the Board. This approach to recruitment is mirrored across the business. The benefits diversity, in terms of age, ethnicity, skills, experience and socio-economic background are an active consideration in all recruitment, as well as in our talent development programme.

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. From a gender perspective, we are pleased to have seen the positive benefits of this approach, with women representing 33% of the Board's membership for the majority of 2021, and now representing 37.5% of its membership. With the appointment of Philip Lee on 1 January 2021, the Board also includes one BAME member, meeting the minimum recommendation of the Parker Review in relation to diversity of board membership.

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 2021 the GEB members and their direct reports totalled 107 of which 38 were female, 69 were male. Accordingly, our Group Women in Leadership percentage (determined in accordance with the Hampton-Alexander Review criteria) was 33% as at 31 October 2021. Our previous year Group Women in Leadership percentage as reported by the Hampton-Alexander Review was 30% (as at 30 June 20).

Further details regarding progress against our diversity and inclusion strategy, and related initiatives, can be found on pages 6 to 69 of the Strategic Report.

# 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.*

## Dear Shareholder

On behalf of the Board, I am pleased to present the Nomination & Governance Committee’s Report for the financial year ended 31 December 2021. The Committee’s principal role is to lead a formal, rigorous and transparent process for Board appointments and ensure that plans are in place for orderly succession at Board and senior management level. It keeps the leadership needs of the organisation, under review, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace. The Committee’s principal primary focus on succession planning, and within this seeking to facilitate greater

diversity and inclusion at Board and senior levels. In this regard Board membership is compliant with the Hampton Alexander and Parker guidelines, and the proportion of women in senior leadership positions (as defined by Hampton Alexander) as at October 2021 was 33% (2020: 30%).

Succession planning, and further improving diversity and inclusion at senior management level, building on the progress made below this level, will continue to be the primary focus in the coming year.

As we move forward, the Nomination & Governance Committee will continue to ensure the Board has in place an effective leadership with the skills, experience and diversity to match our strategic aims and ambition. In the pages that follow, we provide an overview of the Committee’s activities in during 2021.

## Nicholas Ferguson

Chair of the Nomination & Governance Committee

9 March 2022

## Membership and meetings

| Committee Members                | Key Objectives  | Main responsibilities  |
|----------------------------------|---|--|
| Nicholas Ferguson (Chair*)       | The primary objectives of the Committee are:  | <ul style="list-style-type: none"> <li>Responsible for size, structure and composition of the Board</li> </ul>   |
| Stacey Cartwright                | <ul style="list-style-type: none"> <li>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</li> </ul> | <ul style="list-style-type: none"> <li>Reviewing and progressing appointments to the Board</li> </ul>  |
| Florence Tondou-Mélique          |   | <ul style="list-style-type: none"> <li>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</li> </ul>     |
| Dana Roffman                     |   |  |
| Philip Lee                       |   |  |
| Richard Orders                   |   |  |
| Mark Ridley (Executive Director) | <ul style="list-style-type: none"> <li>to monitor the Company’s compliance with applicable codes and other requirements of corporate governance including the Code</li> </ul>                                     | <ul style="list-style-type: none"> <li>Makes recommendations to the Board on the membership of the principal Committees of the Board</li> <li>Monitoring of the Company’s compliance with applicable codes and other requirements of corporate governance</li> </ul> |

\* Save in circumstances where the Chairman’s succession is considered.

Former members:

Rupert Robson (retired 12 May 2021).

Tim Freshwater (retired 31 December 2021).

The Committee met once during 2021. Individual attendance by Directors at this meeting is shown in the table on page 82. Members of the Committee also normally 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.

# Nomination & Governance Committee Report continued

### Changes to the Board and Committees

During the year to 31 December 2021, there were the following changes to the Board:

- Richard Orders was appointed as Chair of the Remuneration Committee in March 2021
- Rupert Robson retired at the close of the 2021 AGM
- Tim Freshwater retired on 31 December 2021

| Key Responsibilities  | Principal Activity during 2021   |
|---|--|
| <ul style="list-style-type: none"> <li>▪ Responsible for size, structure and composition of the Board</li> <li>▪ Reviewing and progressing appointments to the Board</li> <li>▪ 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</li> <li>▪ Responsible for overseeing the development of a diverse pipeline for succession to senior management</li> <li>▪ Makes recommendations to the Board on the membership of the principal Committees of the Board</li> <li>▪ To keep under review the Company's compliance with applicable Codes and other requirements of corporate governance</li> </ul> <p>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 <a href="http://ir.savills.com">http://ir.savills.com</a>.</p> | <p>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:</p> <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Considered and authorised the situational and, to the extent such arose, actual conflicts of interests of Directors</li> <li>▪ Considered the proposed reappointment of the Non-Executive Directors, before making a recommendation to the Board that each Non-Executive Director be proposed to Shareholders for re-election at the 2022 AGM</li> </ul> |

### 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 on the Board. On an annual basis, the Board reviews the independence of its Non-Executive Directors. Non-executive directors (NEDs) are expected to exercise independent judgement and to be free from any business or other relationship that could materially interfere with it. This independence is crucial in bringing constructive challenge to the Group CEO and management at Board meetings, while providing support and guidance to promote meaningful discussion and, ultimately, informed and effective decision making. Directors are required to provide sufficient information to allow the Board to evaluate their independence prior to and following their appointment. 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.

### Succession planning

The Board and Committee remain focused on talent planning and the development of a diverse succession pipeline and Board succession is a key topic at Committee meetings. 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 continues to keep the Board's composition under review and considers how that composition might be enhanced to ensure that the Board continues to best meet the needs of the Company and its Shareholders. 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 74 to 77.

## Board and Committee Evaluation

The Board undertakes a rigorous and formal evaluation of its performance and that of its Committees and its Directors annually. In accordance with the Code requirements, the Board believes that an external independent evaluation of Board effectiveness and performance and that of its principal Committees at least every three years brings further insight into its performance. As well as looking to continually improve the Board's processes, the evaluation process is used to reflect on areas that the Board would like to see more focus on.

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### Board and Committee Evaluation

The Board recognises that it continually needs to monitor and improve its performance. In line with the effective governance requirements of the Code, the Board reviews its own performance and that of the Directors and of its Committees annually.

### This year's process

An externally facilitated Board evaluation was carried out in 2019 facilitated by Alice Perkins of AP Consulting. This year's evaluation was conducted in-house, led by the Senior Independent Director and facilitated by the Group Legal Director & Company Secretary.

The evaluation carried out this year involved each Board member completing a questionnaire which was then used as the basis of a confidential interview. The matters covered by the evaluation included Board structure, Board effectiveness, working practices, relationships with shareholders and interaction between Board members and management.

The output of the evaluation was presented to the Board in March 2022 and the Directors discussed the points raised by the review.

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### Conclusions from the 2021 evaluation

The conclusion from this year's evaluation was that the Board and its Committees continued to operate to a high standard and continued to provide effective leadership and exert the required levels of governance and control.

In particular, the Board has continued to function well in virtual world.

The Board had good diversity (gender, experience and geographic experience) and contributed strongly to the development and implementation of the Group's strategy.

The Board's Committees also continued to work well and were thought to be well-chaired and supported.

### Areas of focus for 2022

Reflecting the output from the 2021 Board Evaluation, the additional areas for Board focus, which would be added to the Board's 2022 workplan, were agreed as follows:

- a major 2022 focus for the Nominations & Governance Committee and Board would be reconfirming Board and Senior Management succession planning;
  - the appointment of a further, UK based, independent non-executive director would be progressed to further strengthen the Board Committees, as they managed an ever increasing scope of work.; and
  - consideration would be given to spreading the annual Strategy Review over 2 days.
-



### Board and Committee Evaluation continued

As a result of the evaluation, the Board considers the performance of each Director to be effective and concluded that both the Board and its Committees continue to provide effective leadership and exert the required levels of governance and control. Shareholders would therefore be recommended to re-elect Board Members at the AGM in May.

Following this review, we are satisfied that the Board continues to perform effectively and in particular are confident that the Board has the right balance of skills, experience and diversity of personality to continue to encourage open, transparent debate and challenge.

#### 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.

All new directors receive a comprehensive induction programme which is facilitated by the Chairman and the Group Legal Director & Company Secretary and tailored to the director's individual roles and needs. The induction process is designed to develop the director's knowledge and understanding of the Group covering key areas including the Group's purpose, values, culture and strategy, its corporate governance, risks and internal controls and the markets in which it operates. 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.

Our induction programme for new directors is delivered through:

- meetings with the Chairman, wider Board, Group Legal Director & Company Secretary and relevant Committee Chairs;
- a structured programme of meetings with the Group Executive Board members and senior management to provide a deeper understanding of risks and opportunities and stakeholder interests;
- meetings with advisers, including the external auditors, to provide a valuable external perspective; and
- training as appropriate on key policies, statutory duties and legal and governance requirements.

To enable the Board to discharge its duties, all directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings. The Board strongly supports the ongoing development of its members.

#### Governance

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

#### Nicholas Ferguson CBE

Chairman of the Nomination & Governance Committee  
9 March 2022

## Review of the effectiveness of the risk management and internal control systems

The principal existing and emerging risks and uncertainties faced by the Group and the associated mitigating actions for these are set out on pages 31 to 38.

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 existing and emerging risks and uncertainties set out on pages 31 to 38, 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



**Stacey Cartwright**  
Chair of the Audit  
Committee



**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 2021.”**

The aim of this report is to explain the work undertaken by the Audit Committee (the ‘Committee’) during the year and how it has met the disclosure requirements as set out in the Code. The key matters considered in the year are set out on pages 101 and 102.

This report provides an overview of the significant issues that the Audit Committee assessed and details the Committee’s major considerations and activities during the 2021 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.

As outlined on page 82, the Committee meets five times during the year to:

- plan the external audit;
- agree the internal audit plan;
- identify key accounting matters and areas of judgement as early as possible;
- review reports from the external and internal auditors – consider how risks and internal controls have operated in the preceding six months in respect of the half-year and year-end results;
- monitor the integrity of the Group’s financial reporting and consider any significant judgements by management; and
- review the independence and effectiveness of the External and Internal Auditors.

In 2021, 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 2021 Half Year Financial Statements and this year’s Annual Report and Accounts.

The Committee considered the viability and going concern statements and their underlying assumptions. Following this review, the Committee was satisfied that management had conducted robust viability and going concern assessments and recommended the approval of the viability and going concern statements to the Board. 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.

In accordance with our three year Board and Board Committee performance evaluation cycle, during the year, the Board carried out an internally 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. In order to ensure that the Committee remains effective, every three years the Board appoints an external organisation to perform an independent review of the Committee to evaluate its performance. The last independent review was performed in March 2019 and concluded that the Board members considered the Committee to be thorough and fully effective in meeting its objectives and the next external review will be December 2022. In 2021 a review of the Board and Committee effectiveness was undertaken. The review concluded that the Committee continued to function well, that it was well chaired and that it had the appropriate access to senior management, the External and Internal Auditors and it had the necessary company secretarial support. Further details on the process and its broader findings can be found on pages 95 and 96.

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 2021 Annual Report.

**Stacey Cartwright**

Chair of the Audit Committee

**Main responsibilities**

- Responsible for assisting the Board in fulfilling its financial and risk responsibilities
- Advises the Board on various statements made in the Annual Report including those on Viability, Going concern, risks and controls 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 Auditor
- Consider significant judgements, assumptions and estimates made by management in the financial statements

**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 including the level of provision of non-audit services.

## Audit Committee Report continued

### Composition

The Committee is a fundamental element of the Company's governance framework. The Committee is chaired by Stacey Cartwright. Stacey Cartwright, Florence Tondu-Mélique and Philip Lee (and Rupert Robson until 12 May 2021), all Independent Non-Executive Directors, were members of the Committee during the year. Three Independent Non-Executive Directors, Stacey Cartwright, Florence Tondu-Mélique and Philip Lee were members of the Committee during the year. 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. As at 31 December 2021 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 74 to 77.

The Board considers that each member of the 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 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 Chairman and Group Chief Executive Officer to attend the Committee's meetings. The Group Chief Financial Officer, Group Financial Controller, the Group Director of Risk & Assurance, the Head of Internal Audit of SIM, 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. The Chair of the Committee also normally attends the AGM to respond to Shareholder questions on its activities.

In common with the practice adopted by the majority of UK quoted companies, the 2020 and 2021 AGM were held as 'closed' meetings, with a minimum quorum present, in line with government rules relating to COVID-19 safeguards at the time but as at the date of this report it is proposed that the 2022 AGM will be held in person and the Chair of the Committee will attend the meeting.

The remuneration of the members of the Committee and the policy with regard to the remuneration of the Non-Executive Directors are set out on pages 106 to 136.

The Committee met five times during the year and reports to the Board after each Committee meeting.

Attendance at meetings during 2021 is shown in the table below:

| Committee member               | Member since | Meetings attended | Meetings eligible to attend |
|--------------------------------|--------------|-------------------|-----------------------------|
| Stacey Cartwright              | October 2018 | 5                 | 5                           |
| Rupert Robson (to 12 May 2021) | June 2015    | 1                 | 1                           |
| Florence Tondu-Mélique         | October 2018 | 5                 | 5                           |
| Philip Lee                     | January 2021 | 5                 | 5                           |

### 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.

The Committee provides advice to the Board on the form and basis of conclusions underlying the Viability Statement as set out on page 39 and the going concern assessment. In response to COVID-19, the Committee challenged management on its financial risk assessment as part of its consideration of the long-term Viability Statement and the forecasts over the going concern period. Certain elements of this exercise supplemented the normal annual process and assessment of the Group's prospects made by management.

What we did during the financial year ended 31 December 2021:

| Responsibilities                                     | How the Committee discharged its responsibilities  | Mar | June | Aug | Oct | Dec |
|--|--|-----|------|-----|-----|-----|
| <b>Financial Reporting</b>                           | Reviewed and discussed the key accounting considerations and estimates and judgements reflected in the Group's results for the half 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  | ■   |      |     |     | ■   |
| <b>External Audit</b>                                | 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's Report, including the External Auditor's observations on the Group's internal control environment   | ■   |      |     |     |     |
|  | Discussed the performance of PricewaterhouseCoopers LLP ('PwC') who were the relevant External Auditor for the 2020 year-end audit, assessed according to the Code   | ■   |      |     |     |     |
|  | 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, including non audit services   | ■   |      | ■   |     |     |
| <b>Internal Audit</b>                                | 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  | ■   |      |     |     |     |
| <b>Internal Controls and Risk Management Systems</b> | 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 the risk management environment for each of 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, Investment Management and EMEA businesses. In addition, the Committee examined the IT systems strategy including the Group's global approach to cyber security. 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 39. 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 158 to 174.

### Significant financial reporting estimates and 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 estimates and judgements considered by the Committee and discussed with the External Auditor during the year were:

| <b>Matter considered</b>                    | <b>Action</b>   |
|---|---|
| <b>Risk of Fraud in revenue recognition</b> | <p>The Committee considered the presumed risk of fraud as defined by the International Accounting Standards.</p> <p>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 FY21 was appropriate, consistent across the Group and in line with the Group's accounting policies.</p> <p>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.</p>   |
| <b>Goodwill impairment assessment</b>       | <p>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.</p> <p>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.</p> <p>The Committee also considered a report from the External auditor setting out its analysis and conclusions in this area.</p> <p>The Committee was satisfied with the assumptions and judgements applied by Management.</p> |
| <b>Provision for litigation and claims</b>  | <p>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 2021. 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.</p> <p>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.</p>   |

## External audit

Following a formal tender process in the previous financial year and the Committee's recommendation to the Board, the Board approved the appointment of Ernst & Young ('EY') as the External Auditor (subject to Shareholder approval) for financial years commencing on or after 1 January 2021, which was approved by Shareholders at the 2021 AGM. Going forward, the Committee anticipates that the audit will be put out to tender at least every 10 years.

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, re-appointment 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 the appropriateness of its fees. The review covered 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 including consideration of the robustness of the External Auditor's challenge and findings on areas which required 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 predecessor External Auditor, PwC, at the March Committee meeting. 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 will assess the effectiveness of EY following the completion of the first year end audit being the 31 December 2021 audit.

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 Auditor, the Committee has a policy governing the engagement of the External Auditor to provide non-audit services and its assessment of EY's independence is underpinned by this policy. In accordance with the FRC's Ethical

Standard and the Group's policy in place to 31 December 2021, the Committee approved only those non-audit services which were permissible in the FRC's Ethical Standard.

## 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.

|                | 2021<br>£000 | 2020<br>£000 | 2019<br>£000 |
|----------------|--------------|--------------|--------------|
| Audit Fees     | 3,044        | 2,500        | 2,200        |
| Non audit fees | 306          | 100          | 200          |

Details of the fees paid to the External Auditor can be found in Note 7.2 to the Financial Statements on page 186. During the financial year ended 31 December 2021 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 EY 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 2021 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 Directors confirm that, insofar as they are each aware, there is no relevant audit information of which EY 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 EY is aware of that information.

### Audit Committee Report continued

#### Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review, with management and the External Auditor, the appropriateness of the half-year and annual Financial Statements.

The Committee focuses on:

- the quality and acceptability of accounting policies and practices;
- material areas in which significant judgements have been applied or where significant issues have been discussed with the External Auditor;
- an assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- providing advice to the Board on the form and basis underlying the long-term Viability Statement; and
- any correspondence from regulators in relation to our financial reporting.

#### Engagement with the Financial Reporting Council (FRC)

In September 2021, the Company received a letter from the Financial Reporting Council ('FRC') requesting further information in two principal areas following a review of the Group's 2020 Annual Report and Accounts. The FRC requested further information in relation to contingent payments linked to continuing employment and provisions for professional indemnity claims.

Following provision of the information requested, the FRC closed its enquiry in December 2021. Disclosure observations made by the FRC were given full consideration and additional disclosures are included in this Annual Report and Accounts where material or relevant to do so.

During the review process it was noted that certain cash flows relating to employment linked deferred consideration payments were incorrectly classified at 31 December 2020 as an investing activity as opposed to an operating activity in the Group's consolidated Statement of Cash Flows. This has been corrected in this Annual Report and Accounts, with prior year comparatives for the period ended 31 December 2020 represented accordingly. Further detail on this is given in Note 2.29 to the consolidated financial statements. The FRC's enquiry did not result in any change to reported profit, earnings per share, assets, liabilities or the overall net cash flows reported in respect of the 2020 financial year.

The scope of the review performed by the FRC was to consider the Group's compliance with UK reporting requirements. Due to their inherent limitations these reviews are not intended to provide assurance that corporate accounts are correct in all material aspects. The FRC's review does not benefit from a detailed knowledge of the business or an understanding of the underlying transactions entered into. The FRC's letters are written on the basis that the FRC accepts no liability for reliance on them by the Company or any third party.

#### Fair, balanced and understandable

The Committee assessed whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. The Committee reviewed the processes and controls that underpin its preparation. This included the financial reporting responsibilities of the Directors under Section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole as well as considering the interests of other stakeholders which will have an impact on the Company's long-term success of the entity.

#### Regulators and our financial reporting

The FRC publishes thematic reviews to help companies improve the quality of corporate reporting around new accounting standards. The FRC also issued a range of guidance and performed a number of detailed reviews related to the year-end reporting process across public companies. The Group has reviewed the output of these reviews and their impacts on the Group's reporting. The Group also follows the FRC's Lab projects, notably preparations for the European Single Electronic Format ('ESEF') regulations that came into effect for the 2021 financial year.

#### Internal control and risk management

##### Internal audit

The internal audit function provides independent assurance as to the adequacy and effectiveness of the Company's internal controls and risk management systems. During 2021, Internal Audit services were delivered by the Group's Director of Internal Audit with support in delivery by RSM LLP and Grant Thornton LLP. SIM has its own Head of Internal Audit who has responsibility for Internal Audit planning and delivery within SIM with support from RSM.

The Board's responsibility for internal control and risk is detailed on page 84 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. Principal areas of focus in the year included IT controls and the effectiveness of cyber security measures. 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 Auditor's findings and recommendations and reports from the External Auditor on any issues identified during the course of their work.

### **Assessment of Group's system of internal control, including the risk management framework**

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 2021;
- 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; and
- 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.



# Directors' Remuneration Report



**Richard Orders**  
Chairman of the  
Remuneration  
Committee



**On behalf of the Board, I am pleased to introduce our 2021 Directors' Remuneration Report (the 'Report'). Included within this Report are details on how we implemented our existing Directors' Remuneration Policy in 2021 and the new Directors' Remuneration Policy (the 'Policy') which we will be presenting to Shareholders for approval at the 2022 AGM on 11 May 2022."**

## 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 2008 (as amended) ('Regulations') and the auditable disclosures referred to in the External Auditor's Report on pages 142 to 151 as specified by the UK Listing Authority and the Regulations.

### Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2021 Directors' Remuneration Report (the 'Report'). Included within this Report are details on how we implemented our existing Directors' Remuneration Policy in 2021 and the new Directors' Remuneration Policy (the 'Policy') which we will be presenting to Shareholders for approval at the 2022 AGM on 11 May 2022.

### Our remuneration philosophy

As set out in previous reports, our long-standing focus and business philosophy is founded on the premise that staff in our sector are motivated through performance-based incentives (variable remuneration) consistent with our partnership 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.

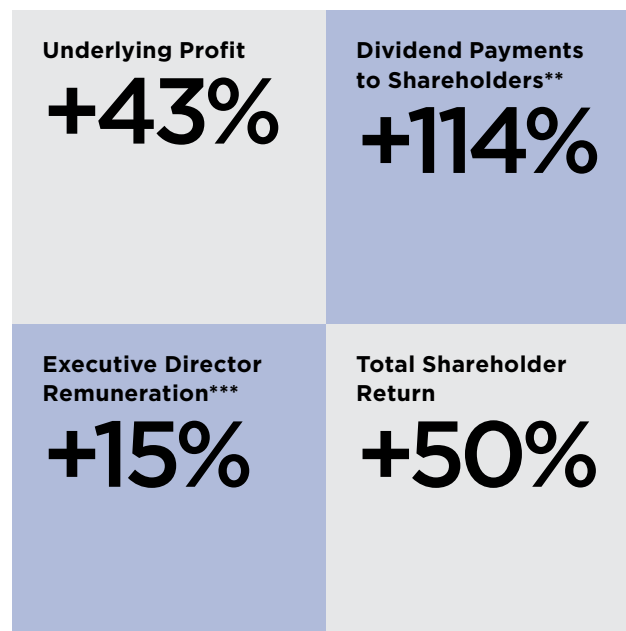
The Policy is designed to deliver these objectives and to provide the reward potential necessary for the Company to attract, retain and motivate the high-calibre individuals on whom its continued growth and development depend. Reflecting this philosophy, the salaries for the Executive Directors, Group 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. There is no material change to the Policy we are proposing to operate from 2022, and this is described below. The changes we are making adjust the current policy to better reflect the scale and complexity of our business at the same time as updating for 'best practice' developments.

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 external 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 target staff employment costs over the cycle to be in the range of 65%-70% of revenues which the Committee regards as the key metric from a Shareholder's perspective.

### 2021 performance and remuneration Annual performance-related profit share

Savills delivered a record revenue and profit performance in 2021, reflecting both the robustness and geographic diversity of our business and the strategy of maintaining staffing levels throughout the course of the pandemic. Group revenue increased by 23% to £2.15bn (2020: £1.74bn), with strong trading in the last quarter of the year led by the UK and Asia Pacific regions. Both Continental Europe and the Middle East ("CEME") and North American regions recovered to reverse 2020's losses delivering better than expected profits for 2021. With more than half of the revenue growth from the Transaction Advisory business and reduced levels of discretionary expenditure, underlying profit for the year substantially increased by 107% to £200.3m (2020: £96.6m).

## 2017-2021 Overview\*



\* The KPSs are calculated as the change in the KPI for 2021 versus the KPI for 2017.

\*\* The dividend cost for 2021 comprises the cost of the final dividend recommended by the Board (amounting to £18.4m), payment of which is subject to Shareholder approval at the Company's Annual General Meeting ('AGM') scheduled to be held on 11 May 2022, the cost of the supplemental interim dividend (£22.5m) and a one-time special interim dividend (£39.0m) declared by the Board on 10 March 2022 (payable to Shareholders on the Register of Members as at 8 April 2022) and the interim dividend (£8.4m) paid on 6 October 2021.

\*\*\* Executive Director remuneration comprises the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer job holders between 1 January 2017 and 31 December 2021.

Key financial highlights for the year included:

- Revenue of £2.15bn, representing an increase of 23% on 2020
- Underlying profit before tax of £200.3m, 107% up on 2020 (2020: £96.6m)
- Transaction Advisory revenues up 34%, Consultancy revenues up 24% and Property Management revenues increased 9%
- Operating cash generation: £302.7m (2020 restated: £241.4m)
- Underlying profit margin 9.3% (2020: 5.6%)
- Underlying earnings per share 116.5p (2020: 56.8p)

### Annual Statement continued

Management also maintained the focus on the strategic development of the business through 2021 and made strong progress. During the year, Savills Investment Management completed the accelerated acquisition of the outstanding 75% of DRC Capital, the specialist European Real Estate Debt Investment Manager. Then in December 2021, the Group entered a significant strategic partnership between Savills Investment Management and Samsung Life Insurance ('SLI') to accelerate the future growth of the Savills Investment Management business. The Group sold an initial 25% stake in the Savills Investment Management business to SLI for consideration of c. £70m (£63.7m was received on completion); SLI, in turn, committed to investing in excess of US\$1bn into Savills Investment Management products over the initial five-year term of the relationship.

Earlier in the year, the Group also acquired T3 Advisors, a leading Real Estate advisor in the Life Science and Technology sectors in North America. In Q4 we enhanced our Asia Pacific project management and real estate consulting capabilities through the acquisition of 60% of the Merx Group of companies headquartered in Singapore. The Group also further strengthened its market leading position in Spain by acquiring a largely retail property management business.

In addition to the acquisitive growth in our business, we continued to undertake organic growth initiatives across the platform, with significant recruitment across all our regions, with particular focus on North America, Greater China and Continental Europe and the Middle East.

In light of the exceptional financial performance and strong delivery against our strategic priorities during FY 2021, a final ordinary dividend of 12.75p is recommended by the Board (2020: 17.0p), alongside a supplemental interim dividend of 15.6p (2020: nil). In addition, in view of the Group's very strong recovery and cash generation since the pandemic-related lockdowns of 2020, the Board has declared a one-time special interim dividend of 27.05p being similar to the 2019 final ordinary and supplementary dividends which were cancelled as COVID-19 took hold in March 2020.

Reflecting this exceptional financial performance and the progress made against strategic objectives, which exceeded the maximum targets set for the 2021 annual performance-related profit share plan, bonuses have been earned at the maximum for both Executive Directors.

Based on performance achieved against the bonus targets, the wider performance of the business and the Shareholder experience through the year, the Committee was comfortable that the bonus outcome was reflective of overall performance and that there was no need to use discretion to adjust the formulaic outcome. In taking this decision, the Committee also noted no government support was taken in the year in relation to COVID-19.

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 125 of this Report.

#### Performance Share Plan

The end of the 2021 financial year was also the end of the three-year performance period for our Performance Share Plan ('PSP') awards made in April 2019. In this regard:

- the 50% of PSP award shares subject to TSR performance measured against the FTSE Mid 250 Index (excluding investment trusts) will vest at the conclusion of the further two-year holding period at 100% for this part, reflecting relative TSR performance significantly outperforming the Index and thus exceeding the maximum performance target; and
- the 50% of PSP award shares subject to EPS performance will also vest at the conclusion of the further two-year holding period at 100%, reflecting a three-year growth in EPS of 9.3% which also exceeded the maximum target set in 2019.

As with the annual performance-related profit share plan, the Committee considered the performance linked outcome of the 2019 PSP awards in the context of the Company's performance over the past three years and Shareholder experience and concluded that they vest in full at the conclusion of the further 2-year holding period and the Committee was therefore comfortable that there was no need to use discretion to adjust the formulaic outcome.

#### Remuneration Policy review

Our current Remuneration Policy, which as noted above is founded on the Group's philosophy of low fixed and relatively high performance-based variable remuneration, worked effectively during the earlier years from its inception in 2008, albeit the limitations were apparent by 2016. In that year we consulted with our major Shareholders about potential changes to the Policy, including increasing the cap on the performance-related profit share applying to Executive Directors, which had been unchanged since 2008, to reflect the significant growth and increase in scale of the Group. Following consultation however, it was clear that we would be unable to increase the cap other than introducing RPI indexation from 2017.

Since 2008, the Group has continued to grow significantly, with profit in 2021 having grown by c.500% and over the same period market capitalisation has increased by c.360% delivering exceptional shareholder value. As a result, we now have an unsustainable disconnect between the size and complexity of the Group and the remuneration for the Executive Directors largely as a consequence of the performance-based profit share cap which has increased by a very modest 13.4% since 2008.

The Policy in its current form has created a number of challenges, and has resulted firstly in compression and then the distortion of pay relativities occurring between our Executive Directors and our Regional Business Heads, and our ability to attract, retain and incentivise talent in what is a very competitive real estate recruitment market.

The conclusion of the Policy review was that the current incentive structure remains fit for purpose and aligns to our ongoing remuneration philosophy. However, the Committee requires additional headroom in the performance-related profit share cap to appropriately address the challenges outlined above. In addition, the Committee are keen to take this opportunity to make a number of other changes to better align our Policy to the UK Corporate Governance Code and market best practice.

### Proposed changes to the Directors' Remuneration Policy

The key changes to the Policy that we are proposing to make are:

- i. **Increase the cap included in our annual performance-based profit share** - we are proposing to increase the caps on our annual performance-based profit share for both Executive Directors. Under the new Policy the caps will be set at £3.25m and £2.5m for the CEO and CFO respectively, which represents an increase of approximately 3% p.a. compound since the bonus caps were put in place in 2008. To ensure there remains a strong link between short-term performance and the long term, 50% of any bonus earned above 100% of salary will continue to be deferred into the Company's shares for three years. In resetting the caps, the Committee considered market data, looking to specific real estate comparator companies (e.g. JLL, CBRE, Colliers and Cushman & Wakefield) and generic FTSE 250 data. When using the data the Committee did not compare the Executives Directors to the leadership teams of our larger real estate peers but did consider the executives within the peer group regional businesses of comparable size to Savills. The pay levels in these roles were consistently between 25% and 70% above those at Savills. However, recognising that Savills is a UK listed company, the increase to the caps was set between the real estate benchmarks and FTSE 250 data with a view to taking a responsible approach to managing the issue of quantum. The Committee is comfortable that the new caps are pitched at the right levels to manage the current internal compression and future succession challenges that in part prompted the review. Overall, noting the new caps are the equivalent of a 3% p.a. indexing over the period since 2008, during which time Savills has been transformed in both scale and complexity, the Committee was comfortable that the increases were appropriate.

With regards to the bonus targets to apply for 2022, the higher bonus opportunity will be taken into account when setting the range of financial targets which will reflect the higher bonus opportunity, with these operating alongside structured non-financial targets that align with delivering the foundations from which future long-term shareholder value will be created in line with our strategy.

- ii. **Alignment of Executive Directors' pension contributions to the wider UK workforce rate of 8% of salary from 1 January 2023** - this re-alignment will be effected notwithstanding that the CEO's established pension provision (at 14% of salary) is the same as that for staff with equivalent long service who were also former members, like him, of the Savills Defined Benefit Plan.
- iii. **Increase in share ownership guideline to 700% of salary** - this takes account of the decision to increase the cap under the annual performance-based profit share.

In addition to the formal changes to the Policy outlined above, the assessment of non-financial performance under the performance-based profit share plan in FY22 will be based on structured targets addressing different elements of the business strategy. The Committee has also reflected on the discussions regarding the incorporation of ESG measures into the assessment of performance for the variable remuneration arrangements and will introduce these during this Policy cycle. These will be included once the Committee is comfortable with both the base lines and internal targets which we are setting in conjunction with the Science Based Targets initiative, which will build on the Board's current work to date and therefore that specific measurable targets can be set with confidence.

The above increase to the cap was discussed with leading Shareholders and the leading advisory bodies, who were generally supportive of the rationale for the increase. Some investors requested that the targets be set taking into account the higher bonus quantum which the Committee has resolved to do, along with ensuring that the non-financial targets are well defined. In addition, the Committee also considered the replacement of the Performance Share Plan with a Restricted Share Plan which was discussed during our investor consultation on the new Policy. The Committee's rationale for this change of approach was to counterbalance the cyclical nature of the real estate industry and to address concerns that Performance Shares can often over or under reward executives depending on where we are in the business cycle. Whilst investors were supportive of the principle, some of the feedback questioned whether Restricted Shares would be sufficiently aligned with our performance-focused culture. Reflecting on the feedback, the Committee concluded that retaining the Performance Share Plan would continue to align executives with our long-term financial goals at the same time as reflecting the preference of a number of our major Shareholders.

### Annual Statement continued

The Committee believes that the proposed changes to the Remuneration Policy will allow Savills to appropriately incentivise and reward our current executives, who are key to the continued success of the business, while also better positioning the business, particularly in the context of succession planning, to attract talent as necessary internally and from its key competitor companies.

The Committee would like to thank Shareholders involved in the consultation process for their engagement and feedback on our proposals.

#### 2022 Remuneration

We have an 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 2022, Executive Directors base salaries will be increased by c.5%, slightly below the level of salary increase for the wider UK workforce and consistent with the annualised rate of RPI as at 31 December 2021.

Subject to approval of the new Policy at the 2022 Annual General Meeting:

- Pension: will be unchanged for existing Executive Directors (14% and 18% of salary for the CEO and CFO respectively) until 31 December 2022 after which time it will align to the wider workforce rate of 8% of salary. For all new appointments the pension contribution will be aligned to the wider UK workforce contribution rate from appointment.
- Benefits: no changes are proposed.
- Annual performance-related profit share: maximum opportunity to be increased to £3.25m and £2.5m for the Group Chief Executive Officer and the Group Chief Financial Officer respectively. 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

In line with the current and proposed Remuneration Policy, no more than 25% of the maximum award will be payable for threshold performance. As the UPBT outturn moves above this threshold, payouts will increase on a straight-line basis. The UPBT performance targets are commercially sensitive and will therefore be disclosed retrospectively in next year's report.

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.

Performance Share Plan: for 2022 the annual grant will be made at the same level as in 2021 at a level of 200% of base salary for the Group Chief Executive Officer and the Group Chief Financial Officer. For the 2022 awards, the performance targets will be the same metrics as per the 2021 award being EPS growth, relative total shareholder return and ROCE targets (revised from ROE for the 2021 award as detailed on page 134) with an equal weighting applying to each metric. 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.



## Governance developments

As announced in December 2020, Rupert Robson retired from the Board at the conclusion of the 2021 AGM and from March 2021, I have taken over as Chair of the Committee. During the year Nicholas Ferguson was appointed as an additional Committee member.

During the year the Company continued to be subject to the 2018 UK Corporate Governance Code and the Committee was 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. With regard to engagement with employees on pay, this is currently facilitated through our Non-Executives participating in the Savills workforce engagement programme with different Non-Executives allocated different business regions in which to take feedback across a wide spectrum of topics that includes the subject of how executive remuneration aligns with wider employee remuneration and supports the Group's strategy. Other engagement mechanisms exist, for example, we run an internal 'Ask the Board' process that can cover any aspect of working for Savills. In terms of the impact of employee feedback, this was considered by the Committee and wider Board and during 2021 we resolved to adjust aspects of our remuneration practices for certain members of the Savills team to address issues raised during policy discussions. Whilst this process was managed through the HR team, both the Board and Remuneration Committee had oversight and input to the changes that became effective in 2022 and resulted in a moderation of our current pay model at more junior levels which was considered a better fit with employee lifestyles among this employee group.

As a Committee, we continue to monitor best practice developments in executive remuneration and consider whether any amendments to the Policy are appropriate.

The Committee is appreciative of the Shareholder support that it has received and welcomed Shareholders' endorsement of the 2021 Annual Remuneration Report.

I hope you will support the proposed Remuneration Policy and Report at our AGM on 11 May 2022, I welcome any comments or feedback you may have on the Committee's activities in 2021, or our proposals for 2022.

### **Richard Orders**

Chairman of the Remuneration Committee

## 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 and values, such that we have the ability to attract, recruit, retain and motivate the high-calibre individuals needed to deliver the Group's strategy and promote 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, the Chairman of the Company and the Group Executive Board members. The Committee also considers 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, during the year the Committee comprised the following independent Non-Executive Directors, with the following attendees:

| Committee member  | Position                               | Status      |
|-------------------|--|-------------|
| Richard Orders    | Chair of the Committee from March 2021 | Independent |
| Stacey Cartwright | Member of the Committee                | Independent |
| Nicholas Ferguson | Member of the Committee                | Independent |
| Dana Roffman      | Member of the Committee                | Independent |

| Former Members | Position  | Status      |
|----------------|---|-------------|
| Rupert Robson  | Chair of the Committee prior to Richard Orders* | Independent |

\* Retired as Committee Chairman in January 2021.

| Committee attendee | Position                                 | Status  |
|--------------------|--|---|
| Mark Ridley        | Group Chief Executive Officer            | Attended by invitation (except when his own remuneration is discussed)  |
| Chris Lee          | Group Legal Director & Company Secretary | Provided 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, was invited to attend meetings to provide an overview of market conditions and the Group's prospective financial performance.

Rupert Robson retired from the Board at the conclusion of the 2021 AGM and from March 2021 Richard Orders took over as Chair of the Committee. During the year Nicholas Ferguson was appointed as an additional Committee member.

## Meetings

### 2021 Attendance table

| Committee member  | Meetings Attended | Meetings eligible to attend |
|-------------------|-------------------|-----------------------------|
| Richard Orders    | 4                 | 4                           |
| Stacey Cartwright | 4                 | 4                           |
| Nicholas Ferguson | 4                 | 4                           |
| Rupert Robson     | 1                 | 1                           |
| Dana Roffman      | 4                 | 4                           |

As at 31 December 2021 and up to the date of this Report, the Committee wholly comprised of independent Non-Executive Directors. Biographies of each of the Committee members can be found on pages 74 to 77.

The Committee met four times during 2021. The principal agenda items considered by the Committee during the year were as follows:

- reviewing and developing the proposed Directors' Remuneration Policy in the context of best practice and corporate governance developments and taking account of workforce remuneration across the Group;
- preparation for Shareholder consultation meetings where the proposed Directors' Remuneration Policy was presented to a number of major Shareholders and proxy voting agencies;
- reflecting on the voting outcome from the 2021 AGM;
- 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;
- approving the grant of Performance Share Plan awards; and
- appointment of a new adviser to the Committee.

## Advisors to the Committee

Following a competitive tender process, the Committee appointed Korn Ferry as its independent advisors. Korn Ferry is a member of the Remuneration Consultants Group and adheres to the voluntary code of conduct in relation to executive remuneration consulting in the UK. Korn Ferry's fees are based on a time and material basis, within the parameters of an overall annual budget. In 2021, Korn Ferry received fees of £17,988 plus VAT in relation to advice provided to the Committee. Korn Ferry provided no other services to the Group during the year.

The former advisers to the Committee, FIT Remuneration Consultants, received fees of £36,956 plus VAT in relation to advice provided to the Committee in 2021.

The Committee is satisfied that the advice received from Korn Ferry 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 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](http://www.savills.com)).

## Remuneration Policy

This part of the Report sets out the policy which will be put forward for Shareholder approval at the 2022 AGM in accordance with section 439A of the Companies Act 2006 (the 'Policy'). The Policy will apply from the 2022 AGM, subject to Shareholder approval.

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 2022 is set out below.

| Element     | Summary of approach  | Change from previous Policy   | Application of Policy for 2022   |
|-------------|--|---|--|
| 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 there will be a 5.4% increase in base salaries in line with RPI and below the general level of increase across the Savills UK business at 7% effective 1 March 2022.<br><br>Salaries from 1 March 2022 will therefore be as follows: <ul style="list-style-type: none"> <li>▪ Group Chief Executive Officer: £311,000</li> <li>▪ Group Chief Financial Officer: £238,000</li> </ul>  |
| 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.<br><br>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. | Pension contributions to be reduced for incumbent Executive Directors from 1 January 2023 to the UK workforce standard contribution rate of 8% of salary. | Pension contributions/salary supplements for 2022 are: <ul style="list-style-type: none"> <li>▪ Group Chief Executive Officer: 14% of salary</li> <li>▪ Group Chief Financial Officer: 18% of salary</li> </ul> Pension contributions/salary supplements from 1 January 2023 are to be aligned with the UK workforce contribution rate of 8% of salary: <ul style="list-style-type: none"> <li>▪ Group Chief Executive Officer: 8% of salary</li> <li>▪ Group Chief Financial Officer: 8% of salary</li> </ul> For any new appointments, the pension contribution will be aligned to the wider UK workforce contribution rate of 8% of salary. |
| Benefits    | Benefits include: <ul style="list-style-type: none"> <li>▪ Medical insurance benefits;</li> <li>▪ Annual car/car allowance (up to £9,000);</li> <li>▪ Permanent health insurance;</li> <li>▪ Life insurance; and</li> <li>▪ Relocation expenses.</li> </ul>  | No change.  | Benefits in line with Policy.  |

| Element                                 | Summary of approach   | Change from previous Policy  | Application of Policy for 2022   |
|---|---|--|--|
| Annual performance-related profit share | <p>Reflects the Group's annual profit performance and personal performance against pre-set objectives and overall contribution.</p> <p>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.</p> <p>Malus and clawback provisions apply.</p> | <p>The cap is to be increased to £3.25m and £2.5m for the CEO and CFO respectively.</p> <p>No future RPI linked increase to the cap.</p> | <p>The maximum potential annual profit share awards for 2022 are:</p> <ul style="list-style-type: none"> <li>▪ Group Chief Executive Officer: £3.25m.</li> <li>▪ Group Chief Financial Officer: £2.5m.</li> </ul> <p>For 2022 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.</p> |
| Performance Share Plan                  | <p>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.</p> <p>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.</p> <p>Malus and clawback provisions apply.</p>     | No change.   | <p>The awards for 2022 will be up to 200% of base salary.</p> <p>For 2022 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 ROCE performance, measured over the three-year period starting on 1 January 2022.</p>   |
| Share Ownership Guidelines              | <p>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.</p>  | <p>In-employment rate increased from 500% to 700% of salary.</p>   | <p>700% of base salary for the Group Chief Executive Officer and Group Chief Financial Officer while in post.</p> <p>250% of salary applying for two years post-cessation.</p>   |

Non-Executive Director fees, which are set consistent with the median for the FTSE 250 and which are subject to annual review, with any increase capped at RPI. Fees will be increased in July 2022 in line with RPI then. 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; these fees will also be increased in July 2022 in line with RPI then. 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. The Chairman's fee will increase in July 2022 in line with RPI then.

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:

| Factor               | How this has been addressed  |
|----------------------|--|
| 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.   |



## Remuneration Policy continued

### 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 |
|---|---|---|----------------------|
| <b>Base salary</b>  |   |   |                      |
| <ul style="list-style-type: none"> <li>A core component of the total reward package, which overall is designed to attract, motivate and retain individuals of the highest quality.</li> </ul> | <p>The Committee considers base salary levels annually taking into consideration:</p> <ul style="list-style-type: none"> <li>the Group's philosophy to place greater emphasis on variable performance-related remuneration</li> <li>the individual's experience (i.e. salaries may be set at a discount to Savills normal practice on appointment and increased over two to three years)</li> <li>the size and scope of the role</li> <li>the general level of salary reviews across the Group</li> <li>appropriate external market competitive data</li> </ul> | <p>Set significantly below market median levels with greater emphasis on the performance-related elements of reward.</p> <p>The Committee has determined that base salaries will be increased by 5.4% effective 1 March 2022, below the general rate of increase in Savills UK at 7%. Salaries from March 2022 will therefore be as follows:</p> <ul style="list-style-type: none"> <li>Group Chief Executive Officer: £311,000</li> <li>Group Chief Financial Officer: £238,000</li> </ul> <p>The Committee retains the flexibility to award base salary increases taking into consideration the factors considered as part of the annual review.</p> <ul style="list-style-type: none"> <li>The annual base salary for any existing Executive Director shall not exceed £500,000.</li> </ul>  | n/a                  |
| <b>Pension</b>  |   |   |                      |
| <ul style="list-style-type: none"> <li>Provides appropriate retirement benefits.</li> <li>Rewards sustained contribution.</li> </ul>  | <p>Defined contribution pension arrangements are provided.</p> <p>HMRC approved salary and profit share sacrifice arrangements are in place.</p> <p>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.</p>   | <p>For 2022 the pension contributions/supplements are:</p> <ul style="list-style-type: none"> <li>Group Chief Executive Officer: 14% of annual base salary.</li> <li>Group Chief Financial Officer: 18% of annual base salary.</li> </ul> <p>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%.</p> <p>The Plan is closed to future accruals. However, legacy arrangements will be honoured.</p> <p>New recruits would normally participate in defined contribution arrangements or take a non-pensionable salary supplement.</p> <p>Pension contributions/salary supplements from 1 January 2023 for incumbent Executive Directors will be aligned with the UK workforce contribution rate of 8% of salary.</p> <p>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.</p> <p>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.</p> | n/a                  |

| Purpose and link to strategy  | Operation  | Potential   | Performance measures   |
|---|--|---|--|
| <b>Benefits</b>   |  |   |  |
| <p>To provide market competitive benefits.</p>  | <p>Benefits currently comprise:</p> <ul style="list-style-type: none"> <li>▪ Medical insurance benefits</li> <li>▪ Car/car allowance</li> <li>▪ Permanent health insurance</li> <li>▪ Life insurance</li> </ul> <p>Other benefits may be provided if the Committee considers it appropriate.</p> <p>Where an Executive Director is located in a different international jurisdiction, benefits may reflect market practice in that jurisdiction.</p> <p>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.</p>   | <p>Car allowance (currently up to a maximum of £9,000 p.a.).</p> <p>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.</p> <p>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.</p> <p>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.</p> | <p>n/a</p>   |
| <b>Annual performance-related profit share</b>  |  |   |  |
| <ul style="list-style-type: none"> <li>▪ To encourage the achievement of challenging financial, strategic and/or operational targets.</li> <li>▪ Further alignment with Shareholders' interests through deferral of a significant amount of any award into shares.</li> </ul> | <p>Annual profit share awards reflect the Group's annual profit performance and personal performance and contribution.</p> <p>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.</p> <p>The share element of any award is normally deferred for a period of three years.</p> <p>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.</p> <p>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.</p> <p>Malus/clawback provisions apply, allowing for the reduction of awards as explained in the notes to this table.</p> | <p>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.</p> <p>The maximum potential annual profit share awards for 2022 are:</p> <ul style="list-style-type: none"> <li>▪ £3.25m for the Group Chief Executive Officer</li> <li>▪ £2.5m for the Group Chief Financial Officer</li> </ul> <p>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 £3.25m p.a.</p>   | <p>For 2022, 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. However, no more than 25% of the total bonus will be based on non-financial targets.</p> <p>The scale for the profit share element of any award will be disclosed annually in arrears.</p> <p>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 coverage above the 7.5% level.</p> <p>If there is significant transaction that results in the scale becoming inappropriate then Shareholders will be consulted about any adjustment to the scale.</p> <p>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.</p> |

## Remuneration Policy continued

| Purpose and link to strategy  | Operation  | Potential  | Performance measures  |
|---|--|--|---|
| <b>Performance Share Plan ('PSP')</b>   |  |  |   |
| To drive and reward the delivery of longer-term sustainable Shareholder value, aid retention and ensure alignment of senior management and Shareholder interests. | <p>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.</p> <p>PSP awards may be in the form of nil cost options or conditional awards over shares.</p> <p>The Committee awards dividend equivalents on a reinvested basis in respect of dividends paid over the vesting or any subsequent holding period.</p> <p>Malus/clawback provisions apply, allowing for the reduction of awards as explained in the notes to this table.</p> <p>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.</p> | Maximum annual award potential of 200% of salary (PSP 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.).   | <p>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:</p> <ul style="list-style-type: none"> <li>▪ Relative TSR against the FTSE 250 (excluding investment trusts) or other appropriate comparator group;</li> <li>▪ Earnings per share; and</li> <li>▪ Return on Capital Employed.</li> </ul> <p>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.</p> <p>No more than 25% of an award vests for threshold performance.</p> |
| <b>UK tax advantaged all-employee share plans</b>   |  |  |   |
| 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   |
| <b>Shareholding requirements</b>  |  |  |   |
| To encourage share ownership by the Executive Directors and ensure interests are aligned.   | <p>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.</p> <p>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.</p> <p>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.</p>   | 700% of base salary for all Executive Directors.   | n/a   |
|   |  | <p>Since the 2020 AGM, a guideline has applied 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 is 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.</p> |   |

## Remuneration Policy for Non-Executive Directors

| Approach to fees   | Operation   | Other items   |
|--|---|---|
| <p>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.</p> <p>Fees will generally be reviewed annually in line with increases in RPI over the previous 12 months.</p> <p>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.</p> | <p>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:</p> <ul style="list-style-type: none"> <li>▪ a basic fee for membership of the Board and Committee chairmanship; and</li> <li>▪ Senior Independent Director fees to reflect the additional responsibilities and time commitment of the roles.</li> </ul> <p>The Chairman receives an all-inclusive fee for the role.</p> <p>Additional fees for membership of a Committee or chairmanship or membership of subsidiary boards or other fixed fees may be introduced, if considered appropriate.</p> | <p>Non-Executive Directors are not entitled to participate in any of the Group's incentive arrangements or share schemes.</p> <p>Non-Executive Directors do not currently receive any taxable benefits (however, they are covered by Directors and Officers liability insurance).</p> <p>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.</p> <p>Additional benefits may be provided in the future if the Board considers this appropriate.</p> |

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.

### 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.

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 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.

## 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 above (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.

### Performance measures and target setting continued

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.<br>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  | <ul style="list-style-type: none"> <li>▪ Mark Ridley - 1 May 2018</li> <li>▪ Simon Shaw - 16 March 2009</li> </ul>   |
| 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 | <p>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.</p> <p>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.</p>   |
| Treatment of share incentives   | <p><b>Deferred share awards</b></p> <p>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.</p> <p>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.</p> <p><b>PSP</b></p> <p>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).</p> <p>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.</p> <p><b>All-employee share plans</b></p> <p>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.</p> <p>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'.</p> |
| Other awards  | Where an award is made for the purpose of recruitment (for example a buy-out award under LR 9.4.2) then the leaver provisions would be determined at the time of award having regard to the circumstances of the recruitment, the terms of awards being bought out and the principles for leavers in the current policy.   |
| Other information   | Executive Directors are subject to post-employment restrictive covenants for a period of six months post cessation. The Company may also meet ancillary costs, such as outplacement consultancy and/or reasonable legal costs, if the Company terminates an Executive Director's service contract.   |

### Consideration of conditions elsewhere in the Group

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

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

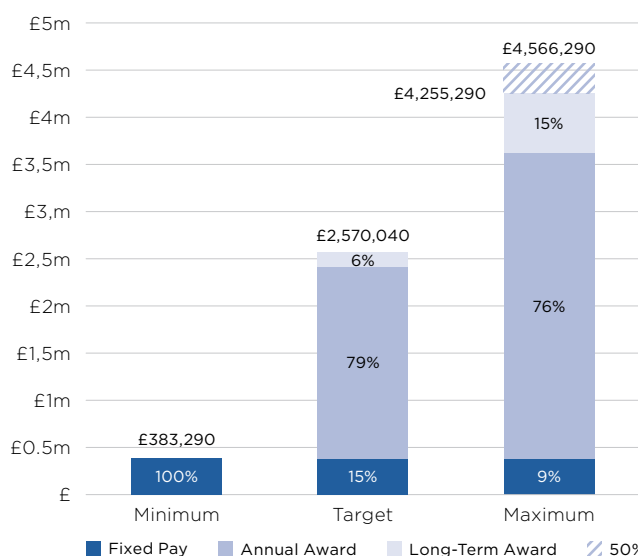
### Consideration of Shareholder views

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.

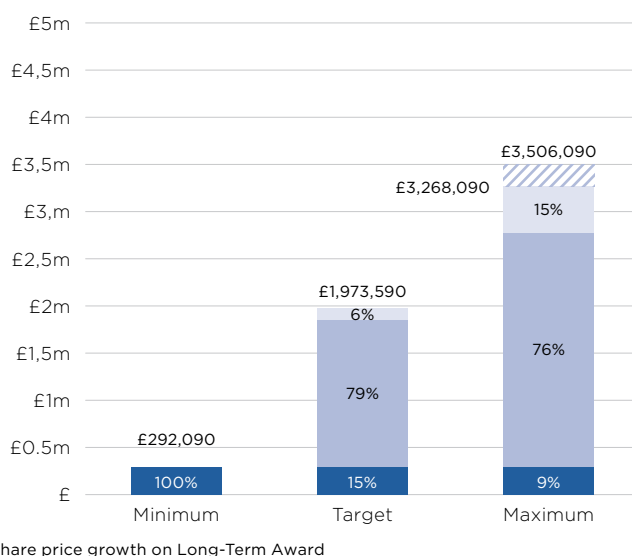
### Illustrations of application of the Policy

The charts below illustrate how much the current Executive Directors could earn under four different performance scenarios for 2022: 'Minimum', 'On-target performance', 'Maximum' and 'Maximum with share price growth' - based on the assumptions below.

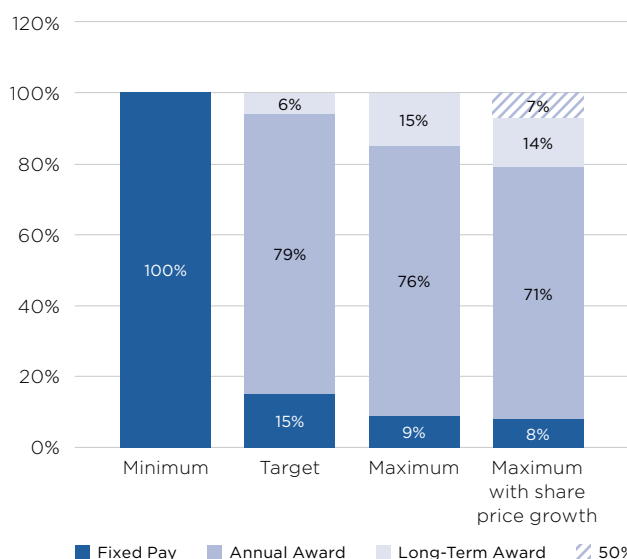
#### Group CEO



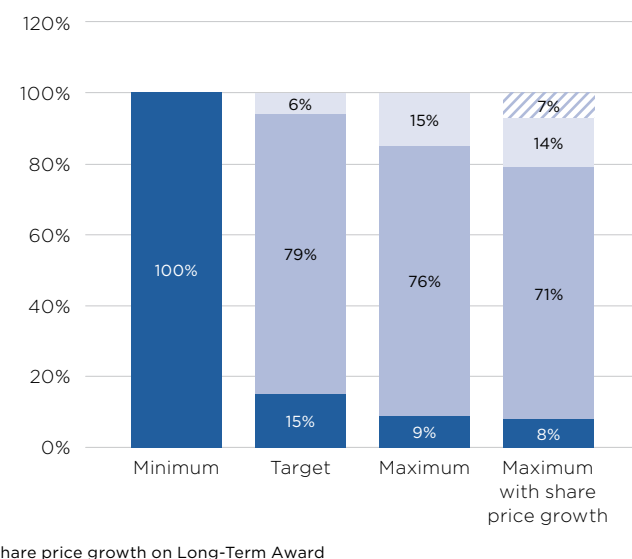
#### Group CFO



#### Group CEO



#### Group CFO



## Performance measures and target setting continued

| Element in the chart above | Component   | 'Minimum'           | 'Target'                                       | 'Maximum'                                    |
|----------------------------|---|---------------------|--|--|
| <b>Fixed Pay</b>           | <b>Base salary</b>  |                     | 2022 base salary                               |  |
|                            | <b>Pension</b>  |                     | 14% of salary for CEO<br>18% of salary for CFO |  |
|                            | <b>Benefits</b>   |                     | 2021 Single Figure Amount                      |  |
| <b>Annual Award</b>        | <b>Annual performance-related profit share</b>  | 0% of maximum award | 62.5% of maximum award                         | CEO - £3.25m<br>CFO - £2.5m                  |
| <b>Long-Term Award</b>     | <b>PSP</b>  | 0% of maximum award | 25% of maximum award                           | CEO - 200% of Salary<br>CFO - 200% of Salary |
| <b>Other assumptions</b>   | <ul style="list-style-type: none"> <li>▪ 'Maximum with share price growth' is as 'Maximum' including assumed 50% share price growth</li> <li>▪ 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</li> <li>▪ Assumes that no awards are made under tax advantaged all-employee share plans</li> <li>▪ The proposed new policy does not include an on-target level for the annual performance-related profit share so a 62.5% of maximum award has been used for illustrative purposes</li> </ul> |                     |  |  |

# Annual Report on Remuneration

## Total remuneration for 2021

Set out below are details of Executive Director remuneration for 2021.

Executive Directors' 'single figure' for the financial year ended 31 December 2021 and as a comparison for the financial year ended 31 December 2020 (audited).

|                                       | Mark Ridley      |                  | Simon Shaw       |                |
|---------------------------------------|------------------|------------------|------------------|----------------|
|                                       | 2021<br>£        | 2020<br>£        | 2021<br>£        | 2020<br>£      |
| Salary paid                           | 295,000          | 294,000          | 225,500          | 224,750        |
| Benefits <sup>(1)</sup>               | 28,764           | 11,127           | 11,216           | 11,216         |
| Pension                               | 41,300           | 41,160           | 40,590           | 40,455         |
| Total fixed remuneration              | 365,064          | 346,287          | 277,306          | 276,421        |
| Annual profit share – cash            | 1,281,000        | 575,900          | 962,750          | 433,859        |
| Annual profit share – deferred shares | 986,000          | 280,900          | 737,250          | 208,359        |
| <b>Near-term remuneration</b>         | <b>2,632,064</b> | <b>1,203,087</b> | <b>1,977,306</b> | <b>918,639</b> |

The aggregate near-term remuneration paid to the Executive Directors in the year ended 31 December 2021 was £4.61m (2020: £2.12m).

|   | Mark Ridley |           | Simon Shaw |           |
|---|-------------|-----------|------------|-----------|
|   | 2021<br>£   | 2020<br>£ | 2021<br>£  | 2020<br>£ |
| <b>Gain on long-term share-based awards</b>                                   |             |           |            |           |
| Performance Share Plan – performance element <sup>(2)</sup> (notional)        | 577,998     | 96,598    | 441,997    | 101,658   |
| Performance Share Plan – share appreciation element <sup>(2)</sup> (notional) | 293,536     | (5,856)   | 224,468    | (6,163)   |
| Long-term share-based reward (non-cash – notional) <sup>(2)</sup>             | 871,534     | 90,742    | 666,465    | 95,495    |
| Total variable remuneration   | 3,138,534   | 947,542   | 2,366,465  | 737,713   |
| Total i.e. 'Single Figure' (part notional)                                    | 3,503,598   | 1,293,829 | 2,643,771  | 1,014,134 |

The information in both parts of this table has been audited by the External Auditor, Ernst & Young LLP.

Notes:

- Benefits comprise private medical insurance and car allowance. For Mark Ridley in 2021 this also includes £17,539 being the cash equivalent of additional holiday entitlement accruing under the Company's loyalty holiday reward scheme (and reflecting Mark Ridley's 25th year of service).
- For 2021 the notional value of the PSP award with a performance period which ended on 31 December 2021 (i.e. where the award will vest in April 2024) 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 2021 (1,383.5p per share). For 2020 the notional value of the PSP award with a performance period which ended on 31 December 2020 (i.e. where the award will vest in April 2023) 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 2020 (917.3p per share). The actual value has been split between the relevant value on the date of the original award of the relevant shares (the PSP – performance element) and subsequent increase in value (PSP – share price appreciation). Note that the long-term share-based reward (non-cash – notional) valuations for 2021 would be £673,438 and £514,981 respectively for Mark Ridley and Simon Shaw valued based on the share price as at 7 March 2022 (1,069p per share).

## Performance-related remuneration for 2021

### Annual performance-related profit share

### UPBT performance-related element

This information has been audited by the External Auditor, Ernst & Young LLP.

The following near-term performance measures applied to the 2021 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<br>(25% of element) | Target<br>(66.7% of element) | Maximum target<br>(100% of element) | Savills UPBT<br>performance | Bonus award<br>(% of element) |
|-----------------------------|------------------------------|-------------------------------------|-----------------------------|-------------------------------|
| £97.0m                      | £120.0m                      | £130.0m                             | £200.3m                     | 100%                          |



## Annual Report on Remuneration continued

There was straight-line vesting between performance points.

Reflecting the Group's exceptional performance in 2021, the Committee approved awards at 100% of the maximum potential were earned by the Executive Directors in respect of the UPBT performance-related element (2020: 21.0%).

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 100% of this 25%.

The Committee set strategic and operational objectives for the Executive Directors consistent with ensuring that the Group remained in a robust financial position through the period, staffing and client service levels were maintained, and which were aligned with longer-term value creation for Savills.

The tables below provide a summary of achievements against the key objectives for both Executive Directors:

Mark Ridley:

|   | Target  | Achievement  |
|---|---|--|
| <b>Implementation of Regional Strategy Plans</b>                                | <ul style="list-style-type: none"> <li>Successful implementation and delivery against the Regional Strategy Plans, with focus on the accelerated growth of Asia Pacific and further development of our market leading position in the UK and our CEME platform and progressing the further strengthening and depth of Savills North American platform.</li> <li>Develop Service Line Regional Strategy Boards.</li> </ul> | <ul style="list-style-type: none"> <li>Significant progress made:</li> <li>Savills IM: Samsung Strategic Alliance and the acquisition of outstanding 75% of DRC;</li> <li>Asia Pacific: acquisitions of the Merx group of companies; RealPlus and LCA;</li> <li>Savills North America: acquired T3 life sciences and technology consultancy and transactional platform; entered into SRS strategic alliance and progressed selective recruitment to further strengthen and broaden the service offering;</li> <li>UK market leading position maintained; CEME platform linkages further strengthened; and</li> <li>Service Line Regional Strategy Boards in place and operational, covering all key service lines.</li> </ul>  |
| <b>Supporting of the improved performance of Savills North America business</b> | <ul style="list-style-type: none"> <li>Ensure the North America business performance improvement in line with market expectation.</li> <li>Restructure leadership team and support strategic growth access logistics.</li> </ul>  | <ul style="list-style-type: none"> <li>Savills North America UPBT £15.1m (2020: UPBT £(8.4)m)</li> <li>Appointed new President and Head of National Logistics</li> </ul>   |
| <b>Technology</b>   | <ul style="list-style-type: none"> <li>Advance technology initiatives in conjunction with Simon Shaw, including Valuation digitalisation, CRM and Database, Accounting and K3 roll out.</li> </ul>  | <ul style="list-style-type: none"> <li>Further strong progress with delivery against key milestones in all technology initiatives across the Group.</li> </ul>   |
| <b>Diversity &amp; Inclusion</b>  | <ul style="list-style-type: none"> <li>Continue to develop and implement Savills' D&amp;I initiatives and networks.</li> <li>Revisit leadership training and succession planning.</li> <li>Measurable progress in respect of the diversity of our senior leadership.</li> </ul>   | <ul style="list-style-type: none"> <li>Ongoing progress in enhancing D&amp;I across Savills including:                             <ul style="list-style-type: none"> <li>Board membership: 37.5%; 2021 Hampton-Alexander ranking - Women in Senior Leadership: 33% - both ahead of target;</li> <li>UK reaching our initial goal of having 100 apprentices in the business; progressing our partnerships with Pathways to Property and Career Ready, allowing Savills UK to partner with eight schools raising the profile of working within real estate at a younger age and broadening the recruitment pool;</li> <li>Strong progress by our US Women's Initiative Network, Black Excellence United, and new LGBTQ+ Employee Resource Groups; and</li> <li>Established six D&amp;I groups in Asia Pacific and CEME to support delivery against the Group's nine UN SDGs.</li> </ul> </li> </ul> |

Simon Shaw:

|  | Objective   | Achievement   |
|--|---|---|
| <b>Supporting the CEO with strategic initiatives</b> | <ul style="list-style-type: none"> <li>▪ Continued Group growth strategies, in the context of market conditions, with a particular focus on growing Asia and the Group's Investment/Asset Management business.</li> <li>▪ US performance improvement and the continued strengthening and broadening of the service offering.</li> <li>▪ To assist CEO/GEB to evaluate and prioritise capital investment decisions and ensure coherent follow-up and review and monitor all Group acquisitions (over £1m) to ensure maximum value enhancement for the Group.</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Significant progress made:</li> <li>▪ Savills IM: Samsung Strategic Alliance and the acquisition of outstanding 75% of DRC;</li> <li>▪ Asia Pacific: acquisitions of the Merx group of companies; RealPlus and LCA;</li> <li>▪ Savills North America UPBT £15.1m (2020: UPBT £(8.4)m); and</li> <li>▪ Savills North America: T3 life sciences &amp; technology consultancy and transactional platform acquisition in US, SRS strategic alliance and selective recruitment to further strengthen and broaden the service offering.</li> </ul> |
| <b>Operational efficiency</b>                        | <ul style="list-style-type: none"> <li>▪ Ensure margins remain an area of key management focus for each Regional Business including identifying and sponsoring cost and operating efficiency improvements (including through adoption of technology).</li> </ul>  | <ul style="list-style-type: none"> <li>▪ 2021 UPBT margin: 9.3% (2020: 5.5%)</li> </ul>   |
| <b>Management of cash resources</b>                  | <ul style="list-style-type: none"> <li>▪ Manage the Group's cash resources in the context of the impact of COVID-19 and its economic fallout.</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Year-end net cash balance £340.7m (2020: £171m)</li> </ul>   |
| <b>Technology</b>                                    | <ul style="list-style-type: none"> <li>▪ Oversee and sponsor the Group's multi-year technology initiatives, to maximise cross-fertilisation of initiatives including: <ul style="list-style-type: none"> <li>▪ Delivery of key technological innovations that will add value (in terms of competitive advantage, attracting top talent, reduced operating costs or client service. Specific examples being: <ul style="list-style-type: none"> <li>▪ UK Valuations Digitisation programme continuing roll out</li> <li>▪ UK Reapit mobile working app</li> <li>▪ Workthere and small lot size leasing workflow technology</li> <li>▪ Athena property database 1st launch</li> <li>▪ The progressive harmonisation of accounting systems across the Group based upon AX Dynamics implementations where economically viable. Ensure the UK implementation is embedded and subsequent implementations follow in line with the risk-assessed roll out programme.</li> </ul> </li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ Delivery against key milestones in all technology initiatives across the Group - within our CRM, UK property data and Finance Platform programmes.</li> <li>▪ Further regional roll-out of Knowledge Cubed occupier platform and Workthere flexible office brokerage.</li> <li>▪ Further development of Insight &amp; Data capability with new teams in Poland and India.</li> <li>▪ Realising the benefit of efficiency projects in multiple service lines, particularly Valuation, Residential Sales and Lettings.</li> </ul>              |
| <b>Grosvenor Hill Ventures</b>                       | <ul style="list-style-type: none"> <li>▪ Chair Grosvenor Hill Ventures, manage the performance of its investments to date and make recommendations as to further investments/disposals in the PropTech space, as appropriate.</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Continued development of Grosvenor Hill Ventures portfolio companies and closed both follow-on and de novo investments during the period.</li> </ul>   |

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, will be deferred for a further three-year period in the form of shares.

## Annual Report on Remuneration continued

### Long-term incentives

The PSP award granted in 2019 is subject to performance in the three years to 31 December 2021. Following an assessment of Savills performance against targets set at grant, the Committee determined that 100% of the award had met the performance criteria and will vest at the end of the two-year holding period in April 2024. The targets and Savills performance were as follows:

|  | Weighting | Threshold target<br>(25% vesting) | Maximum target<br>(100% vesting) | Savills<br>performance       | Vesting<br>(% of<br>maximum) |
|--|-----------|-----------------------------------|----------------------------------|------------------------------|------------------------------|
| Relative TSR versus FTSE Mid 250 index (excluding investment trusts) | 50%       | Equal to index                    | Outperform index by 8% p.a.      | Outperform index by 19% p.a. | 100%                         |
| % EPS growth   | 50%       | RPI plus 3% p.a. compounded       | RPI plus 8% p.a. compounded      | 9.3%                         | 100%                         |

The information in the above table has been audited by the External Auditor, Ernst & Young LLP.

### Non-Executive Directors fees (audited)

The Non-Executive Director fees for 2021 were as follows:

|                                 | Nicholas<br>Ferguson<br>(Chairman) | Stacey<br>Cartwright | Tim<br>Freshwater | Rupert<br>Robson<br>(resigned 12<br>May 2021) | Florence<br>Tondu-<br>Mélifique | Dana<br>Roffman | Richard<br>Orders<br>(appointed<br>1 January<br>2021) | Philip Lee<br>(appointed<br>1 January<br>2021) |
|---------------------------------|------------------------------------|----------------------|-------------------|---|---------------------------------|-----------------|---|--|
| Basic fee                       | £215,000                           | £54,700              | £54,700           | £19,970                                       | £54,700                         | £54,700         | £54,700   | £54,700  |
| Additional fees:                |                                    |                      |                   |   |                                 |                 |   |  |
| Senior Independent Director     |                                    | £8,000               |                   |   |                                 |                 |   |  |
| Remuneration Committee Chairman |                                    |                      |                   | £3,651  |                                 |                 | £8,333  |  |
| Audit Committee Chairman        |                                    | £15,000              |                   |   |                                 |                 |   |  |
| 2021 Total                      | £215,000                           | £77,700              | £54,700           | £23,621                                       | £54,700                         | £54,700         | £63,033   | £54,700  |
| 2020 Total                      | £215,000                           | £69,700              | £62,700           | £64,700                                       | £54,700                         | £54,700         | -   | -  |

The information in this table has been audited by the External Auditor, Ernst & Young 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 fee payable to Nicholas Ferguson as Chairman during 2021 was £215,000p.a. (2020: £215,000 p.a.). The base fee for the Non-Executive Directors for 2021 was £54,700 p.a., with additional fees payable to the Senior Independent Director (£8,000 p.a.), the Audit Committee Chairman (£15,000 p.a.) and the Remuneration Committee Chairman (£10,000 p.a.). These fees were unchanged from the previous year. Fees will be increased in July 2022 in line with RPI then.

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

### Operation of Policy in 2022

#### Base salary

The base salaries of the Executive Directors will therefore be as follows:

- Group Chief Executive Officer: £311,000; and
- Group Chief Financial Officer: £238,000.

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 2022 will be:

- £3.25m for the Group Chief Executive Officer; and
- £2.5m for the Group Chief Financial Officer.

For the 2022 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 2022 will be up to 200% of each Executive Director's base salary.

Awards will vest subject to the satisfaction of EPS targets for one-third of the award, TSR performance for one-third of the award and Return on Capital Employed targets for the remaining one-third of the award. The Committee is still in the process of agreeing the precise targets and full details of these will be set out in the RNS announcement issued immediately after the PSP award is granted.

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 2021 and 2020.

|                                  | 2021<br>£m | 2020<br>£m | %<br>movement |
|----------------------------------|------------|------------|---------------|
| Employment costs                 | 1,413.1    | 1,153.7    | +22           |
| Underlying profit before tax     | 200.3      | 96.6       | +107          |
| Dividend payment to Shareholders | 88.3       | 23.8       | +271          |
| Executive Director remuneration  | 4.6        | 2.3        | +100          |
| Tax                              | 145.6      | 103.2      | +41           |

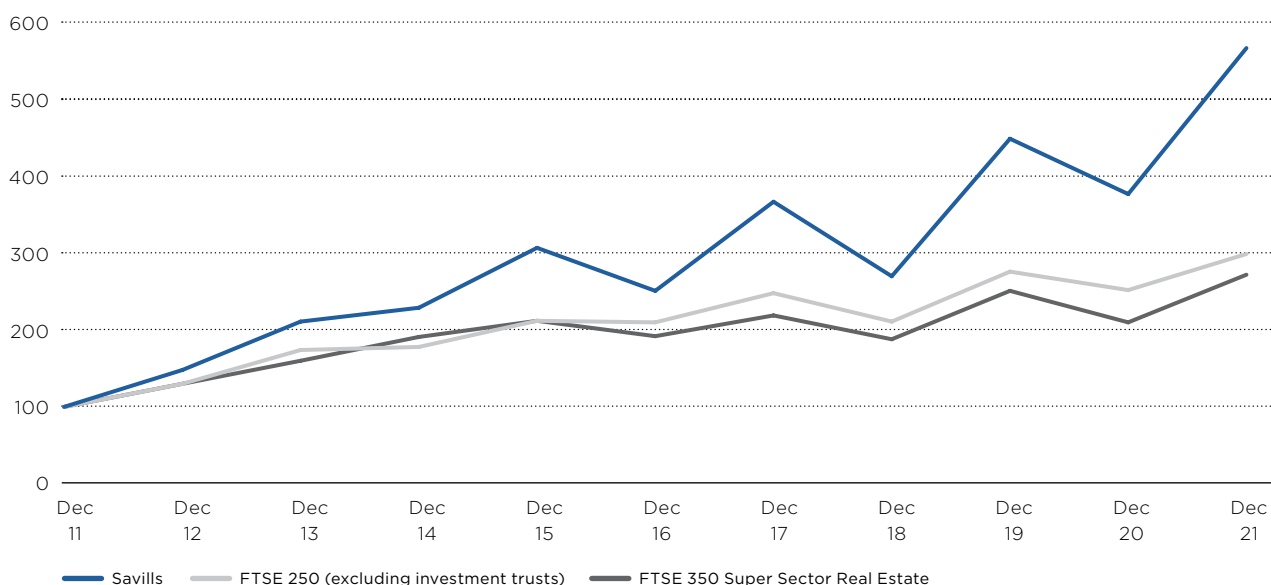
- Employment costs (excluding arrangements for Executive Directors) comprise basic salaries, profit share and commissions, social security costs, other pension costs and share-based payments.
- Tax comprises corporation tax, employers' social security and business rates and equivalent payments.
- The dividend cost for 2021 comprises the cost of the final dividend recommended by the Board (amounting to £18.4m), payment is subject to Shareholder approval at the Company's AGM scheduled to be held on 11 May 2022, the cost of the supplemental interim dividend (£22.5m) and a one-time special interim dividend (£39.0m) declared by the Board on 10 March 2022 (payable to Shareholders on the Register of Members as at 8 April 2022) and the interim dividend (£8.4m) paid on 6 October 2021.
- 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.

## Annual Report on Remuneration continued

### 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 19% per annum (FTSE 250 (excluding investment trusts): 12% per annum; FTSE 350 Super Sector Real Estate: 11% per annum). Savills was ranked 29th by TSR performance based on the constituents of the FTSE 250 (excluding investment trusts) and ranked 4th (of 18 companies) based on the performance of the constituents of the FTSE 350 Super Sector Real Estate over the 10 years to 31 December 2021.

#### 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.

### Pay for performance

| Year | 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) % |
|------|-------------------------|--|---------|----------------------|--|--|
| 2021 | Mark Ridley             | 3,504                                  | 200.3   | 107.3                | 100  | 100  |
| 2020 | Mark Ridley             | 1,294                                  | 96.6    | -32.6                | 38   | 23   |
| 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  |

Total remuneration 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 other years).

### Annual percentage change in remuneration of Directors and employees

The table below shows a comparison of the annual change of each individual Director's pay to the annual change in average employee pay. Average employee pay is based on a Full Time Equivalent (FTE) calculation.

|                                  | Percentage change in remuneration from 31/12/2020 to 31/12/2021 |                                 |   | Percentage change in remuneration from 31/12/2019 to 31/12/2020 |                                 |   |
|----------------------------------|---|---------------------------------|---|---|---------------------------------|---|
|                                  | Percentage change in base salary/ fee %                         | Percentage change in benefits % | Percentage change in profit share award % | Percentage change in base salary/ fee %                         | Percentage change in benefits % | Percentage change in profit share award % |
| Mark Ridley <sup>(1)</sup>       | 0%  | 159%                            | 165%                                      | 2%  | 1%                              | -52.5%                                    |
| Simon Shaw                       | 0%  | 0%                              | 165%                                      | 2%  | -28%                            | -52.5%                                    |
| Nicholas Ferguson                | 0%  | -                               | -   | 0%  | -                               | -   |
| Stacey Cartwright <sup>(2)</sup> | 12%   | -                               | -   | 9%  | -                               | -   |
| Tim Freshwater <sup>(3)</sup>    | -13%  | -                               | -   | 1%  | -                               | -   |
| Philip Lee <sup>(4)</sup>        | -   | -                               | -   | -   | -                               | -   |
| Richard Orders <sup>(5)</sup>    | -   | -                               | -   | -   | -                               | -   |
| Rupert Robson <sup>(6)</sup>     | -64%  | -                               | -   | 1%  | -                               | -   |
| Dana Roffman                     | 0%  | -                               | -   | -   | -                               | -   |
| Florence Tondou-Mélique          | 0%  | -                               | -   | 1%  | -                               | -   |
| All UK employees                 | -3.9%   | -1.1%                           | 34.3%                                     | -2.4%   | 2.8%                            | -7.3%                                     |

Notes:

1. Mark Ridley's 2021 benefits includes £17,539 cash equivalent of additional holiday entitlement accruing under the Company's loyalty holiday reward scheme (and reflecting Mark Ridley's 25th year of service).
2. Appointed Senior Independent Director 1 January 2021.
3. Stepped down as Senior Independent Director 31 December 2020.
4. Appointed 1 January 2021.
5. Retired 12 May 2021.
6. Salary, benefits and bonus is compared against full-time equivalent UK employees.

### 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 125) 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 |
|------|----------|---------------------------|------------------|---------------------------|
| 2021 | Option A | 144 : 1                   | 102 : 1          | 56 : 1                    |
| 2020 | Option A | 64 : 1                    | 40 : 1           | 22 : 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 as measured on 31 December 2021.

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 increase in the ratio for 2021 compared to 2020 is caused by our pay philosophy whereby for more senior employees, especially the CEO, a higher portion of remuneration is performance based. As a result, the strong performance achieved in 2021 resulted in a larger relative increase in total remuneration for the CEO compared to the wider workforce.

The CEO's pay is based on the single figure of remuneration set out on page 125 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.



## Annual Report on Remuneration continued

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

| Year | Salary          |         |                 | Total pay and benefits |         |                 |
|------|-----------------|---------|-----------------|------------------------|---------|-----------------|
|      | 25th percentile | Median  | 75th percentile | 25th percentile        | Median  | 75th percentile |
| 2021 | £22,058         | £28,191 | £42,630         | £24,377                | £34,378 | £62,359         |

### 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 2021 | Defined benefit pension accrued at 31 December 2020 |
|--------------------|---|---|
| Mark Ridley        | 36,468  | 35,763  |

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 2020 and 31 December 2021 respectively. No additional benefit is due in the event of early retirement.

This information has been audited by the External Auditor, Ernst & Young LLP.

### Share interests

Details of shares in the Company which the Directors beneficially held or had a beneficial interest in as at 31 December 2021 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:

| 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         | 210,321  | 193,627   | 149,045   | 201%                                       |
| Simon Shaw          | 182,579  | 152,513   | 140,750   | 229%                                       |

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.

|                                | At 31<br>December<br>2021 |
|--------------------------------|---------------------------|
| <b>Non-Executive Directors</b> |                           |
| Nicholas Ferguson              | 29,286                    |
| Stacey Cartwright              | 4,983                     |
| Tim Freshwater                 | -                         |
| Philip Lee                     | -                         |
| Richard Orders                 | -                         |
| Dana Roffman                   | -                         |
| Florence Tondou-Mélique        | -                         |

As at 9 March 2022, no Director had bought or sold shares since 31 December 2021.

### The Sharesave Scheme

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

This information has been audited by the external Auditor, Ernst & Young LLP.

### Scheme interests granted in 2021

This information has been audited by the External Auditor, Ernst & Young LLP.

Due to market conditions the grant of the 2021 PSP was delayed until 25 November 2021. As set out in the RNS announcement the terms of the award are as follows:

The following table sets out details of awards made to Executive Directors under the PSP in 2021. The Remuneration Committee acknowledged that, at the time of grant, in common with many other companies, there had been a fall in the share price since the end of February as a result of the coronavirus pandemic. Under the rules of the PSP, the Remuneration Committee has full discretion to ensure that the final outturns reflect all relevant factors, including consideration of any windfall gains.

|             | Type of award    | Basis of award<br>(face value)<br>200% base salary | Performance period                 | % vesting for threshold performance | % vesting for maximum performance | Performance criteria   |
|-------------|------------------|--|------------------------------------|-------------------------------------|-----------------------------------|--|
| Mark Ridley | Nil-cost options | £590,000   | 1 January 2021 to 31 December 2023 | 25%                                 | 100%                              | - One-third of award: Earnings per share growth  |
| Simon Shaw  | Nil-cost options | £451,000   |                                    |                                     |                                   | - One-third of award: Relative Total Shareholder Return against the FTSE 250 (excluding investment trusts) |
|             |                  |  |                                    |                                     |                                   | - One-third of award: Return on Capital Employed   |

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 6% p.a. compounded;
- 100% (i.e. the maximum) of the element to vest if the Company's EPS growth is 12% p.a. compounded or more; and

with straight-line vesting between the two points.

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.

## Annual Report on Remuneration continued

A further one-third of the award will vest subject to the satisfaction of Return on Capital Employed targets as follows:

- 25% (i.e. threshold) of the element to vest if the Company's ROCE is 15%;
- 100% (i.e. the maximum) of the element to vest if the Company's ROCE is 32.5% or more; and

with straight-line vesting between the two points. ROCE is defined as Underlying profit before tax plus JV tax and net interest cost (excluding finance lease interest) (Opening total debt plus shareholders funds) plus (closing total debt plus shareholder funds) / 2.

The 2021 award included ROCE in place of ROE which was used as a measure in the 2020 award on the basis that ROCE is considered more aligned with driving returns from total capital/long-term assets than incentivising improved equity financing.

The range of targets set for both EPS and ROCE were set with reference to both internal planning and external expectations for our future performance. The targets were set to be realistic at the lower end of the performance range and stretching at the top end of the range. Overall, the targets were considered similarly challenging to those targets set in prior years.

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 vest 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.

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 2020 | Awarded during year | Vested during year | Lapsed during year | At 31 December 2021 | 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 | 23,823              | -                   | -                  | -                  | 23,823              | 22.05.17      | 881.5p   | -                               | 22.05.22           |
|             | 43,010              | -                   | -                  | 33,118             | 9,892               | 16.04.18      | 976.5p   | -                               | 16.04.23           |
|             | 62,997              | -                   | -                  | -                  | 62,997              | 15.04.19      | 917.5p   | -                               | 15.04.24           |
|             | 70,828              | -                   | -                  | -                  | 70,828              | 30.06.20      | 833.0p   | -                               | 30.06.25           |
|             | -                   | 41,933              | -                  | -                  | 41,933              | 25.11.21      | 1,407p   | -                               | 25.11.26           |
| Simon Shaw  | 23,823              | -                   | -                  | -                  | 23,823              | 22.05.17      | 881.5p   | -                               | 22.05.22           |
|             | 45,263              | -                   | -                  | 34,853             | 10,410              | 16.04.18      | 976.5p   | -                               | 16.04.23           |
|             | 48,174              | -                   | -                  | -                  | 48,174              | 15.04.19      | 917.5p   | -                               | 15.04.24           |
|             | 54,141              | -                   | -                  | -                  | 54,141              | 30.06.20      | 833.0p   | -                               | 30.06.25           |
|             | -                   | 32,054              | -                  | -                  | 32,054              | 25.11.21      | 1,407p   | -                               | 25.11.26           |

The PSP award granted in 2018 was subject to performance in the three years to 31 December 2020. Following the assessment of Savills performance against targets set at grant, the Committee determined that 23% of the award had met the performance criteria and will vest at the end of the two-year holding period in April 2023. The remainder of the award lapsed during the year.

No awards vested under the PSP to Executive Directors during the year and therefore the total pre-tax gain on awards vested during the year was nil.

## The Deferred Share Bonus Plan ('DSBP')

### Number of conditional share awards

| Directors   | At 31 December 2020 | Awarded during year | Vested during year | At 31 December 2021 | 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 | 46,492              | -                   | 46,492             | -                   | 16.04.18      | 976.5p   | 1,212.9p                        | 16.04.21           |
|             | 39,673              | -                   | -                  | 39,673              | 15.04.19      | 917.5p   | -                               | 15.04.22           |
|             | 85,446              | -                   | -                  | 85,446              | 27.04.20      | 884.5p   | -                               | 27.04.23           |
|             | -                   | 23,926              | -                  | 23,926              | 17.06.21      | 1,174p   | -                               | 17.06.24           |
| Simon Shaw  | 52,534              | -                   | 52,534             | -                   | 16.04.18      | 976.5p   | 1,212.9p                        | 16.04.21           |
|             | 59,182              | -                   | -                  | 59,182              | 15.04.19      | 917.5p   | -                               | 15.04.22           |
|             | 63,821              | -                   | -                  | 63,821              | 27.04.20      | 884.5p   | -                               | 27.04.23           |
|             | -                   | 17,747              | -                  | 17,747              | 17.06.21      | 1,174p   | -                               | 17.06.24           |

Awards granted under the DSBP to Executive Directors during the year were based on 50% of the 2020 annual performance-related profit share above an amount equal to their respective base salaries in line with the Policy. Under the DSBP awards over 99,026, shares and 4,437 shares in lieu of dividends vested to Executive Directors during the year. No DSBP awards lapsed.

During the year, the aggregate gain on the exercise of share options and shares vested was £1,254,890. The mid-market closing price of the shares at 31 December 2021, the last business day of the year, was 1,408p and the range during the year was 972.5p to 1,450p.

### Payments to past Directors

No payments to past Directors were made during the year.

### Payments for loss of office

No payments for loss of office were made during the 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 2021, Simon Shaw received a fee of £55,000 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 |

## Annual Report on Remuneration continued

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 2024                         |
| Nicholas Ferguson       | 26 January 2016         | 26 January 2025                           |
| Philip Lee              | 1 January 2021          | 31 December 2023                          |
| Richard Orders          | 1 January 2021          | 31 December 2023                          |
| Dana Roffman            | 1 November 2019         | 31 October 2022                           |
| Florence Tondou-Mélique | 1 October 2018          | 30 September 2024                         |

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

### Shareholder votes on remuneration matters

The table below shows the voting outcomes for the 2020 Annual Remuneration Report at the AGM held on 12 May 2021 and the Directors' Remuneration Policy at the AGM held on 25 June 2020.

|  | 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** |
|--|---|-----------------|---------------------------|-----------------|----------------------------|-----------------------------|
| 2020 Annual Directors' Remuneration Report | 86,458,864                              | 79.05%          | 22,920,316                | 20.95%          | 109,379,180                | 7,052,881                   |
| Directors' Remuneration Policy             | 97,392,274                              | 90.00%          | 10,824,622                | 10.00%          | 108,216,896                | 7,569,193                   |

\* 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:

|  | Page/Note |
|--|-----------|
| Strategic Report   | 6         |
| Principal developments   | 21        |
| Material existing and emerging risks and uncertainties                     | 31        |
| Statement of Directors' responsibilities                                   | 141       |
| Corporate Governance Statement   | 70        |
| Engagement with UK employees   | 41        |
| Greenhouse gas emissions   | 62        |
| Engagement with suppliers, customers and others in a business relationship | 42        |

## UK Corporate Governance Code

The Company has complied throughout the year with all relevant provisions of the 2018 UK Corporate Governance Code (the 'Code'). A copy of the Code is available from the Financial Reporting Council's website at [www.frc.org.uk](http://www.frc.org.uk).

## 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 152 which shows a reported profit for the financial year attributable to the Shareholders of the Company of £146.2m (2020: £67.6m).

An interim dividend of 6p per ordinary share amounting to £8.4m was paid on 6 October 2021. It is recommended that a final dividend of 12.75p per ordinary share (amounting to £18.4m) is declared by the Company at the AGM on 11 May 2022 and, subject to Shareholder approval, paid on 17 May 2022 to Shareholders on the register of members as at the close of business on 8 April 2022 together with a supplemental interim dividend of 15.6p per ordinary share (amounting to £22.5m) and a one-time special dividend of 27.05p per ordinary share (amounting to £39.0m). More details of the proposed dividend and the Company's performance can be found in the Chairman's statement on pages 6 to 9.

## Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer's Review, with details of the Group's treasury activities and exposure to financial risk included in Note 3 to the Consolidated Financial Statements.

As in prior years, the Board undertook a strategic business review in the current year 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 Annual Report and the Board's risk appetite as detailed in the Strategic Report. Sensitivity analysis was also undertaken, including financing projections, to flex the financial forecasts under several severe downside scenarios, which involved applying different assumptions to the underlying forecasted revenues and underlying profits both individually and in aggregate. These scenarios assess the potential impact from several macro-economic risks, including a severe global economic downturn analogous to that experienced during the Global Financial Crisis in 2008/09 and a recurrence of the suppression of activity experienced in 2020 as a result of COVID-19 measures and restrictions. The results of this sensitivity analysis showed that the Group would maintain significant available facility and covenant headroom to be able to withstand the impact of such scenarios over the period of the financial forecast, as a result of the resilience and diversity of the Group, underpinned by a strong balance sheet.

Based on the Group's strong net cash position of £340.7m and undrawn £360.0m revolving credit facility at the year end, as described in the Chief Financial Officer's review, combined with the assessment explained above, the Directors have formed the judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group has 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 to 30 June 2023. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

## Events after the reporting period

There have been no material events affecting the Group or Company since 31 December 2021.



## Directors' Report continued

### Directors

Biographical details of the current Directors are shown on pages 74 to 77. All the Board members served throughout the year save for Rupert Robson who retired at the 2021 AGM on 12 May. As at 31 December 2021 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 pages 132 and 133 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 134 and 135. It is the Board's policy that the Group Chief Executive and Group Chief Financial Officer hold shares in the Company to the value of five times their respective base salaries (£1,475,000 and £1,127,500 respectively).

### Directors' interests in significant contracts

No Directors were materially interested in any contract of significance.

### 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 2021 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 137 to 140, together with the Strategic Report on pages 6 to 69, form the Management Report for the purposes of DTR 4.1.5R.

### Additional Information Disclosure

Pursuant to regulations made under the Companies Act 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 2021 comprised 144,203,211 2.5p ordinary shares, details of which may be found on page 226.

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. The Directors have authority to allot and issue ordinary shares and to disapply statutory pre-emption rights. The powers are exercised under authority of resolutions of the Company passed at the AGM.

Votes may be exercised at 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). A shareholder can lose their entitlement to vote at a general meeting where that shareholder has failed to provide the Company with information concerning interests in their shares or a call or other sum payable by the shareholder to the Company in respect of such shares have remained unpaid.

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 2021 the Company had been notified of the following interests in the Company's ordinary share capital in accordance with DTR 5. It should be noted that these holdings are likely to have changed since notified to the Company. However, notification of any change is not required until an applicable threshold is crossed.

| Shareholders <sup>1</sup>   | Number of shares <sup>1</sup> | % <sup>1</sup> |
|---|-------------------------------|----------------|
| 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           |
| Global Alpha Capital Management Ltd.  | 7,194,238                     | 5.03           |
| Standard Life Investments (Holdings) Limited  | 6,723,563                     | <5.00          |
| BlackRock, Inc.   | not disclosed                 | <5.00          |
| Heronbridge Investment Management LLP   | 7,131,812                     | 4.99           |
| 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           |
| Jupiter Fund Management Plc   | 7,113,311                     | 4.97           |
| Old Mutual Plc  | 6,685,646                     | 4.71           |

1. The names of shareholders and percentages of issued share capital are stated as per the notifications received.

Note: No other changes to the above have been disclosed to the Company in accordance with DTR 5, between 31 December 2021 and 9 March 2022.

As at 31 December 2021, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 4,644,019 ordinary shares and the Savills Rabbi Trust held 1,440,484 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. For further details of the trusts please refer to Note 2.22 to the financial statements.

### Purchase of own shares

In accordance with the Listing Rules, at the AGM on 12 May 2021 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 11 May 2022 to renew the Company's authority to make market purchases of its own ordinary shares of 2.5p each for cancellation, to be held in treasury, sold for cash or (provided Listing Rule requirements are met) transferred for the purposes of or pursuant to an employee share scheme. 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.

Subject to the Articles, UK legislation and any directions given by resolution in general meeting, the business of the Company is managed by the Directors.

The Company's rules about the appointment and replacement of its Directors are contained in the Articles. 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 118, in accordance with Board policy, 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 UK Corporate Governance Code, all Directors of the Company are subject to annual re-election.

### Annual General Meeting

The AGM is to be held at 33 Margaret Street, London W1G 0JD at 12 noon on 11 May 2022; details are contained in the AGM Notice circulated to Shareholders with this Annual Report and Accounts.

### 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 (2020: £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 41 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 115 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 £1,800 per year equating to £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.

### 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.

### Speak Up

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

A competitive tender process was undertaken in 2019 in accordance with mandatory external auditor rotation rules further to which the Audit Committee recommended to the Board that Ernst & Young LLP be appointed as External Auditor for financial years commencing on or after 1 January 2022 and their appointment was approved by Shareholders at the AGM held on 12 May 2021. In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young 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 auditor is 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 auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to that section.

### Engagement with UK employees

In accordance with section 172 of the Companies Act 2006 our statement on engagement with UK employees is on page 41.

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

In accordance with section 172 of the Companies Act 2006 our statement on engagement with suppliers, customers and others in a business relationship with the Company is on pages 41 and 42.

By order of the Board

#### Chris Lee

Group Legal Director & Company Secretary

9 March 2022

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 United Kingdom law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent Company financial statements in accordance with UK-adopted international accounting standards ("IFRSs"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the Group and parent Company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the 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 in pages 74 to 77 confirm that, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole; and
- that the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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 auditor is 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 auditor is 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.

9 March 2022

# Independent Auditors' Report

to the members of Savills plc

## Opinion

In our opinion:

- Savills plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards (IFRS);
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Savills plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise:

| Group   | Parent company   |
|---|--|
| Consolidated statement of financial position as at 31 December 2021                                       | Statement of financial position as at 31 December 2021   |
| Consolidated income statement for the year then ended   | Statement of changes in equity for the year then ended   |
| Consolidated statement of comprehensive income for the year then ended                                    | Statement of cash flows for the year then ended  |
| Consolidated statement of changes in equity for the year then ended                                       | Related notes 1 to 35 to the financial statements including a summary of significant accounting policies |
| Consolidated statement of cash flows for the year then ended  |  |
| Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies |  |

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following:

- We confirmed our understanding of management going concern assessment process and evaluated the method used to prepare the Group's going concern assessment for the going concern period.
- We obtained management's going concern assessment, including the cash forecast and covenant calculation for the going concern period which covers 18 months from the balance sheet date to 30 June 2023. The Group has modelled two adverse scenarios in their cash forecasts and covenant calculations in order to assess unexpected changes to the forecasted liquidity of the Group.

- We challenged the appropriateness of the forecasts used in the going concern model by comparing these to the latest Board approved forecast. We further tested the clerical accuracy of the going concern cash flow models and evaluated the appropriateness of the methods used to calculate the cash forecasts.
- We have tested the assumptions that are most sensitive in each modelled scenario, being revenues and underlying profits, and tested compliance with the covenants. In particular, we compared the main assumptions to historical trends and to our expectations considering the business recovery post Covid 19 and external industry benchmarks. We also assessed management’s reverse stress test on covenants and performed our own reverse stress test on available liquidity by applying additional downside sensitivities to forecast revenues.
- We agreed the cash balances to third party confirmations and key terms in the financing arrangements such as available facility, loan maturity dates and covenants to the underlying agreements.
- We read the board minutes to identify any matters that may impact the going concern assessment. We reviewed the going concern disclosures included in the annual report in order to assess they are appropriate and in conformity with the reporting standards.

The results of the severe downside scenarios modelled by management indicate that the group would maintain available facility and covenant headroom to be able to withstand the impact of plausible downside sensitivities throughout the period of the going concern assessment to 30 June 2023.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company’s ability to continue as a going concern for a period to 30 June 2023.

In relation to the group and parent company’s reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group’s ability to continue as a going concern.

## Overview of our audit approach

|                   |   |
|-------------------|---|
| Audit scope       | <ul style="list-style-type: none"> <li>▪ We performed an audit of the complete financial information of 10 components and audit procedures on specific balances for a further 3 components.</li> <li>▪ The components where we performed full or specific audit procedures accounted for 90% of absolute Profit before tax , 93% of Revenue and 97% of Total assets.</li> </ul> |
| Key audit matters | <ul style="list-style-type: none"> <li>▪ Risk of fraud in revenue recognition in relation to cut-off for transactional advisory business.</li> <li>▪ Goodwill Impairment assessment.</li> <li>▪ Provision for professional indemnity litigations and claims.</li> </ul>   |
| Materiality       | <ul style="list-style-type: none"> <li>▪ Overall group materiality of £10.1m which represents 5% of Profit before tax adjusted for non-recurring items.</li> </ul>  |

## An overview of the scope of the parent company and group audits

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 13 components as full or specific scope, which represent the principal business units within the Group.



## Independent Auditors' Report continued

to the members of Savills plc

Of the 13 components selected, we performed an audit of the complete financial information of 10 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 3 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 90% of the Group's absolute Profit before tax, 93% of the Group's Revenue and 97% of the Group's Total assets. For the current year, the full scope components contributed 86% of the Group's absolute Profit before tax, 88% of the Group's Revenue and 83% of the Group's Total assets. The specific scope component contributed 3% of the Group's absolute Profit before tax, 5% of the Group's Revenue and 4% of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. A further 1% of the Group's absolute Profit before tax and 9% of the Group's Total assets were accounted for through specified procedures, including additional cash confirmations and additional balances one off balances held by holding companies such as investments held at fair value through OCI.

Of the remaining components that together represent 10% of the Group's absolute Profit before tax, none are individually greater than 1% of the Group's absolute Profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

### Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction.

Of the 10 full scope components, audit procedures were performed on 2 of these directly by the Group audit team. The audit procedures on 8 full scope components and 3 specific scope components were performed by component audit teams. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current audit cycle, we were unable to complete all of our planned visits to component teams due to the ongoing travel restrictions arising from the COVID-19 pandemic. We performed alternative procedures, including virtual visits and live reviews of our component audit teams' working papers.

During the current year's audit cycle, we were able to complete a site visit to the US component team and the two UK components in person, whereas for all other locations (10 components) our visits were entirely virtual. Our virtual site visits involved using video technology and our global audit software to meet with our component teams to discuss and direct their audit approach, reviewing relevant working papers and understanding the significant audit findings in response to the risk areas including revenue cut-off, and obtaining updates on local matters including tax, pensions, acquisitions and legal claims. We also held meetings with Regional management for the US, UK, Asia Pacific, Central Europe and Middle East ('CEME'), and with management of Savills Investment Management, together with relevant EY component teams. The Group audit team virtually attended all component audit closing meetings. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

### Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Group has determined that for them the transition costs to a low carbon economy will be outweighed by business opportunities in terms of new revenue streams linked to sustainability initiatives. This is explained on pages 65 to 68 in the Task Force for Climate related Financial Disclosures and on pages 34 to 38 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Group's disclosures in the financial statements and their conclusion that no issues were identified that would materially impact the carrying values of intangible assets or have any other material impact on the financial statements. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter   | Our response to risk  | Key observations communicated to the Audit Committee   |
|--|---|--|
| <p><b>Risk of fraud in revenue recognition in relation to cut-off for transactional advisory business</b></p> <p>Transactional Advisory Revenue for the year ended 31 December 2021 was £892.9m (2020: £667.2m).</p> <p>There is a risk that revenue may be misstated through management override in order to increase profits to meet bonus targets, meet stakeholder expectations, or to smooth financial results.</p> <p>Considering the relatively high proportion of the transactional advisory revenue recognised close to the year end, the judgement exercised about the correct timing of revenue recognition, we determined that the risk of misstatement in revenue in related to recognising transactional advisory revenue in the correct period.</p> <p><i>Refer to the Audit Committee Report (page 102); Accounting policies (page 166); and Note 6 of the Consolidated Financial Statements (page 182).</i></p> | <p>We obtained an understanding of the Group's revenue process and identified key controls, but did not test or rely on controls.</p> <p>For a sample of transactional advisory revenue transactions recognised close to the year end (both pre and post year end), we obtained the underlying contract with the customer. We read the contracts to identify the performance obligations. For most transactions, we determined that it was appropriate to recognise revenue on unconditional exchange of contracts (lease agreements or sale agreements). Where there were performance obligations existing after exchange of contracts, we checked that revenue was appropriately deferred by confirming that a liability was recorded in the balance sheet.</p> <p>For the same sample, we agreed the revenue to cash receipts, checking that a receivable or accrued income was recognised where cash was not received prior to the year end.</p> <p>On a sample basis, we obtained credit notes issued in January to determine if they related to revenue that had been recognised in December. Where this was the case, we obtained reissued invoices to prove that revenue was not overstated in 2021.</p> <p>We tested material consolidation adjustments, topside adjustments and manual journal entries impacting revenue by obtaining supporting documentation from management to corroborate the amounts recorded in the current period.</p> <p>We performed full and specific scope audit procedures over the cut-off risk in transactional advisory revenue in 11 locations, which covered 93% of revenue.</p> | <p>We did not identify any material cut off issues relating to the transactional advisory revenue.</p> |

# Independent Auditors' Report continued

to the members of Savills plc

| Key audit matter   | Our response to risk  | Key observations communicated to the Audit Committee   |
|--|---|--|
| <p><b>Goodwill impairment</b></p> <p>At 31 December 2021 the carrying value of Goodwill is £411.3m (2020: £379.4m). Impairment charge recognised during the year is £4.1m (2020: nil).</p> <p>Goodwill is tested annually for impairment at the Cash Generating Unit (CGU) level. The recoverable amount of each CGU is determined through a value in use calculation.</p> <p>The value in use calculation is based on management's estimate of the future cashflows of each underlying CGUs and is most sensitive to the assumptions around revenue growth rates, operating profit margin and discount rate.</p> <p><i>Refer to the Audit Committee Report (page 102); Accounting policies (page 162); and Note 15 of the Consolidated Financial Statements (page 198).</i></p> | <p>We understood the methodology applied in management's impairment reviews for each of the material CGU's and identified the controls over the process but did not test or rely on controls.</p> <p>For all material CGUs, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>▪ We validated the carrying amounts of the net assets subject to impairment testing to the underlying accounting records, checking consistency between the assets and liabilities included in the carrying value and the related cashflows.</li> <li>▪ We tested the integrity and mathematical accuracy of the value in use models prepared by management to support the recoverable values, and that the models are appropriate for this purpose.</li> <li>▪ We agreed forecast cash flows to board approved budgets and strategic plans.</li> <li>▪ We stress tested the level of headroom by determining what change in the discount rate would result into an impairment.</li> </ul> <p>We identified the CGUs presenting a higher risk of impairment based on the materiality of the allocated goodwill, the historical and actual performance, the level of headroom estimated by management and its sensitivity to changes in key assumptions. For these CGUs, we performed additional audit procedures, in particular:</p> <ul style="list-style-type: none"> <li>▪ We tested the key assumptions supporting management forecasted cash flows for each CGU, including revenue growth and operating profit margin. We compared management's forecasts to relevant economic and property industry forecasts and to the historical performance of the CGUs. We also engaged our internal valuation specialists to assist with the evaluation of the discount rates applied in management value in use models.</li> <li>▪ We performed our own sensitivity analysis to understand the impact of changes to key assumptions, in particular revenue growth, operating margin and discount rate, on the value in use assessment and stress tested the assessment to conclude on possible impairment.</li> <li>▪ For CGUs where the recoverability of the goodwill was sensitive to reasonably possible changes in key assumptions, we verified that appropriate disclosures have been included in the Group's financial statements.</li> </ul> <p>Our work on the carrying value of goodwill was performed by the group audit team and some component teams. Our procedures covered 99% of the goodwill carrying value at the balance sheet date.</p> | <p>Based on our audit procedures we were satisfied with the goodwill impairment assessment at the balance sheet date.</p> <p>We highlighted that a reasonably possible change in certain key assumptions in particular revenue and operating profit margin forecasts could lead to material additional impairment charges in the US, Spain and Indonesia CGUs. We concluded appropriate disclosures had been included by management for the above assumptions.</p> |

| Key audit matter   | Our response to risk  | Key observations communicated to the Audit Committee  |
|--|---|---|
| <p><b>Provision for professional indemnity litigation and claims</b></p> <p>The provision for professional indemnity claims at 31 December 2021 was £16.5m (2020: £14.5m).</p> <p>The Group is subject to legal claims in the normal course of business. The determination of whether to make a provision requires judgement, and the valuation of provisions requires estimation including the use of internal and external legal counsel.</p> <p><i>Refer to the Audit Committee Report (page 102); Accounting policies (page 166); and Note 27 of the Consolidated Financial Statements (page 224).</i></p> | <p>We understood management’s process for reporting, assessing and valuing provisions for professional indemnity claims and we identified relevant controls over the process but did not test or rely on those controls.</p> <p>We assessed the completeness of management’s schedule of claims through our review of board minutes, whistle blower reports, performing journal entry testing, enquiry with management at various levels throughout the Group and performing a review of administrative expenses for legal costs.</p> <p>We also compared the schedule of claims in the current year against the prior years, investigating and obtaining evidence (such as settlement deeds or agreeing to bank statements) for those claims which have been settled in the current year, or where the provision has been reversed. We have also inspected post year end correspondence and enquired with management about subsequent events impacting the provisions recognised at year end.</p> <p>In order to assess the adequacy of the provision recognised, we:</p> <ul style="list-style-type: none"> <li>▪ We inspected external legal opinions and met with internal and external legal counsel to understand the nature of material claims and the basis of the expected settlement amount, challenging them on the significant judgments made for those material claims.</li> <li>▪ Performed a look-back analysis to confirm the accuracy of historical provisions made against amount settled.</li> <li>▪ For material provisions, we examined legal correspondence and third party evidence received by the Group. We also tested a sample of claims without provisions recognised, and immaterial provisions, to confirm the completeness of the provision balance. For these samples, we corroborated management’s explanations to legal advice and correspondence or bank statements where amounts have been settled.</li> </ul> <p>Our work on the provisions for litigation and claims was primarily performed by the group audit team, with some involvement from our component teams, where needed, to corroborate significant assumptions.</p> | <p>Based on our understanding of the cases, inspection of the external legal opinions and related documentation, we concluded the provisions recognised are materially correct and that the provisions are created in accordance with the requirements of IAS 37 <i>Provisions, Contingent liabilities and contingent assets</i>.</p> <p>We have also reviewed the disclosures in the financial statements and concluded they were appropriate.</p> |

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £10.1 million, which is 5% of profit before tax adjusted for non-recurring items. We believe that profit before tax adjusted for non-recurring items provides us with the most relevant performance measure to the stakeholders of the entity and therefore have determined materiality based on this number.

# Independent Auditors' Report continued

to the members of Savills plc

We determined materiality for the Parent Company to be £17m million, which is 5% of net assets.

| Starting basis                            | IFRS profit before tax: £183.1m   |
|---|---|
| <b>Adjustment for non-recurring items</b> | Add back: <ul style="list-style-type: none"><li>▪ Impairment £5.2m</li><li>▪ Restructuring costs £0.3m</li><li>▪ Acquisition costs £17.0m</li><li>▪ Fair value loss on call option £1.8m</li></ul> Less: <ul style="list-style-type: none"><li>▪ fit on disposal £0.4m</li><li>▪ Fair value gain on step acquisitions of subsidiaries £4.0m</li></ul> |
| <b>Materiality</b>                        | IFRS Profit before tax adjusted for non-recurring items of £203.0m<br>Materiality of £10.1m (5% of materiality basis)   |

During the course of our audit, we reassessed initial materiality and updated it based on actual year-end performance, which increased our final materiality to £10.1m from planning materiality of £6.5m.

## Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £5m. We have set performance materiality at this percentage given this is the first year in which EY are the auditors.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1.0m to £3.2m.

## Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.5m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the annual report including the Strategic Report and Governance (on pages 1 to 141), and Shareholder information (on pages 248 and 249), other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

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

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 137;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 137;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 137;
- Directors' statement on fair, balanced and understandable set out on page 141;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 33;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 105; and
- The section describing the work of the audit committee set out on pages 98 to 105.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 141, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.



## Independent Auditors' Report continued

to the members of Savills plc

### Auditor's 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 auditor's 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.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those relevant to the reporting framework (UK adopted international accounting standards, the Companies Act 2006 and UK Corporate Governance Code) and the relevant international tax laws and regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, UK financial services legislation, those laws and regulations relating to employee matters and pensions legislation, and data protection requirements in the jurisdictions in which the Group operates
- We understood how the Group is complying with those frameworks through enquiry with management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the board and the Audit Committee, including internal audit reports, and our attendance at the meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the Group.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets impacting bonus arrangements, and the risk of management override of controls. We engaged our forensics specialists in assisting our assessment of the susceptibility of the Group's financial statements to fraud, and designed specific responses to risks which were carried out by our full and specific scope locations. We considered the programmes and controls that the group has established to prevent, deter and detect fraud, and how senior management monitors those programmes and controls. The risk in revenue cut off of in the transactional advisory business was considered to be higher and we performed audit procedures to address this fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations, including specific instructions to component teams. Our procedures involved:
  - Enquiry of Group management, divisional management, internal audit, those charged with governance and legal counsel regarding their knowledge and any non-compliance or potential non-compliance with laws and regulations of fraud that could affect the financial statements;
  - Reading minutes of meetings of those charged with governance;
  - Assessment of matters reported to the Audit Committee and results of management's investigation of such matters;
  - Journal entry testing, with a focus on manual revenue journals and journals indicating large or unusual transactions close to the year-end based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the company on 19 May 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 1 year, covering the years ending 31 December 2021.
- The audit opinion is consistent with the additional report to the audit committee.

### Use of our report

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

### Sarah Kokot (Senior statutory auditor)

for and on behalf of Ernst & Young LLP,  
Statutory Auditor  
London

10 March 2022

# Consolidated income statement

for the year ended 31 December 2021

|   | Notes     | 2021<br>£m       | 2020<br>restated*<br>£m |
|---|-----------|------------------|-------------------------|
| <b>Revenue</b>  | 5 and 6   | <b>2,147.0</b>   | 1,740.5                 |
| <b>Less:</b>  |           |                  |                         |
| Employee benefits expense   | 9.1       | <b>(1,413.1)</b> | (1,153.7)               |
| Depreciation  | 16 and 17 | <b>(63.4)</b>    | (64.3)                  |
| Amortisation of intangible assets   | 15        | <b>(14.2)</b>    | (9.6)                   |
| Impairment of intangible assets arising from business combinations and goodwill | 15        | <b>(5.2)</b>     | -                       |
| Other operating expenses  | 7.1       | <b>(465.2)</b>   | (419.1)                 |
| Impairment losses on financial assets   | 20.2      | <b>(4.0)</b>     | (8.7)                   |
| Other net gains   | 7.1       | <b>2.0</b>       | 0.7                     |
| Share of post-tax profit from joint ventures and associates                     | 18.1      | <b>12.6</b>      | 10.2                    |
| <b>Operating profit</b>   | 7.1       | <b>196.5</b>     | 96.0                    |
| Finance income  | 11        | <b>1.9</b>       | 3.4                     |
| Finance costs   | 11        | <b>(15.3)</b>    | (16.2)                  |
| <b>Net finance cost</b>   | 11        | <b>(13.4)</b>    | (12.8)                  |
| <b>Profit before income tax</b>   |           | <b>183.1</b>     | 83.2                    |
| Income tax expense  | 12        | <b>(36.4)</b>    | (15.2)                  |
| <b>Profit for the year</b>  |           | <b>146.7</b>     | 68.0                    |
| <b>Attributable to:</b>   |           |                  |                         |
| Owners of the parent  |           | <b>146.2</b>     | 67.6                    |
| Non-controlling interests   |           | <b>0.5</b>       | 0.4                     |
|   |           | <b>146.7</b>     | 68.0                    |
| <b>Earnings per share</b>   |           |                  |                         |
| Basic earnings per share  | 14.1      | <b>104.9p</b>    | 49.0p                   |
| Diluted earnings per share  | 14.1      | <b>99.8p</b>     | 47.9p                   |

\* See Note 2.29 for details on the prior year restatement.

## Supplementary income statement information

|  |         |              |      |
|--|---------|--------------|------|
| <b>Reconciliation to underlying profit before income tax</b> |         |              |      |
| <b>Profit before income tax</b>                              |         | <b>183.1</b> | 83.2 |
| - restructuring and transaction-related costs                | 8       | <b>17.3</b>  | 6.5  |
| - other underlying adjustments                               | 8       | <b>(0.1)</b> | 6.9  |
| <b>Underlying profit before income tax</b>                   | 6 and 8 | <b>200.3</b> | 96.6 |

# Consolidated statement of comprehensive income

for the year ended 31 December 2021

|   | Notes | 2021<br>£m   | 2020<br>£m |
|---|-------|--------------|------------|
| Profit for the year   |       | <b>146.7</b> | 68.0       |
| <b>Other comprehensive income/(loss)</b>  |       |              |            |
| <i>Items that will not be reclassified to profit or loss:</i>                     |       |              |            |
| Re-measurement of defined benefit pension scheme and employee benefit obligations |       | <b>21.3</b>  | 6.5        |
| Changes in fair value of equity investments at FVOCI                              |       | <b>(4.4)</b> | (6.9)      |
| Tax on other items that will not be reclassified                                  | 12    | <b>(5.3)</b> | (1.2)      |
| <b>Total items that will not be reclassified to profit or loss</b>                |       | <b>11.6</b>  | (1.6)      |
| <i>Items that may be reclassified subsequently to profit or loss:</i>             |       |              |            |
| Currency translation differences  |       | <b>(8.9)</b> | 1.8        |
| Tax on items that may be reclassified   | 12    | <b>(0.1)</b> | (0.3)      |
| <b>Total items that may be reclassified subsequently to profit or loss</b>        |       | <b>(9.0)</b> | 1.5        |
| <b>Other comprehensive income/(loss) for the year</b>                             |       | <b>2.6</b>   | (0.1)      |
| <b>Total comprehensive income for the year</b>                                    |       | <b>149.3</b> | 67.9       |
| <b>Total comprehensive income attributable to:</b>                                |       |              |            |
| Owners of the parent  |       | <b>148.8</b> | 67.5       |
| Non-controlling interests   |       | <b>0.5</b>   | 0.4        |
|   |       | <b>149.3</b> | 67.9       |

# Consolidated and Company statements of financial position

as at 31 December 2021

|   | Notes         | Group          |                         | Company      |                         |
|---|---------------|----------------|-------------------------|--------------|-------------------------|
|   |               | 2021<br>£m     | 2020<br>restated*<br>£m | 2021<br>£m   | 2020<br>restated*<br>£m |
| <b>Assets: Non-current assets</b>   |               |                |                         |              |                         |
| Property, plant and equipment   | 16            | 66.3           | 64.9                    | 3.3          | 3.8                     |
| Right of use assets   | 17            | 232.6          | 252.8                   | 49.4         | 53.9                    |
| Goodwill  | 15            | 411.3          | 379.4                   | -            | -                       |
| Intangible assets   | 15            | 72.6           | 49.8                    | 3.7          | 6.3                     |
| Investments in subsidiaries   | 18.3          | -              | -                       | 175.0        | 148.8                   |
| Investments in joint ventures and associates                                | 18.1          | 32.8           | 51.8                    | -            | -                       |
| Deferred income tax assets  | 19            | 36.1           | 42.8                    | 3.3          | 2.5                     |
| Financial assets at fair value through other comprehensive income ('FVOCI') | 18.2          | 30.4           | 27.4                    | -            | -                       |
| Retirement benefit surplus  | 10.2          | 18.1           | -                       | 1.0          | -                       |
| Contract related assets   | 5.1           | 3.4            | 1.4                     | -            | -                       |
| Trade and other receivables   | 20.3          | 41.2           | 31.8                    | 52.3         | -                       |
|   |               | <b>944.8</b>   | 902.1                   | <b>288.0</b> | 215.3                   |
| <b>Assets: Current assets</b>   |               |                |                         |              |                         |
| Contract assets   | 5.1           | 9.3            | 8.0                     | -            | -                       |
| Trade and other receivables   | 20.1          | 602.6          | 496.6                   | 49.7         | 92.2                    |
| Income tax receivable   |               | 0.9            | 1.9                     | -            | -                       |
| Derivative financial instruments  | 26            | 0.1            | 0.4                     | -            | -                       |
| Cash and cash equivalents**   | 21            | 689.7          | 547.4                   | 102.2        | 94.5                    |
|   |               | <b>1,302.6</b> | 1,054.3                 | <b>151.9</b> | 186.7                   |
| <b>Liabilities: Current liabilities</b>                                     |               |                |                         |              |                         |
| Borrowings  | 24            | 2.1            | 12.2                    | -            | -                       |
| Overdrafts in notional pooling arrangement**                                | 22            | 198.5          | 209.1                   | -            | -                       |
| Lease liabilities   | 25            | 48.0           | 45.2                    | 5.7          | 5.6                     |
| Derivative financial instruments  | 26            | 0.9            | 0.3                     | -            | -                       |
| Contract liabilities  | 5.1           | 14.5           | 10.8                    | -            | -                       |
| Trade and other payables  | 23.1          | 738.5          | 604.9                   | 26.7         | 12.4                    |
| Income tax liabilities  |               | 15.9           | 10.2                    | 0.7          | 1.9                     |
| Employee benefit obligations  | 27.2          | 16.9           | 19.2                    | 0.3          | 0.3                     |
| Provisions  | 27.1          | 9.2            | 8.3                     | -            | -                       |
|   |               | <b>1,044.5</b> | 920.2                   | <b>33.4</b>  | 20.2                    |
| <b>Net current assets</b>   |               | <b>258.1</b>   | 134.1                   | <b>118.5</b> | 166.5                   |
| <b>Total assets less current liabilities</b>                                |               | <b>1,202.9</b> | 1,036.2                 | <b>406.5</b> | 381.8                   |
| <b>Liabilities: Non-current liabilities</b>                                 |               |                |                         |              |                         |
| Borrowings  | 24            | 148.4          | 148.4                   | -            | -                       |
| Lease liabilities   | 25            | 237.0          | 259.0                   | 58.8         | 64.5                    |
| Derivative financial instruments  | 26            | 2.6            | 0.6                     | -            | -                       |
| Other payables  | 23.2          | 20.0           | 10.5                    | -            | -                       |
| Retirement and employee benefit obligations                                 | 10.2 and 27.2 | 20.3           | 14.9                    | -            | 0.1                     |
| Provisions  | 27.1          | 20.0           | 15.6                    | 1.6          | 1.3                     |
| Deferred income tax liabilities   | 19            | 1.2            | 5.6                     | -            | -                       |
|   |               | <b>449.5</b>   | 454.6                   | <b>60.4</b>  | 65.9                    |
| <b>Net assets</b>   |               | <b>753.4</b>   | 581.6                   | <b>346.1</b> | 315.9                   |
| <b>Equity:</b>  |               |                |                         |              |                         |
| Share capital   | 28            | 3.6            | 3.6                     | 3.6          | 3.6                     |
| Share premium   | 30            | 104.4          | 97.2                    | 104.4        | 97.2                    |
| Other reserves  | 30            | 76.2           | 90.0                    | 38.2         | 38.2                    |
| Retained earnings   | 30            | 540.0          | 390.1                   | 199.9        | 176.9                   |
| <b>Equity attributable to owners of the parent</b>                          |               | <b>724.2</b>   | 580.9                   | <b>346.1</b> | 315.9                   |
| <b>Non-controlling interests</b>  | 18.4 and 35   | <b>29.2</b>    | 0.7                     | -            | -                       |
| <b>Total equity</b>   |               | <b>753.4</b>   | 581.6                   | <b>346.1</b> | 315.9                   |

\* See Note 2.29 for details on the prior year restatement.

\*\* Included within cash and cash equivalents are cash balances of £201.5m (31 December 2020: £242.0m) that are operated within a notional cash pooling arrangement together with overdraft balances of £198.5m (31 December 2020: £209.1m) presented above in current liabilities. See Note 22 for further details.

The profit after income tax of the Company for the year was £42.5m (2020 restated\*: £31.1m).

The consolidated and Company financial statements on pages 152 to 157 were authorised for issue by the Board of Directors on 9 March 2022 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 2021

|   | Attributable to owners of the parent |                     |                       |                           |              | Non-controlling interests<br>£m | Total equity<br>£m |
|---|--------------------------------------|---------------------|-----------------------|---------------------------|--------------|---------------------------------|--------------------|
|   | Share capital<br>£m                  | Share premium<br>£m | Other reserves*<br>£m | Retained earnings**<br>£m | Total<br>£m  |                                 |                    |
| <b>Balance at 1 January 2021</b>  | <b>3.6</b>                           | <b>97.2</b>         | <b>90.0</b>           | <b>390.1</b>              | <b>580.9</b> | <b>0.7</b>                      | <b>581.6</b>       |
| Profit for the year   | -                                    | -                   | -                     | 146.2                     | 146.2        | 0.5                             | 146.7              |
| Other comprehensive income/(loss):  |                                      |                     |                       |                           |              |                                 |                    |
| Re-measurement of defined benefit pension scheme and employee benefit obligations | -                                    | -                   | -                     | 21.3                      | 21.3         | -                               | 21.3               |
| Changes in fair value of financial assets at FVOCI                                | -                                    | -                   | (4.4)                 | -                         | (4.4)        | -                               | (4.4)              |
| Tax on items taken to other comprehensive income/(loss)                           | 12                                   | -                   | -                     | (5.4)                     | (5.4)        | -                               | (5.4)              |
| Currency translation differences  | -                                    | -                   | (8.9)                 | -                         | (8.9)        | -                               | (8.9)              |
| <b>Total comprehensive (loss)/income for the year</b>                             | <b>-</b>                             | <b>-</b>            | <b>(13.3)</b>         | <b>162.1</b>              | <b>148.8</b> | <b>0.5</b>                      | <b>149.3</b>       |
| Employee share option scheme:   |                                      |                     |                       |                           |              |                                 |                    |
| - Value of services provided  | -                                    | -                   | -                     | 23.7                      | 23.7         | -                               | 23.7               |
| - Tax on employee share option schemes  | 12                                   | -                   | -                     | 4.7                       | 4.7          | -                               | 4.7                |
| Issue of share capital  | -                                    | 7.2                 | -                     | -                         | 7.2          | -                               | 7.2                |
| Tax on other items taken to reserves  | 12                                   | -                   | -                     | 0.6                       | 0.6          | -                               | 0.6                |
| Purchase of treasury shares   | -                                    | -                   | -                     | (49.0)                    | (49.0)       | -                               | (49.0)             |
| Disposal of financial assets at FVOCI   | -                                    | -                   | (0.3)                 | 0.2                       | (0.1)        | -                               | (0.1)              |
| Dividends   | 13                                   | -                   | -                     | (31.9)                    | (31.9)       | (0.4)                           | (32.3)             |
| Transaction with non-controlling interest   | 18.4                                 | -                   | -                     | 39.3                      | 39.3         | 28.2                            | 67.5               |
| Transfer between reserves   | -                                    | -                   | (0.2)                 | 0.2                       | -            | -                               | -                  |
| Additions through business combinations   | 18.5                                 | -                   | -                     | -                         | -            | 0.2                             | 0.2                |
| <b>Balance at 31 December 2021</b>  | <b>3.6</b>                           | <b>104.4</b>        | <b>76.2</b>           | <b>540.0</b>              | <b>724.2</b> | <b>29.2</b>                     | <b>753.4</b>       |

|   | Attributable to owners of the parent |                     |                       |                           |              | Non-controlling interests<br>£m | Total equity<br>£m |
|---|--------------------------------------|---------------------|-----------------------|---------------------------|--------------|---------------------------------|--------------------|
|   | Share capital<br>£m                  | Share premium<br>£m | Other reserves*<br>£m | Retained earnings**<br>£m | Total<br>£m  |                                 |                    |
| <b>Balance at 1 January 2020</b>  | <b>3.6</b>                           | <b>97.2</b>         | <b>95.5</b>           | <b>306.2</b>              | <b>502.5</b> | <b>0.7</b>                      | <b>503.2</b>       |
| Profit for the year   | -                                    | -                   | -                     | 67.6                      | 67.6         | 0.4                             | 68.0               |
| Other comprehensive income/(loss):  |                                      |                     |                       |                           |              |                                 |                    |
| Re-measurement of defined benefit pension scheme and employee benefit obligations | -                                    | -                   | -                     | 6.5                       | 6.5          | -                               | 6.5                |
| Changes in fair value of financial assets at FVOCI, net of tax                    | -                                    | -                   | (6.9)                 | -                         | (6.9)        | -                               | (6.9)              |
| Tax on items taken to other comprehensive income/(loss)                           | 12                                   | -                   | -                     | (1.5)                     | (1.5)        | -                               | (1.5)              |
| Currency translation differences  | -                                    | -                   | 1.8                   | -                         | 1.8          | -                               | 1.8                |
| <b>Total comprehensive (loss)/income for the year</b>                             | <b>-</b>                             | <b>-</b>            | <b>(5.1)</b>          | <b>72.6</b>               | <b>67.5</b>  | <b>0.4</b>                      | <b>67.9</b>        |
| Employee share option scheme:   |                                      |                     |                       |                           |              |                                 |                    |
| - Value of services provided  | -                                    | -                   | -                     | 19.8                      | 19.8         | -                               | 19.8               |
| Purchase of treasury shares   | -                                    | -                   | -                     | (8.3)                     | (8.3)        | -                               | (8.3)              |
| Disposal of financial assets at FVOCI   | -                                    | -                   | (0.4)                 | (0.2)                     | (0.6)        | -                               | (0.6)              |
| Dividends   | -                                    | -                   | -                     | -                         | -            | (0.4)                           | (0.4)              |
| <b>Balance at 31 December 2020</b>  | <b>3.6</b>                           | <b>97.2</b>         | <b>90.0</b>           | <b>390.1</b>              | <b>580.9</b> | <b>0.7</b>                      | <b>581.6</b>       |

\* 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 2021

| Notes  | Attributable to owners of the Company |                     |                                   |                              |                       |                                      |                           |                    |
|--|---------------------------------------|---------------------|-----------------------------------|------------------------------|-----------------------|--------------------------------------|---------------------------|--------------------|
|  | Share capital<br>£m                   | Share premium<br>£m | Capital redemption reserve*<br>£m | Merger relief reserve*<br>£m | Other reserves*<br>£m | Share-based payments reserve**<br>£m | Retained earnings**<br>£m | Total equity<br>£m |
| <b>Balance at 1 January 2021 restated***</b>     | <b>3.6</b>                            | <b>97.2</b>         | <b>0.3</b>                        | <b>34.9</b>                  | <b>3.0</b>            | <b>39.8</b>                          | <b>137.1</b>              | <b>315.9</b>       |
| Profit for the year                              | -                                     | -                   | -                                 | -                            | -                     | -                                    | <b>42.5</b>               | <b>42.5</b>        |
| Other comprehensive income/(loss):               |                                       |                     |                                   |                              |                       |                                      |                           |                    |
| Remeasurement of defined benefit pension scheme  | 10.2                                  | -                   | -                                 | -                            | -                     | -                                    | <b>1.1</b>                | <b>1.1</b>         |
| Tax on items taken to other comprehensive income | 12                                    | -                   | -                                 | -                            | -                     | -                                    | <b>(0.3)</b>              | <b>(0.3)</b>       |
| <b>Total comprehensive income for the year</b>   | <b>-</b>                              | <b>-</b>            | <b>-</b>                          | <b>-</b>                     | <b>-</b>              | <b>-</b>                             | <b>43.3</b>               | <b>43.3</b>        |
| Employee share option scheme:                    |                                       |                     |                                   |                              |                       |                                      |                           |                    |
| - Value of services provided                     |                                       | -                   | -                                 | -                            | -                     | <b>23.7</b>                          | -                         | <b>23.7</b>        |
| - Exercise of share options                      |                                       | -                   | -                                 | -                            | -                     | <b>(20.5)</b>                        | <b>7.5</b>                | <b>(13.0)</b>      |
| - Tax on employee share option schemes           | 12                                    | -                   | -                                 | -                            | -                     | <b>1.0</b>                           | -                         | <b>1.0</b>         |
| - Transfer between reserves                      |                                       | -                   | -                                 | -                            | -                     | <b>0.1</b>                           | <b>(0.1)</b>              | -                  |
| Issue of share capital                           |                                       | -                   | <b>7.2</b>                        | -                            | -                     | -                                    | -                         | <b>7.2</b>         |
| Dividends  | 13                                    | -                   | -                                 | -                            | -                     | -                                    | <b>(32.2)</b>             | <b>(32.2)</b>      |
| Tax on items taken to reserves                   | 12                                    | -                   | -                                 | -                            | -                     | -                                    | <b>0.2</b>                | <b>0.2</b>         |
| <b>Balance at 31 December 2021</b>               | <b>3.6</b>                            | <b>104.4</b>        | <b>0.3</b>                        | <b>34.9</b>                  | <b>3.0</b>            | <b>44.1</b>                          | <b>155.8</b>              | <b>346.1</b>       |

| Notes  | Attributable to owners of the Company |                     |                                   |                              |                       |                                      |                           |                    |
|--|---------------------------------------|---------------------|-----------------------------------|------------------------------|-----------------------|--------------------------------------|---------------------------|--------------------|
|  | Share capital<br>£m                   | Share premium<br>£m | Capital redemption reserve*<br>£m | Merger relief reserve*<br>£m | Other reserves*<br>£m | Share-based payments reserve**<br>£m | Retained earnings**<br>£m | Total equity<br>£m |
| <b>Balance at 1 January 2020 restated***</b>               | <b>3.6</b>                            | <b>97.2</b>         | <b>0.3</b>                        | <b>34.9</b>                  | <b>3.0</b>            | <b>38.5</b>                          | <b>102.4</b>              | <b>279.9</b>       |
| Profit for the year restated***                            | -                                     | -                   | -                                 | -                            | -                     | -                                    | <b>31.1</b>               | <b>31.1</b>        |
| Other comprehensive income:                                |                                       |                     |                                   |                              |                       |                                      |                           |                    |
| Remeasurement of defined benefit pension scheme            | 10.2                                  | -                   | -                                 | -                            | -                     | -                                    | <b>0.4</b>                | <b>0.4</b>         |
| <b>Total comprehensive income for the year restated***</b> | <b>-</b>                              | <b>-</b>            | <b>-</b>                          | <b>-</b>                     | <b>-</b>              | <b>-</b>                             | <b>31.5</b>               | <b>31.5</b>        |
| Employee share option scheme:                              |                                       |                     |                                   |                              |                       |                                      |                           |                    |
| - Value of services provided                               |                                       | -                   | -                                 | -                            | -                     | <b>19.8</b>                          | -                         | <b>19.8</b>        |
| - Exercise of share options restated***                    |                                       | -                   | -                                 | -                            | -                     | <b>(18.5)</b>                        | <b>3.2</b>                | <b>(15.3)</b>      |
| <b>Balance at 31 December 2020 restated***</b>             | <b>3.6</b>                            | <b>97.2</b>         | <b>0.3</b>                        | <b>34.9</b>                  | <b>3.0</b>            | <b>39.8</b>                          | <b>137.1</b>              | <b>315.9</b>       |

\* 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.

\*\*\* See Note 2.29 for details on the prior year restatement.

# Consolidated and Company statements of cash flows

for the year ended 31 December 2021

|  | Notes     | Group         |                         | Company        |                         |
|--|-----------|---------------|-------------------------|----------------|-------------------------|
|  |           | 2021<br>£m    | 2020<br>restated*<br>£m | 2021<br>£m     | 2020<br>restated*<br>£m |
| <b>Cash flows from operating activities</b>  |           |               |                         |                |                         |
| Cash generated from/(used in) operations   | 32        | <b>348.3</b>  | 282.6                   | <b>9.1</b>     | (28.4)                  |
| Interest received  |           | <b>1.8</b>    | 3.4                     | <b>1.4</b>     | 1.0                     |
| Interest paid  |           | <b>(14.0)</b> | (15.0)                  | <b>(2.2)</b>   | (2.3)                   |
| Income tax (paid)/received   |           | <b>(33.4)</b> | (29.6)                  | <b>2.0</b>     | 5.9                     |
| <b>Net cash generated from/(used in) operating activities</b>                                |           | <b>302.7</b>  | 241.4                   | <b>10.3</b>    | (23.8)                  |
| <b>Cash flows from investing activities</b>  |           |               |                         |                |                         |
| Proceeds from sale of property, plant and equipment  |           | <b>1.0</b>    | 0.1                     | -              | -                       |
| Proceeds from sale of equity investments   |           | <b>1.7</b>    | 1.9                     | -              | -                       |
| Proceeds from sale of interests in joint ventures  |           | <b>0.7</b>    | 0.7                     | -              | -                       |
| Dividends received from joint ventures   | 18.1      | <b>6.6</b>    | 5.7                     | -              | -                       |
| Dividends received from associates   | 18.1      | <b>6.0</b>    | 5.1                     | -              | -                       |
| Dividends received from subsidiary   |           | -             | -                       | <b>56.0</b>    | 40.0                    |
| Repayment of loans by joint ventures   |           | <b>0.1</b>    | -                       | -              | -                       |
| Repayment of loans by associates   |           | -             | 0.1                     | -              | -                       |
| Repayment of loans by subsidiaries   |           | -             | -                       | <b>237.3</b>   | 198.0                   |
| Loans to joint ventures  |           | <b>(0.6)</b>  | (1.4)                   | -              | -                       |
| Loans to subsidiaries  |           | -             | -                       | <b>(245.0)</b> | (190.0)                 |
| Loans to other parties   |           | <b>(7.4)</b>  | (5.5)                   | -              | -                       |
| Acquisition of subsidiaries, net of cash and overdrafts acquired                             | 18.5      | <b>(40.5)</b> | (11.2)                  | -              | -                       |
| Deferred consideration paid in relation to prior year acquisitions                           | 23.3      | <b>(5.9)</b>  | (8.1)                   | -              | -                       |
| Purchase of property, plant and equipment  | 16        | <b>(18.6)</b> | (12.8)                  | <b>(1.4)</b>   | (2.2)                   |
| Purchase of intangible assets  | 15        | <b>(5.9)</b>  | (5.3)                   | <b>(0.1)</b>   | (0.8)                   |
| Purchase of equity investments   | 18.2      | <b>(9.8)</b>  | (5.0)                   | -              | -                       |
| Purchase of investment in joint ventures   | 18.1      | <b>(0.4)</b>  | -                       | -              | -                       |
| Purchase of investment in associates   | 18.1      | <b>(0.3)</b>  | (0.5)                   | -              | -                       |
| Investment in Employee Benefit Trust   |           | -             | -                       | <b>(36.7)</b>  | (8.3)                   |
| Return of capital investment from subsidiaries in relation to Employee Benefit Trust funding |           | -             | -                       | <b>17.9</b>    | 4.3                     |
| <b>Net cash (used in)/generated from investing activities</b>                                |           | <b>(73.3)</b> | (36.2)                  | <b>28.0</b>    | 41.0                    |
| <b>Cash flows from financing activities</b>  |           |               |                         |                |                         |
| Proceeds from issue of share capital   |           | <b>7.2</b>    | -                       | <b>7.2</b>     | -                       |
| Proceeds from transaction with non-controlling interest                                      | 18.4      | <b>63.7</b>   | -                       | -              | -                       |
| Transaction costs incurred on transaction with non-controlling interest                      | 18.4      | <b>(0.9)</b>  | -                       | -              | -                       |
| Proceeds from borrowings   | 24        | <b>26.9</b>   | 46.1                    | -              | -                       |
| Repayments of borrowings   | 24        | <b>(38.2)</b> | (67.3)                  | -              | -                       |
| Financing fees paid  | 33        | <b>(0.5)</b>  | -                       | -              | -                       |
| Principal elements of lease payments   | 33        | <b>(47.2)</b> | (47.7)                  | <b>(5.6)</b>   | (5.8)                   |
| Purchase of treasury shares  |           | <b>(49.0)</b> | (8.3)                   | -              | -                       |
| Dividends paid   | 13        | <b>(32.3)</b> | (0.4)                   | <b>(32.2)</b>  | -                       |
| <b>Net cash used in financing activities</b>   |           | <b>(70.3)</b> | (77.6)                  | <b>(30.6)</b>  | (5.8)                   |
| <b>Net increase in cash, cash equivalents and bank overdrafts</b>                            |           |               |                         |                |                         |
|  |           | <b>159.1</b>  | 127.6                   | <b>7.7</b>     | 11.4                    |
| Cash, cash equivalents and bank overdrafts at beginning of year                              |           | <b>338.2</b>  | 209.8                   | <b>94.5</b>    | 83.1                    |
| Effect of exchange rate fluctuations on cash and cash equivalents held                       |           | <b>(7.3)</b>  | 0.8                     | -              | -                       |
| <b>Cash, cash equivalents and bank overdrafts at end of year</b>                             | 21 and 22 | <b>490.0</b>  | 338.2                   | <b>102.2</b>   | 94.5                    |

\* See Note 2.29 for details on the prior year restatement.

# Notes to the financial statements

Year ended 31 December 2021

## 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 plc is listed on the London Stock Exchange and employs 40,090 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. The Company's registered number is 2122174.

These consolidated financial statements were approved for issue by the Board of Directors on 9 March 2022. The Board of Directors have the power to amend the financial statements after issue.

## 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 UK adopted international accounting standards ('IFRS') and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The financial statements are prepared on a going concern basis and under the historical cost convention as modified by the revaluation of loans receivable, equity investments and derivative financial instruments held at fair value.

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 4.

In preparing the financial statements management has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the Taskforce on Climate related Financial Disclosure. These considerations included the limited exposure in terms of tangible assets, including in our investment management business where we do not own the properties, as well as our current assessment that the transition costs to a low carbon economy will be outweighed by alternative business opportunities, therefore not impacting the recoverability of our intangible assets. On this basis, we concluded that climate change did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that this is not expected to have a significant impact on the Group's going concern or viability assessment.

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.

### 2.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer's Review, with details of the Group's treasury activities and exposure to financial risk included in Note 3 to the Consolidated Financial Statements.

As in prior years, the Board undertook a strategic business review in the current year 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 Annual Report and the Board's risk appetite as detailed in the Strategic Report. Sensitivity analysis was also undertaken, including financing projections, to flex the financial forecasts under several severe downside scenarios, which involved applying different assumptions to the underlying forecasted revenues and underlying profits both individually and in aggregate. These scenarios assess the potential impact from several macro-economic risks, including a severe global economic downturn analogous to that experienced during the Global Financial Crisis in 2008/09 and a recurrence of the suppression of activity experienced in 2020 as a result of COVID-19 measures and restrictions. The results of this sensitivity analysis showed that the Group would maintain significant available facility and covenant headroom to be able to withstand the impact of such scenarios over the period of the financial forecast, as a result of the resilience and diversity of the Group, underpinned by a strong balance sheet.

Based on the Group's strong net cash position of £340.7m and undrawn £360.0m revolving credit facility at the year end, as described in the Chief Financial Officer's review, combined with the assessment explained above, the Directors have formed the judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence until at least June 2023. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

## 2.3 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 by excluding significant non-operational costs/income from the GAAP measures. The 'underlying' measures are also used by the Group for internal performance analysis and incentive compensation arrangements for employees.

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 non-GAAP measures may be materially higher or lower than GAAP measures and should not be regarded as a complete picture of the Group's financial performance. In particular, underlying profit before tax may be materially higher or lower than reported profit before tax as a result of the adjustments. Notably, if there have been significant impairments, restructuring costs excluded and significant recent business acquisitions the underlying profit before tax will be higher than reported profit before tax.

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

- 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;
- amortisation of intangible assets arising from business combinations (this excludes software or other pre-existing intangible assets of the acquiree);
- items that are considered significant in size and non-operational in nature including restructuring costs associated with business acquisitions, impairments of goodwill and intangible assets arising from business combinations and profits or losses arising on disposals of subsidiaries and other investments; and
- significant transaction-related costs associated with business combinations.

The majority of adjustments made to the GAAP measures to arrive at "underlying" measures relate to charges arising as a result of business combinations. The nature of the Group's business and the businesses that the Group acquires (being "asset light" people businesses) requires the Group to structure business acquisitions such that often payment of deferred consideration is linked to recipients' continuing and active engagement in the business at the date of the deferred payment, with these payments required to be expensed to the income statement under IFRS 3. For internal performance analysis and incentive compensation arrangements, these charges are considered part of the initial cost of acquiring a business, instead of an ongoing operational cost, and are therefore excluded from the Group's "underlying" measures. The same rationale is applied to the exclusion of amortisation of intangible assets arising from business combinations (excluding software or other pre-existing intangible assets of the acquiree), any impairments of goodwill and the aforementioned intangible assets, significant transaction-related costs associated with business combinations and significant restructuring costs that are related to the acquisition of a business. These items are not considered to reflect the business's trading performance and so are adjusted to ensure consistency between periods.

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, providing additional information on the Group's performance over time with respect to profitability.

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.

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.

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

# Notes to the financial statements continued

Year ended 31 December 2021

## 2. Accounting policies continued

### 2.4 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. 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. Payments dependent on future employment are expensed to the income statement over the relevant period of employment as required by IFRS 3 (revised).

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. 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.

Profit or loss on disposal of subsidiaries is recognised in profit or loss as other gains/(losses).

#### (e) Associates

Associates are all entities over which the Group has significant influence but not control or joint 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 18.1).

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 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 2.10.

Profit or loss on disposal of associates is recognised in profit or loss as other gains/(losses).

#### **(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 the Group does not recognise further losses unless it has incurred legal or constructive 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 2.10.

Profit or loss on disposal of joint ventures is recognised in profit or loss as other gains/(losses).

#### **(g) Investment management funds**

The Investment Management business enters in to strategic partnerships and mandates to provide asset management or investment advisory services to external clients, and in certain instances also has an interest in the fund general partner or in co-investment schemes. In its role as fund manager, the Investment Management business is considered by management to be acting as an agent which does not have control under IFRS 10 and therefore the funds are not consolidated as part of the Group.

### **2.5 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 ('GEB').

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.

The GEB primarily manages the business based on the geographic location in which the Group operates. 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.



# Notes to the financial statements continued

Year ended 31 December 2021

## 2. Accounting policies continued

### 2.6 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 recognised in other comprehensive income and taken 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.

### 2.7 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) | Lower of estimated useful life and unexpired term of lease |
| Equipment and motor vehicles                  | 3-10 years   |

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

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

### 2.8 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.

Goodwill is carried at cost less accumulated impairment losses. Separately recognised goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of value-in-use and fair value less costs of disposal. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in the geographical region in which it operates (Note 15).

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In respect of associates and joint ventures, goodwill is included in the carrying value of the investment and is not tested for impairment separately.

## 2.9 Intangible assets other than goodwill

Intangible assets arising from 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 or sale;
- 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  | 2-4 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 and the expectation that these contracts are expected to generate net cash inflows for the Group.

## 2.10 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.

# Notes to the financial statements continued

Year ended 31 December 2021

## 2. Accounting policies continued

### 2.11 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 2.12–2.17.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

### 2.12 Equity investments

The Group has made an irrevocable election at initial recognition for equity investments to be classified as FVOCI (fair value through other comprehensive income). 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 as other operating income. 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.

### 2.13 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 receivables and contract assets. These estimates are based on historic credit loss experience, adjusted for forward-looking factors specific to the debtors and macro-economic and specific country-risk considerations with higher default rates applied to older balances.

In addition, if specific circumstances exist which would indicate that the receivable is irrecoverable a specific provision is made. A provision is made against trade receivables and contract assets until such time as the Group believes there to be no reasonable expectation of recovery, after which the trade receivable or contract asset balance is written off.

### 2.14 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, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are included under borrowings in the statement of financial position.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents, as defined above, is net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### 2.15 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.

### 2.16 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.

### 2.17 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.

## 2.18 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.

## 2.19 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 year end 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 substantively enacted by the year end 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.

## 2.20 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.

# Notes to the financial statements continued

Year ended 31 December 2021

## 2. Accounting policies continued

### 2.21 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. Market performance conditions are reflected within the grant date fair value. Service and non-market performance 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 service and non-market performance 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.

### 2.22 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.

### 2.23 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, with the unwinding of the discount included in finance costs.

#### (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 based on the expected settlement amount for the claim. A separate receivable from insurers in relation to professional indemnity claims is recognised to the extent it is virtually certain of being received. This receivable is recognised within other receivables.

#### (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. The provisions are reviewed on an annual basis for changes in cost estimates.

#### (c) Restructuring provisions

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.

### 2.24 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. Revenue is recognised over the life of a contract on a straight line basis, which is in line with the satisfaction of the performance obligation.

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).



# Notes to the financial statements continued

Year ended 31 December 2021

## 2. Accounting policies continued

### 2.24 Revenue continued

#### (d) Property and facilities management services continued

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.

#### (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 actual net asset value or actual gross asset value of the underlying portfolio of investments. Asset management fees are typically calculated as a fixed percentage of actual gross rental income or actual passing rents. Revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Revenue is recognised over the life of a contract on a straight line basis, which is in line with the satisfaction of the performance obligation. Customers are generally invoiced quarterly in advance with consideration payable upon the issue of an invoice, 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

For contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the transaction price is adjusted for the time value money. The financing component is recognised within finance costs or finance income in the income statement.

#### (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. The amortisation of these costs are recognised in the income statement, within other operating expenses.

Incremental costs of obtaining a contract are recognised in the income statement, within other operating expenses, when incurred when the amortisation period of the asset that would otherwise have been recognised is less than a year.

### 2.25 Leases

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.

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 payments 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 the income statement. 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.

## 2.26 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.

## 2.27 Government grants

The Group recognises government subsidy income when there is reasonable assurance that the financial assistance will be received and, where applicable, when the Group is able to demonstrate its ability to comply with any conditions of the support scheme. The income is recognised in the income statement over the period necessary to match the income with the related cost and is deducted against the related expense in the income statement. The majority of financial assistance received by the Group in the current financial year is in relation to employee costs and is included as income within the employee benefits expense line.

## 2.28 Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations endorsed by the UK and mandatorily effective for the first time for the financial year beginning 1 January 2021 that are not relevant or considered to have a significant impact on the Group and its financial statements include the following:

|  |   |
|--|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest rate benchmark reform impact – Phase 2           |
| Amendments to IFRS 16                                    | COVID-19 related rent concessions                         |
| Amendments to IFRS 4                                     | Extension of the temporary exemption from applying IFRS 9 |

There are no other UK-endorsed standards, amendments and interpretations to 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.

# Notes to the financial statements continued

Year ended 31 December 2021

## 2. Accounting policies continued

### 2.29 Prior year restatements

#### Notional cash pooling arrangement

For internal cash management purposes, the Group maintains a notional cash pooling arrangement with Barclays Bank PLC, whereby credit cash balances (cash) and debit cash balances (overdrafts) for the participating bank accounts are notionally offset. There is no overdraft cost or charge associated with any pooled overdraft that is offset by pooled cash balances. Refer to Note 22 for further details.

While the Group has legal right of offset of these balances in the arrangement, it was determined that the cash pooling arrangement did not meet the requirements for offsetting in accordance with IAS 32: "Financial Instruments: Presentation" for each period presented and the pooled cash and pooled overdraft balances within the notional pooling arrangement cannot be presented net in the statement of financial position. Accordingly, the presentation has been amended to show these balances on a gross basis separately on the statement of financial position as at 31 December 2021 in accordance with IAS 32. The prior period comparatives have been restated in accordance with IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" to meet the presentation requirements of IAS 32. The change in presentation increases cash and cash equivalents within current assets and increases current liabilities with the overdraft balances in the notional pooling arrangement but does not have an impact on the reported net assets, net current assets, profit for the year, the statement of cash flows or cash and cash equivalents net of overdrafts disclosed by the Group.

The table below shows the impact of the prior year restatement on the primary financial statements:

|  | 31 December<br>2020<br>reported<br>£m | Restatement<br>£m | 31 December<br>2020<br>restated<br>£m |
|--|---------------------------------------|-------------------|---------------------------------------|
| <b>Statement of financial position</b>     |                                       |                   |                                       |
| Cash and cash equivalents                  | 338.3                                 | 209.1             | <b>547.4</b>                          |
| Assets: Current Assets                     | 845.2                                 | 209.1             | <b>1,054.3</b>                        |
| Overdrafts in notional pooling arrangement | -                                     | 209.1             | <b>209.1</b>                          |
| Liabilities: Current Liabilities           | 711.1                                 | 209.1             | <b>920.2</b>                          |

As at 1 January 2020, the value of cash and cash equivalents and overdrafts in the notional pooling arrangement that were offset totalled £160.8m. Accordingly, the adjustment resulted in an increase in cash and cash equivalents from £209.9m to £370.7m and the separate presentation of overdrafts within the notional pooling arrangement of £160.8m. The adjustment therefore increases the total current assets from £790.1m to £950.9m and total current liabilities from £723.6m to £884.4m as at 1 January 2020.

#### Presentation of deferred consideration linked to continuing employment within the Statement of Cash Flows

In accordance with the requirements of IAS 7: "Statement of Cash Flows", the Group's policy is to classify payments of deferred/contingent consideration in relation to historic business acquisitions that are linked to continuing employment within cash flows used in operating activities and all other payments of deferred/contingent considerations under IFRS 3: "Business Combinations" are classified as cash used in investing activities. Following a review prompted by an enquiry carried out by the Financial Reporting Council ('FRC') on the Group's 2020 Annual Report & Accounts, it was noted that certain cash flows relating to employment linked deferred consideration payments were incorrectly classified as an investing activity as opposed to an operating activity in the Group's consolidated Statement of Cash Flows. This has been corrected in this Annual Report and Accounts, with prior year comparatives for the period ended 31 December 2020 represented accordingly in accordance with IAS 8.

The scope of the review performed by the FRC was to consider the Group's compliance with UK reporting requirements. Due to their inherent limitations these reviews are not intended to provide assurance that corporate accounts are correct in all material aspects. The FRC's review does not benefit from a detailed knowledge of the business or an understanding of the underlying transactions entered into. The FRC's letters are written on the basis that the FRC accepts no liability for reliance on them by the Company or any third party.

The table below shows the impact of the prior year restatement on the Group's Statement of Cash Flows and Note 32 – Cash Generated From Operations:

|  | 31 December<br>2020<br>reported<br>£m | Restatement<br>£m | 31 December<br>2020<br>restated<br>£m |
|--|---------------------------------------|-------------------|---------------------------------------|
| <b>Statement of cash flows</b>                                     |                                       |                   |                                       |
| Cash generated from operations                                     | 289.8                                 | (7.2)             | <b>282.6</b>                          |
| <b>Net cash generated from operating activities</b>                | 248.6                                 | (7.2)             | <b>241.4</b>                          |
| Deferred consideration paid in relation to prior year acquisitions | (15.3)                                | 7.2               | <b>(8.1)</b>                          |
| <b>Net cash (used in)/generated from investing activities</b>      | (43.4)                                | 7.2               | <b>(36.2)</b>                         |
| <b>Note 32 – Cash Generated From Operations</b>                    |                                       |                   |                                       |
| Increase in trade and other payables and contract liabilities      | 18.6                                  | (7.2)             | <b>11.4</b>                           |
| <b>Cash generated from operations</b>                              | 289.8                                 | (7.2)             | <b>282.6</b>                          |

This prior year restatement does not have an impact on reported profit, earnings per share, assets, liabilities or the overall net cash flows disclosed by the Group and relates solely to classification within the Statement of Cash Flows.

#### **Presentation of share of post-tax profit from joint ventures and associates within the Income Statement**

Following a review of the Group's share of post-tax profit from joint ventures and associates and the presentation of this in the Group's Income Statement, management have determined that the Group's joint ventures and associates are an integral part of the business and the share of post-tax profit from joint ventures and associates should have been included within operating profit, consistent with IASB's view in IAS 1.BC56. This position has been corrected in the current year and prior period comparatives have been restated in accordance with IAS 8.

The table below shows the impact of the prior year restatement on Group's Income Statement:

|                         | 31 December<br>2020<br>reported<br>£m | Restatement<br>£m | 31 December<br>2020<br>restated<br>£m |
|-------------------------|---------------------------------------|-------------------|---------------------------------------|
| <b>Income statement</b> |                                       |                   |                                       |
| Operating profit        | 85.8                                  | 10.2              | <b>96.0</b>                           |

This prior year restatement does not have an impact on reported profit after tax, earnings per share, the Statement of Financial Position or the Statement of Cash Flows.

#### **Presentation of dividends received from subsidiary and intercompany loans within the Company Statement of Cash Flows**

The Company's prior year Statement of Cash Flows included dividends from its subsidiary within cash generated from operations in error, these dividends should have been presented within cash generated from investing activities in line with the Company's presentation policy for such cash flows. This is correctly reflected in the current year's Statement of Cash Flows and the prior period comparatives have been restated in accordance with IAS 8.

The Company's prior year Statement of Cash Flows included repayment of loans by subsidiaries and loans to subsidiaries presented net within the cash generated from investing activities in error, these cash flows should have been presented gross in line with IAS 7.21 Statement of Cash Flows. This is correctly reflected in the current year's cash flow statement and the prior period comparatives have been restated in accordance with IAS 8.

## Notes to the financial statements continued

Year ended 31 December 2021

### 2. Accounting policies continued

#### 2.29 Prior year restatements continued

The table below shows the impact of the prior year restatement on the Company's Statement of Cash Flows:

|   | 31 December<br>2020<br>reported<br>£m | Restatement<br>£m | Share based payment<br>arrangement restatement<br>(see restatement below)<br>£m | 31 December<br>2020<br>restated<br>£m |
|---|---------------------------------------|-------------------|---|---------------------------------------|
| <b>Company Statement of Cash Flows</b>                              |                                       |                   |   |                                       |
| Cash generated from/(used in) operations                            | 11.6                                  | (40.0)            | -   | <b>(28.4)</b>                         |
| <b>Net cash generated from/(used in)<br/>operating activities</b>   | 16.2                                  | (40.0)            | -   | <b>(23.8)</b>                         |
| Dividends received from subsidiary                                  | -                                     | 40.0              | -   | <b>40.0</b>                           |
| Repayment of loans by subsidiaries                                  | 8.0                                   | 190.0             | -   | <b>198.0</b>                          |
| Loans to subsidiaries   | -                                     | (190.0)           | -   | <b>(190.0)</b>                        |
| <b>Net cash generated from investing activities</b>                 | 5.0                                   | 40.0              | (4.0)   | <b>41.0</b>                           |
| <b>Note 32 - Cash Generated From Operations</b>                     |                                       |                   |   |                                       |
| Dividends received from subsidiary                                  | -                                     | (40.0)            | -   | <b>(40.0)</b>                         |
| <b>Operating cash flows before movements in<br/>working capital</b> | 39.9                                  | (40.0)            | -   | <b>(0.1)</b>                          |
| <b>Cash generated from/(used in) operations</b>                     | 11.6                                  | (40.0)            | -   | <b>(28.4)</b>                         |

This prior year restatement does not have an impact on reported profit after tax, the Company Statement of Financial Position or the overall net cash flows disclosed by the Company and relates solely to classification within the Company Statement of Cash Flows.

#### Treatment of Group share based payment arrangements within the parent company financial statements

The Group operates a global share based payment arrangement whereby employees of the Group are granted shares in Savills plc by the parent company, Savills plc. Previously, the parent company only recognised the share of the Group's share based payment reserve that related to its employees. In addition, the Company previously recognised net funding of the treasury shares held by the EBT, which is a subsidiary of the Group, through reserves (net funding being the Company's cash contribution to the EBT to purchase treasury shares offset by the funds received from the Group's subsidiaries to contribute to this funding). Furthermore, the Company previously recognised a gain to the income statement (with the corresponding entry to reserves) when the treasury shares were transferred out of the EBT upon vesting. Cash flows relating to these transactions were presented as financing activities within the Company Statement of Cash Flows.

The treatment of these transactions has been updated in the current year to reflect the whole share based payment reserve for the Group in the Company's Statement of Financial Position, with the share based payment charge relating to employees of the Group's subsidiaries increasing the Company's investment in subsidiary non-current asset on the Statement of Financial Position. Furthermore, when contributions from the Group's subsidiaries are received these are now recognised against the carrying value of the investment in subsidiary non-current asset to the extent that they relate to IFRS 2 accounting. The impact of this treatment on the prior year comparatives is, respectively, a £163.9m increase and an offsetting £96.6m decrease in investment in subsidiaries with the £67.3m net effect being adjusted through reserves. The cash contributions to the EBT are now recognised as an investment in subsidiary non-current asset and when the treasury shares are transferred out of the EBT upon vesting the related cost of investment in subsidiary non-current asset held is derecognised. Finally, these cash flows are now classified as investing activities within the Company Statement of Cash Flows as a result.

This updated treatment is reflected in the current year's parent company's financial statements and the prior period comparatives have been restated in accordance with IAS 8.

The table below shows the impact of the prior year restatement on the Company's primary financial statements:

### Company Statement of Financial Position

|  | 31 December<br>2020<br>reported<br>£m | Restatement<br>£m | 31 December<br>2020<br>restated<br>£m |
|--|---------------------------------------|-------------------|---------------------------------------|
| Investment in subsidiary                           | 81.5                                  | 67.3              | <b>148.8</b>                          |
| <b>Non-current assets</b>                          | <b>148.0</b>                          | <b>67.3</b>       | <b>215.3</b>                          |
| <b>Total assets less current liabilities</b>       | <b>314.5</b>                          | <b>67.3</b>       | <b>381.8</b>                          |
| <b>Net assets</b>                                  | <b>248.6</b>                          | <b>67.3</b>       | <b>315.9</b>                          |
| <b>Equity:</b>                                     |                                       |                   |                                       |
| Retained earnings                                  | 109.6                                 | 67.3              | <b>176.9</b>                          |
| <b>Equity attributable to owners of the parent</b> | <b>248.6</b>                          | <b>67.3</b>       | <b>315.9</b>                          |
| <b>Total equity</b>                                | <b>248.6</b>                          | <b>67.3</b>       | <b>315.9</b>                          |

### Company Statement of Changes in Equity

Reported in the 2020 Report and Accounts:

|  | Share- based<br>payments<br>reserve<br>£m | Retained<br>earnings<br>£m | Total equity<br>£m |
|--|---|----------------------------|--------------------|
| <b>Balance at 1 January 2020</b>   | 4.1                                       | 76.4                       | 219.5              |
| Profit for the year  | -   | 51.5                       | 51.5               |
| Employee share option scheme:  |   |                            |                    |
| - Value of services provided   | 1.6                                       | -                          | 1.6                |
| - Exercise of share options  | (1.5)                                     | (18.9)                     | (20.4)             |
| Contribution to Employee Benefit Trust                                       | -   | (8.3)                      | (8.3)              |
| Contribution from subsidiaries in relation to Employee Benefit Trust funding | -   | 4.3                        | 4.3                |
| <b>Balance at 31 December 2020</b>   | <b>4.2</b>                                | <b>105.4</b>               | <b>248.6</b>       |

Restatement:

|  | Share- based<br>payments<br>reserve<br>£m | Retained<br>earnings<br>£m | Total equity<br>£m |
|--|---|----------------------------|--------------------|
| <b>Balance at 1 January 2020</b>   | 34.4                                      | 26.0                       | 60.4               |
| Profit for the year  | -   | (20.4)                     | (20.4)             |
| Employee share option scheme:  |   |                            |                    |
| - Value of services provided   | 18.2                                      | -                          | 18.2               |
| - Exercise of share options  | (17.0)                                    | 22.1                       | 5.1                |
| Contribution to Employee Benefit Trust                                       | -   | 8.3                        | 8.3                |
| Contribution from subsidiaries in relation to Employee Benefit Trust funding | -   | (4.3)                      | (4.3)              |
| <b>Balance at 31 December 2020</b>   | <b>35.6</b>                               | <b>31.7</b>                | <b>67.3</b>        |



# Notes to the financial statements continued

Year ended 31 December 2021

## 2. Accounting policies continued

### 2.29 Prior year restatements continued

Restated balances reported in the 2021 Report and Accounts:

|  | Share- based<br>payments<br>reserve<br>£m | Retained<br>earnings<br>£m | Total equity<br>£m |
|--|---|----------------------------|--------------------|
| <b>Balance at 1 January 2020</b>   | <b>38.5</b>                               | <b>102.4</b>               | <b>279.9</b>       |
| Profit for the year  | -   | 31.1                       | 31.1               |
| Employee share option scheme:  |   |                            |                    |
| - Value of services provided   | 19.8                                      | -                          | 19.8               |
| - Exercise of share options  | (18.5)                                    | 3.2                        | (15.3)             |
| Contribution to Employee Benefit Trust                                       | -   | -                          | -                  |
| Contribution from subsidiaries in relation to Employee Benefit Trust funding | -   | -                          | -                  |
| <b>Balance at 31 December 2020</b>   | <b>39.8</b>                               | <b>137.1</b>               | <b>315.9</b>       |

This prior year restatement does not have an impact on the Company's Statement of Cash Flows.

### Company Statement of Cash Flows

|   | 31 December<br>2020<br>reported<br>£m | Restatement<br>£m | Dividend<br>restatement<br>noted<br>previously<br>£m | 31 December<br>2020<br>restated<br>£m |
|---|---------------------------------------|-------------------|--|---------------------------------------|
| <b>Company Statement of Cash Flows</b>            |                                       |                   |  |                                       |
| Net cash used generated from investing activities | 5.0                                   | (4.0)             | 40.0   | <b>41.0</b>                           |
| Net cash used in financing activities             | (9.8)                                 | 4.0               | -  | <b>(5.8)</b>                          |

### 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 and the Company use financial instruments to manage material foreign currency risk.

The treasury function is responsible for implementing risk management policies applied by the Group and the Company. The treasury function 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:

| £m                                       | Movement of currency against sterling |       |       |        |
|--|---------------------------------------|-------|-------|--------|
|  | -10.0%                                | -5.0% | +5.0% | +10.0% |
| <b>2021</b>                              |                                       |       |       |        |
| Estimated impact on post-tax profit      |                                       |       |       |        |
| Euro                                     | (1.7)                                 | (0.9) | 1.0   | 2.0    |
| Hong Kong dollar                         | (1.8)                                 | (0.9) | 1.0   | 2.2    |
| US dollar                                | (0.3)                                 | (0.2) | 0.2   | 0.4    |
| Estimated impact on components of equity |                                       |       |       |        |
| Euro                                     | (0.8)                                 | (0.4) | 0.4   | 0.9    |
| Hong Kong dollar                         | (9.4)                                 | (4.9) | 5.4   | 11.5   |
| US dollar                                | (16.4)                                | (8.6) | 9.5   | 20.0   |
| <b>2020</b>                              |                                       |       |       |        |
| Estimated impact on post-tax profit      |                                       |       |       |        |
| Euro                                     | (0.9)                                 | (0.5) | 0.5   | 1.1    |
| Hong Kong dollar                         | (1.4)                                 | (0.7) | 0.8   | 1.7    |
| US dollar                                | 0.9                                   | 0.5   | (0.5) | (1.1)  |
| Estimated impact on components of equity |                                       |       |       |        |
| Euro                                     | (0.2)                                 | (0.1) | 0.1   | 0.3    |
| Hong Kong dollar                         | (18.9)                                | (9.9) | 11.0  | 23.1   |
| US dollar                                | (16.6)                                | (8.7) | 9.6   | 20.3   |

The Company recharges some of the Group's international subsidiaries with respect to their allocation of central corporate costs and in some instances receives recharged costs from its international subsidiaries with respect to the cost of global initiatives incurred by those subsidiaries. The Company endeavours to invoice its subsidiaries in Sterling to minimise the risk of exposure to foreign currency movements. Similar to the Group, when there is a material committed foreign currency exposure the foreign exchange risk will be hedged however the Company does not actively seek to hedge risks arising from foreign current transactions due to the high costs associated with such hedging. The impact of foreign exchange risk is considered minimal for the Company.

## Notes to the financial statements continued

Year ended 31 December 2021

### 3. Financial risk management continued

#### 3.3 Interest rate risk

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

For the year ended 31 December 2021, if the average interest rate for the year had changed with all other variables held constant, the Group's post-tax profit for the year and equity would have increased or decreased as shown below:

| £m   | Increase in interest rates |       |       |       |
|--|----------------------------|-------|-------|-------|
|  | +0.5%                      | +1.0% | +1.5% | +2.0% |
| <b>2021</b>                                    |                            |       |       |       |
| Estimated impact on post-tax profit and equity | 1.2                        | 2.5   | 3.9   | 5.2   |
| <b>2020</b>                                    |                            |       |       |       |
| Estimated impact on post-tax profit and equity | 0.6                        | 1.5   | 2.4   | 3.4   |

| £m   | Decrease in interest rates |       |       |       |
|--|----------------------------|-------|-------|-------|
|  | -0.5%                      | -1.0% | -1.5% | -2.0% |
| <b>2021</b>                                    |                            |       |       |       |
| Estimated impact on post-tax profit and equity | (1.3)                      | (1.2) | (1.2) | (1.1) |
| <b>2020</b>                                    |                            |       |       |       |
| Estimated impact on post-tax profit and equity | (1.2)                      | (1.9) | (1.7) | (1.6) |

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.

The Company has interest-bearing assets in the form of cash and cash equivalents and short-term interest bearing loans issued to the Group's subsidiaries. The impact of interest rate changes is not considered material for the Company, with the value of interest income recognised in the period having a greater dependency on the level of cash and cash equivalents and intercompany loans maintained by the Company. The value of interest-bearing assets that the Company holds in any given period is primarily determined by the management of the UK Group's cash pooling arrangement and the timing and value of dividends paid up by the Company's subsidiary.

#### 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 current or non-current receivables or material individual trade receivable balances as at 31 December 2021.

Refer to Note 20 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 the Group's cash and cash equivalents, overdrafts in notional pooling arrangements and bank overdrafts, as per the Statement of Cash Flows, split by counterparty ratings at the reporting date:

| Counterparty rating (provided by S&P) | 2021<br>£m   | 2020<br>£m   |
|---------------------------------------|--------------|--------------|
| AA-                                   | 40.7         | 53.8         |
| A+                                    | 160.5        | 39.0         |
| A                                     | 224.7        | 174.7        |
| A-                                    | 18.3         | 29.7         |
| BBB+                                  | 19.6         | 21.6         |
| BBB or below                          | 26.2         | 19.5         |
| <b>Total</b>                          | <b>490.0</b> | <b>338.2</b> |

The Company's credit risk arises from cash and cash equivalents, as well as outstanding receivables primarily due from the Group's subsidiaries. There are no significant individual intercompany receivable balances as at 31 December 2021 and 31 December 2020. All cash is held with Barclays Bank PLC, which is an A-rated bank.

### 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 21 and 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<br>a year | Between<br>1 and 2 years | Between<br>2 and 5 years | Over 5 years |
|--|---------------------|--------------------------|--------------------------|--------------|
| <b>2021</b>                                |                     |                          |                          |              |
| Borrowings                                 | 6.8                 | 4.7                      | 42.9                     | 129.7        |
| Overdrafts in notional pooling arrangement | 198.5               | -                        | -                        | -            |
| Lease liabilities                          | 58.8                | 84.9                     | 133.9                    | 58.3         |
| Derivative financial instruments           | 0.9                 | 0.4                      | 2.2                      | -            |
| Trade and other payables                   | 680.8               | 8.0                      | 12.9                     | 0.4          |
|  | <b>945.8</b>        | <b>98.0</b>              | <b>191.9</b>             | <b>188.4</b> |
| <b>2020 restated*</b>                      |                     |                          |                          |              |
| Borrowings                                 | 16.9                | 4.7                      | 42.9                     | 134.4        |
| Overdrafts in notional pooling arrangement | 209.1               | -                        | -                        | -            |
| Lease liabilities                          | 56.1                | 72.5                     | 98.0                     | 110.8        |
| Derivative financial instruments           | 0.3                 | 0.2                      | 0.4                      | -            |
| Trade and other payables                   | 501.0               | 7.3                      | 3.5                      | 0.6          |
|  | 783.4               | 84.7                     | 144.8                    | 245.8        |

\* See Note 2.29 for details on the prior year restatement.

The Company is part of the UK Group's cash pooling arrangement, which is managed by the Group Treasury function and provides the Company access to the Group's revolving credit facility and other centrally managed sources of financing. Management monitors rolling forecasts of the UK Group's cash and cash equivalents on the basis of expected cash flows.

# Notes to the financial statements continued

Year ended 31 December 2021

## 3. Financial risk management continued

### 3.6 Capital risk management

The Group's and Company'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 2020. This strategy applies to the Company.

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 for the year ended 31 December 2021. The Savills Investment Management Group has regulated entities in the UK, Jersey, Luxembourg, Germany, Italy, Japan, Singapore and Australia. For more information on Savills Investment Management Group's regulated entities and regulatory requirements, please visit [www.savillsim.com](http://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.

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 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:

| £m   | Group          |                | Company      |                |
|--|----------------|----------------|--------------|----------------|
|  | 2021           | 2020 restated* | 2021         | 2020 restated* |
| <b>Equity</b>  | <b>753.4</b>   | 581.6          | <b>346.1</b> | 315.9          |
| Cash and cash equivalents                                | <b>689.7</b>   | 547.4          | <b>102.2</b> | 94.5           |
| Overdrafts in notional pooling arrangement               | <b>(198.5)</b> | (209.1)        | -            | -              |
| Bank overdrafts  | <b>(1.2)</b>   | (0.1)          | -            | -              |
| Borrowings (gross of transaction costs)                  | <b>(150.9)</b> | (162.1)        | -            | -              |
| <b>Cash and cash equivalents net of gross borrowings</b> | <b>339.1</b>   | 176.1          | <b>102.2</b> | 94.5           |

\* See Note 2.29 for details on the prior year restatement.

### 3.7 Categories of financial instruments

| Group<br>£m                      | Financial<br>assets at<br>FVPL<br>2021 | Financial<br>assets at<br>FVOCI<br>2021 | Financial<br>assets at<br>amortised<br>cost<br>2021 | Total<br>carrying<br>amount<br>2021 | Financial<br>assets at<br>FVPL<br>2020 | Financial<br>assets at<br>FVOCI<br>2020 | Financial<br>assets at<br>amortised<br>cost<br>2020<br>restated* | Total<br>carrying<br>amount<br>2020<br>restated* |
|----------------------------------|--|---|---|-------------------------------------|--|---|--|--|
| <b>Financial assets:</b>         |  |   |   |                                     |  |   |  |  |
| Financial assets at FVOCI        | -                                      | 30.4                                    | -   | 30.4                                | -                                      | 27.4                                    | -  | 27.4   |
| Trade and other receivables      | 15.8                                   | -                                       | 508.5   | 524.3                               | 10.8                                   | -                                       | 401.0  | 411.8  |
| Derivative financial instruments | 0.1                                    | -                                       | -   | 0.1                                 | 0.4                                    | -                                       | -  | 0.4  |
| Cash and cash equivalents        | -                                      | -                                       | 689.7   | 689.7                               | -                                      | -                                       | 547.4  | 547.4  |
| <b>Total financial assets</b>    | <b>15.9</b>                            | <b>30.4</b>                             | <b>1,198.2</b>                                      | <b>1,244.5</b>                      | <b>11.2</b>                            | <b>27.4</b>                             | <b>948.4</b>   | <b>987.0</b>                                     |

| Group<br>£m                                 | Financial<br>liabilities<br>at FVPL<br>2021 | Financial<br>liabilities at<br>amortised<br>cost<br>2021 | Total<br>carrying<br>amount<br>2021 | Financial<br>liabilities at<br>FVPL<br>2020 | Financial<br>liabilities at<br>amortised<br>cost<br>2020<br>restated* | Total<br>carrying<br>amount<br>2020<br>restated* |
|---|---|--|-------------------------------------|---|---|--|
| <b>Financial liabilities:</b>               |   |  |                                     |   |   |  |
| Borrowings                                  | -   | 150.5  | 150.5                               | -   | 160.6   | 160.6  |
| Overdrafts in notional pooling arrangements | -   | 198.5  | 198.5                               | -   | 209.1   | 209.1  |
| Lease liabilities                           | -   | 285.0  | 285.0                               | -   | 304.2   | 304.2  |
| Trade and other payables                    | 1.4   | 699.4  | 700.8                               | 4.3   | 512.7   | 517.0  |
| Derivative financial instruments            | 3.5   | -  | 3.5                                 | 0.9   | -   | 0.9  |
| <b>Total financial liabilities</b>          | <b>4.9</b>                                  | <b>1,333.4</b>   | <b>1,338.3</b>                      | <b>5.2</b>                                  | <b>1,186.6</b>  | <b>1,191.8</b>                                   |

\* See Note 2.29 for details on the prior year restatement.

| Company<br>£m                 | Financial<br>assets at<br>amortised cost<br>2021 | Total carrying<br>amount<br>2021 | Financial<br>assets at<br>amortised cost<br>2020 | Total carrying<br>amount<br>2020 |
|-------------------------------|--|----------------------------------|--|----------------------------------|
| <b>Financial assets:</b>      |  |                                  |  |                                  |
| Trade and other receivables   | 98.9   | 98.9                             | 88.8   | 88.8                             |
| Cash and cash equivalents     | 102.2  | 102.2                            | 94.5   | 94.5                             |
| <b>Total financial assets</b> | <b>201.1</b>                                     | <b>201.1</b>                     | <b>183.3</b>                                     | <b>183.3</b>                     |

| Company<br>£m                      | Financial<br>liabilities at<br>amortised cost<br>2021 | Total carrying<br>amount<br>2021 | Financial<br>liabilities at<br>amortised cost<br>2020 | Total carrying<br>amount<br>2020 |
|------------------------------------|---|----------------------------------|---|----------------------------------|
| <b>Financial liabilities:</b>      |   |                                  |   |                                  |
| Lease liabilities                  | 64.5  | 64.5                             | 70.1  | 70.1                             |
| Trade and other payables           | 25.3  | 25.3                             | 11.5  | 11.5                             |
| <b>Total financial liabilities</b> | <b>89.8</b>   | <b>89.8</b>                      | <b>81.6</b>   | <b>81.6</b>                      |



## Notes to the financial statements continued

Year ended 31 December 2021

### 3. Financial risk management continued

#### 3.8 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2021:

| £m                                       | Level 1    | Level 2     | Level 3     | Total       |
|--|------------|-------------|-------------|-------------|
| <b>2021</b>                              |            |             |             |             |
| <b>Assets</b>                            |            |             |             |             |
| Financial assets at FVOCI                |            |             |             |             |
| - Listed                                 | 1.5        | -           | -           | 1.5         |
| - Unlisted                               | -          | 14.0        | 14.9        | 28.9        |
| Trade and other receivables held at FVPL | -          | -           | 15.8        | 15.8        |
| Derivative financial instruments         | -          | 0.1         | -           | 0.1         |
| <b>Total assets</b>                      | <b>1.5</b> | <b>14.1</b> | <b>30.7</b> | <b>46.3</b> |
| <b>Liabilities</b>                       |            |             |             |             |
| Contingent deferred consideration        | -          | -           | 1.4         | 1.4         |
| Derivative financial instruments         | -          | 0.9         | 2.6         | 3.5         |
| <b>Total liabilities</b>                 | <b>-</b>   | <b>0.9</b>  | <b>4.0</b>  | <b>4.9</b>  |

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2020:

| £m                                       | Level 1    | Level 2    | Level 3     | Total       |
|--|------------|------------|-------------|-------------|
| <b>2020</b>                              |            |            |             |             |
| <b>Assets</b>                            |            |            |             |             |
| Financial assets at FVOCI                |            |            |             |             |
| - Listed                                 | 1.5        | -          | -           | 1.5         |
| - Unlisted                               | -          | 7.2        | 18.7        | 25.9        |
| Trade and other receivables held at FVPL | -          | -          | 10.8        | 10.8        |
| Derivative financial instruments         | -          | 0.4        | -           | 0.4         |
| <b>Total assets</b>                      | <b>1.5</b> | <b>7.6</b> | <b>29.5</b> | <b>38.6</b> |
| <b>Liabilities</b>                       |            |            |             |             |
| Contingent deferred consideration        | -          | -          | 4.3         | 4.3         |
| Derivative financial instruments         | -          | 0.3        | 0.6         | 0.9         |
| <b>Total liabilities</b>                 | <b>-</b>   | <b>0.3</b> | <b>4.9</b>  | <b>5.2</b>  |

#### Level 1

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

#### Level 2

The fair value of Level 2 unlisted 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 relating to forward foreign exchange contracts and interest rate caps are 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.

#### Level 3

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 included in Level 3 fall under two categories. The first, where cost has been determined as the best approximation of fair value. 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 second, where management have determined the fair value of the unlisted equity security based upon the latest trading performance of the investments, cash flow forecasts of the investments and applying these to a discounted cash flow valuation and/or considering evidence from recent fundraising initiatives undertaken.

Trade and other receivables classified as Level 3 relates to loans held at FVPL (see Note 20.3 for the terms of these loans). Management have determined the fair value of these loans based upon the latest trading performance of the equity investments, cash flow forecasts of the investments and applying these to a discounted cash flow valuation.

The derivative financial liabilities classified as Level 3 relates to a put and call options, the fair value of which is derived from management's best estimate of the average EBITDA forecast of the relevant businesses.

Deferred consideration held at fair value relates to contingent deferred consideration. The fair value of contingent deferred consideration classified as Level 3 is derived from management's best estimate of future revenue / profits of the relevant acquired business, in accordance with the contractually agreed earn-out targets.

The following table presents the changes in Level 3 items for the period ended 31 December 2021.

|   | Contingent<br>deferred<br>consideration<br>£m | Derivative<br>financial<br>instruments<br>£m | Unlisted<br>equity<br>securities<br>£m | Trade<br>and other<br>receivables<br>£m |
|---|---|--|--|---|
| <b>Opening balance 1 January 2021</b>   | <b>(4.3)</b>                                  | <b>(0.6)</b>                                 | <b>18.7</b>                            | <b>10.8</b>                             |
| Additions                               | -   | <b>(1.8)</b>                                 | <b>0.8</b>                             | <b>5.4</b>                              |
| Settled                                 | <b>2.9</b>                                    | -  | -                                      | -                                       |
| Re-measurement                          | -   | <b>(0.2)</b>                                 | <b>(4.6)</b>                           | -                                       |
| Exchange movement                       | -   | -  | -                                      | <b>(0.4)</b>                            |
| <b>Closing balance 31 December 2021</b> | <b>(1.4)</b>                                  | <b>(2.6)</b>                                 | <b>14.9</b>                            | <b>15.8</b>                             |

## 4. Critical accounting estimates and management judgements

### 4.1 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

Determining the value of the future defined benefit obligation requires estimation in respect of the assumptions used to calculate present values. These include future mortality, discount rate and inflation. Management determines these assumptions in consultation with an independent actuary. Details of the estimates made in calculating the defined benefit obligation are disclosed in Note 10.2.

#### (b) Goodwill

The Group tests goodwill for impairment on an annual basis by comparing the carrying value of these assets with the value-in-use calculations of the relevant cash-generating unit (CGU). 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 the requirement for impairment charges in the income statement. Additional information is disclosed in Note 15, which highlights the critical estimates applied in the value-in-use calculations for those CGUs that are considered most sensitive to changes in key assumptions and the sensitivity of these critical estimates.

#### (c) Debtor recoverability

As described in Note 20, provisions for impairment of trade receivables have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current and future economic conditions. Impairment analysis is performed by local management using a provision matrix to measure the expected credit losses, which is based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment.

# Notes to the financial statements continued

Year ended 31 December 2021

## 4. Critical accounting estimates and management judgements continued

### 4.2 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 2.3. These measures involve the exclusion of items that, in the judgement of the Directors, need to be disclosed separately in order to provide additional information with respect to the Group's operational performance. The items that are excluded are considered significant and non-operational in nature and meet the Group's criteria for exclusion as described in Note 2.3. Further details of these items disclosed by the Directors in the reconciliation to underlying profit are detailed in Note 8.

#### (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.

## 5. Revenue from contracts with customers

Revenue of £2,147.0m (2020: £1,740.5m) 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 6).

### 5.1 Contract-related assets and liabilities

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

|  | 2021<br>£m  | 2020<br>£m |
|--|-------------|------------|
| Asset recognised for costs incurred to obtain a contract - investment management contracts | 3.4         | 1.4        |
| Contract assets - consulting contracts   | 9.3         | 8.0        |
| Accrued income (Note 20.1)   | 65.8        | 48.3       |
| <b>Total contract-related assets</b>   | <b>78.5</b> | 57.7       |
| Current  | 75.1        | 56.3       |
| Non-current  | 3.4         | 1.4        |
|  | <b>78.5</b> | 57.7       |
| Deferred revenue   | 14.5        | 10.8       |
| <b>Total contract liabilities - current</b>  | <b>14.5</b> | 10.8       |

No material impairment loss on contract assets has been recognised in the current or prior year.

Amortisation on investment management contract costs recognised in the income statement amounted to £0.2m (2020: £0.2m).

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.

The movement in accrued income and deferred income year-on-year is a result of normal trading fluctuations and is not materially impacted by subsidiary acquisitions, foreign exchange fluctuations or changes in assumptions.

## 5.2 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 £7.3m (2020: £7.0m).

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

## 6. Segment analysis

Operating segments reflect internal management reporting to the Group's chief operating decision maker, defined as the Group Executive Board ('GEB'). The GEB primarily manages the business based on the geographic location in which the Group operates, with the Investment Management business being managed separately.

The operating segments are identified as the following regions: the UK, Continental Europe and the Middle East ('CEME'), Asia Pacific and North America. The Savills Investment Management business is also considered a separate operating segment. The reportable operating segments derive their revenue primarily from property-related services. Within the UK and Asia Pacific, both commercial and residential services are provided. Other segments are largely commercial-based.

Refer to the Group overview on pages 4 to 5 and the segmental reviews on pages 23 to 27 for further information on revenue sources. The GEB also reviews the business with reference to the nature of the services in each region. Therefore, the Group has presented its segment analysis below in a matrix with the primary operating segments based on regions in which the Group operates.

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, significant transaction-related costs, amortisation and impairment of intangible assets arising from business combinations, impairment of goodwill and other items that are considered non-operational and material (fair value gain on associates/joint ventures and fair value loss on a transaction-related call option in the current year, GMP equalisation charge in the prior year). Segmental assets and liabilities are not measured or reported to the GEB, but non-current assets are disclosed geographically on page 185.

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2021 is as follows:

|   | Transaction<br>Advisory<br>£m | Consultancy<br>£m | Property and<br>Facilities<br>Management<br>£m | Investment<br>Management<br>£m | Unallocated<br>£m | Total<br>£m    |
|---|-------------------------------|-------------------|--|--------------------------------|-------------------|----------------|
| <b>2021</b>                                       |                               |                   |  |                                |                   |                |
| Revenue   |                               |                   |  |                                |                   |                |
| United Kingdom – commercial                       | 115.2                         | 193.6             | 256.4  | 55.1                           | -                 | 620.3          |
| United Kingdom – residential                      | 210.7                         | 50.4              | 44.2   | -                              | -                 | 305.3          |
| Total United Kingdom                              | 325.9                         | 244.0             | 300.6  | 55.1                           | -                 | 925.6          |
| CEME  | 124.4                         | 41.3              | 88.3   | 47.2                           | -                 | 301.2          |
| Asia Pacific – commercial                         | 153.0                         | 81.3              | 356.7  | 9.5                            | -                 | 600.5          |
| Asia Pacific – residential                        | 26.0                          | -                 | -  | -                              | -                 | 26.0           |
| Total Asia Pacific*                               | 179.0                         | 81.3              | 356.7  | 9.5                            | -                 | 626.5          |
| North America**                                   | 263.6                         | 30.1              | -  | -                              | -                 | 293.7          |
| <b>Revenue</b>                                    | <b>892.9</b>                  | <b>396.7</b>      | <b>745.6</b>                                   | <b>111.8</b>                   | <b>-</b>          | <b>2,147.0</b> |
| <b>Underlying profit/(loss)<br/>before tax</b>    |                               |                   |  |                                |                   |                |
| United Kingdom – commercial                       | 21.5                          | 24.6              | 17.9   | 14.0                           | (18.9)            | 59.1           |
| United Kingdom – residential                      | 38.9                          | 8.5               | 4.1  | -                              | -                 | 51.5           |
| Total United Kingdom                              | 60.4                          | 33.1              | 22.0   | 14.0                           | (18.9)            | 110.6          |
| CEME  | 1.4                           | 2.5               | 1.3  | 10.2                           | -                 | 15.4           |
| Asia Pacific – commercial                         | 20.6                          | 6.6               | 25.8   | 1.3                            | -                 | 54.3           |
| Asia Pacific – residential                        | 4.9                           | -                 | -  | -                              | -                 | 4.9            |
| Total Asia Pacific                                | 25.5                          | 6.6               | 25.8   | 1.3                            | -                 | 59.2           |
| North America                                     | 10.3                          | 4.8               | -  | -                              | -                 | 15.1           |
| <b>Underlying profit/(loss)<br/>before tax***</b> | <b>97.6</b>                   | <b>47.0</b>       | <b>49.1</b>                                    | <b>25.5</b>                    | <b>(18.9)</b>     | <b>200.3</b>   |

# Notes to the financial statements continued

Year ended 31 December 2021

## 6. Segment analysis continued

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2020 is as follows:

| 2020  | Transaction<br>Advisory | Consultancy<br>£m | Property and<br>Facilities<br>Management<br>£m | Investment<br>Management<br>£m | Unallocated<br>£m | Total<br>£m    |
|---|-------------------------|-------------------|--|--------------------------------|-------------------|----------------|
| <b>Revenue</b>                                    |                         |                   |  |                                |                   |                |
| United Kingdom – commercial                       | 79.8                    | 164.1             | 204.9  | 26.9                           | -                 | 475.7          |
| United Kingdom – residential                      | 153.2                   | 41.7              | 40.1   | -                              | -                 | 235.0          |
| Total United Kingdom                              | 233.0                   | 205.8             | 245.0  | 26.9                           | -                 | 710.7          |
| CEME  | 98.2                    | 37.5              | 68.6   | 36.4                           | -                 | 240.7          |
| Asia Pacific – commercial                         | 103.9                   | 69.1              | 368.3  | 7.5                            | -                 | 548.8          |
| Asia Pacific – residential                        | 26.9                    | -                 | -  | -                              | -                 | 26.9           |
| Total Asia Pacific*                               | 130.8                   | 69.1              | 368.3  | 7.5                            | -                 | 575.7          |
| North America**                                   | 205.2                   | 8.2               | -  | -                              | -                 | 213.4          |
| <b>Revenue</b>                                    | <b>667.2</b>            | <b>320.6</b>      | <b>681.9</b>                                   | <b>70.8</b>                    | <b>-</b>          | <b>1,740.5</b> |
| <b>Underlying profit/(loss)<br/>before tax</b>    |                         |                   |  |                                |                   |                |
| United Kingdom – commercial                       | 9.5                     | 17.6              | 13.8   | 5.6                            | (13.9)            | 32.6           |
| United Kingdom – residential                      | 23.0                    | 5.9               | 3.4  | -                              | -                 | 32.3           |
| Total United Kingdom                              | 32.5                    | 23.5              | 17.2   | 5.6                            | (13.9)            | 64.9           |
| CEME  | (12.3)                  | 2.4               | (0.1)  | 7.8                            | -                 | (2.2)          |
| Asia Pacific – commercial                         | 3.3                     | 6.5               | 27.7   | 1.4                            | -                 | 38.9           |
| Asia Pacific – residential                        | 3.4                     | -                 | -  | -                              | -                 | 3.4            |
| Total Asia Pacific                                | 6.7                     | 6.5               | 27.7   | 1.4                            | -                 | 42.3           |
| North America                                     | (7.5)                   | (0.9)             | -  | -                              | -                 | (8.4)          |
| <b>Underlying profit/(loss)<br/>before tax***</b> | <b>19.4</b>             | <b>31.5</b>       | <b>44.8</b>                                    | <b>14.8</b>                    | <b>(13.9)</b>     | <b>96.6</b>    |

\* Revenues of £286.3m (2020: £277.3m) are attributable to the Hong Kong and Macau region.

\*\* Revenues of £287.4m (2020: £209.2m) are attributable to the United States of America.

\*\*\*Transaction Advisory underlying profit before tax includes depreciation of £31.6m (2020: £33.4m), software amortisation of £1.7m (2020: £1.4m) and share of post-tax profit from joint ventures and associates of £3.7m (2020: £0.1m loss). Consultancy underlying profit before tax includes depreciation of £7.6m (2020: £7.6m), software amortisation of £0.4m (2020: £0.5m) and share of post-tax loss from joint ventures and associates of £0.2m (2020: £0.1m loss). Property and Facilities Management underlying profit before tax includes depreciation of £15.8m (2020: £15.2m), software amortisation of £1.3m (2020: £1.5m) and share of post-tax profit from joint ventures and associates of £8.0m (2020: £8.2m). Investment Management underlying profit before tax includes depreciation of £1.8m (2020: £1.7m) and software amortisation of £0.1m (2020: £0.1m) and share of post-tax gain from associates of £1.1m (2020: £2.2m). Included in Other underlying loss is depreciation of £6.6m (2020: £6.4m) and software amortisation of £2.6m (2020: £1.2m).

The Unallocated segment includes costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

A reconciliation of underlying profit before tax to profit before tax is provided in Note 8.

Inter-segmental revenue is not material. No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

Non-current assets by geography are set out below:

|                                 | 2021<br>£m   | 2020<br>£m |
|---------------------------------|--------------|------------|
| <b>Non-current assets</b>       |              |            |
| United Kingdom                  | <b>324.2</b> | 294.8      |
| CEME                            | <b>143.9</b> | 160.6      |
| Asia Pacific                    | <b>153.4</b> | 147.2      |
| North America*                  | <b>269.1</b> | 256.7      |
| <b>Total non-current assets</b> | <b>890.6</b> | 859.3      |

\* Total non-current assets of £265.8m (2020: £253.1m) are attributable to the United States of America.

Non-current assets include goodwill and intangible assets, plant, property and equipment, right-of-use assets, contract related assets, non-current trade and other receivables (including financial assets held at FVPL), financial assets held at FVOCI and investments in joint ventures and associates. Retirement benefit surplus and deferred tax assets are not included.

## 7. Operating profit

### 7.1 Operating profit

Operating profit is stated after charging/(crediting):

|  | Group        |            |
|--|--------------|------------|
|  | 2021<br>£m   | 2020<br>£m |
| <b>In employee benefit expense</b>   |              |            |
| - Significant restructuring costs  | <b>0.3</b>   | 0.8        |
| - Transaction-related costs  | <b>15.3</b>  | 4.2        |
| <b>In depreciation</b>   |              |            |
| - Depreciation of right of use assets – leasehold properties   | <b>45.3</b>  | 45.6       |
| - Depreciation of right of use assets – equipment and motor vehicles                                       | <b>2.0</b>   | 2.2        |
| <b>In other operating expenses</b>   |              |            |
| - Net foreign exchange (gains)/losses (excluding net (gains)/losses on forward foreign exchange contracts) | <b>0.8</b>   | (0.3)      |
| - Net (gains)/losses on forward foreign exchange contracts   | <b>-</b>     | (0.1)      |
| - Significant restructuring costs  | <b>-</b>     | 0.7        |
| - Transaction-related costs  | <b>1.1</b>   | 0.4        |
| - Impairment of right-of-use asset   | <b>0.3</b>   | -          |
| - Expense relating to short-term leases  | <b>0.2</b>   | 0.7        |
| - Expense relating to variable lease payments not included in lease liabilities                            | <b>0.5</b>   | 1.2        |
| <b>In other net gains</b>  |              |            |
| - Dividends from equity investments held at FVOCI  |              |            |
| Related to investments held at the end of the reporting period   | <b>(0.1)</b> | (0.5)      |
| Related to investments disposed of prior to the end of the reporting period                                | <b>(0.1)</b> | (0.3)      |
| - Fair value gain on step acquisitions of subsidiaries previously classified as associates/joint ventures  | <b>(4.0)</b> | -          |
| - (Profit)/loss on disposal of joint ventures and associates   | <b>(0.4)</b> | 0.1        |
| - Fair value loss on derivative financial instrument   | <b>1.8</b>   | -          |

Other operating expenses includes £190.3m of contract costs (2020: £199.1m), there are no other cost categories within other operating expenses that are individually materially significant.



## Notes to the financial statements continued

Year ended 31 December 2021

### 7. Operating profit continued

#### 7.2 Fees payable to the Company's auditors, Ernst & Young LLP (2020: PricewaterhouseCoopers LLP), and its associates

|   | Group      |            |
|---|------------|------------|
|   | 2021<br>£m | 2020<br>£m |
| <b>Audit services</b>   |            |            |
| Fees payable to the Company's auditors for the audit of the parent Company                            | <b>0.7</b> | 0.4        |
| Fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries | <b>2.3</b> | 2.1        |
|   | <b>3.0</b> | 2.5        |
| Audit-related assurance services  | <b>0.3</b> | 0.1        |
| <b>Total</b>  | <b>3.3</b> | 2.6        |

Audit-related assurance services relates to the work performed in connection with the Group's interim financial statements and regulatory audits.

#### 7.3 Government subsidies

During the year, the Group received £9.6m (2020: £23.4m) of wage-related subsidies from governments globally in respect of employment support schemes due to the COVID-19 pandemic. After repayments (principally repayments in 2020 of UK Furlough receipts in 2020) and other provisions, the net positive impact of such receipts on the Group's operating profit in the year was £4.4m (2020: £11.9m).

### 8. Underlying profit before tax

|   | 2021<br>£m    | 2020<br>£m |
|---|---------------|------------|
| <b>Reported profit before tax</b>   | <b>183.1</b>  | 83.2       |
| Adjustments:  |               |            |
| Amortisation of intangible assets arising from business combinations                                    | <b>8.1</b>    | 4.9        |
| Impairment of goodwill and intangible assets arising from business combinations (Note 15)               | <b>5.2</b>    | -          |
| Share-based payment adjustment (see Note 2.3 for explanation)   | <b>(10.8)</b> | 1.2        |
| (Profit)/loss on disposal of joint ventures and associates  | <b>(0.4)</b>  | 0.1        |
| Restructuring costs   | <b>0.3</b>    | 1.5        |
| Transaction-related costs   | <b>17.0</b>   | 5.0        |
| Fair value gain on step acquisitions of subsidiaries previously classified as associates/joint ventures | <b>(4.0)</b>  | -          |
| Fair value loss on transaction-related call option  | <b>1.8</b>    | -          |
| GMP equalisation charge   | <b>-</b>      | 0.7        |
| <b>Underlying profit before tax</b>   | <b>200.3</b>  | 96.6       |

Impairment of goodwill in the year relates to the Indonesia and Sweden cash generating units. Impairment on intangible assets arising from business combinations relate to property management contracts in South Korea and Japanese investment management contracts relating to closed funds. See Note 15 for further details.

Profit on disposal recognised primarily in relation to the disposal of holdings in joint ventures in China. In the prior year, loss on disposal was recognised in relation to disposal of a portion of the Group's holding in a joint venture in China, which is now treated as an FVOCI equity investment and a part disposal of an associate in Singapore.

Restructuring costs includes costs of integration activities in relation to significant business acquisitions. Charges in the current and prior year primarily relate to the ongoing cost of deferred shares, with a five year vesting period, issued in relation to the restructuring upon acquisition of Aguirre Newman in 2017.

Transaction-related costs primarily relate to 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 (2021: £13.9m charge, 2020: £4.0m charge). The largest individual components of this charge in 2021 relate to the acquisition of DRC Capital LLP and the acquisition of Macro Consultants LLC in 2020. These costs are employee benefits expenses (see Note 7.1). In addition, transaction-related costs include a £1.4m charge relating to prepaid amounts issued as part of business acquisitions that are linked to continued active engagement in the business (2020: £2.5m), £0.6m of unwinding of interest on deferred consideration and non-current future payments in relation to business acquisitions that are linked to employment (2020: £0.3m) and £1.1m of professional fees incurred on transactions (2020: £0.7m). Of these items, prepaid amounts that are linked to active engagement in the business are recorded as employee benefits expenses in the income statement, unwinding of interest is recorded as a finance cost in the income statement and all other charges/(credits) are recorded within other operating expenses. In the prior year, transaction-related costs also included a £1.8m credit relating to the re-measurement of contingent deferred consideration payments and a £0.7m credit in relation to a working capital adjustment on the Cluttons Middle East acquisition in 2018.

In the current year, a fair value gain was recognised on the re-measurement of the Group's holding in its associate, DRC, and a joint venture in Indonesia, prior to the Group's acquisition of the remaining equity interest in these businesses (refer to Note 18.5 for further details on the acquisition of DRC and the Indonesian business). In addition, a fair value loss was recognised on the fair value measurement of the Samsung Life call option, which gives Samsung Life the right to purchase up to an additional 10% shareholding in the Savills Investment Management group subject to the quantum of capital it has invested in SIM products during the initial 5 year term.

Guaranteed Minimum Pension ('GMP') equalisation charge in the prior year reflects the past service cost on the UK defined benefit pension scheme, which is the estimated cost of equalising GMPs for historic transfers-out of the scheme; this follows a High Court ruling issued on 20 November 2020.

## 9. Employees

### 9.1 Employee benefits expense

|                              | Group          |            | Company     |            |
|------------------------------|----------------|------------|-------------|------------|
|                              | 2021<br>£m     | 2020<br>£m | 2021<br>£m  | 2020<br>£m |
| Basic salaries and wages     | <b>688.0</b>   | 635.7      | <b>10.7</b> | 9.6        |
| Profit share and commissions | <b>567.2</b>   | 385.2      | <b>8.6</b>  | 5.4        |
| Wages and salaries           | <b>1,255.2</b> | 1,020.9    | <b>19.3</b> | 15.0       |
| Social security costs        | <b>98.4</b>    | 78.3       | <b>3.1</b>  | 1.9        |
| Other pension costs          | <b>35.8</b>    | 34.7       | <b>0.6</b>  | 0.6        |
| Share-based payments         | <b>23.7</b>    | 19.8       | <b>3.3</b>  | 1.6        |
|                              | <b>1,413.1</b> | 1,153.7    | <b>26.3</b> | 19.1       |

The Group received wage-related subsidies from governments globally in respect of employment support schemes following the COVID-19 pandemic. The amount received under these schemes are off-set against the employee benefit expense in the income statement. Refer to Note 7.3 for further details.

### 9.2 Staff numbers

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

|                | Group         |        | Company    |      |
|----------------|---------------|--------|------------|------|
|                | 2021          | 2020   | 2021       | 2020 |
| United Kingdom | <b>8,840</b>  | 6,939  | <b>171</b> | 151  |
| CEME           | <b>2,525</b>  | 2,135  | -          | -    |
| Asia Pacific   | <b>27,813</b> | 29,160 | -          | -    |
| North America  | <b>912</b>    | 833    | -          | -    |
|                | <b>40,090</b> | 39,067 | <b>171</b> | 151  |

The average number of UK employees (including Directors) during the year included 117 employed under fixed-term and temporary contracts (2020: 112).

# Notes to the financial statements continued

Year ended 31 December 2021

## 9. Employees continued

### 9.3 Key management compensation

|                                | Group       |            | Company    |            |
|--------------------------------|-------------|------------|------------|------------|
|                                | 2021<br>£m  | 2020<br>£m | 2021<br>£m | 2020<br>£m |
| Key management                 |             |            |            |            |
| - Short-term employee benefits | <b>26.7</b> | 17.3       | <b>5.4</b> | 3.1        |
| - Post-employment benefits     | <b>0.1</b>  | 0.1        | <b>0.1</b> | 0.1        |
| - Share-based payments         | <b>3.6</b>  | 2.2        | <b>1.8</b> | 1.3        |
|                                | <b>30.4</b> | 19.6       | <b>7.3</b> | 4.5        |

The key management of the Group for the year ended 31 December 2021 comprised the Board of Directors and the GEB members. The key management of the Company for the year ended 31 December 2021 comprised the Executive and Non-Executive Directors of the Company, primarily the Group's Board of Directors. Directors' remuneration is contained in the Remuneration report on pages 106 to 136.

During the year, eight (2020: eight) GEB members made aggregate gains totalling £2.7m (2020: £1.8m) on the exercise of options under DSBP and DSP schemes (2020: DSBP and DSP schemes). For the Company, three (2020: three) members of key management made aggregate gains totalling £1.4m (2020: £1.0m) on the exercise of options under DSBP schemes (2020: DSBP schemes).

Retirement benefits under the defined benefit scheme are accruing for three (2020: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2020: two) GEB members. For the Company, retirement benefits under the defined benefit scheme are accruing for two (2020: two) Executive Directors.

## 10. Pension schemes

### 10.1 Defined contribution plans

The Group operates the Savills UK Group Personal Pension Plan, a defined contribution scheme, a number of defined contribution individual pension plans and a Mandatory Provident Fund Scheme in Hong Kong, to which it contributes. The total pension charges in respect of these plans were £35.8m (2020: £34.0m). The amount outstanding as at 31 December 2021 in relation to defined contribution schemes is £2.3m (2020: £2.7m).

### 10.2 Defined benefit plan

The Group operates two defined benefit plans.

The Pension Plan of Savills (the 'UK Plan') is a UK-based plan which provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010. From 1 April 2010, pension benefits for former employees of the UK Plan are provided through the Group's defined contribution Personal Pension Plan.

The UK Plan is administered by a separate Trust that is legally separated from the Company. The Board of the pension fund is composed of six trustees. The Board of the pension fund is required by law and by its Article of Association to act in the interest of the fund and of all relevant stakeholders in the scheme. The Board of the pension fund is responsible for the investment policy with regard to the assets of the fund. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

A full actuarial valuation of the UK Plan was carried out as at 31 March 2019 and has been updated to 31 December 2021 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 six active employees and 108 former employees. The plan is closed to future service-based benefit accrual.

The SFM Plan is administered by an external Trust that is legally separated from the Company. The Trust Agreement requires the trustee to maintain the plan assets in the interest of the beneficiaries of the plan and to fulfil their pension entitlements in the event of insolvency to the extent of the plan assets held. The Investment Committee of the fund, advised by expert investment managers, is responsible for the investment policy with regards to the assets of the fund. The contributions are determined based on the annual valuations of an independent qualified actuary.

A full actuarial valuation of the SFM Plan was carried out as at 31 December 2021 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    |            |
|--|------------|------------|------------|------------|
|  | 2021<br>£m | 2020<br>£m | 2021<br>£m | 2020<br>£m |
| (Asset)/liability in the statement of financial position | (17.4)     | 2.6        | (1.0)      | 0.1        |
| Net interest expense included in finance costs           | -          | 0.2        | -          | -          |
| Past service cost included in employee benefit expense   | -          | 0.7        | -          | -          |
| Actuarial gain included in other comprehensive income    | (19.8)     | (7.7)      | (1.1)      | (0.4)      |

The past service cost in 2020 relates to the estimated cost of GMP equalisation of historic individual transfers-out of the UK Plan; this follows a second High Court hearing on the GMP equalisation case in May and October 2020. The ruling issued on 20 November 2020 did not revisit any of the issues addressed in the original 2018 ruling.

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      |            |
|--|---------------|------------|--------------|------------|
|  | 2021<br>£m    | 2020<br>£m | 2021<br>£m   | 2020<br>£m |
| Present value of funded obligations  | 301.7         | 333.0      | 16.6         | 18.4       |
| Fair value of plan assets  | (319.1)       | (330.4)    | (17.6)       | (18.3)     |
| <b>(Asset)/liability recognised in the statement of financial position</b> | <b>(17.4)</b> | <b>2.6</b> | <b>(1.0)</b> | <b>0.1</b> |

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

|  | Group                             |                                 |               | Company                           |                                 |              |
|--|-----------------------------------|---------------------------------|---------------|-----------------------------------|---------------------------------|--------------|
|  | Present value of obligation<br>£m | Fair value of plan assets<br>£m | Total<br>£m   | Present value of obligation<br>£m | Fair value of plan assets<br>£m | Total<br>£m  |
| <b>At 1 January 2021</b>   | <b>333.0</b>                      | <b>(330.4)</b>                  | <b>2.6</b>    | <b>18.4</b>                       | <b>(18.3)</b>                   | <b>0.1</b>   |
| Interest expense/(income)  | 4.6                               | (4.6)                           | -             | 0.3                               | (0.3)                           | -            |
| Remeasurements:  |                                   |                                 |               |                                   |                                 |              |
| - Loss on plan assets, excluding amounts included in interest income | -                                 | 9.6                             | 9.6           | -                                 | 0.6                             | 0.6          |
| - Gain from change in financial assumptions                          | (25.1)                            | -                               | (25.1)        | (1.4)                             | -                               | (1.4)        |
| - Gain from change in demographic assumptions                        | (1.5)                             | -                               | (1.5)         | (0.1)                             | -                               | (0.1)        |
| - Experience gains   | (2.7)                             | -                               | (2.7)         | (0.2)                             | -                               | (0.2)        |
| Employer contributions   | -                                 | (0.3)                           | (0.3)         | -                                 | -                               | -            |
| Benefit payments   | (6.6)                             | 6.6                             | -             | (0.4)                             | 0.4                             | -            |
| <b>At 31 December 2021</b>   | <b>301.7</b>                      | <b>(319.1)</b>                  | <b>(17.4)</b> | <b>16.6</b>                       | <b>(17.6)</b>                   | <b>(1.0)</b> |

# Notes to the financial statements continued

Year ended 31 December 2021

## 10. Pension schemes continued

### 10.2 Defined benefit plan continued

|   | Group                             |                                 |             | Company                           |                                 |             |
|---|-----------------------------------|---------------------------------|-------------|-----------------------------------|---------------------------------|-------------|
|   | Present value of obligation<br>£m | Fair value of plan assets<br>£m | Total<br>£m | Present value of obligation<br>£m | Fair value of plan assets<br>£m | Total<br>£m |
| <b>At 1 January 2020</b>  | 309.9                             | (300.5)                         | 9.4         | 17.1                              | (16.6)                          | 0.5         |
| Interest expense/(income)   | 6.1                               | (5.9)                           | 0.2         | 0.3                               | (0.3)                           | -           |
| Past service cost   | 0.7                               | -                               | 0.7         | -                                 | -                               | -           |
| Remeasurements:   |                                   |                                 |             |                                   |                                 |             |
| - Gains on plan assets, excluding amounts included in interest income | -                                 | (34.0)                          | (34.0)      | -                                 | (1.9)                           | (1.9)       |
| - Loss from change in financial assumptions                           | 26.0                              | -                               | 26.0        | 1.4                               | -                               | 1.4         |
| - Loss from change in demographic assumptions                         | 2.9                               | -                               | 2.9         | 0.2                               | -                               | 0.2         |
| - Experience gains  | (2.6)                             | -                               | (2.6)       | (0.1)                             | -                               | (0.1)       |
| Benefit payments  | (10.0)                            | 10.0                            | -           | (0.5)                             | 0.5                             | -           |
| <b>At 31 December 2020</b>  | <b>333.0</b>                      | <b>(330.4)</b>                  | <b>2.6</b>  | <b>18.4</b>                       | <b>(18.3)</b>                   | <b>0.1</b>  |

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

|  | SFM Plan     |            |
|--|--------------|------------|
|  | 2021<br>£m   | 2020<br>£m |
| (Asset)/liability in the statement of financial position     | <b>(0.7)</b> | 1.7        |
| Actuarial (gain)/loss included in other comprehensive income | <b>(1.8)</b> | 1.3        |

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      |            |
|--|---------------|------------|
|  | 2021<br>£m    | 2020<br>£m |
| Present value of funded obligations  | <b>13.5</b>   | 16.3       |
| Fair value of plan assets  | <b>(14.2)</b> | (14.6)     |
| <b>(Asset)/liability recognised in the statement of financial position</b> | <b>(0.7)</b>  | 1.7        |

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

|  | SFM Plan                             |                                    | Total<br>£m  |
|--|--------------------------------------|------------------------------------|--------------|
|  | Present value<br>of obligation<br>£m | Fair value<br>of plan assets<br>£m |              |
| <b>At 1 January 2021</b>   | <b>16.3</b>                          | <b>(14.6)</b>                      | <b>1.7</b>   |
| Interest expense/(income)  | 0.2                                  | (0.1)                              | 0.1          |
| Remeasurements:  |                                      |                                    |              |
| - Gain on plan assets, excluding amounts included in interest income | -                                    | (0.4)                              | (0.4)        |
| - Gain from change in demographic assumptions                        | (0.6)                                | -                                  | (0.6)        |
| - Experience gains   | (0.8)                                | -                                  | (0.8)        |
| Employer contributions   | -                                    | (0.4)                              | (0.4)        |
| Benefit payments   | (0.4)                                | 0.4                                | -            |
| Exchange movement  | (1.2)                                | 0.9                                | (0.3)        |
| <b>At 31 December 2021</b>   | <b>13.5</b>                          | <b>(14.2)</b>                      | <b>(0.7)</b> |

|  | SFM Plan                             |                                    | Total<br>£m |
|--|--------------------------------------|------------------------------------|-------------|
|  | Present value<br>of obligation<br>£m | Fair value<br>of plan assets<br>£m |             |
| <b>At 1 January 2020</b>   | 14.6                                 | (13.8)                             | 0.8         |
| Interest expense/(income)  | 0.2                                  | (0.2)                              | -           |
| Remeasurements:  |                                      |                                    |             |
| - Loss on plan assets, excluding amounts included in interest income | -                                    | 0.2                                | 0.2         |
| - Loss from change in demographic assumptions                        | 0.8                                  | -                                  | 0.8         |
| - Experience losses  | 0.2                                  | -                                  | 0.2         |
| Employer contributions   | -                                    | (0.5)                              | (0.5)       |
| Benefit payments   | (0.5)                                | 0.5                                | -           |
| Exchange movement  | 1.0                                  | (0.8)                              | 0.2         |
| <b>At 31 December 2020</b>   | <b>16.3</b>                          | <b>(14.6)</b>                      | <b>1.7</b>  |

The significant actuarial assumptions were as follows:

| As at 31 December                                  | SFM Plan     |       | UK Plan      |       |
|--|--------------|-------|--------------|-------|
|  | 2021         | 2020  | 2021         | 2020  |
| Expected rate of salary increases                  | <b>2.50%</b> | 2.50% | <b>3.25%</b> | 3.25% |
| Projection of social security contribution ceiling | <b>2.25%</b> | 2.25% | -            | -     |
| Rate of increase to pensions in payment            |              |       |              |       |
| - pension promise before 1 January 1986            | <b>2.25%</b> | 2.25% | -            | -     |
| - pension promise after 1 January 1986             | <b>1.75%</b> | 1.75% | -            | -     |
| - accrued before 6 April 1997                      | -            | -     | <b>3.00%</b> | 3.00% |
| - accrued after 5 April 1997                       | -            | -     | <b>3.10%</b> | 2.70% |
| - accrued after 5 April 2005                       | -            | -     | <b>2.20%</b> | 2.00% |
| Rate of increase to pensions in deferment          |              |       |              |       |
| - accrued before 6 April 2001                      | -            | -     | <b>5.00%</b> | 5.00% |
| - accrued after 5 April 2001                       | -            | -     | <b>2.50%</b> | 2.10% |
| - accrued after 5 April 2009                       | -            | -     | <b>2.50%</b> | 2.10% |
| Discount rate                                      | <b>1.35%</b> | 1.07% | <b>2.00%</b> | 1.40% |
| Inflation assumption                               | <b>1.75%</b> | 1.75% | <b>3.20%</b> | 2.80% |



## Notes to the financial statements continued

Year ended 31 December 2021

### 10. Pension schemes continued

#### 10.2 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     |      |
|---|----------|-------------|------|-------------|------|
|   |          | 2021        | 2020 | 2021        | 2020 |
| Retiring at the end of the reporting year             | - Male   | <b>85.5</b> | 84.9 | <b>88.3</b> | 88.3 |
|   | - Female | <b>88.9</b> | 88.7 | <b>90.0</b> | 89.9 |
| Retiring 20 years after the end of the reporting year | - Male   | <b>88.2</b> | 87.7 | <b>90.0</b> | 90.0 |
|   | - Female | <b>91.1</b> | 91.0 | <b>91.7</b> | 91.6 |

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       | <b>(0.2)</b>                                     | <b>(5.7)</b>                                     |
| 0.1% increase in inflation rate       | <b>0.2</b>                                       | <b>2.6</b>                                       |
| 0.1% increase in salary increase rate | -  | <b>0.3</b>                                       |
| 1 year increase in life expectancy    | <b>0.6</b>                                       | <b>12.7</b>                                      |

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:

|   | UK Plan      |             |              |             |           |             |          |      |
|---|--------------|-------------|--------------|-------------|-----------|-------------|----------|------|
|   | 2021         |             |              |             | 2020      |             |          |      |
|   | Quoted £m    | Unquoted £m | Total £m     | %           | Quoted £m | Unquoted £m | Total £m | %    |
| - Government bonds                        | <b>75.8</b>  | -           | <b>75.8</b>  | <b>24%</b>  | 92.6      | -           | 92.6     | 28%  |
| - Corporate bonds (investment grade)      | <b>0.5</b>   | -           | <b>0.5</b>   | -           | 0.4       | -           | 0.4      | -    |
| - Cash and cash equivalents               | <b>17.6</b>  | -           | <b>17.6</b>  | <b>5%</b>   | 6.9       | -           | 6.9      | 2%   |
| <b>Liability-driven investment (LDI)*</b> | <b>93.9</b>  | -           | <b>93.9</b>  | <b>29%</b>  | 99.9      | -           | 99.9     | 30%  |
| <b>Investment funds</b>                   | -            | <b>32.4</b> | <b>32.4</b>  | <b>10%</b>  | -         | 29.6        | 29.6     | 9%   |
| <b>Bonds</b>                              | <b>119.3</b> | <b>26.9</b> | <b>146.2</b> | <b>46%</b>  | 124.8     | 16.3        | 141.1    | 43%  |
| <b>Cash and cash equivalents</b>          | <b>1.8</b>   | -           | <b>1.8</b>   | <b>1%</b>   | 1.5       | -           | 1.5      | -    |
| <b>Asset backed securities</b>            | <b>44.8</b>  | -           | <b>44.8</b>  | <b>14%</b>  | 58.3      | -           | 58.3     | 18%  |
| <b>Total</b>                              | <b>259.8</b> | <b>59.3</b> | <b>319.1</b> | <b>100%</b> | 284.5     | 45.9        | 330.4    | 100% |

\* A portfolio of gilt and swap contracts, backed by investment grade credit instruments and LIBOR generating assets, that is designed to hedge the majority of the interest rate and inflation risks associated with the scheme's obligations.

|                         | SFM Plan       |             |                |      |
|-------------------------|----------------|-------------|----------------|------|
|                         | 2021           |             | 2020           |      |
|                         | Unquoted<br>£m | %           | Unquoted<br>£m | %    |
| <b>Investment funds</b> | <b>14.2</b>    | <b>100%</b> | 14.6           | 100% |
| <b>Total</b>            | <b>14.2</b>    | <b>100%</b> | 14.6           | 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 provided by the fund managers. The fund managers use best practice techniques to value their holdings in investment funds, with valuations validated by an independent appraisal firm. Where available, fair values 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 plc 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 2022 are £0.5m. The Company expects to contribute £nil.

The weighted average duration of the defined benefit obligations is 20 years for the UK Plan and 16 years for the SFM Plan.

Expected maturity analysis of the undiscounted pension benefits:

| At 31 December 2021      | Less than<br>a year<br>£m | Between<br>1-2 years<br>£m | Between<br>2-5 years<br>£m | Over<br>5 years<br>£m | Total<br>£m  |
|--------------------------|---------------------------|----------------------------|----------------------------|-----------------------|--------------|
| Pension benefit payments |                           |                            |                            |                       |              |
| - UK Plan                | <b>5.4</b>                | <b>6.0</b>                 | <b>22.6</b>                | <b>448.4</b>          | <b>482.4</b> |
| - SFM Plan               | <b>0.4</b>                | <b>0.4</b>                 | <b>1.3</b>                 | <b>14.9</b>           | <b>17.0</b>  |

## Notes to the financial statements continued

Year ended 31 December 2021

### 11. Finance income and costs

|   | Group         |               |
|---|---------------|---------------|
|   | 2021<br>£m    | 2020<br>£m    |
| Bank interest receivable                            | 1.9           | 3.4           |
| Finance income                                      | 1.9           | 3.4           |
| Bank interest payable                               | (5.5)         | (6.5)         |
| Unwinding of discounts on liabilities               | (0.8)         | (0.5)         |
| Finance charges on lease liabilities                | (8.9)         | (8.9)         |
| Net interest on defined benefit pension obligations | (0.1)         | (0.2)         |
| Fair value loss                                     | -             | (0.1)         |
| Finance costs                                       | (15.3)        | (16.2)        |
| <b>Net finance cost</b>                             | <b>(13.4)</b> | <b>(12.8)</b> |

### 12. Income tax expense

Analysis of tax expense for the year:

|   | Group       |             |
|---|-------------|-------------|
|   | 2021<br>£m  | 2020<br>£m  |
| <b>Current tax</b>                                    |             |             |
| United Kingdom:                                       |             |             |
| Corporation tax on profits for the year               | 21.0        | 13.0        |
| Adjustment in respect of prior years                  | 0.7         | 0.3         |
|   | 21.7        | 13.3        |
| Overseas tax  | 24.5        | 15.0        |
| Adjustment in respect of prior years                  | (0.7)       | (1.8)       |
| Total current tax                                     | 45.5        | 26.5        |
| <b>Deferred tax</b>                                   |             |             |
| Representing:   |             |             |
| United Kingdom  | (3.8)       | (3.7)       |
| Effect of change in UK tax rate on deferred tax       | (0.7)       | (0.3)       |
| Overseas tax  | (3.4)       | (7.6)       |
| Effect of change in overseas tax rate on deferred tax | 0.2         | 0.2         |
| Adjustment in respect of prior years                  | (1.4)       | 0.1         |
| Total deferred tax (Note 19)                          | (9.1)       | (11.3)      |
| <b>Income tax expense</b>                             | <b>36.4</b> | <b>15.2</b> |

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% (2020: 19%) applicable to profits of the consolidated entities as follows:

|  | Group       |            |
|--|-------------|------------|
|  | 2021<br>£m  | 2020<br>£m |
| Profit before income tax                                   | 183.1       | 83.2       |
| Tax on profit at 19% (2020: 19%)                           | 34.8        | 15.8       |
| Effects of:  |             |            |
| Adjustment in respect of prior years                       | (1.3)       | (1.4)      |
| Difference in overseas tax rates                           | 3.9         | 2.5        |
| Utilisation of previously unprovided tax losses            | (0.4)       | -          |
| Expenses and other charges not deductible for tax purposes | 3.5         | 5.3        |
| Non-assessable income (including COVID-19 subsidies)       | (1.6)       | (4.7)      |
| Tax on joint ventures and associates                       | (2.0)       | (2.0)      |
| Effect of change in tax rates on deferred tax              | (0.5)       | (0.3)      |
| <b>Income tax expense</b>                                  | <b>36.4</b> | 15.2       |

The effective tax rate of the Group for the year ended 31 December 2020 is 19.9% (2020: 18.3%), which is higher (2020: lower) than the UK weighted average applicable rate.

The Finance Bill 2021 substantively enacted on 24 May 2021 included legislation increasing the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

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      |            |
|---|--------------|------------|--------------|------------|
|   | 2021<br>£m   | 2020<br>£m | 2021<br>£m   | 2020<br>£m |
| <b>Tax on items that will not be reclassified to profit or loss</b>         |              |            |              |            |
| Deferred tax on re-measurement of defined benefit pension scheme            | (4.3)        | (1.2)      | (0.2)        | (0.1)      |
| Current tax credit on defined benefit pension scheme                        | 0.1          | -          | -            | -          |
| Deferred tax on additional defined benefit pension scheme contributions     | (0.1)        | -          | -            | -          |
| Deferred tax on pension – effect of tax rate change                         | (1.0)        | -          | (0.1)        | -          |
|   | <b>(5.3)</b> | (1.2)      | <b>(0.3)</b> | (0.1)      |
| <b>Tax on items that may subsequently be reclassified to profit or loss</b> |              |            |              |            |
| Current tax credit on defined benefit pension scheme                        | -            | 2.5        | -            | 0.5        |
| Current tax charge on foreign exchange reserves                             | -            | (0.1)      | -            | -          |
| Current tax on IFRS 16 initial lease recognition release                    | -            | 0.1        | -            | (0.1)      |
| Deferred tax on pension – effect of tax rate change                         | -            | 0.3        | -            | -          |
| Deferred tax on defined benefit pension scheme                              | -            | (3.2)      | -            | (0.3)      |
| Deferred tax on foreign exchange reserves                                   | (0.1)        | 0.1        | -            | -          |
|   | <b>(0.1)</b> | (0.3)      | <b>-</b>     | 0.1        |
| <b>Tax on items relating to components of other comprehensive income</b>    | <b>(5.4)</b> | (1.5)      | <b>(0.3)</b> | -          |

## Notes to the financial statements continued

Year ended 31 December 2021

### 12. Income tax expense continued

The tax (charged)/credited to reserves is as follows:

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | 2021<br>£m | 2020<br>£m | 2021<br>£m | 2020<br>£m |
| Tax on items that will not be reclassified to profit or loss: |            |            |            |            |
| Current tax credit on employee benefits                       | 4.3        | -          | 0.5        | -          |
| Current tax credit on IFRS 16 lease recognition release       | 0.2        | -          | 0.1        | -          |
| Deferred tax on employee benefits                             | 0.3        | -          | 0.4        | -          |
| Deferred tax on IFRS 16 recognition release                   | 0.2        | -          | 0.2        | -          |
| Foreign exchange movements                                    | 0.3        | -          | -          | -          |
| Tax on items recognised directly in reserves                  | 5.3        | -          | 1.2        | -          |

### 13. Dividends – Group and Company

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | 2021<br>£m | 2020<br>£m | 2021<br>£m | 2020<br>£m |
| Amounts recognised as distribution to equity holders in the year: |            |            |            |            |
| <b>In respect of the previous year</b>                            |            |            |            |            |
| Ordinary final dividend of 17.0p per share (2019: £nil)           | 23.6       | -          | 23.8       | -          |
| <b>In respect of the current year</b>                             |            |            |            |            |
| Interim dividend of 6.0p per share (2020: £nil)                   | 8.3        | -          | 8.4        | -          |
|   | 31.9       | -          | 32.2       | -          |

The Group paid £0.4m (2020: £0.4m) of dividends to non-controlling interests.

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 Board recommends a final dividend of 12.75p per ordinary share (amounting to £18.4m), alongside the supplemental interim dividend of 15.6p per ordinary share (amounting to £22.5m) and a special dividend of 27.05p (amounting to £39.0m), to be paid on 17 May 2022 to Shareholders on the register at 8 April 2022. These financial statements do not reflect this dividend payable.

The total paid and recommended ordinary, supplemental and special dividend for the 2021 financial year comprises an aggregate distribution of 61.4p per ordinary share (2020: 17.0p per ordinary share).

### 14. Earnings per share

#### 14.1 Basic and diluted earnings per share

Basic earnings per share ('EPS') are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, excluding the weighted average number of ordinary shares held by the EBT (2021 closing: 4,644,019 shares, 2020 closing: 3,524,326 shares) and the Rabbi Trust (2021 closing: 1,440,484 shares, 2020 closing: 1,055,676 shares).

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, being the share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and where performance conditions have been met.

The earnings and the shares used in the calculations are as follows:

|   | 2021<br>Earnings<br>£m | 2021<br>Shares<br>million | 2021<br>EPS<br>pence | 2020<br>Earnings<br>£m | 2020<br>Shares<br>million | 2020<br>EPS<br>pence |
|---|------------------------|---------------------------|----------------------|------------------------|---------------------------|----------------------|
| Basic earnings per share                          | <b>146.2</b>           | <b>139.4</b>              | <b>104.9</b>         | 67.6                   | 138.0                     | 49.0                 |
| Effect of additional shares issuable under option | -                      | <b>7.1</b>                | <b>(5.1)</b>         | -                      | 3.1                       | (1.1)                |
| Diluted earnings per share                        | <b>146.2</b>           | <b>146.5</b>              | <b>99.8</b>          | 67.6                   | 141.1                     | 47.9                 |

#### 14.2 Underlying basic and diluted earnings per share

|  | 2021<br>Earnings<br>£m | 2021<br>Shares<br>million | 2021<br>EPS<br>pence | 2020<br>Earnings<br>£m | 2020<br>Shares<br>million | 2020<br>EPS<br>pence |
|--|------------------------|---------------------------|----------------------|------------------------|---------------------------|----------------------|
| Basic earnings per share   | <b>146.2</b>           | <b>139.4</b>              | <b>104.9</b>         | 67.6                   | 138.0                     | 49.0                 |
| Amortisation of intangible assets arising from business combinations after tax                                   | <b>6.5</b>             | -                         | <b>4.7</b>           | 3.3                    | -                         | 2.4                  |
| Impairment of goodwill and intangible assets arising from business combinations after tax                        | <b>5.4</b>             | -                         | <b>3.9</b>           | -                      | -                         | -                    |
| Share-based payment adjustment after tax   | <b>(9.0)</b>           | -                         | <b>(6.5)</b>         | 1.1                    | -                         | 0.8                  |
| (Profit)/net loss on disposal of joint ventures and associates after tax   | <b>(0.4)</b>           | -                         | <b>(0.3)</b>         | 0.1                    | -                         | 0.1                  |
| Restructuring costs after tax  | <b>0.4</b>             | -                         | <b>0.3</b>           | 1.5                    | -                         | 1.1                  |
| Transaction-related costs after tax  | <b>15.5</b>            | -                         | <b>11.1</b>          | 4.1                    | -                         | 3.0                  |
| Fair value gain on step acquisition of subsidiaries previously classified as joint ventures/associates after tax | <b>(4.0)</b>           | -                         | <b>(2.9)</b>         | -                      | -                         | -                    |
| Fair value loss on transaction-related call option   | <b>1.8</b>             | -                         | <b>1.3</b>           | -                      | -                         | -                    |
| GMP equalisation charge after tax  | -                      | -                         | -                    | 0.6                    | -                         | 0.4                  |
| Underlying basic earnings per share  | <b>162.4</b>           | <b>139.4</b>              | <b>116.5</b>         | 78.3                   | 138.0                     | 56.8                 |
| Effect of additional shares issuable under option  | -                      | <b>7.1</b>                | <b>(5.6)</b>         | -                      | 3.1                       | (1.3)                |
| Underlying diluted earnings per share  | <b>162.4</b>           | <b>146.5</b>              | <b>110.9</b>         | 78.3                   | 141.1                     | 55.5                 |

Primarily excludes (loss)/profit on disposals, share-based payment adjustment, amortisation and impairment of intangible assets arising from business combinations, impairment of goodwill, significant restructuring costs, significant transaction-related costs and other items that are considered non-operational and material (fair value gain on associates/joint ventures and fair value loss on transaction-related call option in the current year, GMP equalisation charge in the prior year). Refer to Note 8 for the gross amounts of the above adjustments and a reconciliation between reported profit before tax and underlying profit before tax, alongside further details on each of the adjustments.



## Notes to the financial statements continued

Year ended 31 December 2021

### 15. Goodwill and intangible assets

|   | Group          |  |   |                         |              |                            |             | Company<br>Total<br>£m |
|---|----------------|--|---|-------------------------|--------------|----------------------------|-------------|------------------------|
|   | Goodwill<br>£m | Customer/<br>business<br>relationships<br>£m | Investment<br>and property<br>management<br>contracts<br>£m | Order<br>backlogs<br>£m | Brands<br>£m | Computer<br>software<br>£m | Total<br>£m |                        |
| <b>Cost</b>   |                |  |   |                         |              |                            |             |                        |
| At 1 January 2021   | 429.1          | 29.2   | 41.6  | 3.6                     | 1.7          | 33.8                       | 539.0       | 9.9                    |
| Additions through<br>business combinations<br>(Note 18.5) | 40.6           | 11.9   | 17.7  | -                       | 2.9          | 0.1                        | 73.2        | -                      |
| Other additions   | -              | -  | -   | -                       | -            | 5.9                        | 5.9         | 0.1                    |
| Disposals   | -              | -  | -   | -                       | -            | (1.0)                      | (1.0)       | -                      |
| Exchange movement   | (6.2)          | (0.3)  | (0.6)   | (0.1)                   | -            | (0.4)                      | (7.6)       | -                      |
| At 31 December 2021                                       | 463.5          | 40.8   | 58.7  | 3.5                     | 4.6          | 38.4                       | 609.5       | 10.0                   |
| <b>Accumulated<br/>amortisation and<br/>impairment</b>    |                |  |   |                         |              |                            |             |                        |
| At 1 January 2021   | 49.7           | 19.7   | 21.6  | 1.5                     | 1.5          | 15.8                       | 109.8       | 3.6                    |
| Amortisation charge<br>for the year                       | -              | 2.6  | 4.5   | 0.6                     | 0.4          | 6.1                        | 14.2        | 2.6                    |
| Impairment charge for<br>the year                         | 4.1            | -  | 1.1   | -                       | -            | -                          | 5.2         | -                      |
| Disposals   | -              | -  | -   | -                       | -            | (0.7)                      | (0.7)       | -                      |
| Exchange movement   | (1.6)          | (0.3)  | (0.6)   | -                       | (0.1)        | (0.3)                      | (2.9)       | -                      |
| At 31 December 2021                                       | 52.2           | 22.0   | 26.6  | 2.1                     | 1.8          | 20.9                       | 125.6       | 6.2                    |
| <b>Net book value</b>                                     |                |  |   |                         |              |                            |             |                        |
| At 31 December 2021                                       | 411.3          | 18.8   | 32.1  | 1.4                     | 2.8          | 17.5                       | 483.9       | 3.8                    |

During the year, goodwill and intangible assets were tested for impairment in accordance with IAS 36. An impairment charge of £1.4m was recognised on the Indonesia CGU and £2.7m recognised on the Sweden CGU following changes in the teams of the businesses that were acquired, impacting the forecast revenues of the CGUs. The remaining carrying value of goodwill in relation to the Indonesia CGU as at 31 December 2021 is £3.9m. There is no goodwill remaining in the Sweden CGU as at 31 December 2021.

The carrying amount of intangible assets with indefinite useful lives totals £2.0m as at 31 December 2021 (2020: £2.8m), which consists of investment management contracts in relation to open-ended funds. An impairment charge of £0.8m has been recognised in 2021 in relation to Japanese investment management contracts where revenue is no longer expected to be generated from these contracts (2020: no impairment charge recognised).

Investment and property management contracts includes the investment management contract asset identified on the acquisition of DRC in May 2021 (see Note 18.5). This intangible asset is amortised over 6 years, with the amortisation period ending in May 2027. The carrying value of this intangible asset as at 31 December 2021 totals £16.0m (2020: £nil).

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<br>Total<br>£m |
|--|----------------|--|---|-------------------------|--------------|----------------------------|-------------|------------------------|
|  | Goodwill<br>£m | Customer/<br>business<br>relationships<br>£m | Investment<br>and property<br>management<br>contracts<br>£m | Order<br>backlogs<br>£m | Brands<br>£m | Computer<br>software<br>£m | Total<br>£m |                        |
| <b>Cost</b>  |                |  |   |                         |              |                            |             |                        |
| At 1 January 2020                                      | 422.9          | 21.5   | 41.4  | 6.6                     | 1.2          | 29.1                       | 522.7       | 9.3                    |
| Additions through<br>business combinations             | 5.1            | 7.7  | -   | 2.2                     | 0.5          | 0.1                        | 15.6        | -                      |
| Other additions  | -              | -  | -   | -                       | -            | 5.3                        | 5.3         | 0.8                    |
| Disposals  | -              | -  | -   | (5.3)                   | -            | (1.1)                      | (6.4)       | (0.2)                  |
| Reclassifications                                      | -              | -  | (0.2)   | -                       | -            | 0.3                        | 0.1         | -                      |
| Exchange movement                                      | 1.1            | -  | 0.4   | 0.1                     | -            | 0.1                        | 1.7         | -                      |
| At 31 December 2020                                    | 429.1          | 29.2   | 41.6  | 3.6                     | 1.7          | 33.8                       | 539.0       | 9.9                    |
| <b>Accumulated<br/>amortisation and<br/>impairment</b> |                |  |   |                         |              |                            |             |                        |
| At 1 January 2020                                      | 48.7           | 18.0   | 18.4  | 6.4                     | 1.2          | 11.3                       | 104.0       | 2.6                    |
| Amortisation charge<br>for the year                    | -              | 1.6  | 2.8   | 0.2                     | 0.3          | 4.7                        | 9.6         | 1.2                    |
| Disposals  | -              | -  | -   | (5.3)                   | -            | (0.4)                      | (5.7)       | (0.2)                  |
| Exchange movement                                      | 1.0            | 0.1  | 0.4   | 0.2                     | -            | 0.2                        | 1.9         | -                      |
| At 31 December 2020                                    | 49.7           | 19.7   | 21.6  | 1.5                     | 1.5          | 15.8                       | 109.8       | 3.6                    |
| <b>Net book value</b>                                  |                |  |   |                         |              |                            |             |                        |
| <b>At 31 December 2020</b>                             | 379.4          | 9.5  | 20.0  | 2.1                     | 0.2          | 18.0                       | 429.2       | 6.3                    |

Goodwill and indefinite life 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. Where there are multiple CGUs in a country, these CGU's have been grouped and tested for impairment annually. A segment-level summary of the allocation of goodwill and indefinite useful life intangible assets is presented below:

| 2021  | Transaction<br>Advisory<br>£m | Consultancy<br>£m | Property and<br>Facilities<br>Management<br>£m | Investment<br>Management<br>£m | Total<br>£m | Goodwill<br>£m | Indefinite<br>life<br>intangible<br>assets<br>£m |
|---|-------------------------------|-------------------|--|--------------------------------|-------------|----------------|--|
| United Kingdom  | 28.7                          | 11.9              | 30.9   | 29.8                           | 101.3       | 99.3           | 2.0  |
| CEME  | 59.1                          | 18.9              | 18.0   | 4.6                            | 100.6       | 100.6          | -  |
| Asia Pacific  | 18.1                          | 5.0               | 30.4   | 1.4                            | 54.9        | 54.9           | -  |
| North America   | 147.4                         | 9.1               | -  | -                              | 156.5       | 156.5          | -  |
| Total goodwill and indefinite<br>life intangible assets | 253.3                         | 44.9              | 79.3   | 35.8                           | 413.3       | 411.3          | 2.0  |

## Notes to the financial statements continued

Year ended 31 December 2021

### 15. Goodwill and intangible assets continued

| 2020  | Transaction<br>Advisory<br>£m | Consultancy<br>£m | Property and<br>Facilities<br>Management<br>£m | Investment<br>Management<br>£m | Total<br>£m | Goodwill<br>£m | Indefinite<br>life<br>intangible<br>assets<br>£m |
|---|-------------------------------|-------------------|--|--------------------------------|-------------|----------------|--|
| United Kingdom  | 28.7                          | 11.9              | 30.9   | 2.0                            | 73.5        | 71.5           | 2.0  |
| CEME  | 62.2                          | 19.9              | 21.0   | 4.9                            | 108.0       | 108.0          | -  |
| Asia Pacific  | 14.8                          | 4.6               | 30.1   | 2.3                            | 51.8        | 51.0           | 0.8  |
| North America   | 145.8                         | 3.1               | -  | -                              | 148.9       | 148.9          | -  |
| Total goodwill and indefinite<br>life intangible assets | 251.5                         | 39.5              | 82.0   | 9.2                            | 382.2       | 379.4          | 2.8  |

#### 15.1 Method of impairment testing

Goodwill values have been tested for impairment by comparing them against the 'value-in-use' in perpetuity of the relevant CGU group. The value-in-use calculations were based on projected cash flows, derived from latest financial budgets and strategic plans covering a three-year period, prepared by management and approved by the Board. Projected cash flows are extended for a further two-year period based upon forecasted market growth rates. These projected cash flows were discounted at CGU specific, risk adjusted, discount rates to calculate their net present value.

#### 15.2 Key assumptions

The calculation of value-in-use is most sensitive to the following assumptions:

##### (a) CGU specific operating assumptions

CGU specific operating assumptions are applicable to the forecasted cash flows for the years 2022 to 2024 and relate to revenue forecasts and operating profit margins in each of the operating CGUs. The value ascribed to each assumption will vary between CGUs as the forecasts are built up from the underlying business units within each CGU group.

##### (b) Discount rate

The pre-tax discount rates applied to cash flows of each CGU have been derived using a weighted average cost of capital ('WACC') methodology, representing the minimum return a business must earn on its asset base to satisfy providers of capital. Key inputs to the WACC calculation are the risk-free rate, the equity market risk premium, beta and the average borrowing rate (cost of debt) of the selected CGU.

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:

|                    | 2021<br>Discount rate<br>range | 2020<br>Discount rate<br>range |
|--------------------|--------------------------------|--------------------------------|
| United Kingdom     | 10.6%                          | 9.1%                           |
| Continental Europe | 9.6% - 13.7%                   | 8.4%-12.9%                     |
| Asia Pacific       | 9.8% - 13.7%                   | 8.5%-14.6%                     |
| North America      | 11.1% - 11.6%                  | 9.4%-9.9%                      |
| Middle East        | 11.3%                          | 15.9%                          |

### (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:

|                    | 2021<br>Long-term<br>growth rate<br>range | 2020<br>Long-term<br>growth rate<br>range |
|--------------------|---|---|
| United Kingdom     | 1.8%                                      | 1.8%                                      |
| Continental Europe | 1.0% - 2.9%                               | 0.8%-2.8%                                 |
| Asia Pacific       | 0.8% - 6.9%                               | 0.6%-6.6%                                 |
| North America      | 1.8% - 1.9%                               | 1.7%-1.8%                                 |
| Middle East        | 3.0%                                      | 2.4%                                      |

### 15.3 Sensitivity to changes in assumptions

The Indonesia CGU was impaired during the year and therefore the remaining carrying value of goodwill of £3.9m is considered at risk of further impairment if there were changes in key assumptions in the value-in-use model. The key assumptions applied in the Indonesia CGU relates to the average margin (25.8%). Goodwill would be fully impaired if the average margin applied evenly across the explicit forecast periods decreased to 12.2%.

With the exception of the impairment of the Indonesia and Sweden CGUs, management have determined that there has been no impairment to the other CGUs with the Group. This assessment is a reflection of best estimates in arriving at value-in-use, future growth rates and the discount rate applied to cash flow projections.

The Group's CGUs have performed strongly during 2021 however following significant increases in the discount rate, a number of CGUs have headroom of less than 50% of the carrying value of the CGU. The US and Spain CGUs were identified as the material CGUs that are considered to be sensitive to changes in key assumptions, but for which no impairment charge was considered to be required at 31 December 2021.

The key assumption applied to the US CGU relates to the average margin of 6.7%. The headroom in the value-in-use model for this CGU of £64.1m (27%) would be reduced to nil if the average margin decreased to 5.1% (applied evenly across the explicit forecast periods, all other variables remaining constant). Similarly, in the Spain CGU the key assumption applied relates to the average margin of 10.9%. The headroom in the value-in-use model for this CGU of £13.1m (21%) would be reduced to nil if the average margin decreased to 8.9% (applied evenly across the explicit forecast periods, all other variables remaining constant).

## Notes to the financial statements continued

Year ended 31 December 2021

### 16. Property, plant and equipment

| Group   | Freehold property<br>£m | Leasehold improvements<br>£m | Equipment and motor vehicles<br>£m | Total<br>£m |
|---|-------------------------|------------------------------|------------------------------------|-------------|
| <b>Cost</b>   |                         |                              |                                    |             |
| At 1 January 2021                                   | 0.1                     | 80.6                         | 69.1                               | 149.8       |
| Additions   | -                       | 12.3                         | 6.3                                | 18.6        |
| Additions through business combinations (Note 18.5) | -                       | -                            | 0.3                                | 0.3         |
| Reclassification to right of use assets             | -                       | (0.7)                        | -                                  | (0.7)       |
| Disposals   | -                       | (0.6)                        | (4.0)                              | (4.6)       |
| Exchange movement                                   | -                       | 0.3                          | (0.5)                              | (0.2)       |
| At 31 December 2021                                 | 0.1                     | 91.9                         | 71.2                               | 163.2       |
| <b>Accumulated depreciation and impairment</b>      |                         |                              |                                    |             |
| At 1 January 2021                                   | -                       | 40.4                         | 44.5                               | 84.9        |
| Charge for the year                                 | -                       | 7.6                          | 8.5                                | 16.1        |
| Reclassification right of use assets                | -                       | (0.1)                        | -                                  | (0.1)       |
| Disposals   | -                       | (0.6)                        | (3.2)                              | (3.8)       |
| Exchange movement                                   | -                       | 0.1                          | (0.3)                              | (0.2)       |
| At 31 December 2021                                 | -                       | 47.4                         | 49.5                               | 96.9        |
| <b>Net book value</b>                               |                         |                              |                                    |             |
| At 31 December 2021                                 | 0.1                     | 44.5                         | 21.7                               | 66.3        |

| Group  | Freehold property<br>£m | Leasehold improvements<br>£m | Equipment and motor vehicles<br>£m | Total<br>£m |
|--|-------------------------|------------------------------|------------------------------------|-------------|
| <b>Cost</b>                                    |                         |                              |                                    |             |
| At 1 January 2020                              | 0.1                     | 74.5                         | 65.5                               | 140.1       |
| Additions                                      | -                       | 5.3                          | 7.5                                | 12.8        |
| Additions through business combinations        | -                       | -                            | 0.1                                | 0.1         |
| Disposals                                      | -                       | -                            | (3.5)                              | (3.5)       |
| Reclassifications                              | -                       | 1.5                          | (0.8)                              | 0.7         |
| Exchange movement                              | -                       | (0.7)                        | 0.3                                | (0.4)       |
| At 31 December 2020                            | 0.1                     | 80.6                         | 69.1                               | 149.8       |
| <b>Accumulated depreciation and impairment</b> |                         |                              |                                    |             |
| At 1 January 2020                              | -                       | 32.4                         | 38.8                               | 71.2        |
| Charge for the year                            | -                       | 7.3                          | 9.2                                | 16.5        |
| Disposals                                      | -                       | -                            | (3.3)                              | (3.3)       |
| Reclassifications                              | -                       | 1.1                          | (0.1)                              | 1.0         |
| Exchange movement                              | -                       | (0.4)                        | (0.1)                              | (0.5)       |
| At 31 December 2020                            | -                       | 40.4                         | 44.5                               | 84.9        |
| <b>Net book value</b>                          |                         |                              |                                    |             |
| At 31 December 2020                            | 0.1                     | 40.2                         | 24.6                               | 64.9        |

| Company  | Freehold property<br>£m | Leasehold improvements<br>£m | Equipment<br>£m | Total<br>£m |
|--|-------------------------|------------------------------|-----------------|-------------|
| <b>Cost</b>                                    |                         |                              |                 |             |
| At 1 January 2021                              | 0.1                     | 0.7                          | 7.7             | 8.5         |
| Reclassification to right of use assets        | -                       | (0.7)                        | -               | (0.7)       |
| Additions                                      | -                       | -                            | 1.4             | 1.4         |
| Disposals                                      | -                       | -                            | (0.2)           | (0.2)       |
| At 31 December 2021                            | 0.1                     | -                            | 8.9             | 9.0         |
| <b>Accumulated depreciation and impairment</b> |                         |                              |                 |             |
| At 1 January 2021                              | -                       | 0.1                          | 4.6             | 4.7         |
| Reclassification to right of use assets        | -                       | (0.1)                        | -               | (0.1)       |
| Charge for the year                            | -                       | -                            | 1.3             | 1.3         |
| Disposals                                      | -                       | -                            | (0.2)           | (0.2)       |
| At 31 December 2021                            | -                       | -                            | 5.7             | 5.7         |
| <b>Net book value</b>                          |                         |                              |                 |             |
| At 31 December 2021                            | 0.1                     | -                            | 3.2             | 3.3         |

| Company  | Freehold property<br>£m | Leasehold improvements<br>£m | Equipment<br>£m | Total<br>£m |
|--|-------------------------|------------------------------|-----------------|-------------|
| <b>Cost</b>                                    |                         |                              |                 |             |
| At 1 January 2020                              | 0.1                     | 0.7                          | 7.2             | 8.0         |
| Additions                                      | -                       | -                            | 2.2             | 2.2         |
| Disposals                                      | -                       | -                            | (1.7)           | (1.7)       |
| At 31 December 2020                            | 0.1                     | 0.7                          | 7.7             | 8.5         |
| <b>Accumulated depreciation and impairment</b> |                         |                              |                 |             |
| At 1 January 2020                              | -                       | -                            | 5.3             | 5.3         |
| Charge for the year                            | -                       | 0.1                          | 1.0             | 1.1         |
| Disposals                                      | -                       | -                            | (1.7)           | (1.7)       |
| At 31 December 2020                            | -                       | 0.1                          | 4.6             | 4.7         |
| <b>Net book value</b>                          |                         |                              |                 |             |
| At 31 December 2020                            | 0.1                     | 0.6                          | 3.1             | 3.8         |



## Notes to the financial statements continued

Year ended 31 December 2021

### 17. Right of use assets

The statement of financial position shows the following amounts relating to right of use assets:

| Group  | Leasehold properties<br>£m | Equipment and motor vehicles<br>£m | Total right of use assets<br>£m |
|--|----------------------------|------------------------------------|---------------------------------|
| <b>Cost</b>  |                            |                                    |                                 |
| At 1 January 2021                                    | 326.0                      | 9.3                                | 335.3                           |
| Additions  | 30.1                       | 1.7                                | 31.8                            |
| Additions through business combinations (Note 18.5)  | 0.7                        | -                                  | 0.7                             |
| Reclassifications from property, plant and equipment | 0.7                        | -                                  | 0.7                             |
| Disposals  | (15.1)                     | (0.6)                              | (15.7)                          |
| Exchange movement                                    | (4.0)                      | (0.4)                              | (4.4)                           |
| At 31 December 2021                                  | 338.4                      | 10.0                               | 348.4                           |
| <b>Accumulated depreciation and impairment</b>       |                            |                                    |                                 |
| At 1 January 2021                                    | 78.3                       | 4.2                                | 82.5                            |
| Charge for the year                                  | 45.3                       | 2.0                                | 47.3                            |
| Impairment   | 0.3                        | -                                  | 0.3                             |
| Reclassifications from property, plant and equipment | 0.1                        | -                                  | 0.1                             |
| Disposals  | (12.6)                     | (0.6)                              | (13.2)                          |
| Exchange movement                                    | (1.0)                      | (0.2)                              | (1.2)                           |
| At 31 December 2021                                  | 110.4                      | 5.4                                | 115.8                           |
| <b>Net book value</b>                                |                            |                                    |                                 |
| At 31 December 2021                                  | 228.0                      | 4.6                                | 232.6                           |

| Group  | Leasehold properties<br>£m | Equipment and motor vehicles<br>£m | Total right of use assets<br>£m |
|--|----------------------------|------------------------------------|---------------------------------|
| <b>Cost</b>                                    |                            |                                    |                                 |
| At 1 January 2020                              | 263.6                      | 6.2                                | 269.8                           |
| Additions                                      | 72.2                       | 2.6                                | 74.8                            |
| Additions through business combinations        | 1.7                        | 0.1                                | 1.8                             |
| Disposals                                      | (11.5)                     | -                                  | (11.5)                          |
| Exchange movement                              | -                          | 0.4                                | 0.4                             |
| At 31 December 2020                            | 326.0                      | 9.3                                | 335.3                           |
| <b>Accumulated depreciation and impairment</b> |                            |                                    |                                 |
| At 1 January 2020                              | 41.8                       | 1.8                                | 43.6                            |
| Charge for the year                            | 45.6                       | 2.2                                | 47.8                            |
| Disposals                                      | (9.5)                      | -                                  | (9.5)                           |
| Exchange movement                              | 0.4                        | 0.2                                | 0.6                             |
| At 31 December 2020                            | 78.3                       | 4.2                                | 82.5                            |
| <b>Net book value</b>                          |                            |                                    |                                 |
| At 31 December 2020                            | 247.7                      | 5.1                                | 252.8                           |

| Company  | Right of use assets<br>- Leasehold<br>properties<br>£m |
|--|--|
| <b>Cost</b>  |  |
| At 1 January 2021                                    | 63.9   |
| Reclassifications from property, plant and equipment | 0.7  |
| Additions  | 0.3  |
| At 31 December 2021                                  | 64.9   |
| <b>Accumulated depreciation and impairment</b>       |  |
| At 1 January 2021                                    | 10.0   |
| Reclassifications from property, plant and equipment | 0.1  |
| Charge for the year                                  | 5.4  |
| At 31 December 2021                                  | 15.5   |
| <b>Net book value</b>                                |  |
| At 31 December 2021                                  | 49.4   |

| Company  | Right of use assets<br>- Leasehold<br>properties<br>£m |
|--|--|
| <b>Cost</b>                                    |  |
| At 1 January 2020                              | 63.4   |
| Additions                                      | 0.5  |
| At 31 December 2020                            | 63.9   |
| <b>Accumulated depreciation and impairment</b> |  |
| At 1 January 2020                              | 4.7  |
| Charge for the year                            | 5.3  |
| At 31 December 2020                            | 10.0   |
| <b>Net book value</b>                          |  |
| At 31 December 2020                            | 53.9   |

Refer to Note 25 for further information on the Group's leases.

## Notes to the financial statements continued

Year ended 31 December 2021

### 18. Investments and transactions

#### 18.1 Group – Investments in joint ventures and associates

|  | Joint ventures   |             |             | Associates       |             |                |             |
|--|------------------|-------------|-------------|------------------|-------------|----------------|-------------|
|  | Investment<br>£m | Loans<br>£m | Total<br>£m | Investment<br>£m | Loans<br>£m | Goodwill<br>£m | Total<br>£m |
| <b>Cost or valuation</b>   |                  |             |             |                  |             |                |             |
| At 1 January 2021  | 11.6             | 4.1         | 15.7        | 2.5              | 0.7         | 14.9           | 18.1        |
| Loans advanced   | -                | 0.4         | 0.4         | -                | -           | -              | -           |
| Reclassification*  | -                | (2.1)       | (2.1)       | -                | (0.7)       | -              | (0.7)       |
| Additions  | 0.4              | -           | 0.4         | 0.3              | -           | -              | 0.3         |
| Disposals  | (0.3)            | -           | (0.3)       | -                | -           | -              | -           |
| Fair value remeasurement<br>recognised in the income<br>statement (see Note 8) | 1.2              | -           | 1.2         | 2.8              | -           | -              | 2.8         |
| Transfer upon subsidiary<br>acquisition (see Note 18.5)                        | (3.3)            | (2.4)       | (5.7)       | (3.3)            | -           | (14.5)         | (17.8)      |
| Exchange movement  | 0.1              | -           | 0.1         | -                | -           | -              | -           |
| At 31 December 2021  | 9.7              | -           | 9.7         | 2.3              | -           | 0.4            | 2.7         |
| <b>Share of profit</b>   |                  |             |             |                  |             |                |             |
| At 1 January 2021  | 11.6             | -           | 11.6        | 6.4              | -           | -              | 6.4         |
| Group's share of profit from<br>continuing operations                          | 6.6              | -           | 6.6         | 6.0              | -           | -              | 6.0         |
| Dividends received   | (6.6)            | -           | (6.6)       | (6.0)            | -           | -              | (6.0)       |
| Transfer   | -                | -           | -           | (1.3)            | -           | -              | (1.3)       |
| Transfer upon subsidiary<br>acquisition (see Note 18.5)                        | 3.7              | -           | 3.7         | -                | -           | -              | -           |
| Exchange movement  | 0.2              | -           | 0.2         | (0.2)            | -           | -              | (0.2)       |
| At 31 December 2021  | 15.5             | -           | 15.5        | 4.9              | -           | -              | 4.9         |
| <b>Total</b>   |                  |             |             |                  |             |                |             |
| At 31 December 2021  | 25.2             | -           | 25.2        | 7.2              | -           | 0.4            | 7.6         |

\* The opening balance of loans receivable from joint ventures and associates have been reclassified to current and non-current trade and other receivables.

|  | Joint ventures   |             |             | Associates       |             |                |             |
|--|------------------|-------------|-------------|------------------|-------------|----------------|-------------|
|  | Investment<br>£m | Loans<br>£m | Total<br>£m | Investment<br>£m | Loans<br>£m | Goodwill<br>£m | Total<br>£m |
| <b>Cost or valuation</b>                           |                  |             |             |                  |             |                |             |
| At 1 January 2020                                  | 11.9             | 2.8         | 14.7        | 2.5              | 0.6         | 14.9           | 18.0        |
| Additions  | 0.3              | -           | 0.3         | -                | 0.2         | -              | 0.2         |
| Disposals  | (0.6)            | -           | (0.6)       | -                | -           | -              | -           |
| Loans advanced/(repaid)                            | -                | 1.4         | 1.4         | -                | (0.1)       | -              | (0.1)       |
| Exchange movement                                  | -                | (0.1)       | (0.1)       | -                | -           | -              | -           |
| At 31 December 2020                                | 11.6             | 4.1         | 15.7        | 2.5              | 0.7         | 14.9           | 18.1        |
| <b>Share of profit</b>                             |                  |             |             |                  |             |                |             |
| At 1 January 2020                                  | 11.2             | -           | 11.2        | 7.5              | -           | -              | 7.5         |
| Group's share of profit from continuing operations | 6.2              | -           | 6.2         | 4.0              | -           | -              | 4.0         |
| Dividends received                                 | (5.7)            | -           | (5.7)       | (5.1)            | -           | -              | (5.1)       |
| Exchange movement                                  | (0.1)            | -           | (0.1)       | -                | -           | -              | -           |
| At 31 December 2020                                | 11.6             | -           | 11.6        | 6.4              | -           | -              | 6.4         |
| <b>Total</b>                                       |                  |             |             |                  |             |                |             |
| At 31 December 2020                                | 23.2             | 4.1         | 27.3        | 8.9              | 0.7         | 14.9           | 24.5        |

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.

## Notes to the financial statements continued

Year ended 31 December 2021

### 18. Investments and transactions continued

#### 18.2 Group – Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets at FVOCI comprise the following individual equity investments:

|   | 2021<br>£m  | 2020<br>£m |
|---|-------------|------------|
| <i>Listed securities</i>                      |             |            |
| OnTheMarket plc                               | 1.5         | 1.5        |
| <i>Unlisted securities</i>                    |             |            |
| YOPA Property Ltd                             | 7.5         | 15.2       |
| Vucity Ltd*                                   | 4.4         | 1.3        |
| VESALF I                                      | 3.7         | 0.9        |
| Savills IM Japan Residential Fund II          | 2.1         | 1.2        |
| Savills IM Japan Value Fund II                | 2.1         | 0.9        |
| Savills IM European Fund V – Retail           | 1.4         | 1.6        |
| Savills IM UK Value Boxes Fund FCP-RAIF       | 1.4         | –          |
| Asia Pacific Income and Growth Fund           | 1.2         | –          |
| EPISO 4 Rebound Holding Sàrl                  | 1.0         | –          |
| Daishin GK Canal                              | 0.7         | 0.1        |
| Income Analytics Ltd                          | 0.7         | –          |
| Prime London Residential Development Fund II  | 0.5         | 0.6        |
| Cordea Savills UK Property Ventures No. 1 LP  | 0.2         | 0.4        |
| Daishin GK Kaigan                             | 0.2         | 0.2        |
| Prime London Residential Development Fund     | 0.2         | 0.2        |
| Home Click Pte Ltd                            | 0.2         | 0.2        |
| Savills Property Services (India) Private Ltd | 0.2         | 0.2        |
| EDGE Minami Aoyama                            | 0.2         | 0.2        |
| Euro VI Feeder Fund                           | –           | 1.1        |
| Other smaller investments                     | 1.0         | 1.6        |
|   | <b>30.4</b> | 27.4       |

\* The Group holds 20% of the equity interest in Vucity Ltd. However, the Group does not have the power to participate in the financial and operational decisions of the entity, does not have representation on the Board of Directors and does not participate in major policy-making processes. As a result, the Group does not exert significant influence over this investment.

During the year, the Group made total investments of £9.8m (2020: £5.0m), including a £3.1m increase in its investment in VESALF I and £3.7m of investment in new funds – EPISO 4 Rebound Holding Sàrl, Asia Pacific Income and Growth Fund and Savills IM UK Value Boxes Fund FCP-RAIF (2020: included an increase to its investment in the Savills IM Japan Value Fund II of £3.6m).

The Group disposed of investments totalling £1.7m (2020: £2.5m), including its £1.1m investment in the Euro VI Feeder Fund (2020: including its £2.0m investment in the Aomi Project TMK and a part disposal in Savills IM Japan Fund II of £0.4m).

During the year, the Group has revalued its investment in YOPA Property Ltd in light of current trading conditions and market perceptions of the sector it operates in, reducing the carrying value by £7.7m. In addition, the carrying value of the Group's investment in Vucity Ltd was revalued upwards by £3.1m, reflecting the external fundraising completed during the year. All changes in fair value have been recognised through other comprehensive income. In the prior year, the Group revalued its investment in Vucity Ltd as a result of COVID-19 related challenges, reducing the carrying value by £7.2m with the change in fair value recognised through other comprehensive income.

Equity investments at FVOCI are denominated in the following currencies:

|              | 2021<br>£m  | 2020<br>£m |
|--------------|-------------|------------|
| Sterling     | 17.5        | 19.4       |
| Euro         | 6.5         | 3.7        |
| Japanese yen | 5.5         | 3.5        |
| Other        | 0.9         | 0.8        |
|              | <b>30.4</b> | 27.4       |

Refer to Note 3.8 for information about methods and assumptions used in determining fair value.

At 31 December 2021 the Group held conditional commitments to co-invest in a number of Savills IM funds including, £0.7m (2020: £2.0m) in the Savills IM Japan Value Fund II over the next year, £nil in the Savills IM Japan Residential Fund II (2020: £1.0m), £5.0m in the Asia Pacific Income and Growth Fund (2020: £3.4m) over the next two years, £nil in VESALF I (2020: £3.4m), £3.6m in Savills IM UK Value Boxes Fund FCP-RAIF (2020: £nil) over the next four years and £0.2m (2020: £0.2m) in the Cordea Savills UK Property Ventures Fund No. 1 LP, which is in the process of disposing of its assets and winding up.

### 18.3 Company – Investments in subsidiaries

|                               | Investments in<br>subsidiaries<br>restated*<br>£m |
|-------------------------------|---|
| Cost                          |   |
| At 1 January 2020 restated    | 141.9   |
| Increase in investment        | 26.5  |
| Return of investment          | (19.6)  |
| <b>At 31 December 2020</b>    | 148.8   |
| <b>Increase in investment</b> | <b>57.1</b>                                       |
| <b>Return of investment</b>   | <b>(30.9)</b>                                     |
| <b>At 31 December 2021</b>    | <b>175.0</b>                                      |

\* See Note 2.29 for details on the prior year restatement.

Refer to Note 35 for a full list of the Group's subsidiaries. The Company directly owns Savills Holding Company Limited, all other subsidiaries in the Group are indirectly owned. The carrying value of the investment in the Company's subsidiary is assessed for impairment by comparing the carrying value of the investment to the underlying net assets of the subsidiary. No impairment was identified during the year.

### 18.4 Transactions with non-controlling interests

Under IFRS 10, transactions with non-controlling interests must be accounted for as equity transactions. During the year, the Group undertook the following transactions with non-controlling interests:

|                         | Effective holding<br>(disposed)/acquired | Total effective<br>holding at 31<br>December 2021 |
|-------------------------|--|---|
| Savills IM Holdings Ltd | (25%)                                    | <b>75%</b>  |



## Notes to the financial statements continued

Year ended 31 December 2021

### 18. Investments and transactions continued

#### 18.4 Transactions with non-controlling interests continued

##### Part disposal of interests in subsidiaries

In December 2021, the Group disposed of 25% of the shares in Savills IM Holdings Ltd ('Savills IM Group') to Samsung Life Company Ltd for consideration of £71.7m, of which £63.7m was received in cash on completion. This takes the Group's shareholding to 75%. The carrying amount of the Savills IM group net assets on the date of disposal was £112.7m. The Group recognised an increase in non-controlling interest of £28.2m. The amount recognised as a profit to retained earnings in respect of this transaction was £39.3m, which is net of transaction-related costs of £4.2m.

|   | 2021<br>£m  |
|---|-------------|
| Carrying amount of non-controlling interests disposed of              | (28.2)      |
| Consideration paid by non-controlling interest holder                 | 71.7        |
| Transaction-related costs   | (4.2)       |
| <b>Excess of consideration received recognised in parent's equity</b> | <b>39.3</b> |

Refer to Note 35 for information on the principal place of business of the above subsidiary. As the transaction occurred on the last reporting date, no profit or loss is allocated to non-controlling interest for the 2021 financial year and the carrying amount disposed of noted below is the accumulated non-controlling interests of the above subsidiary at the end of the reporting period. Summarised financial information about the Savills IM Holdings group is provided below:

|                               | £m           |
|-------------------------------|--------------|
| <b>As at 31 December 2021</b> |              |
| Non-current assets            | 90.2         |
| Current assets                | 77.3         |
| Current liabilities           | (39.5)       |
| Non-current liabilities       | (15.3)       |
| <b>Net assets</b>             | <b>112.7</b> |

|                                    | £m    |
|------------------------------------|-------|
| <b>Year ended 31 December 2021</b> |       |
| Revenue                            | 111.8 |
| Profit after tax                   | 15.8  |

##### Other transactions

The Group acquired 60% of the Merx Group during December 2021. See note 18.5 for further details of the acquisition and the non-controlling interest recognised in relation to the acquisition.

## 18.5 Acquisitions of subsidiaries

The fair values of the assets acquired and liabilities assumed as part of the Group's acquisitions in the year are provisional and will be finalised within 12 months of the acquisition date. These are summarised below:

|   |                               | Provisional fair value to the Group |             |              |             |
|---|-------------------------------|-------------------------------------|-------------|--------------|-------------|
|   |                               | DRC<br>£m                           | T3<br>£m    | Other<br>£m  | Total<br>£m |
| Non-current assets:   | Property, plant and equipment | 0.2                                 | -           | 0.1          | 0.3         |
|   | Right-of-use asset            | -                                   | 0.6         | 0.1          | 0.7         |
|   | Intangible assets             | 27.3                                | 5.2         | 0.1          | 32.6        |
|   | Deferred income tax assets    | -                                   | -           | 0.2          | 0.2         |
|   | Contract assets               | 2.0                                 | -           | -            | 2.0         |
|   | Trade and other receivables   | -                                   | 0.1         | -            | 0.1         |
| Current assets:   | Trade and other receivables   | 0.6                                 | 2.7         | 5.0          | 8.3         |
|   | Contract assets               | 0.1                                 | -           | -            | 0.1         |
|   | Cash and cash equivalents     | 2.8                                 | 0.1         | 3.0          | 5.9         |
| Current liabilities:  | Borrowings                    | -                                   | -           | (1.6)        | (1.6)       |
|   | Lease liabilities             | -                                   | -           | (0.1)        | (0.1)       |
|   | Trade and other payables      | (5.3)                               | (1.2)       | (9.4)        | (15.9)      |
| Non-current liabilities:  | Lease liabilities             | -                                   | (0.5)       | (0.1)        | (0.6)       |
|   | Other payables                | -                                   | (0.2)       | -            | (0.2)       |
|   | Employee benefit obligations  | -                                   | -           | (0.4)        | (0.4)       |
|   | Deferred tax liabilities      | (6.4)                               | -           | -            | (6.4)       |
| <b>Net assets/(liabilities)</b>                                     |                               | <b>21.3</b>                         | <b>6.8</b>  | <b>(3.1)</b> | <b>25.0</b> |
| Non-controlling interest share of net assets                        |                               | -                                   | -           | (0.2)        | (0.2)       |
| <b>Net assets/(liabilities) acquired</b>                            |                               | <b>21.3</b>                         | <b>6.8</b>  | <b>(3.3)</b> | <b>24.8</b> |
| Goodwill  |                               | 27.8                                | 5.8         | 7.0          | 40.6        |
| <b>Purchase consideration</b>                                       |                               | <b>49.1</b>                         | <b>12.6</b> | <b>3.7</b>   | <b>65.4</b> |
| <b>Consideration satisfied by:</b>                                  |                               |                                     |             |              |             |
| Cash paid   |                               | 31.3                                | 12.6        | 1.3          | 45.2        |
| Fair value of associate/joint venture holding, prior to acquisition |                               | 17.8                                | -           | 2.0          | 19.8        |
| Deferred consideration  |                               | -                                   | -           | 0.4          | 0.4         |
|   |                               | <b>49.1</b>                         | <b>12.6</b> | <b>3.7</b>   | <b>65.4</b> |

### DRC Capital LLP ('DRC')

On 28 September 2018, the Group acquired a 25% equity interest in DRC, a commercial real estate debt investment manager. This transaction included a call option to acquire the remaining 75% equity interest of the business on the 28 September 2021. The call option date was accelerated and exercised on 28 May 2021.

Total acquisition consideration is provisionally determined at £49.1m, £17.8m of which relates to the fair value of the initial 25% investment (equity accounted as an associate) and £31.3m was settled on completion.

In addition to the above, an earn-out is payable in September 2024 and is measured against income targets. The maximum earn-out payment under the agreement caps the total consideration for DRC at £80.0m. The earn-out consideration is deemed to be linked to continued active engagement with the business. As required by IFRS 3 (revised), the expected value of these payments will be expensed to the income statement over the relevant period of engagement.

# Notes to the financial statements continued

Year ended 31 December 2021

## 18. Investments and transactions continued

### 18.5 Acquisitions of subsidiaries continued

Acquisition-related costs of £0.5m have been expensed as incurred to the income statement and classified within other operating expenses.

Goodwill of £27.8m has been determined. Goodwill is attributable to the experience and expertise of the team and the strong industry reputation. It is not expected to be deductible for tax purposes. Intangible assets recognised on acquisition include £17.7m of investment management contracts, £6.7m of customer relationships and £2.9m in relation to the brand.

The acquired business contributed revenue of £16.6m and profit of £7.6m to the Group for the period from 28 May 2021 to 31 December 2021. Had the acquisition been made at the beginning of the financial year, revenue would have been £23.3m and profit would have been £11.9m. Prior to acquisition, the Group recognised its share of profits from DRC as an associate of £1.1m in the income statement and also recognised a fair value gain of £2.8m within Other net gains in the income statement in relation to the carrying value of its investment in DRC, prior to DRC becoming a wholly owned subsidiary of the Group.

The fair value of trade and other receivables is £0.6m, all of which relates to trade receivables. The gross contractual amount for trade receivables is £0.7m, of which £0.1m is expected to be uncollectible.

#### T3 Advisors ('T3')

On 11 June 2021, the Group acquired 100% of the equity interest in T3, a real estate advisor and consultant for life sciences and technology sectors in the US.

Total acquisition consideration is provisionally determined at £12.6m, all of which was settled on completion.

In addition to the above, further fixed payments, retention bonuses and earn-out payments (contingent on revenue and operating margin targets) are payable in June 2024 up until June 2028. The maximum value of these payments total £8.7m and are deemed to be linked to continued active engagement with the business. As required by IFRS 3 (revised), the expected value of these payments will be expensed to the income statement over the relevant period of engagement.

Acquisition-related costs of £0.6m have been expensed as incurred to the income statement and classified within other operating expenses.

Goodwill of £5.8m has been determined. Goodwill is attributable to the experience and expertise of key staff members and is deductible for tax purposes over a 15 year period. Intangible assets recognised on acquisition include £5.2m of customer relationships.

The acquired business contributed revenue of £12.6m and profit of £0.9m to the Group for the period from 11 June 2021 to 31 December 2021. Had the acquisition been made at the beginning of the financial year, revenue would have been £17.0m and profit would have been £1.8m.

The fair value of trade and other receivables is £2.7m, all of which relates to trade receivables. The gross contractual amount for trade receivables is £2.7m, all of which is expected to be collectible.

#### Other acquisitions

During the year, the Group acquired the remaining 51% of Cluttons Saudi Arabia Company Limited (previous 49% ownership equity accounted for as a joint venture) and the remaining 49% economic interest in the Savills Indonesia business (previous 51% economic ownership equity accounted for as a joint venture). In addition, the Group acquired 60% of Merx Holdings (SG) Pte Ltd ('Merx Group'), a project management consulting firm operating across Asia.

Cash consideration for these transactions amounted to £1.3m. The remainder of the acquisition consideration relates to deferred consideration of £0.4m, payable within one year of the reporting date, and £2.0m relates to the fair value of the initial investment in both Saudi Arabia and Indonesia (previously equity accounted for as joint ventures).

Goodwill of £7.0m has been provisionally determined. Goodwill is attributable to the experience and expertise of key staff and strong industry reputation and is not expected to be deductible for tax purposes.

#### 2020 acquisitions

In the year ended 31 December 2020 the Group acquired the trade and assets of Macro Consultants LLC, OMEGA Immobilien Management GmbH and OMEGA Immobilien Service GmbH. There are no changes to the provisional fair values in respect of this acquisition as reported in the Group's 2020 Annual Report.

## 19. 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      |            |
|--|---------------|------------|--------------|------------|
|  | 2021<br>£m    | 2020<br>£m | 2021<br>£m   | 2020<br>£m |
| Deferred tax assets  |               |            |              |            |
| - Deferred tax asset to be recovered after more than 12 months     | 33.5          | 33.0       | 3.2          | 2.1        |
| - Deferred tax asset to be recovered within 12 months              | 16.5          | 9.8        | 0.4          | 0.4        |
|  | <b>50.0</b>   | 42.8       | <b>3.6</b>   | 2.5        |
| Deferred tax liabilities   |               |            |              |            |
| - Deferred tax liability to be recovered after more than 12 months | (13.0)        | (4.5)      | (0.3)        | -          |
| - Deferred tax liability to be recovered within 12 months          | (2.1)         | (1.1)      | -            | -          |
|  | <b>(15.1)</b> | (5.6)      | <b>(0.3)</b> | -          |
| <b>Deferred tax asset - net</b>                                    | <b>34.9</b>   | 37.2       | <b>3.3</b>   | 2.5        |

|   | Group       |            | Company    |            |
|---|-------------|------------|------------|------------|
|   | 2021<br>£m  | 2020<br>£m | 2021<br>£m | 2020<br>£m |
| At 1 January - net asset  | 37.2        | 30.6       | 2.5        | 2.7        |
| Amount credited to the income statement (Note 12)               | 8.6         | 11.2       | 0.5        | 0.2        |
| Effect of tax rate change within the income statement (Note 12) | 0.5         | 0.1        | -          | -          |
| Tax (charged)/credited to other comprehensive income            |             |            |            |            |
| - Defined benefit pension scheme - actuarial gains              | (4.3)       | (1.2)      | (0.2)      | (0.1)      |
| - Defined benefit pension scheme - additional contributions     | (0.1)       | -          | -          | -          |
| - Defined benefit pension scheme - effect of UK tax rate change | (1.0)       | 0.4        | (0.1)      | -          |
| - Employee benefits   | -           | (3.2)      | -          | (0.3)      |
| Tax charged to reserves   |             |            |            |            |
| - Employee benefits   | 0.3         | -          | 0.4        | -          |
| - IFRS 16 initial lease recognition released to reserves        | 0.2         | -          | 0.2        | -          |
| Additions through business combinations (Note 18.5)             | (6.2)       | (1.0)      | -          | -          |
| Exchange movement   | (0.3)       | 0.3        | -          | -          |
| <b>At 31 December - net asset</b>                               | <b>34.9</b> | 37.2       | <b>3.3</b> | 2.5        |

Deferred income tax assets have been recognised for tax loss carry-forwards and other temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at the reporting date the Group did not recognise deferred tax income tax assets of £3.4m (2020: £2.1m) in respect of losses amounting to £15.9m (2020: £10.9m), which can be carried forward indefinitely against future taxable income (2020: £0.3m expires within one to two years, £1.2m within three to five years and the remaining £9.4m being carried forward indefinitely against future taxable income).

# Notes to the financial statements continued

Year ended 31 December 2021

## 19. Deferred income tax continued

| Deferred tax assets - Group  | Accelerated capital allowances<br>£m | Provisions and other*<br>£m | Other employee benefit obligations**<br>£m | Tax losses<br>£m | Retirement benefits<br>£m | Revaluations<br>£m | Share based payments<br>£m | Total<br>£m   |
|--|--------------------------------------|-----------------------------|--|------------------|---------------------------|--------------------|----------------------------|---------------|
| Balance at 1 January 2020  | 2.2                                  | 17.1                        | -  | 4.1              | 4.1                       | 0.2                | 7.4                        | 35.1          |
| Amount credited to the income statement (Note 12)                                    | 0.2                                  | 6.5                         | -  | 1.8              | -                         | -                  | 2.3                        | 10.8          |
| Effect of tax rate change within the income statement (Note 12)                      | 0.1                                  | 0.5                         | -  | -                | -                         | -                  | -                          | 0.6           |
| Amount charged to other comprehensive income (Note 12)                               | -                                    | -                           | -  | -                | (1.2)                     | -                  | (3.2)                      | (4.4)         |
| Effect of UK rate change within other comprehensive income (Note 12)                 | -                                    | -                           | -  | -                | 0.4                       | -                  | -                          | 0.4           |
| Exchange movement  | -                                    | -                           | -  | 0.2              | 0.1                       | -                  | -                          | 0.3           |
| <b>At 31 December 2020</b>   | <b>2.5</b>                           | <b>24.1</b>                 | <b>-</b>                                   | <b>6.1</b>       | <b>3.4</b>                | <b>0.2</b>         | <b>6.5</b>                 | <b>42.8</b>   |
| Transfer of opening balances to additional category                                  | -                                    | (13.4)                      | 13.3                                       | -                | 0.1                       | -                  | -                          | -             |
| <b>At 31 December 2020 - revised</b>   | <b>2.5</b>                           | <b>10.7</b>                 | <b>13.3</b>                                | <b>6.1</b>       | <b>3.5</b>                | <b>0.2</b>         | <b>6.5</b>                 | <b>42.8</b>   |
| Amount credited/(charged) to the income statement (Note 12)                          | <b>1.0</b>                           | <b>0.6</b>                  | <b>2.1</b>                                 | <b>(1.3)</b>     | <b>0.1</b>                | <b>-</b>           | <b>4.7</b>                 | <b>7.2</b>    |
| Effect of tax rate change within the income statement (Note 12)                      | <b>-</b>                             | <b>1.1</b>                  | <b>-</b>                                   | <b>-</b>         | <b>-</b>                  | <b>-</b>           | <b>-</b>                   | <b>1.1</b>    |
| Amount charged to other comprehensive income (Note 12)                               | <b>-</b>                             | <b>-</b>                    | <b>-</b>                                   | <b>-</b>         | <b>(0.6)</b>              | <b>-</b>           | <b>-</b>                   | <b>(0.6)</b>  |
| Amount credited to reserves (Note 12)  | <b>-</b>                             | <b>0.2</b>                  | <b>-</b>                                   | <b>-</b>         | <b>-</b>                  | <b>-</b>           | <b>0.3</b>                 | <b>0.5</b>    |
| Transfer to deferred tax liabilities   | <b>(0.3)</b>                         | <b>-</b>                    | <b>-</b>                                   | <b>-</b>         | <b>(0.5)</b>              | <b>-</b>           | <b>-</b>                   | <b>(0.8)</b>  |
| Additions through business combinations (Note 18.5)                                  | <b>-</b>                             | <b>0.2</b>                  | <b>-</b>                                   | <b>-</b>         | <b>-</b>                  | <b>-</b>           | <b>-</b>                   | <b>0.2</b>    |
| Exchange movement  | <b>-</b>                             | <b>-</b>                    | <b>-</b>                                   | <b>(0.2)</b>     | <b>(0.2)</b>              | <b>-</b>           | <b>-</b>                   | <b>(0.4)</b>  |
| <b>At 31 December 2021</b>   | <b>3.2</b>                           | <b>12.8</b>                 | <b>15.4</b>                                | <b>4.6</b>       | <b>2.3</b>                | <b>0.2</b>         | <b>11.5</b>                | <b>50.0</b>   |
| Set-off of deferred tax liabilities pursuant to set-off provisions                   |                                      |                             |  |                  |                           |                    |                            | <b>(13.9)</b> |
| <b>Deferred tax asset at 31 December 2021 in the Statement of Financial Position</b> |                                      |                             |  |                  |                           |                    |                            | <b>36.1</b>   |

| Deferred tax liabilities – Group   | Accelerated capital allowances<br>£m | Provisions and other*<br>£m | Retirement Benefits<br>£m | Intangible assets<br>£m | Total<br>£m   |
|--|--------------------------------------|-----------------------------|---------------------------|-------------------------|---------------|
| At 1 January 2020  | (0.1)                                | (0.9)                       | –                         | (3.5)                   | (4.5)         |
| Tax credited/(charged) to the income statement (Note 12)                                   | 0.1                                  | (0.3)                       | –                         | 0.6                     | 0.4           |
| Effect of tax rate change within income statement (Note 12)                                | –                                    | (0.1)                       | –                         | (0.4)                   | (0.5)         |
| Additions through business combinations  | –                                    | –                           | –                         | (1.0)                   | (1.0)         |
| <b>At 31 December 2020</b>   | <b>–</b>                             | <b>(1.3)</b>                | <b>–</b>                  | <b>(4.3)</b>            | <b>(5.6)</b>  |
| Tax (charged)/credited to the income statement (Note 12)                                   | <b>(0.5)</b>                         | <b>0.7</b>                  | <b>–</b>                  | <b>1.2</b>              | <b>1.4</b>    |
| Effect of tax rate change within income statement (Note 12)                                | –                                    | –                           | –                         | <b>(0.6)</b>            | <b>(0.6)</b>  |
| Tax charged to other comprehensive income  | –                                    | –                           | <b>(3.8)</b>              | –                       | <b>(3.8)</b>  |
| Effect of tax rate change within other comprehensive income (Note 12)                      | –                                    | –                           | <b>(1.0)</b>              | –                       | <b>(1.0)</b>  |
| Transfer from deferred tax asset   | <b>0.3</b>                           | –                           | <b>0.5</b>                | –                       | <b>0.8</b>    |
| Additions through business combinations (Note 18.5)  | –                                    | –                           | –                         | <b>(6.4)</b>            | <b>(6.4)</b>  |
| Exchange movement  | –                                    | –                           | –                         | <b>0.1</b>              | <b>0.1</b>    |
| At 31 December 2021  | <b>(0.2)</b>                         | <b>(0.6)</b>                | <b>(4.3)</b>              | <b>(10.0)</b>           | <b>(15.1)</b> |
| Set-off of deferred tax liabilities pursuant to set-off provisions                         |                                      |                             |                           |                         | <b>13.9</b>   |
| <b>Deferred tax liabilities at 31 December 2021 in the Statement of Financial Position</b> |                                      |                             |                           |                         | <b>(1.2)</b>  |
| <b>Net deferred tax asset</b>  |                                      |                             |                           |                         | <b>34.9</b>   |
| <b>At 31 December 2021</b>   |                                      |                             |                           |                         | <b>34.9</b>   |
| At 31 December 2020  |                                      |                             |                           |                         | 37.2          |

\* Provisions and Other primarily includes deferred tax assets relating to accruals and provisions for expenses not deductible until paid.

\*\* Other Employee Benefit Obligations includes deferred tax assets relating to unpaid bonus accruals, holiday pay provisions, long service leave provisions and other deferred compensation accruals.



## Notes to the financial statements continued

Year ended 31 December 2021

### 19. Deferred income tax continued

| Deferred tax assets - Company  | Accelerated capital allowances<br>£m | Provisions and other*<br>£m | Retirement benefits<br>£m | Employee benefits<br>£m | Total<br>£m  |
|--|--------------------------------------|-----------------------------|---------------------------|-------------------------|--------------|
| Balance at 1 January 2020  | 0.3                                  | 1.1                         | 0.1                       | 1.2                     | 2.7          |
| Amount (charged)/credited to the income statement                                    | (0.1)                                | -                           | -                         | 0.3                     | 0.2          |
| Tax credited/(charged) to other comprehensive income (Note 12)                       | -                                    | 0.1                         | (0.1)                     | (0.3)                   | (0.3)        |
| Effect of UK tax rate change within other comprehensive income (Note 12)             | -                                    | (0.1)                       | -                         | -                       | (0.1)        |
| <b>At 31 December 2020</b>   | <b>0.2</b>                           | <b>1.1</b>                  | <b>-</b>                  | <b>1.2</b>              | <b>2.5</b>   |
| Amount credited to the income statement  | -                                    | -                           | -                         | <b>0.8</b>              | <b>0.8</b>   |
| Tax (charged)/credited to reserves (Note 12)   | -                                    | <b>(0.1)</b>                | -                         | <b>0.4</b>              | <b>0.3</b>   |
| Effect of UK tax rate change within reserves (Note 12)                               | -                                    | <b>0.3</b>                  | -                         | -                       | <b>0.3</b>   |
| Transfer to deferred tax liabilities   | <b>(0.2)</b>                         | -                           | -                         | -                       | <b>(0.2)</b> |
| <b>At 31 December 2021</b>   | <b>-</b>                             | <b>1.3</b>                  | <b>-</b>                  | <b>2.4</b>              | <b>3.7</b>   |
| Set-off of deferred tax liabilities pursuant to set-off provisions                   |                                      |                             |                           |                         | <b>(0.4)</b> |
| <b>Deferred tax asset at 31 December 2021 in the Statement of Financial Position</b> |                                      |                             |                           |                         | <b>3.3</b>   |

| Deferred tax liabilities - Company   | Accelerated capital allowances<br>£m | Retirement Benefits<br>£m | Total<br>£m  |
|--|--------------------------------------|---------------------------|--------------|
| <b>At 31 December 2020</b>   | -                                    | -                         | -            |
| Tax charged to the income statement (Note 12)  | <b>(0.3)</b>                         | -                         | <b>(0.3)</b> |
| Tax charged to other comprehensive income (Note 12)  | -                                    | <b>(0.3)</b>              | <b>(0.3)</b> |
| Transfer from deferred tax asset   | <b>0.2</b>                           | -                         | <b>0.2</b>   |
| <b>At 31 December 2021</b>   | <b>(0.1)</b>                         | <b>(0.3)</b>              | <b>(0.4)</b> |
| Set-off of deferred tax liabilities pursuant to set-off provisions                         |                                      |                           | <b>0.4</b>   |
| <b>Deferred tax liabilities at 31 December 2021 in the Statement of Financial Position</b> |                                      |                           | <b>-</b>     |

| Net deferred tax asset     |            |
|----------------------------|------------|
| <b>At 31 December 2021</b> | <b>3.3</b> |
| At 31 December 2020        | 2.5        |

\* Provisions and Other primarily includes deferred tax assets relating to accruals and provisions for expenses not deductible until paid.

## 20. Trade and other receivables

### 20.1 Trade and other receivables – current

|  | Group         |            | Company     |            |
|--|---------------|------------|-------------|------------|
|  | 2021<br>£m    | 2020<br>£m | 2021<br>£m  | 2020<br>£m |
| Trade receivables  | <b>476.1</b>  | 388.9      | <b>0.1</b>  | 0.1        |
| Less: loss allowance/impairment of receivables provision | <b>(30.3)</b> | (29.9)     | -           | -          |
| Trade receivables – net                                  | <b>445.8</b>  | 359.0      | <b>0.1</b>  | 0.1        |
| Amounts owed by subsidiary undertakings                  | -             | -          | <b>45.7</b> | 86.4       |
| Other receivables  | <b>50.5</b>   | 50.0       | <b>0.8</b>  | 2.3        |
| Prepayments  | <b>40.5</b>   | 39.3       | <b>3.1</b>  | 3.4        |
| Accrued income   | <b>65.8</b>   | 48.3       | -           | -          |
|  | <b>602.6</b>  | 496.6      | <b>49.7</b> | 92.2       |

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 on a regular basis.

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 to the Company include £15.7m of intercompany loans (2020: £60.2m). With the exception of intercompany loans, amounts owed by subsidiary undertakings to the Company are unsecured, interest-free and generally cleared within the month. Intercompany loans are unsecured, repayable on demand and attract an arms-length rate of interest.

Other receivables include loans of £1.0m (2020: £nil) issued to entities that the Group recognise as equity investments held at FVOCI, loans of £0.2m receivable from joint ventures (2020: £nil) and loans of £1.5m receivable from associates (2020: £nil). As at 31 December 2020, loans receivable from joint ventures and associates were classified as part of the investment balance in joint ventures and associates (see Note 18.1).

Accrued income is expected to be settled within 12 months of the year end date.

The carrying amounts of the Group's gross trade receivables are denominated in the following currencies:

|                   | Group        |            |
|-------------------|--------------|------------|
|                   | 2021<br>£m   | 2020<br>£m |
| Sterling          | <b>182.8</b> | 161.8      |
| Euro              | <b>94.4</b>  | 70.9       |
| Hong Kong dollar  | <b>46.8</b>  | 44.9       |
| US dollar         | <b>58.0</b>  | 34.9       |
| Australian dollar | <b>25.1</b>  | 19.3       |
| Chinese renminbi  | <b>38.3</b>  | 30.4       |
| Other*            | <b>30.7</b>  | 26.7       |
|                   | <b>476.1</b> | 388.9      |

\* Other currencies include Czech koruna, United Arab Emirates dirham, Bahraini dinar, Egyptian pound, Omani rial, Saudi riyal, 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, Indian Rupee and Canadian dollar.

## Notes to the financial statements continued

Year ended 31 December 2021

### 20. Trade and other receivables continued

#### 20.2 Group – Loss allowance/impairment of trade receivables provision

The other classes within trade and other receivables do not contain material allowances for impairment.

An allowance for impairment is made based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment, as evidence of a likely reduction in the recoverability of the cash flows. Local management have assessed the expected credit losses for trade receivables as local economies and businesses begin to adapt to the impact of COVID-19 and the expected loss rates have been reviewed based on their judgement as to any ongoing adverse impact of the pandemic on their trade receivables portfolio. In addition, certain customers have been identified as having a significantly elevated risk and have been provided for on a specific basis. Overall, the expected loss rate on trade receivables has decreased to 6.4% (31 December 2020: 7.7%) as local management see stronger local trading conditions improving the ability of the customers to settle receivables. Local management continue to closely monitor cash collections and regularly engage with all clients.

The loss allowance provision for trade receivables as at 31 December 2021 and 31 December 2020 was determined as follows:

|                               | 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  |
|-------------------------------|---------|----------------------------|----------------------------|----------------------------|-----------------------------|--------|
| <b>31 December 2021</b>       |         |                            |                            |                            |                             |        |
| Expected loss rate            | 0.6%    | 3.5%                       | 2.3%                       | 11.6%                      | 60.2%                       | 6.4%   |
| Gross carrying amount (£m)    | 349.2   | 42.5                       | 21.5                       | 24.2                       | 38.7                        | 476.1  |
| Loss allowance provision (£m) | (2.2)   | (1.5)                      | (0.5)                      | (2.8)                      | (23.3)                      | (30.3) |
| <b>31 December 2020</b>       |         |                            |                            |                            |                             |        |
| Expected loss rate            | 0.8%    | 1.9%                       | 3.1%                       | 19.2%                      | 62.9%                       | 7.7%   |
| Gross carrying amount (£m)    | 275.6   | 36.5                       | 19.1                       | 22.4                       | 35.3                        | 388.9  |
| Loss allowance provision (£m) | (2.1)   | (0.7)                      | (0.6)                      | (4.3)                      | (22.2)                      | (29.9) |

The loss allowance provision for trade receivables as at 31 December reconciles to the opening loss allowance provision as follows:

|   | 2021<br>£m | 2020<br>£m |
|---|------------|------------|
| At 1 January  | (29.9)     | (25.6)     |
| Net increase in loss allowance recognised in the income statement during the period | (4.0)      | (8.7)      |
| Receivables written off during the year as uncollectible                            | 3.2        | 4.4        |
| Foreign exchange  | 0.4        | -          |
| At 31 December  | (30.3)     | (29.9)     |

A 1% increase in the expected loss rate in each ageing category would increase the loss allowance provision by £4.8m.

#### 20.3 Trade and other receivables – non-current

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | 2021<br>£m | 2020<br>£m | 2021<br>£m | 2020<br>£m |
| Trade receivables                       | 8.6        | 5.5        | -          | -          |
| Other receivables                       | 18.9       | 11.8       | -          | -          |
| Other assets                            | 13.7       | 14.5       | -          | -          |
| Amounts owed by subsidiary undertakings | -          | -          | 52.3       | -          |
|   | 41.2       | 31.8       | 52.3       | -          |

Other receivables include loans of £16.8m (2020: £11.1m) issued to entities that the Group recognise as equity investments held at FVOCI and insurance receivable assets of £1.4m (2020: £nil).

Loans of £15.8m (2020: £10.8m) relate to compulsory convertible cumulative preference shares ('CCPS') and compulsory convertible debentures ('CCD') issued by Savills Property Services (India) Private Ltd, these loans are held at FVPL (see Note 3.7 for further details on fair value measurement). The CCPS carries interest of 0.01% and were issued in 2019, these will be mandatorily converted in to Class A equity shares if certain EBITDA and revenue levels are met within the first 3 years, between 3 and 5 years the Group holds the right to convert and at 10 years the loans are mandatorily convertible. The CCD carries interest of 7.2% per annum and were issued in 2020 and 2021, they convert in to Class B equity shares at the expiry of 7 years or earlier if certain EBITDA and revenue targets are met and at 10 years the loans are mandatorily convertible.

Other assets relates primarily to signing-on bonuses that are amortised to the income statement over the relevant contractual claw-back period.

The Company amounts owed by subsidiary undertakings relates to a loan that is repayable on demand, with interest charged at a market rate of 12 month LIBOR plus 1.5%. The loan is classified as non-current as repayment is not expected within 12 months of the reporting date.

## 21. Cash and cash equivalents

|                          | Group        |                         | Company      |            |
|--------------------------|--------------|-------------------------|--------------|------------|
|                          | 2021<br>£m   | 2020<br>restated*<br>£m | 2021<br>£m   | 2020<br>£m |
| Cash at bank and in hand | <b>519.4</b> | 499.9                   | <b>102.2</b> | 94.5       |
| Short-term bank deposits | <b>170.3</b> | 47.5                    | -            | -          |
|                          | <b>689.7</b> | 547.4                   | <b>102.2</b> | 94.5       |

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 2021 was 0.27% (2020: 0.74%); these deposits have an average maturity of 41 days (2020: 39 days).

Cash subject to restrictions in Asia Pacific amounts to £43.2m (2020: £41.1m) 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      |            |
|--------------------|--------------|-------------------------|--------------|------------|
|                    | 2021<br>£m   | 2020<br>restated*<br>£m | 2021<br>£m   | 2020<br>£m |
| Sterling           | <b>382.9</b> | 270.4                   | <b>102.2</b> | 94.3       |
| Hong Kong dollar   | <b>119.0</b> | 78.9                    | -            | -          |
| Euro               | <b>57.9</b>  | 69.6                    | -            | -          |
| Chinese renminbi   | <b>45.4</b>  | 47.2                    | -            | -          |
| US dollar          | <b>15.7</b>  | 9.8                     | -            | 0.2        |
| Japanese yen       | <b>9.1</b>   | 12.3                    | -            | -          |
| Australian dollar  | <b>12.9</b>  | 17.9                    | -            | -          |
| South Korean won   | <b>7.6</b>   | 13.0                    | -            | -          |
| Singapore dollar   | <b>9.3</b>   | 6.9                     | -            | -          |
| Other currencies** | <b>29.9</b>  | 21.4                    | -            | -          |
|                    | <b>689.7</b> | 547.4                   | <b>102.2</b> | 94.5       |

\* See Note 2.29 for details on the prior year restatement.

\*\* 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.

## Notes to the financial statements continued

Year ended 31 December 2021

### 22. Notional pooling arrangement – Group

For internal cash management purposes, the Group maintains a notional cash pooling arrangement with Barclays Bank PLC, whereby credit and debit cash balances for the participating bank accounts are notionally offset. There is no overdraft cost or charge associated with any pooled overdraft that is fully offset by pooled credit cash balances. As at 31 December 2021, the notional cash pooling arrangement included cash balances of £201.5m presented in cash and cash equivalents (December 2020: £242.0m) and overdrafts of £198.5m (31 December 2020: £209.1m) presented in current liabilities. This represents as at 31 December 2021 surplus pooled credit cash balances of £3.0m (31 December 2020: surplus pooled credit cash £32.9m).

For the purpose of the Statement of Cash Flows, cash and cash equivalents net of overdrafts comprise the following:

|  | 31 December<br>2021<br>£m | 31 December<br>2020<br>£m |
|--|---------------------------|---------------------------|
| Cash and cash equivalents (see Note 21)    | <b>689.7</b>              | 547.4                     |
| Overdrafts in notional pooling arrangement | <b>(198.5)</b>            | (209.1)                   |
| Bank overdrafts (see Note 24)              | <b>(1.2)</b>              | (0.1)                     |
|  | <b>490.0</b>              | 338.2                     |

### 23. Trade and other payables

#### 23.1 Trade and other payables – current

|   | Group        |            | Company     |            |
|---|--------------|------------|-------------|------------|
|   | 2021<br>£m   | 2020<br>£m | 2021<br>£m  | 2020<br>£m |
| Deferred consideration (Note 23.3)      | <b>3.4</b>   | 11.5       | -           | -          |
| Trade payables                          | <b>118.5</b> | 73.8       | <b>9.6</b>  | 1.5        |
| Amounts owed to subsidiary undertakings | -            | -          | <b>4.8</b>  | 2.7        |
| Other taxation and social security      | <b>57.7</b>  | 103.9      | <b>1.4</b>  | 0.9        |
| Other payables                          | <b>44.0</b>  | 45.2       | -           | -          |
| Accruals                                | <b>514.9</b> | 370.5      | <b>10.9</b> | 7.3        |
|   | <b>738.5</b> | 604.9      | <b>26.7</b> | 12.4       |

The Group's accruals include bonus and commission accruals of £372.1m (2020: £237.0m) and accruals relating to deferred business acquisition payments that are linked to employment conditions of £2.9m (2020: £nil, these amounts were recorded within deferred consideration in the prior year).

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

|  | 2021<br>£m  | 2020<br>£m |
|--|-------------|------------|
| Deferred consideration (Note 23.4)   | <b>2.4</b>  | 6.5        |
| Accruals – relating to deferred business acquisition payments linked to employment conditions* | <b>13.5</b> | -          |
| Other payables   | <b>4.1</b>  | 4.0        |
|  | <b>20.0</b> | 10.5       |

\* These amounts were recorded within deferred consideration in the prior year.

### 23.3 Deferred consideration – current

|  | 2021<br>£m | 2020<br>£m |
|--|------------|------------|
| At 1 January   | 11.5       | 18.1       |
| Reclassification to accruals*  | (4.8)      | –          |
| Reclassification from non-current deferred consideration (Note 23.4) | 2.3        | 9.9        |
| Additions through business combinations (Note 18.5)                  | 0.4        | 0.1        |
| Deferred consideration linked to employment accrued during year*     | –          | 1.1        |
| Interest unwind  | 0.2        | 0.3        |
| Deferred consideration paid  | (5.9)      | (17.6)     |
| Reclassification   | –          | (0.5)      |
| Exchange movement  | (0.3)      | 0.1        |
| At 31 December   | 3.4        | 11.5       |

\* All accrued amounts relating to deferred business acquisition payments that are linked to employment conditions have been reclassified to accruals, within Trade and Other Payables – Current (see Note 23.1).

### 23.4 Deferred consideration – non-current

|  | 2021<br>£m | 2020<br>£m |
|--|------------|------------|
| At 1 January   | 6.5        | 13.1       |
| Reclassification to accruals*                                    | (1.9)      | –          |
| Reclassification to current deferred consideration (Note 23.3)   | (2.3)      | (9.9)      |
| Additions through business combinations                          | –          | 2.2        |
| Deferred consideration linked to employment accrued during year* | –          | 1.0        |
| Interest unwind on discounted deferred consideration             | 0.1        | 0.2        |
| Exchange movement  | –          | (0.1)      |
| At 31 December   | 2.4        | 6.5        |

\* All accrued amounts relating to deferred business acquisition payments that are linked to employment conditions have been reclassified to accruals, within Other Payables – Non-Current (see Note 23.2).

## 24. Borrowings

|   | 2021<br>£m | 2020<br>£m |
|---|------------|------------|
| <b>Current</b>  |            |            |
| Bank overdrafts   | 1.2        | 0.1        |
| Unsecured bank loans due within one year or on demand               | 0.9        | 12.1       |
|   | 2.1        | 12.2       |
| <b>Non-current</b>  |            |            |
| Loan notes  | 150.0      | 150.0      |
| Transaction costs (issuance of loan notes and RCF arrangement fees) | (1.6)      | (1.6)      |
|   | 148.4      | 148.4      |
|   | 150.5      | 160.6      |

## Notes to the financial statements continued

Year ended 31 December 2021

### 24. Borrowings continued

The Company does not have any borrowings as at 31 December 2021 and 31 December 2020.

The Group holds a £360.0m multi-currency revolving credit facility ('RCF'), which includes a £90.0m accordion facility. In June 2021 the Group extended the maturity date of the RCF by a further year to June 2025. As at 31 December 2021 none (2020: none) of the RCF was drawn. The unsecured bank loans reflect a £0.7m working capital loan in Thailand, which is repayable on demand and denominated in Thailand baht (2020: £0.7m) and a £0.2m working capital loan in Indonesia, which is repayable on demand and denominated in Indonesian Rupiah (2020: none). The prior year unsecured bank loans also included a £11.4m utilisation of a revolving credit facility in North America for working capital purposes, which was repayable within one year and denominated in US dollars (2021: none).

The Group holds £150.0m of long term debt through the issuance of 7, 10 and 12 year fixed rate private note placements in the US institutional market, which were issued in June 2018.

Movements in borrowings are analysed as follows:

|   | Group         |            |
|---|---------------|------------|
|   | 2021<br>£m    | 2020<br>£m |
| Opening amount as at 1 January                          | <b>160.6</b>  | 181.4      |
| Additional borrowings, net of transaction costs paid    | <b>26.4</b>   | 46.1       |
| Repayments of borrowings (including overdraft movement) | <b>(38.3)</b> | (67.3)     |
| Addition through business combination (Note 18.5)       | <b>1.6</b>    | 0.7        |
| Amortisation of transaction costs                       | <b>0.5</b>    | 0.4        |
| Foreign exchange  | <b>(0.3)</b>  | (0.7)      |
| Closing amount as at 31 December                        | <b>150.5</b>  | 160.6      |

The exposure of the Group's borrowings to interest rate changes at the reporting date are:

|                  | Group      |            |
|------------------|------------|------------|
|                  | 2021<br>£m | 2020<br>£m |
| Less than 1 year | <b>2.1</b> | 11.5       |
|                  | <b>2.1</b> | 11.5       |

The Group's remaining borrowings are fixed rate instruments and therefore excluded from the above analysis.

The effective interest rates at the reporting date were as follows:

|                 | Group       |           |
|-----------------|-------------|-----------|
|                 | 2021<br>%   | 2020<br>% |
| Bank overdrafts | <b>6.45</b> | 7.85      |
| Bank loans      | <b>4.84</b> | 1.51      |
| Loan notes      | <b>3.16</b> | 3.16      |

The carrying amounts of borrowings are approximate to their fair value, with the exception of the Group's long term fixed rate private note placements. The fair value of these loan notes as at 31 December 2021 is £155.6m, the difference between the fair value and the book value is not recognised in the reported results for the year. The fair value has been calculated based upon a discounted cash flow valuation utilising observable market rates of borrowing that are comparable to the remaining length of the loan notes. The valuation technique falls within Level 2 of the fair value hierarchy in IFRS 13.



The carrying amounts of the Group's borrowings are denominated in the following currencies:

|          | Group        |            |
|----------|--------------|------------|
|          | 2021<br>£m   | 2020<br>£m |
| Sterling | 148.4        | 148.4      |
| Other    | 2.1          | 12.2       |
|          | <b>150.5</b> | 160.6      |

The Group has the following undrawn borrowing facilities:

|   | Group        |            |
|---|--------------|------------|
|   | 2021<br>£m   | 2020<br>£m |
| Floating rate - expiring within 1 year or on demand | 61.2         | 36.1       |
| Floating rate - expiring between 1 and 5 years      | 361.0        | 361.1      |
|   | <b>422.2</b> | 397.2      |

## 25. Lease liabilities

The statement of financial position shows the following amount relating to lease liabilities:

|   | 2021         |               | 2020        |               |
|---|--------------|---------------|-------------|---------------|
|   | Group<br>£m  | Company<br>£m | Group<br>£m | Company<br>£m |
| At 1 January  | 304.2        | 70.1          | 267.1       | 75.3          |
| Additions - new leases                              | 31.9         | -             | 85.8        | 0.6           |
| Additions through business combinations (Note 18.5) | 0.7          | -             | 1.8         | -             |
| Disposal of leases                                  | (1.5)        | -             | (2.0)       | -             |
| Repayments of lease liabilities                     | (56.1)       | (7.8)         | (56.6)      | (8.1)         |
| Unwinding of discount                               | 8.9          | 2.2           | 8.9         | 2.3           |
| Exchange movement                                   | (3.1)        | -             | (0.8)       | -             |
| Closing amount as at 31 December                    | <b>285.0</b> | <b>64.5</b>   | 304.2       | 70.1          |
| Current   | <b>48.0</b>  | <b>5.7</b>    | 45.2        | 5.6           |
| Non-current   | <b>237.0</b> | <b>58.8</b>   | 259.0       | 64.5          |

Refer to Note 7.1 for information on the amount charged to the income statement with respect to short-term, low value and variable lease payments. Cash outflows with respect to leases, which includes short-term, low value and variable lease payments, totalled £56.8m (2020: £58.5m).

## Notes to the financial statements continued

Year ended 31 December 2021

### 26. Derivative financial instruments

| 2021   | Group        |                   |
|--|--------------|-------------------|
|  | Assets<br>£m | Liabilities<br>£m |
| Forward foreign exchange contracts – at fair value | 0.1          | 0.9               |
| Other derivative contracts – at fair value         | -            | 2.6               |
|  | <b>0.1</b>   | <b>3.5</b>        |

| 2020   | Group        |                   |
|--|--------------|-------------------|
|  | Assets<br>£m | Liabilities<br>£m |
| Forward foreign exchange contracts – at fair value | 0.4          | 0.3               |
| Other derivative contracts – at fair value         | -            | 0.6               |
|  | 0.4          | 0.9               |

The Company does not have any derivative financial instruments as at 31 December 2021 and 31 December 2020.

#### Forward foreign exchange contracts

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2021 were £53.2m (2020: £41.8m). All contracts mature within one year and are classed as current.

Gains and losses on forward foreign exchange contracts are recognised in net foreign exchange gains and losses in the income statement.

#### Other derivative contracts

Other derivative contracts includes a put option on a business, with two separate payments dependent on the valuation of the business. One payment is currently exercisable up until 2026 and the second payment is exercisable in 2026, both are classed as non-current. Gains and losses are recognised in operating profits in the income statement.

Other derivative contracts also includes a call option on the Savills IM Holdings Ltd group, under this agreement Samsung Life has the option to increase its interest by up to 10% over the next 4 years, depending upon the quantum and timing of the provision of capital to Savills Investment Management's investment products, the maximum being achievable if at least US\$2bn of capital is committed. This option is classed as non-current. Gains and losses are recognised in reserves.

### 27. Provisions

#### 27.1 Provisions

|                                       | Professional indemnity claims<br>£m | Dilapidation provisions<br>£m | Restructuring provision<br>£m | Other provisions<br>£m | Group total<br>£m | Company<br>£m |
|---------------------------------------|-------------------------------------|-------------------------------|-------------------------------|------------------------|-------------------|---------------|
| At 1 January 2021                     | 14.5                                | 8.6                           | 0.8                           | -                      | 23.9              | 1.3           |
| Reclassifications                     | (1.3)                               | -                             | -                             | 2.1                    | 0.8               | -             |
| Provided during the year              | 6.5                                 | 1.4                           | -                             | 0.8                    | 8.7               | 0.3           |
| Utilised during the year              | (0.9)                               | (0.1)                         | (0.5)                         | (0.1)                  | (1.6)             | -             |
| Released during the year              | (2.3)                               | (0.1)                         | -                             | (0.1)                  | (2.5)             | -             |
| Exchange movement                     | -                                   | (0.1)                         | -                             | -                      | (0.1)             | -             |
| Closing amount as at 31 December 2021 | 16.5                                | 9.7                           | 0.3                           | 2.7                    | 29.2              | 1.6           |
| Current                               | 4.4                                 | 1.8                           | 0.3                           | 2.7                    | 9.2               | -             |
| Non-current                           | 12.1                                | 7.9                           | -                             | -                      | 20.0              | 1.6           |

|             | Professional indemnity claims<br>£m | Dilapidation provisions<br>£m | Restructuring provision<br>£m | Other provisions<br>£m | Group total<br>£m | Company<br>£m |
|-------------|-------------------------------------|-------------------------------|-------------------------------|------------------------|-------------------|---------------|
| 2020        |                                     |                               |                               |                        |                   |               |
| Current     | 5.6                                 | 1.9                           | 0.8                           | -                      | 8.3               | -             |
| Non-current | 8.9                                 | 6.7                           | -                             | -                      | 15.6              | 1.3           |
| Total       | 14.5                                | 8.6                           | 0.8                           | -                      | 23.9              | 1.3           |

### (a) Professional indemnity claims

These arise from various legal actions, proceedings and other claims that are pending against the Group and are based on management's best estimates of the most likely outcome, 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.

A separate receivable from insurers in relation to professional indemnity claims is recognised to the extent it is virtually certain of being received. The provision and insurance asset are presented in the accounts as follows:

| Group                                     | 2021<br>£m  | 2020<br>£m |
|---|-------------|------------|
| Provisions – current                      | 4.4         | 5.6        |
| Provisions – non-current                  | 12.1        | 8.9        |
| Trade and other receivables – non-current | (1.4)       | -          |
| <b>Total</b>                              | <b>15.1</b> | 14.5       |

### (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 management's best estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the value of future cash outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed at the end of the lease term. The majority of the non-current portion of these provisions is expected to be utilised within the next two to 10 years.

### (c) Restructuring provision

This provision comprises primarily termination payments to employees affected by restructuring.

### (d) Other provisions

Other provisions relates primarily to obligations relating to foreign sales tax payable and other claims against the Group (not related to professional indemnity claims). These amounts are based on reasonable estimates, taking into account the opinions of subject matter experts and legal counsel.

## 27.2 Employee benefit obligations

In addition to the defined benefit obligations pension scheme disclosed in Note 10.2, the following are included in employee benefit obligations:

| Group   | Total<br>£m |
|---|-------------|
| At 1 January 2021                                   | 29.8        |
| Provided during the year                            | 12.3        |
| Additions through business combinations (Note 18.5) | 0.4         |
| Utilised during the year                            | (4.4)       |
| Exchange movement                                   | (0.9)       |
| <b>At 31 December 2021</b>                          | <b>37.2</b> |

The above provisions relate to holiday pay and long service leave in the UK, Asia Pacific, Continental Europe and the Middle East. Profit shares are included within accruals (Note 23).

The Company had £0.3m of employee benefit obligations as at 31 December 2021 (2020: £0.3m), relating to holiday pay and long service leave.

## Notes to the financial statements continued

Year ended 31 December 2021

### 27. Provisions continued

#### 27.2 Employee benefit obligations continued

The above employee benefit obligations have been analysed between current and non-current as follows:

|             | Group       |            |
|-------------|-------------|------------|
|             | 2021<br>£m  | 2020<br>£m |
| Current     | 16.9        | 19.2       |
| Non-current | 20.3        | 10.6       |
|             | <b>37.2</b> | 29.8       |

### 28. Share capital – Group and Company

| Authorised and allotted          | 2021<br>Number of shares* | 2020<br>Number of shares* | 2021<br>£m | 2020<br>£m |
|----------------------------------|---------------------------|---------------------------|------------|------------|
| Ordinary shares of 2.5p each:    |                           |                           |            |            |
| Authorised                       | <b>202,000,000</b>        | 202,000,000               | <b>5.1</b> | 5.1        |
| Issued, called up and fully paid | <b>144,203,211</b>        | 143,065,222               | <b>3.6</b> | 3.6        |

Movement in issued, called up and fully paid share capital:

|  | 2021                 |            | 2020                 |     |
|--|----------------------|------------|----------------------|-----|
|  | Number<br>of shares* | £m         | Number<br>of shares* | £m  |
| At 1 January   | <b>143,065,222</b>   | <b>3.6</b> | 143,056,718          | 3.6 |
| Issued to direct participants on exercise<br>of options under the Sharesave Scheme | <b>1,137,989</b>     | -          | 8,504                | -   |
| At 31 December   | <b>144,203,211</b>   | <b>3.6</b> | 143,065,222          | 3.6 |

\* Number of shares are stated before the impact of the shares held by the EBT and Rabbi Trust.

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 2021, the EBT held 4,644,019 shares (2020: 3,524,326 shares) and the Rabbi Trust held 1,440,484 shares (2020: 1,055,676). 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 2.22.

At the Annual General Meeting ('AGM') held on 12 May 2021, the Shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 14,307,170 of its own ordinary shares (AGM held on 25 June 2020: 14,305,727). Such authority remains valid until the conclusion of the next AGM or 11 August 2022, 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 £23.7m in 2021 (2020: £19.8m). Of the total share-based payments charge, £0.4m (2020: £0.6m) relates to the Sharesave, £9.7m (2020: £8.7m) relates to DSP schemes and £13.0m (2020: £10.2m) relates to DSBP schemes and £0.6m (2020: £0.3m) relating to PSP schemes.

Refer to the Remuneration Report for details of the various schemes, pages 106 to 136.

### 29.1 Movements in share schemes

| 2021 number of awards ('000)  | Sharesave awards | PSP awards | DSP awards | DSBP awards |
|---|------------------|------------|------------|-------------|
| Outstanding at 1 January  | 1,275            | 545        | 3,054      | 3,958       |
| Granted   | -                | 90         | 1,275      | 1,076       |
| Exercised   | (1,138)          | -          | (1,000)    | (1,047)     |
| Forfeited/lapsed  | (35)             | -          | (25)       | (61)        |
| Outstanding at 31 December  | 102              | 635        | 3,304      | 3,926       |
| 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)   | -                | 0.9        | 1.5        | 1.7         |
| Weighted average share price at the date of exercise for awards exercised in the year (pence) | 1,408.8          | -          | 1,164.1    | 1,179.5     |

| 2020 number of awards ('000)  | Sharesave awards | PSP awards | DSP awards | DSBP awards |
|---|------------------|------------|------------|-------------|
| Outstanding at 1 January  | 1,354            | 478        | 3,821      | 3,999       |
| Granted   | -                | 153        | 352        | 1,279       |
| Exercised   | (9)              | -          | (1,001)    | (1,250)     |
| Forfeited/lapsed  | (70)             | (86)       | (118)      | (70)        |
| Outstanding at 31 December  | 1,275            | 545        | 3,054      | 3,958       |
| 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)   | 0.8              | 1.8        | 1.4        | 2.2         |
| Weighted average share price at the date of exercise for awards exercised in the year (pence) | 888.2            | -          | 885.7      | 766.6       |

# Notes to the financial statements continued

Year ended 31 December 2021

## 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 2021 are shown below.

| Performance Share Plan: Awards in the year ended 31 December 2021 | 25 November 2021 |
|---|------------------|
| Share price at grant date (pence)                                 | 1,411.5          |
| Risk-free rate  | 0.7%             |
| Volatility of Savills plc share price                             | 36% per annum    |
| 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 2021            | 30 March 2021     | 1 – 4.5 years   | 1,164.0          |
| DSBP 2021           | 21 April 2021     | 3 – 4 years     | 1,171.0          |
| DSP 2021            | 21 April 2021     | 3 – 4 years     | 1,171.0          |
| DSP 2021            | 20 May 2021       | 1 – 5 years     | 1,148.0          |
| DSBP 2021           | 17 June 2021      | 3 years         | 1,174.0          |
| DSBP 2021           | 17 June 2021      | 3 years         | 1,171.0          |
| DSP 2021            | 17 June 2021      | 0.8 – 3 years   | 1,171.0          |
| DSP 2021            | 17 June 2021      | 1 – 5 years     | 1,174.0          |
| DSP 2021            | 22 June 2021      | 3 – 5 years     | 1,117.0          |
| DSP 2021            | 30 June 2021      | 3 years         | 1,135.0          |
| DSP 2021            | 16 September 2021 | 3 – 4 years     | 1,358.0          |
| DSP 2021            | 30 September 2021 | 1 – 5 years     | 1,338.0          |
| PSP 2021 (EPS/ROCE) | 25 November 2021  | 5 years         | 1,411.5          |
| PSP 2021 (TSR)      | 25 November 2021  | 5 years         | 995.1            |

## 30. Share premium, retained earnings and other reserves

The share premium account represents the premium on shares issued. This reserve is non-distributable.

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 29 for further details of these plans.

Treasury shares represents the cost of shares in Savills plc purchased in the market and held in trust to satisfy the exercise of share options.

The capital reserve includes mandatory minimum required capital reserves for certain regulated entities within the Investment Management business. These reserves are restricted with respect to dividend payments and distributions and are required to be treated separately to regular retained earnings.

The capital redemption reserve includes the nominal value of shares bought back by the Company. This reserve is non-distributable.

The merger relief reserve arose from the acquisition of Studley Inc (2014 acquisition) and records the premium value of the shares issued as part of the consideration for the acquisition of this business. This reserve is non-distributable.

The foreign exchange reserve primarily records exchange differences arising from the translation of the balance sheets of foreign currency denominated subsidiaries.

The revaluation reserve primarily records fair value movements on the Group's equity investments held at FVOCI (see Note 18.2). This reserve is non-distributable.

|  | Share-based payments reserve<br>£m | Treasury shares<br>£m | Profit and loss account*<br>£m | Total retained earnings*<br>£m | Capital redemption and capital reserve<br>£m | Merger relief reserve<br>£m | Foreign exchange reserve<br>£m | Revaluation reserve<br>£m | Total other reserves<br>£m |
|--|------------------------------------|-----------------------|--------------------------------|--------------------------------|--|-----------------------------|--------------------------------|---------------------------|----------------------------|
| <b>Balance at 1 January 2021</b>             | <b>39.8</b>                        | <b>(37.9)</b>         | <b>388.2</b>                   | <b>390.1</b>                   | <b>2.2</b>                                   | <b>34.9</b>                 | <b>60.6</b>                    | <b>(7.7)</b>              | <b>90.0</b>                |
| Profit attributable to owners of the Company | -                                  | -                     | 146.2                          | 146.2                          | -  | -                           | -                              | -                         | -                          |
| Other comprehensive income/(loss)            | -                                  | -                     | 15.9                           | 15.9                           | (0.2)  | -                           | (8.7)                          | (4.4)                     | (13.3)                     |
| Employee share option scheme:                |                                    |                       |                                |                                |  |                             |                                |                           |                            |
| - Value of services provided                 | 23.7                               | -                     | -                              | 23.7                           | -  | -                           | -                              | -                         | -                          |
| - Exercise of options                        | (20.5)                             | 18.1                  | 2.4                            | -                              | -  | -                           | -                              | -                         | -                          |
| - Tax on employee share option schemes       | 4.7                                | -                     | -                              | 4.7                            | -  | -                           | -                              | -                         | -                          |
| Tax on items taken to reserves               | -                                  | -                     | 0.6                            | 0.6                            | -  | -                           | -                              | -                         | -                          |
| Purchase of treasury shares                  | -                                  | (49.0)                | -                              | (49.0)                         | -  | -                           | -                              | -                         | -                          |
| Disposal of financial assets at FVOCI        | -                                  | -                     | 0.2                            | 0.2                            | -  | -                           | (0.3)                          | -                         | (0.3)                      |
| Dividends                                    | -                                  | -                     | (31.9)                         | (31.9)                         | -  | -                           | -                              | -                         | -                          |
| Transaction with non-controlling interest    | -                                  | -                     | 39.3                           | 39.3                           | -  | -                           | -                              | -                         | -                          |
| Transfer between reserves                    | 0.6                                | -                     | (0.4)                          | 0.2                            | -  | -                           | -                              | (0.2)                     | (0.2)                      |
| <b>Balance at 31 December 2021</b>           | <b>48.3</b>                        | <b>(68.8)</b>         | <b>560.5</b>                   | <b>540.0</b>                   | <b>2.0</b>                                   | <b>34.9</b>                 | <b>51.6</b>                    | <b>(12.3)</b>             | <b>76.2</b>                |

\* Included within profit and loss account is tax on items taken directly to equity (Note 12) as disclosed above.



## Notes to the financial statements continued

Year ended 31 December 2021

### 30. Share premium, retained earnings and other reserves continued

|  | Share-based payments reserve<br>£m | Treasury shares<br>£m | Profit and loss account*<br>£m | Total retained earnings*<br>£m | Capital redemption and capital reserve<br>£m | Merger relief reserve<br>£m | Foreign exchange reserve<br>£m | Revaluation reserve<br>£m | Total other reserves<br>£m |
|--|------------------------------------|-----------------------|--------------------------------|--------------------------------|--|-----------------------------|--------------------------------|---------------------------|----------------------------|
| Balance at 1 January 2020                    | 38.5                               | (50.0)                | 317.7                          | 306.2                          | 2.1  | 34.9                        | 59.1                           | (0.6)                     | 95.5                       |
| Profit attributable to owners of the Company | -                                  | -                     | 67.6                           | 67.6                           | -  | -                           | -                              | -                         | -                          |
| Other comprehensive income/(loss)            | -                                  | -                     | 5.0                            | 5.0                            | 0.1  | -                           | 1.7                            | (6.9)                     | (5.1)                      |
| Employee share option scheme:                |                                    |                       |                                |                                |  |                             |                                |                           |                            |
| - Value of services provided                 | 19.8                               | -                     | -                              | 19.8                           | -  | -                           | -                              | -                         | -                          |
| - Exercise of options                        | (18.5)                             | 20.4                  | (1.9)                          | -                              | -  | -                           | -                              | -                         | -                          |
| Purchase of treasury shares                  | -                                  | (8.3)                 | -                              | (8.3)                          | -  | -                           | -                              | -                         | -                          |
| Disposal of equity investments at FVOCI      | -                                  | -                     | (0.2)                          | (0.2)                          | -  | -                           | (0.2)                          | (0.2)                     | (0.4)                      |
| Balance at 31 December 2020                  | 39.8                               | (37.9)                | 388.2                          | 390.1                          | 2.2  | 34.9                        | 60.6                           | (7.7)                     | 90.0                       |

\* Included within profit and loss account is tax on items taken directly to equity (Note 12) as disclosed above.

### 31. Contingent liabilities

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 can be estimated reliably and settlement is probable.

### 32. Cash generated from operations

|   | Group         |                         | Company       |                         |
|---|---------------|-------------------------|---------------|-------------------------|
|   | 2021<br>£m    | 2020<br>restated*<br>£m | 2021<br>£m    | 2020<br>restated*<br>£m |
| Profit for the year   | <b>146.7</b>  | 68.0                    | <b>42.5</b>   | 31.1                    |
| Adjustments for:  |               |                         |               |                         |
| Income tax (Note 12)  | <b>36.4</b>   | 15.2                    | <b>(3.0)</b>  | (2.1)                   |
| Depreciation (Note 16 and 17)   | <b>63.4</b>   | 64.3                    | <b>6.7</b>    | 6.4                     |
| Amortisation of intangible assets (Note 15)   | <b>14.2</b>   | 9.6                     | <b>2.6</b>    | 1.2                     |
| Impairment of goodwill and intangible assets arising from business combinations (Note 15)   | <b>5.2</b>    | -                       | -             | -                       |
| Fair value gain on joint ventures and associates (Note 18.1)                                | <b>(4.0)</b>  | -                       | -             | -                       |
| Fair value loss on derivative financial instrument  | <b>1.8</b>    | -                       | -             | -                       |
| Loss on disposal of property, plant and equipment and intangible assets                     | <b>0.9</b>    | 0.8                     | -             | -                       |
| (Gain)/loss on disposal of joint ventures and associates                                    | <b>(0.4)</b>  | 0.1                     | -             | -                       |
| Net finance cost (Note 11)  | <b>13.4</b>   | 12.8                    | <b>0.9</b>    | 1.4                     |
| Share of post-tax profit from joint ventures and associates (Note 18.1)                     | <b>(12.6)</b> | (10.2)                  | -             | -                       |
| Dividend income from subsidiary   | -             | -                       | <b>(56.5)</b> | (40.5)                  |
| Increase in employee and retirement obligations   | <b>6.7</b>    | 3.4                     | -             | 0.2                     |
| Exchange movement and fair value movements on financial instruments in operating activities | <b>(2.5)</b>  | 2.4                     | -             | -                       |
| Increase in provisions  | <b>5.4</b>    | 0.5                     | -             | 0.1                     |
| Charge for share-based compensation (Note 29)   | <b>23.7</b>   | 19.8                    | <b>3.3</b>    | 1.6                     |
| Operating cash flows before movements in working capital                                    | <b>298.3</b>  | 186.7                   | <b>(3.5)</b>  | (0.6)                   |
| (Increase)/decrease in trade and other receivables and contract assets                      | <b>(90.1)</b> | 84.5                    | <b>(2.1)</b>  | (26.8)                  |
| Increase/(decrease) in trade and other payables and contract liabilities                    | <b>140.1</b>  | 11.4                    | <b>14.7</b>   | (1.0)                   |
| Cash generated from/(used in) operations  | <b>348.3</b>  | 282.6                   | <b>9.1</b>    | (28.4)                  |

\* See Note 2.29 for details on the prior year restatement.

Foreign exchange movements resulted in a £0.3m increase in current and non-current trade and other receivables (2020: £0.3m decrease) and a £5.9m increase in current and non-current trade and other payables (2020: £2.3m decrease).

# Notes to the financial statements continued

Year ended 31 December 2021

## 33. Analysis of liabilities arising from financing activities and cash net of debt

| Group<br>2021  | At<br>1 January<br>£m | Cash<br>flows<br>£m | Non-cash<br>movements<br>recognised<br>in the<br>income<br>statement<br>£m | Other<br>non-cash<br>movements*<br>£m | Movements<br>through<br>business<br>combinations<br>and disposals<br>£m | Exchange<br>movement<br>£m | At<br>31 December<br>£m |
|--|-----------------------|---------------------|--|---------------------------------------|---|----------------------------|-------------------------|
| Bank loans   | (12.1)                | 11.3                | -  | -                                     | (0.4)   | 0.3                        | (0.9)                   |
| Loan notes   | (150.0)               | -                   | -  | -                                     | -   | -                          | (150.0)                 |
| Transaction costs  | 1.6                   | 0.5                 | (0.5)  | -                                     | -   | -                          | 1.6                     |
| Lease liabilities**  | (304.2)               | 56.1                | (8.9)  | (30.4)                                | (0.7)   | 3.1                        | (285.0)                 |
| <b>Liabilities arising from financing activities</b>                                   | <b>(464.7)</b>        | <b>67.9</b>         | <b>(9.4)</b>   | <b>(30.4)</b>                         | <b>(1.1)</b>  | <b>3.4</b>                 | <b>(434.3)</b>          |
| Cash and cash equivalents, net of overdrafts in notional pooling arrangement           | 338.3                 | 154.3               | -  | -                                     | 5.9   | (7.3)                      | 491.2                   |
| Bank overdrafts  | (0.1)                 | 0.1                 | -  | -                                     | (1.2)   | -                          | (1.2)                   |
| <b>Cash, cash equivalents and bank overdrafts presented in the Cash Flow Statement</b> | <b>338.2</b>          | <b>154.4</b>        | <b>-</b>   | <b>-</b>                              | <b>4.7</b>  | <b>(7.3)</b>               | <b>490.0</b>            |
| <b>Cash and cash equivalents net of debt</b>   | <b>(126.5)</b>        | <b>222.3</b>        | <b>(9.4)</b>   | <b>(30.4)</b>                         | <b>3.6</b>  | <b>(3.9)</b>               | <b>55.7</b>             |
| Add back lease liabilities   | 304.2                 | (56.1)              | 8.9  | (30.4)                                | 0.7   | (3.1)                      | 285.0                   |
| <b>Cash and cash equivalents net of borrowings</b>                                     | <b>177.7</b>          | <b>166.2</b>        | <b>0.5</b>   | <b>-</b>                              | <b>4.3</b>  | <b>(7.0)</b>               | <b>340.7</b>            |

| Group<br>2020  | At<br>1 January<br>£m | Cash<br>flows<br>£m | Non-cash<br>movements<br>recognised<br>in the<br>income<br>statement<br>£m | Other<br>non-cash<br>movements<br>£m | Movements<br>through<br>business<br>combinations<br>and disposals<br>£m | Exchange<br>movement<br>£m | At<br>31 December<br>£m |
|--|-----------------------|---------------------|--|--------------------------------------|---|----------------------------|-------------------------|
| Bank loans   | (33.3)                | 21.2                | -  | -                                    | (0.7)   | 0.7                        | (12.1)                  |
| Loan notes   | (150.0)               | -                   | -  | -                                    | -   | -                          | (150.0)                 |
| Transaction costs  | 2.0                   | -                   | (0.4)  | -                                    | -   | -                          | 1.6                     |
| Lease liabilities**  | (267.1)               | 56.6                | (8.9)  | (83.8)                               | (1.8)   | 0.8                        | (304.2)                 |
| <b>Liabilities arising from financing activities</b>                                   | <b>(448.4)</b>        | <b>77.8</b>         | <b>(9.5)</b>   | <b>(83.8)</b>                        | <b>(2.5)</b>  | <b>1.5</b>                 | <b>(464.7)</b>          |
| Cash and cash equivalents, net of overdrafts in notional pooling arrangement           | 209.9                 | 125.2               | -  | -                                    | 2.4   | 0.8                        | 338.3                   |
| Bank overdrafts  | (0.1)                 | -                   | -  | -                                    | -   | -                          | (0.1)                   |
| <b>Cash, cash equivalents and bank overdrafts presented in the Cash Flow Statement</b> | <b>209.8</b>          | <b>125.2</b>        | <b>-</b>   | <b>-</b>                             | <b>2.4</b>  | <b>0.8</b>                 | <b>338.2</b>            |
| <b>Cash and cash equivalents net of debt</b>   | <b>(238.6)</b>        | <b>203.0</b>        | <b>(9.3)</b>   | <b>(83.8)</b>                        | <b>(0.1)</b>  | <b>2.3</b>                 | <b>(126.5)</b>          |
| Add back lease liabilities   | 267.1                 | (56.6)              | 8.9  | 83.8                                 | 1.8   | (0.8)                      | 304.2                   |
| <b>Cash and cash equivalents net of borrowings</b>                                     | <b>28.5</b>           | <b>146.4</b>        | <b>(0.4)</b>   | <b>-</b>                             | <b>1.7</b>  | <b>1.5</b>                 | <b>177.7</b>            |

\* Other non-cash movements relates primarily to new leases recognised in the period.

\*\* The part of the lease payment that represents cash payments for the principal portion of the lease liability is presented as a cash flow resulting from financing activities (2021: £47.2m, 2020: £47.7m). The part of the lease payment that represents interest portion of the lease liability is presented as an operating cash flow, consistent with the presentation of the Group's loan and bank interest payments (2021: £8.9m, 2020: £8.9m).

| Company<br>2021   | At 1 January<br>£m | Cash flows<br>£m | Non-cash<br>movements<br>recognised<br>in the income<br>statement<br>£m | At<br>31 December<br>£m |
|---|--------------------|------------------|---|-------------------------|
| Lease liabilities**   | (70.1)             | 7.8              | (2.2)   | (64.5)                  |
| <b>Liabilities arising from financing activities</b>                      | <b>(70.1)</b>      | <b>7.8</b>       | <b>(2.2)</b>  | <b>(64.5)</b>           |
| Cash and cash equivalents   | 94.5               | 7.7              | -   | 102.2                   |
| <b>Cash and cash equivalents presented in the<br/>Cash Flow Statement</b> | <b>94.5</b>        | <b>7.7</b>       | <b>-</b>  | <b>102.2</b>            |
| <b>Cash and cash equivalents net of debt</b>                              | <b>24.4</b>        | <b>15.5</b>      | <b>(2.2)</b>  | <b>37.7</b>             |

| Company<br>2020   | At 1 January<br>£m | Cash flows<br>£m | Non-cash<br>movements<br>recognised<br>in the income<br>statement<br>£m | Other<br>non-cash<br>movements<br>£m | At<br>31 December<br>£m |
|---|--------------------|------------------|---|--------------------------------------|-------------------------|
| Lease liabilities**   | (75.3)             | 8.1              | (2.3)   | (0.6)                                | (70.1)                  |
| <b>Liabilities arising from financing activities</b>                      | <b>(75.3)</b>      | <b>8.1</b>       | <b>(2.3)</b>  | <b>(0.6)</b>                         | <b>(70.1)</b>           |
| Cash and cash equivalents   | 83.1               | 11.4             | -   | -                                    | 94.5                    |
| <b>Cash and cash equivalents presented in the<br/>Cash Flow Statement</b> | <b>83.1</b>        | <b>11.4</b>      | <b>-</b>  | <b>-</b>                             | <b>94.5</b>             |
| <b>Cash and cash equivalents net of debt</b>                              | <b>7.8</b>         | <b>19.5</b>      | <b>(2.3)</b>  | <b>(0.6)</b>                         | <b>24.4</b>             |

\*\* The part of the lease payment that represents cash payments for the principal portion of the lease liability is presented as a cash flow resulting from financing activities (2021: £5.6m, 2020: £5.8m). The part of the lease payment that represents interest portion of the lease liability is presented as an operating cash flow, consistent with the presentation of the Group's loan and bank interest payments (2021: £2.2m, 2020: £2.3m).

The Company does not have any borrowings as at 31 December 2021 and 31 December 2020.

### 34. Related party transactions

Other than disclosed below and the information provided within the Remuneration Report and Note 9.3 Key management compensation, there were no significant related party transactions during the year.

#### (a) Loans to related parties

Refer to Note 20.1 for details of loans made to joint ventures and associates.

#### (b) Company transactions

The Company provided corporate function services to its subsidiaries at an arm's length value of £28.5m (2020: £24.8m).

Dividends of £56.5m from subsidiaries were recognised during the year (2020: £40.5m). Amounts outstanding to and from subsidiaries as at 31 December 2021 are disclosed in Notes 20 and 23.

#### (c) Transactions with associates and joint ventures

There were no material transactions with associates and joint ventures in the year (2020: no material transactions), with the exception of transactions involving full acquisition of joint ventures and associates in the year (see Note 18.5) and transactions and balances disclosed in Notes 18.1, 20.1 and 20.3.

### 35. Post balance sheet events

At this stage it is too early to predict the economic impact of the Ukrainian crisis on the world's real estate markets, however Savills derives immaterial revenues from clients of Russian origin and does not have operations in Ukraine.

There have been no other events that require adjustment to the Financial Statements or are considered to have a material impact on the understanding of the Group's and Company's current financial position.

## Notes to the financial statements continued

Year ended 31 December 2021

### 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 effective percentage of equity owned by the Group, as at 31 December 2021, are disclosed below. Unless otherwise stated, all subsidiary undertakings are consolidated into the Group financial statements and 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   |
| Moore 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 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   |
| Savills Sales W.L.L.                                       | Bahrain                  | Flat/shop: 2802, Building: 2504, Road: 2832, Block: 428, Area: Al Seef, Manama                               |
| Savills Middle East Co. W.L.L.                             | 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  |
| 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 (Chongqing) Company Ltd          | China                    | Room 1601, 16th floor, GuoHua Financial Center, No. 9 JuXianYan Square, JiangBeiZui, Chongqing               |
| 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 (Hainan) Limited                 | China                    | Room 9A, Baifang Building, Baifang Square, No.105 Binhai Avenue, Longhua District, Haikou,China              |
| 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                   |

| Fully-owned subsidiary  | Country of incorporation | Registered office  |
|---|--------------------------|--|
| 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                                    |
| 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                 |
| Savills CZ s.r.o.   | Czech Republic           | Florentinum, Building C, Na Florenci 2116/15, Prague 1, 110 00   |
| Cluttons Egypt Consulting JSC                                 | Egypt                    | Building 17, Street 210, Al Maadi, Cairo   |
| Savills Egypt Consulting JSC                                  | Egypt                    | Building 17, Street 210, Maadi, Cairo.   |
| Savills Valuation SAS   | France                   | 21 Boulevard Haussmann 75009, Paris, France  |
| Savills Advisory Services GmbH                                | Germany                  | Taunusanlage 18, 60325 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 Property Management Deutschland GmbH                  | Germany                  | Bonner Straße 209, 50968 Köln, Germany   |
| Savills Facility Management Deutschland GmbH                  | Germany                  | Bonner Straße 209, 50968 Köln, Germany   |
| Martel Maides Limited   | Guernsey                 | Royal Terrace, Gategny Esplanade, St Peter Port, Guernsey, GY1 2HN   |
| Parkes & Associates Limited                                   | Guernsey                 | First Floor, Harbour Court, Les Amballes, St Peter Port, Guernsey, GY1 1WU                                 |
| Savills Channel Islands Limited                               | Guernsey                 | Royal Terrace, Gategny Esplanade, St Peter Port, Guernsey, GY1 2HN   |
| Absolute Result Ltd   | Hong Kong                | 23/F, Two Exchange Square, 8 Connaught Place, Central  |
| Bridgewater Management Ltd                                    | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| BTHK Property Management Ltd                                  | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing   |
| Champion Insurance and Computer Services Ltd                  | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| Dominion Office Centre Ltd                                    | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| East Full Company Ltd   | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| Express Engineering Ltd                                       | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| Express Maintenance Services Ltd                              | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| Gateway Contractors Ltd                                       | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| Greenscape Ltd  | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| GRVM Ltd  | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |

## Notes to the financial statements continued

Year ended 31 December 2021

### 36. Group – Investments continued

| Fully-owned subsidiary                          | Country of incorporation | Registered office   |
|---|--------------------------|---|
| Guard Able Ltd                                  | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Guardian Care Ltd                               | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Guardian Management Services Ltd                | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Guardian Mandarin Management Ltd                | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Guardian Partners Ltd                           | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Guardian Property Agencies Ltd                  | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Guardian Property Management Ltd                | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Hip Kwan Property Management Ltd                | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Kenda Services Ltd                              | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Kwik Park Ltd                                   | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Mount Link Services Ltd                         | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Quartey Properties Ltd                          | Hong Kong                | 7/F, 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, 1111 King's Road, Taikoo Shing                                |
| Savills Design Ltd                              | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing                                |
| Savills Engineering Ltd                         | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing                                |
| Savills Guardian (Holdings) Ltd                 | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Savills India Holding Ltd                       | Hong Kong                | 23/F, Two Exchange Square, 8 Connaught Place, Central                             |
| Savills Indonesia Holding Ltd                   | Hong Kong                | 23/F, Two Exchange Square, 8 Connaught Place, Central                             |
| Savills Management Services Ltd                 | Hong Kong                | 23/F, Two Exchange Square, 8 Connaught Place, Central                             |
| Savills Philippines Holding Ltd                 | Hong Kong                | 23/F, Two Exchange Square, 8 Connaught Place, Central                             |
| Savills Project Consultancy Ltd                 | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing                                |
| Savills Property Management Holdings Ltd        | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing                                |
| Savills Property Management Ltd                 | Hong Kong                | Rooms 805-813, 8/F, 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, 1111 King's Road, Taikoo Shing                                |
| Savills Valuation and Professional Services Ltd | Hong Kong                | Room 1208, 1111 King's Road, Taikoo Shing, Hong Kong                              |
| Security and Safety Ltd                         | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Swan Hygiene Services Ltd                       | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Swan Pest Control Services Ltd                  | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Tarrayon Ltd                                    | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| The Peninsular Centre Retailers Association Ltd | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing   |
| Cluttons (India) Private Limited                | India                    | Flat no. 333, 3rd Floor, Devika Tower, 6 Nehru Place, New Delhi 110019            |
| PT Property Connection Indonesia                | Indonesia                | Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270, Indonesia |



| Fully-owned subsidiary                                    |      | Country of incorporation | Registered office   |
|---|------|--------------------------|---|
| PT Savills Consultants Indonesia                          |      | Indonesia                | Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270, Indonesia                                     |
| Actium  | (ii) | Ireland                  | 33 Molesworth Street, Dublin 2, Ireland   |
| Anateo Ltd  | (ii) | Ireland                  | 33 Molesworth Street, Dublin 2, Ireland   |
| Liffey Valley Management Ltd                              | (v)  | Ireland                  | 33 Molesworth Street, Dublin 2, Ireland   |
| Mahon Point Management Ltd                                | (v)  | 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   |
| Savills Residential (Ireland) Ltd                         |      | Ireland                  | 33 Molesworth Street, Dublin 2, Ireland   |
| White Water (Newbridge) Limited                           | (v)  | Ireland                  | 33 Molesworth Street, Dublin 2, Ireland   |
| White Water Management Limited                            | (v)  | Ireland                  | 33 Molesworth Street, Dublin 2, Ireland   |
| White Water Residential DAC (Designated Activity Company) | (v)  | Ireland                  | 33 Molesworth Street, Dublin 2, Ireland   |
| 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 Japan Company Ltd                                 |      | Japan                    | Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006  |
| Savills Japan Valuation GK                                |      | Japan                    | Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006  |
| Savills plc 1992 Employee Benefit Trust                   | (vi) | Jersey                   | Third Floor Cambridge House, Le Truchot, St Peter Port, GY1 1WD, Guernsey   |
| 1992 EBT Holdings Ltd                                     | (vi) | Jersey                   | 50 La Colomberie, St. Helier, JE2 4QB, Jersey   |
| Savills (Jersey) Ltd                                      |      | Jersey                   | 19 Halkett Place, St Helier, JE2 4WG  |
| 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  |
| 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 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  |

## Notes to the financial statements continued

Year ended 31 December 2021

### 36. Group - Investments continued

| Fully-owned subsidiary                                   | Country of incorporation | Registered office  |
|--|--------------------------|--|
| 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 Philippines |
| Savills Property Management Sp Z o.o.                    | Poland                   | Al. Jana Pawła II 22, Warszawa   |
| Savills Sp Z o.o.  | Poland                   | Al. Jana Pawła II 22, Warszawa   |
| Savills Portugal – Consultoria, Lda.                     | Portugal                 | Avenida Miguel Bombarda 4, 1000-208 Lisboa   |
| Savills Portugal – Mediação Imobiliária Lda              | Portugal                 | Avenida Miguel Bombarda 4, 1000-208 Lisboa   |
| Savills for Business Services SPC                        | Saudi Arabia             | PO Box 17, Riyadh, Post Code: 11411  |
| iProcurePro Pte Ltd                                      | Singapore                | 30 Cecil Street #20-03 Prudential Tower, 049712  |
| Savills (SEA) Pte Ltd (ii)                               | Singapore                | 30 Cecil Street #20-03 Prudential Tower, 049712  |
| Savills (Singapore) Pte Ltd                              | Singapore                | 30 Cecil Street #20-03 Prudential Tower, 049712  |
| 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 SA         | 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, SA             | 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                    | Paseo de la Castellana, 81 28046 Madrid  |
| Savills Consultores Inmobiliarios SA                     | Spain                    | Paseo de la Castellana, 81 28046 Madrid  |
| Loudden Bygg-och Fastighetsservice AB                    | Sweden                   | Box 6317, 102 35 Stockholm   |
| Savills Förvaltning AB                                   | Sweden                   | Sergels Torg 12 111 57 Stockholm   |
| Savills Sweden AB  | Sweden                   | Sergels Torg 12 111 57 Stockholm   |
| Savills Sweden Investment AB                             | Sweden                   | Segels Torg 12, 111 57 Stockholm   |
| 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       |

| Fully-owned subsidiary                 |      | Country of incorporation | Registered office  |
|--|------|--------------------------|--|
| 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  |
| Cordea Savills Investments Ltd         |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Cureoscity Technologies Limited        |      | United Kingdom           | 33 Margaret Street, London, United Kingdom, 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   |
| GHV NewCo 1 Ltd                        |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Grosvenor Hill Ventures Ltd            |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Hepher Dixon Ltd                       |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Holden Matthews Estate Agents Ltd      |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Humphriss & Ryde Ltd                   |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Jago Dean PR Ltd                       |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| 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 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  |
| 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 Asia Pacific Holding Limited   |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Savills Asset Warehouse 1 Ltd          |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD  |
| Savills Co-Investment Holdings Limited |      | 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  |

## Notes to the financial statements continued

Year ended 31 December 2021

### 36. Group – Investments continued

| Fully-owned subsidiary                           |      | Country of incorporation | Registered office   |
|--|------|--------------------------|---|
| 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 India Limited                            |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD   |
| 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   |
| Smith Woolley Ltd                                |      | United Kingdom           | 33 Margaret Street, London, W1G 0JD   |
| Smiths Gore Limited                              |      | United Kingdom           | 33 Margaret Street, London, 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   |
| 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   |
| Macro Consultants LLC                            |      | United States            | 1040 Avenue of the Americas, New York, NY 10018   |
| Savills (L&P) Inc                                |      | United States            | Unex House, 132-134 Hills 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   |
| Savills Rabbi Trust                              | (vi) | United States            | 570 Lexington Ave, New York, NY 10022   |
| 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   |
| T3 Realty Advisors West Corp                     |      | United States            | 399 Park Avenue – 11th FL, New York, NY 10022   |
| T3 Realty Advisors, 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                  | 17 Fl., Vincom Centre Building, 72 Le Thanh Ton Str., Ben Nghe Ward, Dist 1, Ho Chi Minh City |

| Subsidiaries of which the Group owns less than 100%   | % owned | Country of incorporation | Registered office  |
|---|---------|--------------------------|--|
| Savills Investment Management (Australia) Pty Limited | 75      | Australia                | Level 36, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia   |
| Savills Belux Group SA                                | 99.9    | Belgium                  | Avenue Louise 81, 1050 Brussels, Belgium   |
| DRC UK Whole Loan Fund (Feeder) (GP) Ltd              | 75      | Cayman                   | 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands   |
| DRC UK Whole Loan Fund (GP) Ltd                       | 75      | Cayman                   | 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands   |
| European Real Estate Debt Fund II (GP) Ltd            | 75      | Cayman                   | 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands   |
| European Real Estate Senior Debt (GP 1) Ltd           | 75      | Cayman                   | 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands   |
| European Real Estate Senior Debt (GP 2) Ltd           | 75      | Cayman                   | 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands   |
| European Real Estate Senior Debt (GP 3) Ltd           | 75      | Cayman                   | 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands   |
| Savills IM Japan Residential Fund II Feeder GP Ltd    | 75      | Cayman                   | c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands |
| 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                   |
| Shanghai Shan Mei Real Consulting Limited             | 75      | China                    | Room 5, 2F, No. 707 Zhangyang Road, Pilot Free Trade Zone, Shanghai  |
| Shanghai XinMin Equity Investment Management Co. Ltd  | 75      | China                    | Unit 602, No. 4, Lane 541, Wenshui East Road, Hongkou District, Shanghai City  |
| Savills Investment Management SAS                     | 75      | France                   | 54-56 Avenue Hoche, 75008 Paris  |
| Savills SA  | 99.97   | France                   | 21 Boulevard Haussmann 75009, Paris, France  |
| Savills Fund Management GmbH                          | 70.5    | Germany                  | Rotfeder-Ring 7, D-60327 Frankfurt-am-Main   |
| Savills Fund Management Holding AG                    | 75      | Germany                  | Rotfeder-Ring 7, D-60327 Frankfurt-am-Main   |
| Savills IM Berlin Südkreuz GmbH & Co. KG              | 75      | Germany                  | Rotfeder-Ring 7, 60327 Frankfurt am Main   |
| Savills IM Beteiligungs GmbH                          | 75      | Germany                  | Rotfeder-Ring 7, 60327 Frankfurt am Main   |
| Savills Investment Management (Germany) GmbH          | 75      | Germany                  | Sonnenstrasse 19, Munich   |
| Savills Investment Management (KVG) GmbH              | 71.175  | Germany                  | Rotfeder-Ring 7, D-60327 Frankfurt-am-Main   |
| Jiayi Savills Property Services Ltd                   | 51      | Hong Kong                | 23/F, Two Exchange Square, 8 Connaught Place, Central  |
| Merx HK Limited                                       | 60      | Hong Kong                | Room 1302, 13/F., Tai Sang Bank Building, 130-132 Des Voeux Road Central, Hong Kong  |
| Savills Billion Property Management Ltd               | 80      | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing   |
| Savills Investment Management (Hong Kong) Limited     | 75      | Hong Kong                | Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong  |
| Savills Investment Management Asia Limited            | 75      | Hong Kong                | Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong  |
| The Aurora Management Services Ltd                    | 80      | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing   |
| Savills Vignature Property Management Limited         | 70      | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing   |

## Notes to the financial statements continued

Year ended 31 December 2021

### 36. Group – Investments continued

| Subsidiaries of which the Group owns less than 100%       | % owned | Country of incorporation | Registered office  |
|---|---------|--------------------------|--|
| Savills Investment Management SGR S.p.A                   | 75      | Italy                    | Via San Paolo 7, 20121 Milan, Italy  |
| JVF GP GK   | 68.16   | Japan                    | c/o Akasaka International Accounting Office 2-10-5 Akasaka, Minato-ku, Tokyo, Japan                                |
| Savills Investment Architecture Design GK                 | 75      | Japan                    | 3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041                            |
| SIM Real Estate GK  | 75      | Japan                    | 3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041                            |
| DRC European Real Estate Debt Fund III (GP) Ltd           | 75      | Jersey                   | The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey  |
| DRC European Real Estate Debt Fund III (SLI GP) Ltd       | 75      | Jersey                   | The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey  |
| DRC European Real Estate Debt Fund IV (GP) Ltd            | 75      | Jersey                   | The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey  |
| DRC Evergreen Whole Loan (GP) Ltd                         | 75      | Jersey                   | The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey  |
| DRC UK Whole Loan Fund II (GP) Ltd                        | 75      | Jersey                   | The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey  |
| European Real Estate Senior Debt 4 (GP) Ltd               | 75      | Jersey                   | The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey  |
| European Real Estate Senior Debt Fund (GP 7) Ltd          | 75      | Jersey                   | IFC 5, St Helier, JE1 1ST, Jersey  |
| Prime London Residential Development Jersey GP Limited    | 75      | Jersey                   | 3rd Floor Walker House, 28-34 Hill Street, St Helier, Jersey, JE4 8PN  |
| Prime London Residential Development Jersey II GP Limited | 75      | Jersey                   | 3rd Floor Walker House, 28-34 Hill Street, St Helier, Jersey, JE4 8PN  |
| Savills IM Single Asset Vehicle Fund ICC                  | 75      | Jersey                   | 3rd Floor, Liberation House, Castle Street, St Helier, Jersey, Channel Islands JE1 2LH                             |
| Savills Investment Management (Jersey) Limited            | 75      | Jersey                   | 3rd Floor, Walker House, 28-34 Hill St, St Helier, Jersey, JE4 8PN   |
| DRC European Real Estate Debt Fund IV (GP II) Sarl        | 75      | Luxembourg               | 6H Route de Treves, Senningerberg L-2633, Luxembourg   |
| European Real Estate Senior Debt 5 (GP) Sarl              | 75      | Luxembourg               | Airport Center Luxembourg 5, Heienhaff, L-1736 Senningerberg, Luxembourg   |
| European Real Estate Senior Debt 6 (GP) Sarl              | 75      | Luxembourg               | Airport Center Luxembourg 5, Heienhaff, L-1736 Senningerberg, Luxembourg   |
| European Real Estate Senior Debt 8 Sarl                   | 75      | Luxembourg               | 6H Route de Treves, Senningerberg L-2633, Luxembourg   |
| Savills IM European Fund V GP S.a.r.l                     | 75      | Luxembourg               | 10, rue C.M. Spoo  |
| Savills Investment Management (Luxembourg) S.à r.l.       | 71.175  | Luxembourg               | 10, rue C.M. Spoo  |
| Merx Macau Limited  | 60      | Macau                    | Avenida da Praia Grande, n° 665, Edifício Great Will, 16º andar, Unidade A, em Macau                               |
| Merx Malaysia Sdn. Bhd.                                   | 60      | Malaysia                 | Unit 1336, Suite-A, Lobby 7, Block A, Damansara Intan No 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor, Malaysia |
| Savills (Johor) Sdn Bhd                                   | (ii) 49 | Malaysia                 | Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur                 |
| Savills (KL) Sdn Bhd                                      | (ii) 49 | Malaysia                 | Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur                 |

| Subsidiaries of which the Group owns less than 100%          |      | % owned | Country of incorporation | Registered office   |
|--|------|---------|--------------------------|---|
| Savills (Malaysia) Sdn Bhd                                   | (ii) | 49      | Malaysia                 | Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur              |
| Savills (Penang) Sdn Bhd                                     | (ii) | 49      | Malaysia                 | Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur              |
| Savills (Project Management) Sdn Bhd                         | (ii) | 49      | Malaysia                 | Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur              |
| Savills Investment Management B.V                            |      | 75      | Netherlands              | Vida Building, Kabelweg 57, 1014 BA Amsterdam   |
| Savills & Partners LLC                                       |      | 65      | Oman                     | Hatat Complex Suite 30-36, Ground Floor, P O Box 1475, Ruwi, Sultanate of Oman, Location - Wadi Adai - Romellah |
| Savills Investment Management SP Z o.o.                      |      | 75      | Poland                   | Gdanski Business Center - building B (3rd floor), Inflancka 4 st., 00-189 Warsaw, Poland                        |
| Merx Holdings (SG) Pte. Ltd.                                 |      | 60      | Singapore                | 168 Robinson Road, #12 Capital Tower, Singapore 068912  |
| Merx Construction Management (MCM) Pte Ltd                   |      | 60      | Singapore                | 168 Robinson Road, #12 Capital Tower, Singapore 068912  |
| Savills Investment Management Pte. Limited                   |      | 75      | Singapore                | 83 Amoy Street, 01-01 Singapore 069960  |
| Savills IM Japan Residential Fund GP Pte Ltd                 |      | 75      | Singapore                | 61 Robinson Road #16-02, Robinson Centre Singapore 068893   |
| Savills IM Japan Value Fund II GP Pte Ltd                    |      | 75      | Singapore                | 61 Robinson Road #16-02, Robinson Centre Singapore 068893   |
| Savills IM Japan Residential Fund II GP Pte Ltd              |      | 75      | Singapore                | 61 Robinson Road #16-02, Robinson Centre Singapore 068893   |
| Savills Investment Management SLU                            |      | 75      | Spain                    | Paseo de la Castellana, 81 28046 Madrid   |
| Savills Investment Management AB                             |      | 75      | Sweden                   | Regeringsgatan 48, 5th Floor, 111 56 Stockholm  |
| Cordea Savills SLP GP Limited                                |      | 75      | United Kingdom           | Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH  |
| Cordea Savills SLP II LP                                     |      | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ  |
| Cordea Savills SLP LP  |      | 75      | United Kingdom           | Wemyss House, 3 Wemyss Place, Edinburgh, EH3 6DH  |
| DRC Savills Investment Management LLP                        |      | 75      | United Kingdom           | 4th Floor, 6 Duke Street St James's, London, United Kingdom, SW1Y 6BN   |
| GTOF Co-Investment GP LLP                                    |      | 75      | United Kingdom           | Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD  |
| Liverpool ONE Management Company Ltd                         |      | 50      | United Kingdom           | 33 Margaret Street, London, W1G 0JD   |
| Prime London Residential Development Co-Investment GP LLP    |      | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ  |
| Prime London Residential Development Co-Investment II GP LLP |      | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ  |
| Prime London Residential Development Co-Investment II LP     |      | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ  |
| Prime London Residential Development Co-Investment LP        |      | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ  |
| Prime London Residential Development GP LLP                  |      | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD   |



## Notes to the financial statements continued

Year ended 31 December 2021

### 36. Group - Investments continued

| Subsidiaries of which the Group owns less than 100%     | % owned | Country of incorporation | Registered office  |
|---|---------|--------------------------|--|
| Prime London Residential Development II GP LLP          | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills IM SLP II GP LLP                                | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ             |
| Savills IM Dawn GP Limited                              | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills IM Euro V Co-Investment GP LLP                  | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ   |
| Savills IM Euro V Co-Investment LP                      | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ   |
| Savills IM Holdings Limited                             | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills IM Investco Limited                             | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills IM Investments Limited                          | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills IM JVF II Co-Investment GP LLP                  | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ   |
| Savills IM JVF II Co-Investment LP                      | 75      | United Kingdom           | 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ   |
| Savills IM SLP General Partner LLP                      | 75      | United Kingdom           | Wemyss House, 8 Wemyss Place, Edinburgh, United Kingdom, EH3 6DH |
| Savills IM SLP III GP LLP                               | 75      | United Kingdom           | Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD   |
| Savills IM UK One Limited                               | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills IM UK Property Ventures No.1 GP Limited         | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills IM UK Two Limited                               | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills Investment Management (UK) Limited              | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills Investment Management LLP                       | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills Investment Management Overseas Holdings Limited | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Serviced Land No.2 GP Limited                           | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Serviced Land No.2 JV GP Limited                        | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Stratland Management Limited                            | 75      | United Kingdom           | 33 Margaret Street, London, UK, W1G 0JD                          |
| Savills Investment Management Inc.                      | 75      | United States            | 251 Little Falls Drive, Wilmington, DE 19808                     |
| SGDN Ltd  | 51      | United Kingdom           | Stuart House, City Road, Peterborough, PE1 1QF                   |

| Joint Ventures   | % owned | Country of incorporation | Registered office   |
|--|---------|--------------------------|---|
| Shanghai No.1 and FPD Savills 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 |
| Gohigh Savills (Shanghai) Property Management Company Ltd              | 49      | China                    | Room 203D, 2/F, No. 21, Lane 596, Middle Yanan Road, Jingan District, Shanghai                        |

| Joint Ventures  | % owned | Country of incorporation | Registered office  |
|---|---------|--------------------------|--|
| 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   |
| Beijing Haizhi Savills Property Management Company Ltd                          | 40      | China                    | Zone B, 6/F, Tower B, No.18 Zhong Guan Cun Avenue, Haidian District, Beijing   |
| Beijing Hongyuan Savills Property Management Company Ltd                        | 40      | China                    | Unit 104, F1, Building 4, No.2 Jinsui Avenue, Shunyi 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                    | 24.5    | 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   |
| Chongqing Shenghua Savills Property Services Group Company Ltd                  | 30      | China                    | Room 102, 1st Floor, GuoHua Financial Center, No. 9 JuXianYan Square, JiangBeiZui, Chongqing                                   |
| Chengdu Shudu Savills Property Services Co., Ltd.                               | 65      | China                    | Unit 212, 2/F, No.1 Building, No.333 Jiqingsan Rd, Chengdu High-tech District, Chengdu   |
| 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 |
| Shanghai Nanhongqiao Savills Property Management Co., Ltd.                      | 49      | China                    | No.5 Building, No. 277 Huqingping Highway, Minhang District, Shanghai  |
| Savills Raycom Property Management (Beijing) Company Ltd                        | 30      | China                    | Unit B1-08, No.2 South Road Ke Xue Yan, Haidian District, Beijing  |
| Shanghai Landsea Savills Property Management Co., Ltd.                          | 49      | China                    | 9F, No. 583 Lingling Rd., Xuhui District, Shanghai   |
| 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                                   |

## Notes to the financial statements continued

Year ended 31 December 2021

### 36. Group – Investments continued

| Joint Ventures                                     | % owned | Country of incorporation | Registered office  |
|--|---------|--------------------------|--|
| Xi'an Quijiang Savills Property Services Co., Ltd. | 30      | China                    | Room 1109-1, 11th Floor, No.2 Building of Huashang Culture&Media Center, No. 3001 Yanxiang Road, Xujiang New District, Xi'an |
| Savills Egypt                                      | 54      | Egypt                    | Building 17, Street 210, Maadi, Cairo.   |
| Greenmile Ventures Ltd                             | 50      | Hong Kong                | Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands                        |
| Greenwalls Gateway Ltd                             | 50      | Hong Kong                | 7/F, 1111 King's Road, Taikoo Shing  |
| Skywise Technology & Innovation Company Limited    | 50      | Hong Kong                | 7/F, 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   |

| Associates                                    | % owned   | Country of incorporation | Registered office  |
|---|-----------|--------------------------|--|
| SAS – Riviera Estates                         | 51        | France                   | 11 Avenue Jean Medecin, 06000, Nice  |
| KSH Guardian Property Management Ltd          | 50        | Hong Kong                | 7/F, 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                | Room 2501, 25/F, Alexandra House, 18 Chater Road, Central, Hong Kong   |
| Savills Taiping Property Management Ltd       | 45        | Hong Kong                | Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing   |
| Guardian Home Ltd                             | 40        | Hong Kong                | Shop No. 301, 3rd Floor, Chun Shek Shopping Centre, Chun Shek Estate, 1 Shing Tin Street, Shatin, New Territories, Hong Kong |
| 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 | 18.75     | India                    | Ground Floor Front, 19 Kumarakrupa Road, Bangalore 560001, India   |
| Huttons (M) Sdn Bhd                           | 40.5      | Malaysia                 | No. 271, (Room A), Jalan Maarof, Bangsar, 59000 Kuala Lumpur   |
| LCA Core Sdn. Bhd.                            | 40        | Malaysia                 | D-20-1, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor.                                   |
| Lucia Sdn Bhd                                 | 40        | Malaysia                 | D-20-1, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor.                                   |
| Rootcorp Ranganatha Limited                   | 18.75     | Mauritius                | 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius   |
| Monaco Real estates SARL                      | 51        | Monaco                   | 10 Ter Boulevard Princesse Charlotte   |
| Really Pte Ltd                                | (ii) 32.7 | Singapore                | 70 Shenton Way #09-12 EON Shenton S 079118   |
| H Investment Pte Ltd                          | 40.5      | Singapore                | 3 Bishan Place #05-01 CPF Bishan Building S 579838   |
| Huttons Asia Pte Ltd                          | 40.5      | Singapore                | 3 Bishan Place #05-01 CPF Bishan Building S 579838   |
| Huttons Capital Pte Ltd                       | 40.5      | Singapore                | 3 Bishan Place #05-01 CPF Bishan Building S 579838   |
| Huttons International Pte Ltd                 | 40.5      | Singapore                | 3 Bishan Place #05-01 CPF Bishan Building S 579838   |
| Huttons Pte Ltd                               | 33.8      | Singapore                | 3 Bishan Place #05-01 CPF Bishan Building S 579838   |
| Realplus Joint Stock Company                  | 30        | Vietnam                  | House SH11-12, Floor 2, Q2 Thao Dien Residence, No. 21 Vo Truong Toan Street, Thao Dien Ward, Thu Duc City, Ho Chi Minh City |

| Other significant holdings |      | %<br>owned | Country of<br>incorporation | Registered office  |
|----------------------------|------|------------|-----------------------------|--|
| Vucity Ltd                 | (ii) | 20         | United Kingdom              | George Hay, Bringham 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.
- (v) The Group does not control these entities (as defined by IFRS 10) and are not consolidated in to the Group's financial statements.
- (vi) The Group does not have a shareholding in these employee benefit trusts, however, these trusts are specifically designed to serve the purposes of the sponsoring group entity and to ensure that there will be minimal risk of any conflict arising between the duties of the trustees and the interest of the group entity. Accordingly, these trusts are under the de facto control of the group entity. IFRS 10 control assessment also supports that these trusts are under control of the group entity and are consolidated into the Group's financial statements on that basis.

The Group holds a number of investments in associates and joint ventures where it holds more than 50% of the shareholding in these entities. Similarly, the Group holds a number of joint ventures where the shareholding is less than 50% and some associates and one subsidiary where the shareholding is 50%. In all these instances management has determined the appropriate classification of these shareholdings based on the contractual arrangements and agreements in place, in particular focusing on the parties who have the ability to direct/control the relevant activities of the investment taking in to account representation on the board of directors, ability to participate/direct policy making processes and the rights to variable returns from the investee.

The total non-controlling interest at the end of the year is £29.2m (2020: £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, with the exception of the 25% non-controlling interest held by Samsung Life in the Savills IM Group (see note 18.4 for details on this transaction and the carrying value of this non-controlling interest).

# Shareholder information

## Key dates for 2022

|                                   |                |
|-----------------------------------|----------------|
| Annual General Meeting            | 11 May 2022    |
| Financial half year end           | 30 June 2022   |
| Announcement of half year results | 11 August 2022 |

## Website

Visit our investor relations website [www.savills.com](http://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](http://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](http://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

#### **Ernst & Young LLP**

1 More London Place  
London SE1 2AF

### Joint Stockbrokers

#### **UBS Investment Bank**

5 Broadgate  
London EC2M 2QS

#### **Numis Securities Ltd**

The London Stock  
Exchange Building  
10 Paternoster Square  
London EC4M 7LT

### Principal Bankers

#### **Barclays Bank PLC**

1 Churchill Place  
London E14 5HP

## Cautionary note regarding forward-looking statements

Certain statements included in this Annual Report are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations. Forward-looking statements can be identified by the use of relevant terminology including the words: 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'forecasts', 'plans', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to:

- Global economic business conditions;
- Monetary and interest rate policies;
- Foreign currency exchange rates;
- Equity and property prices;
- The impact of competition, inflation;
- Changes to regulations, taxes;
- Changes to consumer saving and spending habits; and
- Our success in managing the above factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



**Savills plc**

33 Margaret Street  
London W1G 0JD  
T: +44 (0)20 7499 8644  
[www.savills.com](http://www.savills.com)

Registered in England  
No. 2122174