savills

Savills plc

Annual report and accounts 2022

Our vision

To be the real estate advisor 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

Pride in everything we do

Take an entrepreneurial approach to business

Helping our people to be the best they can and fulfill their potential

Always act with integrity

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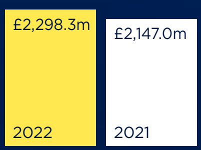
The Group traded well in 2022, against a backdrop of geopolitical, economic, logistical (supply chain) and, in some locations, continued COVID-related challenges

Revenue

£2,298.3m

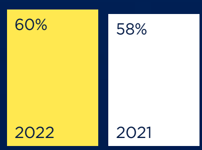
(2021: £2,147.0m)



Balance (non-transactional)*

60%

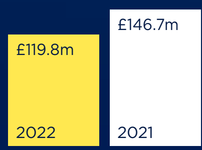
(2021: 58%)



Reported profit after tax

£119.8m

(2021: £146.7m)



Reported earnings per share

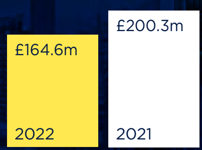
87.0p

(2021: 104.9p)

Underlying profit**

£164.6m

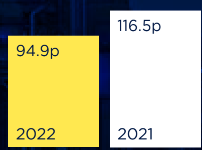
(2021: £200.3m)



Underlying earnings per share**

94.9p

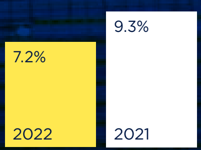
(2021: 116.5p)



Underlying profit margin**

7.2%

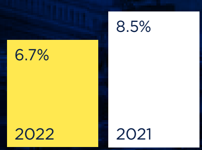
(2021: 9.3%)



Reported pre-tax profit margin***

6.7%

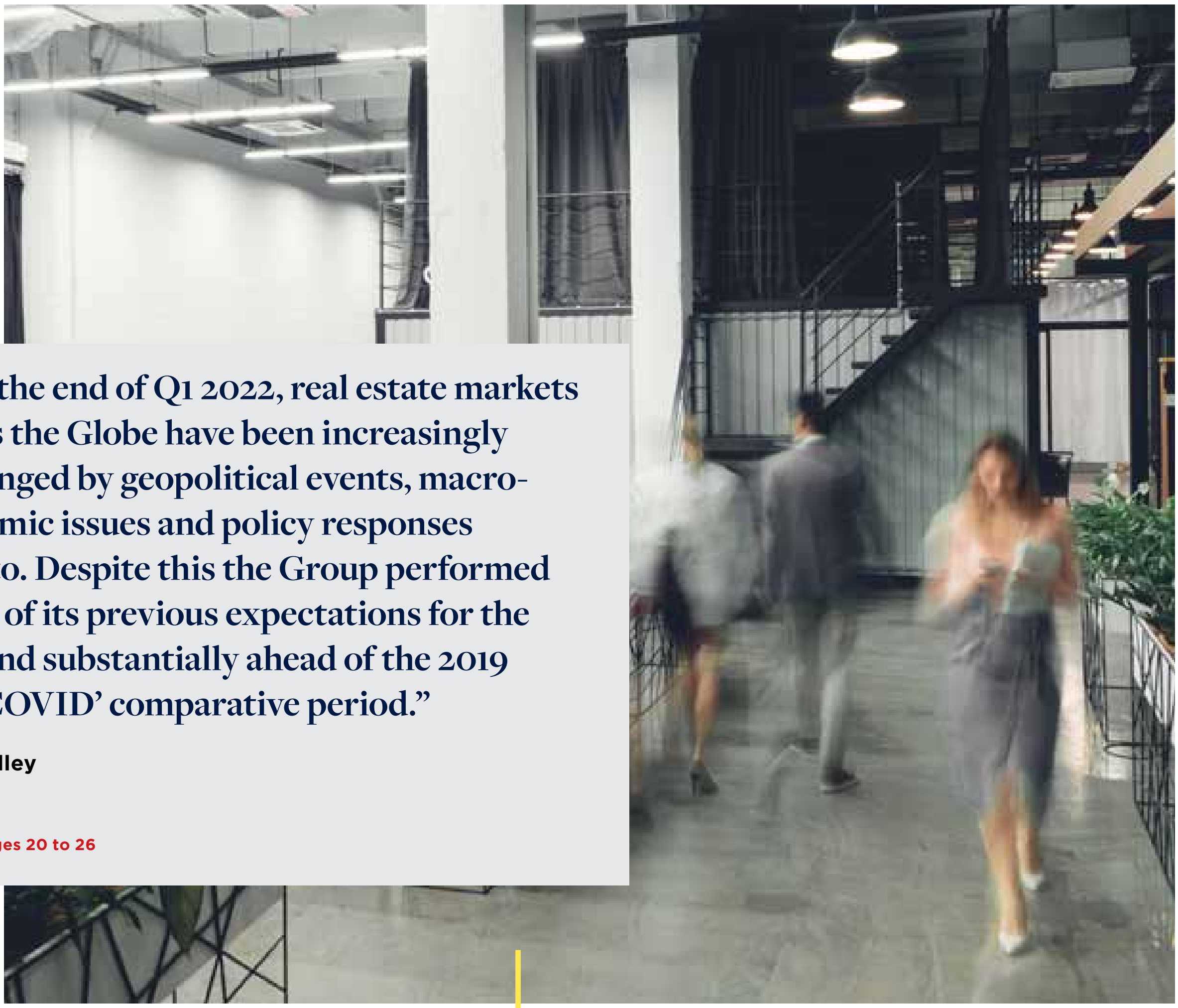
(2021: 8.5%)



Operating cash generation

£164.0m

(2021: £302.7m)



"Since the end of Q1 2022, real estate markets across the Globe have been increasingly challenged by geopolitical events, macro-economic issues and policy responses thereto. Despite this the Group performed ahead of its previous expectations for the year and substantially ahead of the 2019 'pre-COVID' comparative period."

Mark Ridley
CEO

See pages 20 to 26

* 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 an alternative performance measure used to assess the performance of the Group. 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. Underlying EPS is also an alternative performance measure used to assess the performance of the Group. Underlying EPS is calculated using the underlying profit after tax measure, with the weighted average number of shares remaining the same as the GAAP measure. Refer to Note 2.3 and Note 8 to the financial statements for further explanation of underlying profit measures.

*** Reported pre-tax profit margin is an alternative performance measure calculated by dividing profit before income tax by revenue.

Assets under management

£22.1bn

(2021: £21.9bn)

£22.1bn	£21.9bn
2022	2021

Property under management (sq. ft.)

2.5bn

(2021: 2.5bn)

2.5bn	2.5bn
2022	2021

Geographical spread (% non-UK)

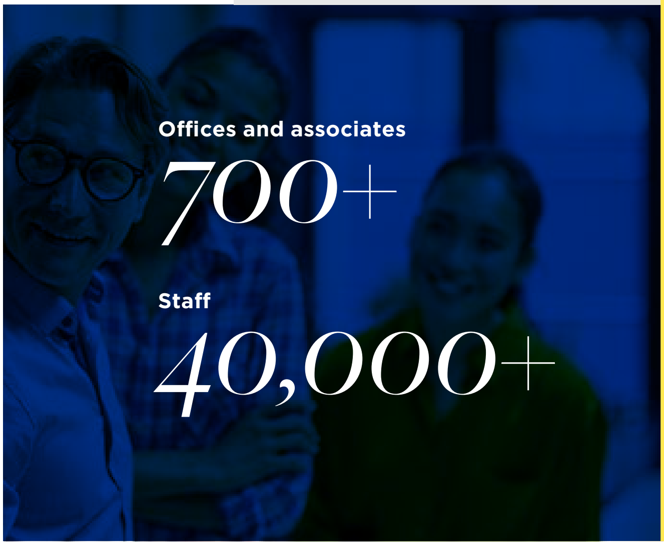
58%

(2021: 57%)

58%	57%
2022	2021

Demonstrating geographic and business diversity

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



Offices and associates

700+

Staff

40,000+

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 22 and 23

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 24

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 26

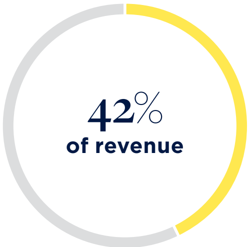
Consultancy

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 25

Locations

United Kingdom



Revenue
£956.3m
(2021: £925.6m)

Offices
130
(2021: 128)

Employees
9,036
(2021: 8,840)

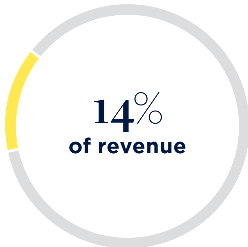
Asia Pacific

Revenue
£669.7m
(2021: £626.5m)

Offices
57
(2021: 59)

Employees
27,462
(2021: 27,813)

Continental Europe and the Middle East

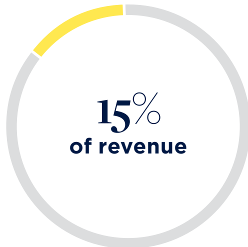


Revenue
£335.0m
(2021: £301.2m)

Offices
57
(2021: 50)

Employees
2,888
(2021: 2,525)

North America



Revenue
£337.3m
(2021: £293.7m)

Offices
43
(2021: 41)

Employees
945
(2021: 912)

Our global size and strength

We have an international network of over 700 offices and associates and over 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.

Chairman’s statement

Nicholas Ferguson CBE
Chairman

“Group performance ahead of expectations despite challenging markets.”

Results

The Group traded well in 2022, against a backdrop of geopolitical, economic, logistical (supply chain) and, in some locations, continued COVID-related challenges. The Group’s revenue increased by 7% to £2.3bn (2021: £2.15bn), substantially driven by the performance of our property management business.

We had anticipated a reduction in profits compared with 2021 due both to the progressive return of certain discretionary costs (travel, entertainment and marketing events) as markets unlocked post-COVID, and as a result of staff cost inflation. In the event, and despite significant challenges in many transactional markets, underlying profit for the year decreased by 18% to £164.6m (2021: £200.3m), reflecting an underlying profit margin of 7.2% (2021: 9.3%). To put this into pre-COVID context, underlying profit was 15% ahead of 2019 (£143.4m), which represented an underlying profit margin of 7.5% for that pre-pandemic year.

The Group’s reported profit before tax decreased by 16% to £153.9m (2021: £183.1m).

The Group continued to maintain a strong liquidity position with net cash (cash and cash equivalents net of borrowings and overdrafts in the notional pooling arrangements) of £307.4m at year end (2021: £340.7m).

Overview

Since the end of Q1 2022, real estate markets across the Globe have been increasingly challenged by geopolitical events, macro-economic issues and the associated policy responses. Despite this, the Group performed ahead of its previous expectations for the year and substantially ahead of the 2019 ‘pre-COVID’ comparative period. Overall, our Transaction Advisory revenue increased 4% year-on-year and our less transactional businesses of Consultancy and Property Management grew revenue by 4% and 13% respectively. Although not immune from market volatility (particularly in respect of some Consultancy service lines), these businesses performed well and their strength helped underpin Savills performance overall.

In the Transactional businesses, the rapid rise in actual and anticipated debt costs, through the second half of the year in particular, represented a significant challenge to which commercial investment markets have had to adjust. This, together with inflationary pressures globally, also reduced the volume of leasing transactions, although in a number of markets the drive for sustainability and improved amenity ensured that Grade A office activity, in particular, remained relatively robust.

One highlight in the year was the relative strength of the prime residential markets which, particularly in the UK, helped to mitigate the effect of volume declines in commercial transaction activity.

The Investment Management business traded marginally ahead of our expectations although deployment of capital was inevitably reduced, given the uncertain market conditions, and valuation adjustments reduced performance fee income year-on-year as anticipated. The majority of the effect of quarterly portfolio valuation adjustments is, however, likely to be felt in 2023. Overall, we were pleased with progress in the first full year of Savills Investment Management's relationship with Samsung life Insurance and the consequent launch of a number of new fund products in these market conditions.

Discretionary costs (travel, entertainment and marketing events), which reduced significantly during the pandemic, increased overall in line with our expectations as marketing activity, entertainment and travel normalised post-pandemic. Meanwhile employment costs increased substantially as expected, reflecting inflationary pressures. The combination of these factors resulted in a decrease to the Group underlying profit margin to 7.2% (2021: 9.3%).

The impact of the above factors on the Group underlying profit margin decreased reported profit before tax by 16% to £153.9m (2021: £183.1m), representing a 6.7% reported pre-tax profit margin (2021: 8.5%).

Currency movements in the year increased revenue by £69.4m, underlying profit by £1.7m and reported profit before taxation by £1.5m.

Market conditions

2022 started strongly in virtually all markets which had largely released COVID-related restrictions. The war in Ukraine, inflation and the rising interest rate cycle began to affect transaction markets in Q2, initially in the smaller lot sizes of both capital and leasing transactions, as investors and corporates began to factor inflation and rising debt costs into their decisions.

As a consequence, the volume of global real estate investment activity declined substantially in 2022, with the majority of the reduction occurring in the final quarter as cumulative interest rate rises and wage inflation began to bite. That said, in the UK especially, markets have been quicker to recalibrate than has been the case historically. We anticipate that this will continue with markets progressively normalising from the end of Q2 2023.

2022 Highlights

- Group revenue up 7% to £2.3bn (2021: £2.15bn)
- Underlying* profit before tax decreased 18% to £164.6m (2021: £200.3m)
- Reported profit before tax decreased 16% to £153.9m (2021: £183.1m)
- Underlying basic EPS down 21% to 94.9p (2021: 116.5p); reported basic EPS down 19% to 87.0p (2021: 104.9p)
- Aggregate proposed final and supplementary interim dividends of 29.0p (2021: 28.35p, together with a one-off special dividend of 27.05p)
- Net cash of £307.4m (2021: £340.7m).

In the UK, the housing market remained stronger for longer than anticipated, with the prime London housing markets particularly resilient. The international nature of the prime London market, with lower dependence upon mortgage financing relative to the wider markets and attractive valuations in a global context, should partially mitigate the effect of further volume reductions in the residential market overall.

In Europe, 2022 was characterised by a progressively reduced flow of capital into real estate and weakening valuations due to the impact of interest rate rises on historically low yields. In certain markets such as Germany, utility inflation and weakened export markets (eg China) significantly reduced both investment and corporate leasing demand during the period.

In the Asia Pacific region market conditions varied with the majority being affected by rising interest rates. The major exception was Japan, where continued low interest rates ensured a strong investment market. Finally, in Greater China, COVID related restrictions significantly affected market activity for the majority of the period.

In North America Q1 2022 showed strong volumes in capital and leasing transactions. Thereafter the pace of interest rate increases significantly dampened demand.

Sustainability in real estate

During 2022 the key focus for the Group continued to be minimising our impact on the environment by, delivering continuous improvement against our targets relating to the nine material Sustainable Development Goals (SDGs) and reducing carbon emissions.

During the year we remained committed to the Science-Based Targets Initiative ('SBTi') to deliver our carbon reduction goals, consistent with a no greater than 1.5°C temperature increase, to achieving Scope 1 and 2 net zero by 2030 and net zero in our value chain (ie Scope 3, including assets under the Group's discretionary control) by 2040. We have made tangible reductions in carbon in 2022 with our absolute Scope 1 and 2 'market-based' emissions totalling 6,679 tonnes CO_2e, which is a 17.9% (1,454 tonnes CO_2e) reduction against the 2019 base year. Across the Group we continue to implement practical initiatives to improve the environmental performance of the workspaces we occupy, including in the design of new offices, retrofitting of existing ones, and the active management of the whole estate.

We have adopted a new green lease and fit-out guide as a basis for engagement with the Group's landlords including a transition towards renewable energy tariffs and the use of Electric Vehicles where market availability allows.

We have moved forward with actions arising from our 2021 report under the Task Force on Climate-Related Financial Disclosures ('TCFD') framework, and have added additional risk mitigation details within our 2022 disclosure on pages 68 to 73 of this report.

Looking forwards we aim to improve upon our Green House Gas ('GHG') data sets for all three scopes, whilst also undertaking further tangible carbon reduction actions consistent with our Net Zero Transition Plan. Following some significant progress on the ESG agenda this year, we aim to enhance our ability to support both our people and our communities in the year ahead.

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. We continuously monitor opportunities to acquire complementary businesses, teams or individuals to enhance our strong core business.

During the year we completed the acquisition of several businesses and continued to undertake significant organic growth initiatives across the business. The Group acquired workplace technology specialist BrickByte GmbH in Germany, enhancing Savills ability to respond to increasing client demand for technology-enabled workplace consulting in this market. In Indonesia, the Group acquired a full service property business to bolster our offering in the region. Savills Investment Management acquired Pitmore 1 Limited, a UK development and build-to-rent specialist, and a majority interest in Simply Affordable Homes LLP, a registered provider of affordable housing; both transactions were part of the continued expansion of our European Living Platform in Savills Investment Management. The Group also acquired a majority interest in AMS Maintenance Services Pte Limited and Solute Pte Limited, a facilities management group in Singapore, enhancing the property and integrated facilities management platform in the region.

Focus on technology

Technology is an important focus for the Group, and we continue to benefit from the investments we have made both internally and externally, through Grosvenor Hill Ventures, across the world. As we build our insight and data capabilities through our local, regional and global network of specialists, this allows us to ensure that individual teams have the resources they require to continue to deliver market leading advice to clients, while benefitting from the network effect of centralisation driving innovation and efficiencies.

Workthere, our flexible office brokerage, continues to grow and had a record year as occupiers sought increased flexibility. We continue to invest in both brokerage and technology within the business to ensure ever increased efficiency and data collection as we expand our footprint. Our digitally enabled auction business within the UK continues to go from strength-to-strength, taking significant market share during the year.

In February 2022 we acquired the trade and assets of Cureoscity Limited, the tenant experience platform. This connects occupiers, asset owners and property and facilities managers, primarily focused on multi-let office buildings. Post-acquisition we have further deployed the technology into our own property management portfolio, and on a stand-alone basis, the business continues to win new mandates from third party managed buildings.

Through Grosvenor Hill Ventures we have continued to support our portfolio businesses and we also participated in the Series A funding round of ThirdFort Limited, a platform which improves the customer experience by digitising many aspects of the increasingly onerous compliance process in real estate transactions.

Board

On 15 December 2022 Marcus Sperber was appointed to the Board as an additional independent Non-Executive Director. I am delighted that Marcus has joined the Board and we are already benefitting from his extensive global real estate experience as we further grow our business.

In addition, having been Chairman since May 2016, I plan to retire from the Board at the end of the year. A search for a new Board Chair is underway and we will update further in due course.

Dividends

An interim dividend of 6.6p per share (2021: 6.0p) amounting to £8.9m was paid on 5 October 2022, and a final ordinary dividend of 13.4p per share (2021: 12.75p) is recommended, making the ordinary dividend 20.0p per share for the year (2021: 18.75p). A supplemental interim dividend of 15.6p per share (2021: 15.6p) is declared, based upon the underlying performance of our Transaction Advisory business. Taken together, the ordinary and supplemental interim dividends comprise an aggregate distribution for the year of 35.6p per share, representing an increase of 3.6% on the 2021 aggregate ordinary and supplemental dividend of 34.35p. In 2021 we also declared a special dividend of 27.05p.

Subject to Shareholder approval of the proposed final dividend at the AGM on 17 May 2023, the aggregate final and supplementary interim dividends of 29.0p will be paid on 22 May 2023 to Shareholders on the register at 11 April 2023.

People

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

Summary and outlook

Performance in 2022 was slightly ahead of our expectations despite challenging markets. More importantly, perhaps, the Group's performance was substantially ahead of the 2019 'pre-COVID' comparative period. The strength of our less transactional businesses, primarily Consultancy and Property Management, helped underpin the Group's performance overall.

In the year ahead, challenging macro conditions are expected to continue with inflation and interest rates remaining in focus for some time. As a result, the speed at which individual investment markets adjust to the cost of debt is uncertain, although certain markets, such as the UK, are recalibrating faster than in the past, and will be helped by the lack of development supply and an overall trend to sustainability. We would also expect that the release of COVID restrictions in Greater China paves the way for progressive improvement in real estate markets in the region.

Revenue

£2,298.3m

(2021: £2,147.0m)

Reported profit after tax

£119.8m

(2021: £146.7m)

Underlying profit

£164.6m

(2021: £200.3m)

Underlying profit margin

7.2%

(2021: 9.3%)

We have started 2023 broadly in line with our expectations. However, it is clear that, at this stage, predictions for the full year are characterised by a wide range of possible outcomes; we believe that H1 2023 will be more challenging than its 2022 comparative; however, we expect progressive improvement through the second half of the year. 2024 should see more positive conditions for real estate market activity and Savills is both retaining its bench strength and investing in advance of such recovery.

Nicholas Ferguson CBE
Chairman

16 March 2023

Our business model

The model below 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 74 to 139.

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

1

Our resources & relationships

Outstanding people

Local knowledge
Entrepreneurial approach

Intellectual property

Market intelligence
Brand and reputation

Long-term client relationships

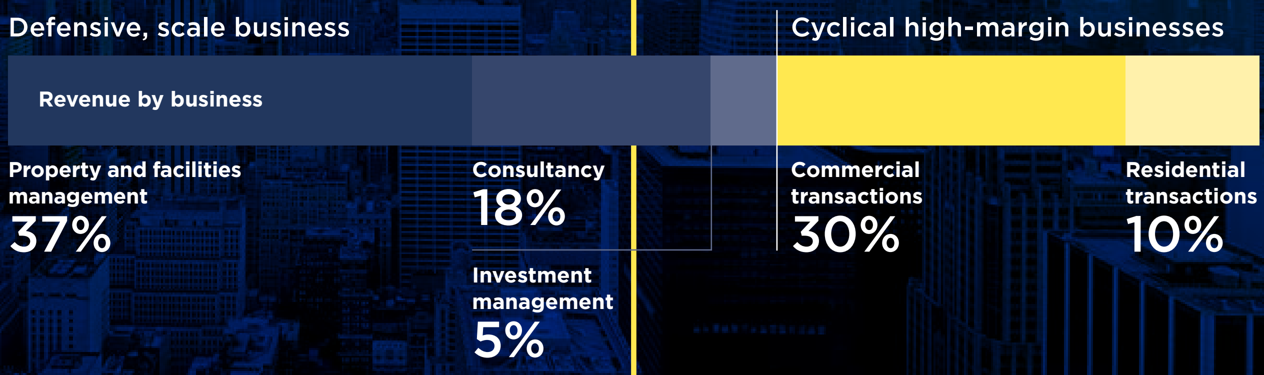
Client care programmes
High-quality service

Financial

Prudent capital structure
Strong cash generation

2

Our business model



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 advisor of choice in our markets, and deliver superior financial performance, we aim to employ people of the highest quality supporting the delivery of the highest standards of client service.

By choosing Savills, our clients have access to over 40,000 staff with a broad range and depth 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

Values

- Pride in everything we do
- Take an entrepreneurial approach to business
- Help our people to be the best they can be and fulfill their potential
- Always act with integrity

Governance

- Strong Board and management
- High standards of governance

Disciplined approach to risk

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

4

Our value creation

Shareholders

Dividends

35.6p

Reported profit after tax

£119.8m

Underlying profit

£164.6m

Reported earnings per share

87.0p

Underlying earnings per share

94.9p

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

For the UK commercial property investment market 2022 was very much a year of two halves.

While the overall volume of assets traded was a respectable £54bn, only £19bn of that took place in the second half of the year. The final quarter saw transactional activity drop to levels that we have not seen since the Global Financial Crisis, as sellers resisted bringing assets into a falling market and buyers held out for larger discounts than the typical 20% that was on offer.

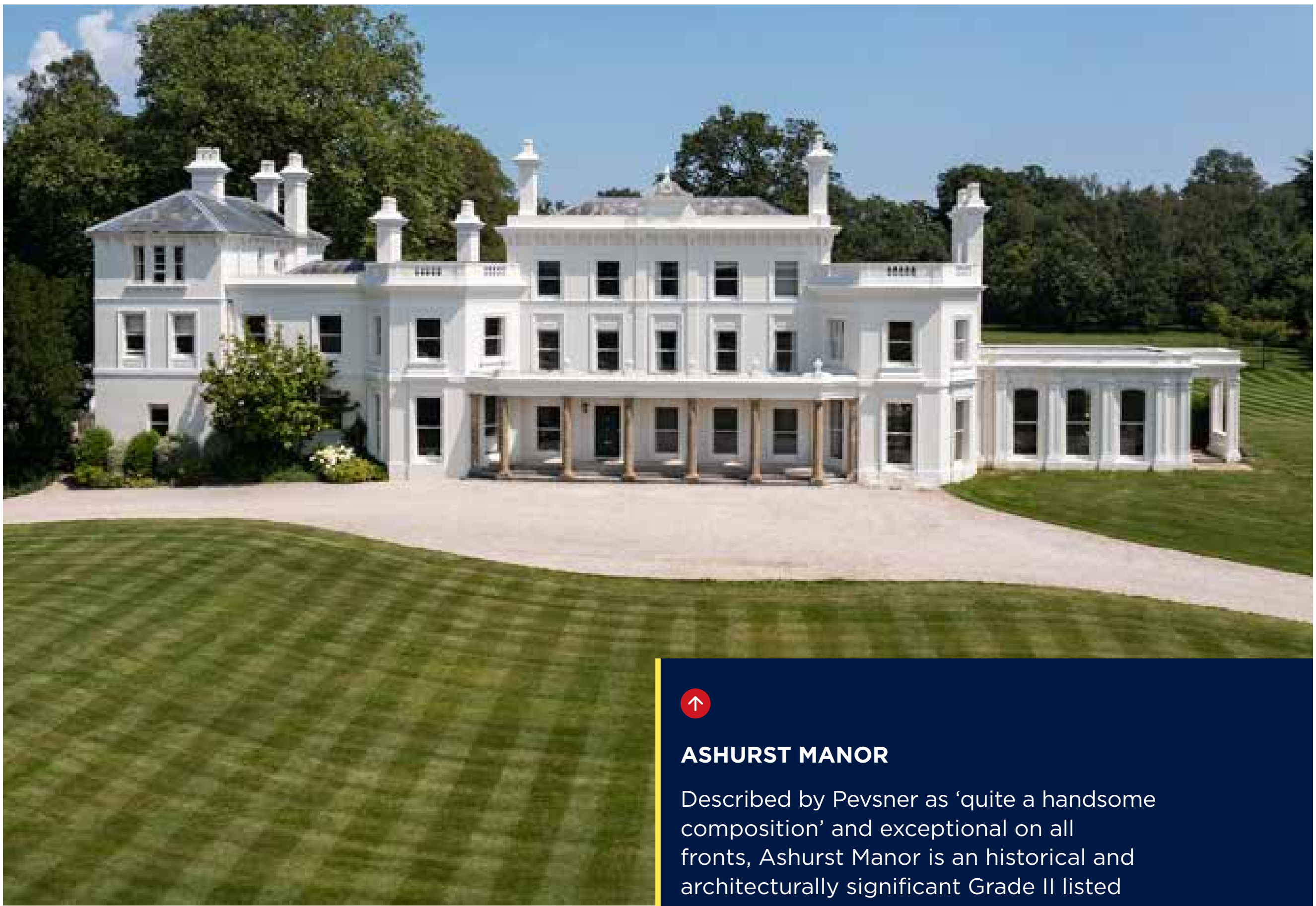
While all sectors saw a fall in year-on-year transactional volumes, even industrial which was a 35% fall still achieved a turnover that that 50% higher than in 2019.

Occupational activity generally held up better in 2022 than investment. While business confidence did fall in the final quarter of 2022, take-up of office, retail and logistics space across the UK was generally in line with or above long-term averages. The recent trend of a bifurcation between prime assets and the rest continued in 2022, and it is now well established in the office and logistics markets that the environmental rating of the buildings is firmly part of the overall definition of 'prime'.

MERRICK PLACE

Savills Operational Capital Markets advised client Network Homes on its first ever BTR forward funding deal: Network Homes is delivering its largest ever project including 575 homes as part of a new development at Merrick Place within the Southall regeneration zone. The development includes a mix of Built to Rent and affordable apartments as well as commercial space and residential amenity.

Savills OCM and Viability teams advised on the project and secured forward funding from Grainger for the BTR element of the scheme. Works commenced in October 2022.



UK Residential

ASHURST MANOR

Described by Pevsner as 'quite a handsome composition' and exceptional on all fronts, Ashurst Manor is an historical and architecturally significant Grade II listed country house that dates from the Regency period, while fully updated for modern day living. Built by a Sussex Justice of the Peace and later owned by the prominent Field-Marsham family and then the Lord Lieutenant of Kent, today Ashurst is presented to a standard more likely to be found in London. Savills sold Ashurst Manor in 2022 with a guide price of £10m.

The UK housing market continued to deliver house price growth over the first nine months of 2022.

However, a sharp rise in mortgage costs from September meant mainstream house prices fell by -2.4% over the last three months of the year. That left annual house price growth at +2.8% at the end of 2022. Housing transactions struggled to reach the highs of 2021 but ended the year at over 1.25m; a little higher than the pre-pandemic norm.

As a whole, the prime housing markets fared well over the course of 2022. A hangover of unmet demand supported strong levels of activity in the first three quarters, in particular. That eased in the latter part of the year, as conditions became more price sensitive (despite the top end of the market being less exposure to interest rate rises than the mainstream). The prime markets of Central London benefitted from a gradual return of overseas buyers, which offset affordability pressures in more mortgage-dependent parts of the market.

The rental market proved resilient in the face of cost of living pressures with a continued imbalance between needs-based demand and constrained supply driving strong rental growth. Over the course of the year rental values of prime homes in the capital rose by 10.9%, while in the commuter zone rents rose by +5.6% as demand rebalanced back towards the capital.

While housing delivery remain relatively strong across 2022 as a whole, housebuilders and developers saw a marked change in market conditions over the course of the year. This coincided with the closure of Help to Buy and an increasingly uncertain planning environment, reflecting a change in direction of government housing policy.

North America

Recovery remained slow and uneven throughout 2022 as economic concerns persisted.

After peaking at 14.7%in April 2020, US unemployment has been steadily declining and was at 3.5% in December 2022 – on par with the 50-year historical low recorded in February 2020 (3.5%) right before the pandemic. The US economy remained resilient overall in 2022, despite inflation, war in Ukraine, and the Federal Reserve hiking interest rates. Still, recession fears loom and organisations across a variety of industries are bracing for a challenging start to 2023. US real GDP, when adjusted for inflation, increased at an annual rate of 2.9% in the fourth quarter of 2022. Over the year, as measured from the fourth quarter a year earlier, real GDP grew 1%, down sharply from 5.7% growth in 2021.

In the US office sector, availability continued to increase over the year, ending at 23.5% in the fourth quarter compared to 22.5% in Q4 2021. The increase stems from a swell in sublease space, as well as organisations downsizing office space needs as hybrid workstyles remained. Tech-dense markets such as San Francisco, Silicon Valley and Seattle continued to struggle while sunbelt and life-science centric markets like South Florida, Boston, and San Diego are seeing more stabilisation. Leasing volume, however, was (on the whole) higher than expected with total leasing activity outpacing 2021 levels by 5%. Still, the pace slowed in the fourth quarter and demand is expected to remain tepid through the first months of 2023. Occupiers who can are seeking out higher-quality space and amenities to 'earn back the commute' of their employees. Flight-to-quality is creating an increased bifurcation between Class A and non-Class A space. Pricing remains at a premium for top-tier space, and options are limited. Landlord concessions, such as free rent, tenant improvement allowances and term flexibility, remain at peak levels in many markets amid tepid demand but may be hitting a point where lenders and investors are baulking at further funding of such high levels.

In the US industrial sector, vacancy averaged 4.0% in Q4, down from 4.4% last year, but began to tick up in select markets as the year ended. Absorption slowed at the end of 2022 and even went negative in some markets. Record deliveries hit in Q4, with development in Phoenix, Dallas-Fort Worth and Atlanta exceeding 50 million square feet (msf) and elevating available inventory.

Photo by Silverstein Properties

FRESHFIELDS BRUCKHAUS DERINGER LLP

In August, Savills represented Freshfields Bruckhaus Deringer LLP in a 180,000 square foot lease at 3 World Trade Center in New York City.

As a result of its recent growth in NYC, the firm had outgrown its space. Savills was retained to help Freshfields to evaluate its options for a new, contiguous, and modern workplace.

After a disciplined process, Savills negotiated a lease for floors 51 through 54 at 3 World Trade Center. The lease contains a host of provisions that maximizes the firm's forward flexibility. Freshfield's new home will be reflective of the firm's culture and brand and will accommodate substantially more attorneys, while still lowering its overall operating cost.

Rents remain strong across the US and are up anywhere from 13% to 69%t year-on-year. Market conditions are loosening, and growth is expected to slow in 2023 as inflation and interest rate hikes weigh on industrial occupiers.

US commercial real estate investment ended 2022 on a down note. Deal activity slowed in response to changes in the credit markets which forced investors to re-evaluate the costs of capital and incentives for commercial property investing. Though still above pandemic lows, volumes in major markets were down by 17% across all property types over the year. In the office sector, owners have not moved on pricing expectations in a meaningful way because distress in the market is still minimal. Unless something changes to reward owners for holding firm on pricing, or penalise them and push deals into distress, deal volume in the office sector will continue to face downward pressure. The surprising leader for the year on growth in investment sales was the retail sector which saw an increase in sales of 4% relative to 2021. The multifamily sector continued as the largest sector overall, with sales for the year at $294.1 billion. The industrial sector was of particular interest to investors and remained the only asset class for which annual property volume remained at record high levels, unchanged from the prior year.

Europe 2022

Based on preliminary Q4 estimations, we anticipate the total European investment volumes reached approximately €280bn last year, which is 24% down on the previous year and 15% down on the past 5-year average.

The investment lull significantly spread across the continent throughout the year. This quick market adjustment resulted from the combination of three factors.

First, To tackle the surge in inflation, central banks have been forced to raise rates to historically high levels. The narrowing gap between bond and real estate yields is increasingly unfavourable to real estate.

On average, across Europe, the spread between real estate and long-term bond yields dropped to 44 bps in September from 279 bps on average in the past ten years, although a further correction in office yields is expected.

Second, the rising cost of debt is reducing the range of opportunities in terms of countries, locations and in terms of asset classes, with the very low-yielding assets looking increasingly unviable. It is also reducing the range of active market players. We are seeing a growing activity from cash-rich investors, such as Sovereign wealth funds, while private equity investors are slowly retrenching.

Third, high inflation is dragging down the European economy, which in turn affects investor sentiment. Historically, GDP growth and real estate investment volume have been strongly correlated.

By sector, offices declined by 24% against the five-year average, while retail, -23%, and multifamily declined by 14%. At the opposite end of the spectrum, industrial investment volume increased by 13% over the same period.

While the market undoubtedly became more challenging as the year progressed, 2023 promises more opportunities for investors who are ready to take on some risk by repurposing distressed real estate assets after a strong price correction. As pricing becomes more transparent, this should encourage more sellers to bring products to the market at the right price, unlocking liquidity.

EUROPE

Savills has advised Clarion Partners Europe on the acquisition of a warehouse in Maassluis, the Netherlands, for €43 million on behalf of one of its funds.

Investment Management

After a strong start to 2022, rising interest rates turned the investment market on its head as assets re-priced and investors moved to the sidelines.

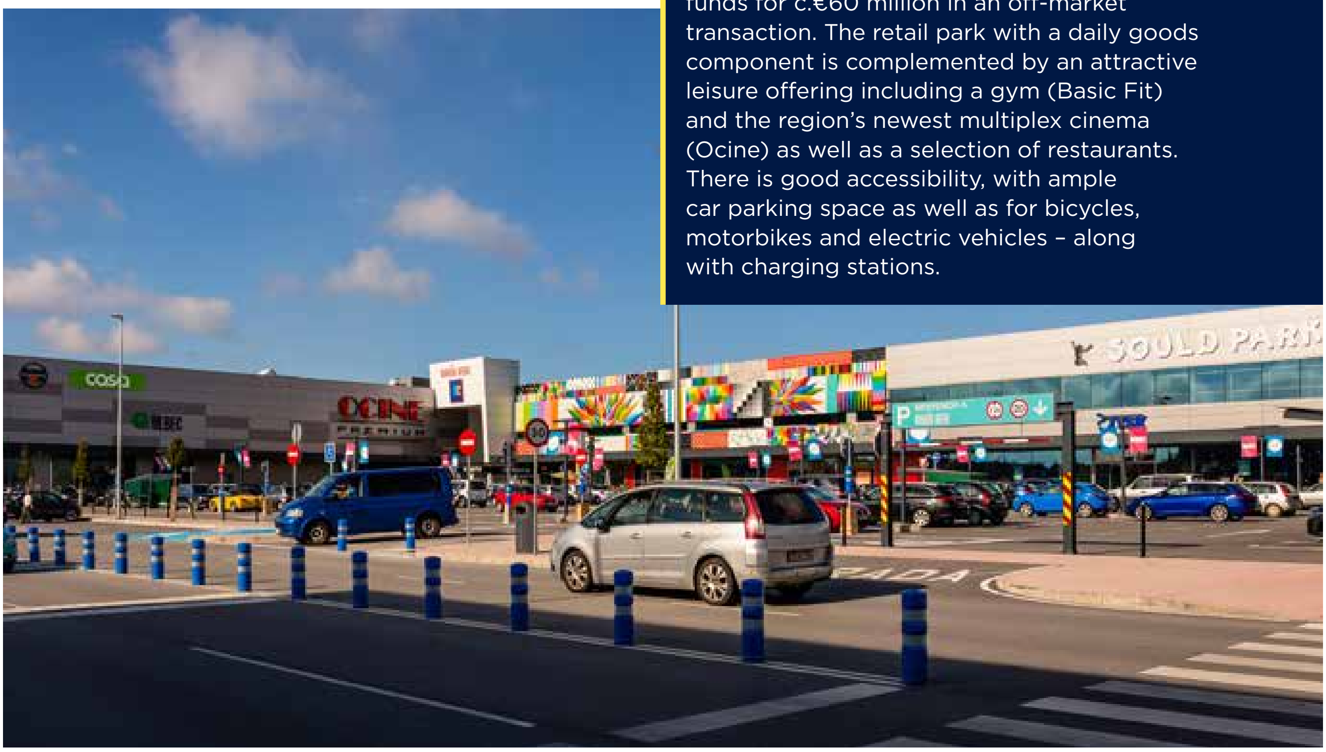
Investment across Europe in 2022 was only 1% below the 10-year average according to MSCI RCA data. However, that masked a very distinct change in the second half of the year as the sharp rise in interest and risk-free rates had a material impact on commercial real estate values and transaction volumes. Following a strong first half of 2022, transaction activity in the final six months of the year was the weakest half year for investment since the euro-zone debt crisis in 2012. The Asia Pacific region also recorded a notable slowdown in transactions in the second half of the year.

Uncertainty about valuations and the economic outlook saw many investors take a wait-and-see approach. Market liquidity was also constrained by the so-called 'denominator effect' as falls in fixed income and equity values meant that some multi-asset investors were unable to deploy capital to real estate as sector allocation limits were reached.

The swift change in financial conditions also made for challenging times for fund raising. USD$173.1 billion was raised globally for real estate strategies in 2022 across 409 funds. – the lowest number of funds since 2012. This compares to USD$215.4 billion raised in 2021 across 605 funds.

BAHIA REAL RETAIL PARK

Savills IM acquired the Bahia Real retail park in Santander, Spain, for one of our pooled funds for c.€60 million in an off-market transaction. The retail park with a daily goods component is complemented by an attractive leisure offering including a gym (Basic Fit) and the region's newest multiplex cinema (Ocine) as well as a selection of restaurants. There is good accessibility, with ample car parking space as well as for bicycles, motorbikes and electric vehicles – along with charging stations.



TANGLIN SHOPPING CENTRE

Challenge:
The 360 owners had tried three times before to sell Tanglin Shopping Centre in the last decade but failed three times. Savills was appointed for their fourth attempt, and we were successful and sold the property for SGD868M which was more than 10% above their Reserve Price. The buyer was is Pacific Eagle Real Estate (PER), a Singapore-based real estate investor and developer privately owned by the Tanoto family. For over 50 years, the Tanoto family, through the RGE group of companies, has founded and managed a range of businesses which produce natural fibers, edible oils, green packaging and natural gas. Today, the group employs 60,000 staff around the world.

Solution:
We put together a special team to interact with all the owners and persuade them to agree to a prudent Reserve Price. This was aided by Savills recommending a new Method of Apportionment to share the sale price amongst all the owners.

Results:
The sale of Tanglin Shopping Centre at SGD868M was the largest commercial site sale in Singapore in 2022 and it is a landmark deal which was closely monitored and tracked in Singapore.

Asia Pacific

After the record levels of real estate investment activity witnessed across almost all the major Asia Pacific markets in 2021 totaling around US$205.4[1] billion, 2022 saw volumes fall back to US$171.2 billion, a 24% year-on-year decline.

The slowdown was particularly marked in the final quarter of the year as interest rates rose in most of the region's markets sharply reducing yield spreads. The notable exceptions were China and Japan where rates remained low and several large commercial deals were concluded even as macro-economic headwinds buffeted both economies, helping them to the number one and two spots in terms of total transactions. Constrained deal flow was the main theme of the year as a whole though, as volumes fell in China (-32%), Japan (-19%), Australia (-27%) and South Korea (-25%). In only one country, Singapore, volumes rose as shophouses and offices were rapidly taken up, resulting in a 20% increase in transactions thanks partly to reopening but also to the City State's growing reputation as a geo political safe space in the region.

Real estate markets faced a succession of challenges during 2022 including supply chain disruption, rising inflation and slower economic growth compounded by some of the world's strictest COVID regulations in China. Travel restrictions and lockdowns took GDP growth in the region's largest economy down to 3.0% compared with the 6.4% annual average registered over the previous ten years. Elsewhere in Asia Pacific the abandonment of restrictions began to free up cross-border flows of people and capital with a positive impact on sectors such as hospitality and retail, although this did not immediately translate into transactions. The spectre of inflation, meanwhile, though less marked than in the US and Europe, turned investor attention to Asia's shorter lease lengths and to defensive 'index linked' assets including self-storage, student housing, multi-family housing and senior living. News from China in December that it would ease 'zero-COVID' policies injected a note of optimism into markets at year end.

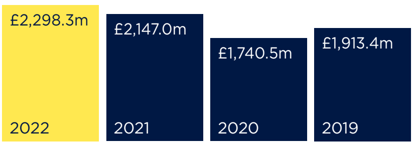
1 Source: MSCI. Refers to income producing properties.

Key performance indicators

Financial KPIs

Revenue

£2,298.3m



The measure

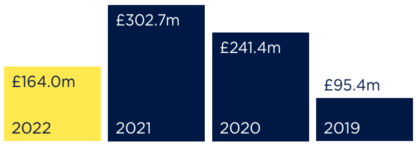
Revenue growth is the increase in revenue year-on-year.

The target

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

Cash generation

£164.0m



The measure

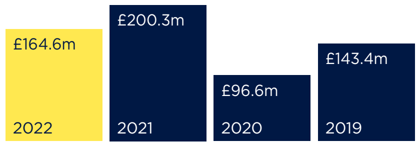
The amount of cash the business has generated from operating activities.

The target

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

Underlying profit

£164.6m



The measure

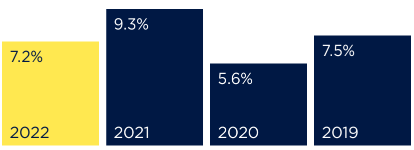
Underlying profit growth is the increase/decrease in underlying profit year-on-year.

The target

To deliver sustainable growth in underlying profit.

Underlying profit margin

7.2%



The measure

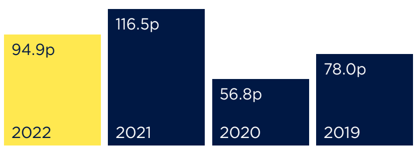
Profitability after all operating costs but before the impact of significant non-operational costs and taxation.

The target

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

Underlying earnings per share

94.9p



The measure

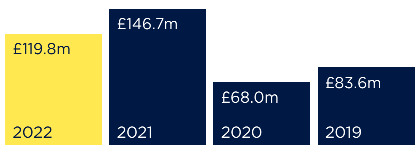
Earnings per share (‘EPS’) is the measure of profit generation. Underlying EPS is calculated by dividing underlying profit by the weighted average number of shares in issue.

The target

To deliver growth in underlying EPS to enhance Shareholder value.

Reported profit after tax

£119.8m



The measure

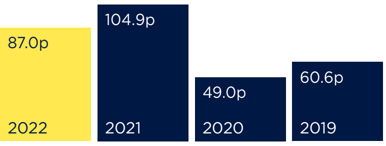
Reported profit after tax growth is the increase/decrease in reported profit after tax year-on-year and over a longer term.

The target

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

Reported earnings per share

87.0p



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

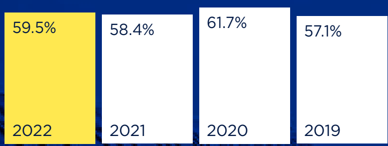
To deliver long-term growth in reported EPS to enhance Shareholder value.

Non-Financial KPIs

Balance

59.5%

(% non-transactional income)



The measure

Revenue by type of business.

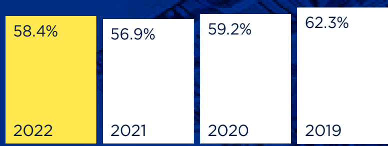
The target

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

Geographical spread

58.4%

(% 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

2,472.1

(million sq. ft.)

The measure

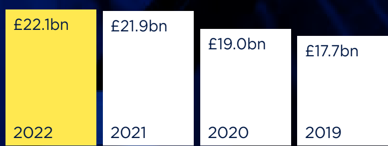
Total square footage property under management.

The target

To progressively increase the global square footage under management.

Assets under management

£22.1bn



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

Mark Ridley
Group Chief
Executive

"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."

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

Key operating highlights

- Transactional Advisory revenues up 4% despite challenging market conditions, particularly in H2; Residential Transaction revenue down 2%.
- Less transactional businesses, in aggregate 60% of Group revenue, continue to perform well with revenue up 9%.
- Property and Facilities Management revenue up 13%, Consultancy revenue up 4%.
- Savills Investment Management revenue up 1%, Assets under Management ('AUM') up marginally from £21.9bn to £22.1bn.

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		
	2022	2021	% growth	2022	2021	% growth
UK	**956.3**	925.6	3	**118.1**	129.5	(9)
Asia Pacific	**669.7**	626.5	7	**41.4**	59.2	(30)
CEME	**335.0**	301.2	11	**17.3**	15.4	12
North America	**337.3**	293.7	15	**4.1**	15.1	(73)
Unallocated	**-**	–	n/a	**(16.3)**	(18.9)	n/a
Total	**2,298.3**	2,147.0	7	**164.6**	200.3	(18)

On a constant currency* basis Group revenue increased by 4% to £2,228.9m, underlying profit decreased 19% to £162.9m and reported profit before tax decreased by 17% to £152.4m. Our Asia Pacific business represented 29% of Group revenue (2021: 29%) and our overseas businesses as a whole represented 58% of Group revenue (2021: 57%). Our performance by service line is set out below:

	Revenue £m			Underlying profit/(loss) £m		
	2022	2021	% growth	2022	2021	% growth
Transaction Advisory	**930.1**	892.9	4	**71.9**	97.6	(26)
Property and Facilities Management	**841.5**	745.6	13	**50.2**	49.1	2
Consultancy	**413.9**	396.7	4	**37.6**	47.0	(20)
Investment Management	**112.8**	111.8	1	**21.2**	25.5	(17)
Unallocated	**-**	–	n/a	**(16.3)**	(18.9)	n/a
Total	**2,298.3**	2,147.0	7	**164.6**	200.3	(18)

Overall, our Commercial and Residential Transaction Advisory business revenues together represented 40% of Group revenue (2021: 42%). Of this, the Residential Transaction Advisory business represented 10% of Group revenue (2021: 11%). Our Property and Facilities Management businesses continued to perform well, growing year-on-year and representing 37% of Group revenue (2021: 35%). Our Consultancy businesses represented 18% of revenue (2021: 18%). The Investment Management business increased revenue by 1% and represented 5% of Group revenue (2021: 5%).

People

We are delighted to have won Global Adviser of the year at the 2022 EG Awards. Over the past year Savills has continued to invest in the business, employing the best people, diversifying by geography and strengthening our offer in all major real estate sectors.

The UK business was awarded the 'Best Property Agency / Consultancy' for London and UK in the International Property Awards 2022-2023, placed first in the Top 100 Apprenticeship Employers of 2022-2023 Rate My Apprenticeship Awards and retained its standing as The Times Property Graduate Employer of Choice for the 16th consecutive year.

In our CEME business, Savills Spain was awarded Best Real Estate Consultant in Spain at the Euromoney Real Estate awards for the 11th consecutive year. Savills Poland was honoured in the Adviser of the Year category in the Prime Property Prize 2022.

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 Professional Consultancy Service Team of the Year. Savills Australia also received awards from RICS, including Project Management Team of the Year and Real Estate Advisory Team of the Year. The Savills Hong Kong business retained the title of Real Capital Analytics Top Broker in the Hong Kong Investment Market for the 8th consecutive year.

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.

* Constant currency is an alternative performance measure used to assess the performance of the Group. Revenue and underlying profit for the year are translated at the prior year exchange rates to provide a constant currency comparison. Refer to the appendices to the financial statements for further explanation of this measure.

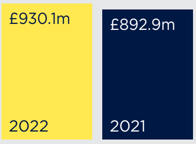
Chief Executive's review continued

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

Revenue

£930.1m



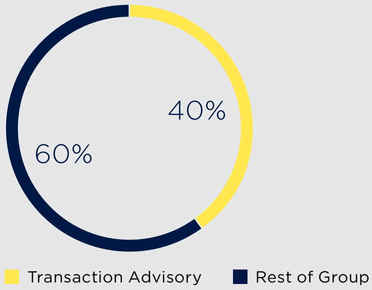
+4% YOY change

Underlying profit

£71.9m

-26% YOY change

Contribution to Group revenue (%)



Transaction Advisory

Overall, our Transaction Advisory revenues increased by 4% (1% on constant currency basis) to £930.1m (2021: £892.9m). Globally our commercial capital transaction business revenue decreased by 1% and our leasing and occupier focused transactional revenues grew by 11%. Our Global Residential business revenue remained resilient against a strong comparative in 2021.

Underlying profits fell by 26% to £71.9m (2021: £97.6m), with an underlying profit margin of 7.7% (2021: 10.9%), reflecting the impact of continued COVID restrictions in Greater China on profits, and inflationary pressures on the cost base, brought about by a combination of the pandemic, the war in Ukraine, inflation and the consequential tightening of monetary policy around the globe.

Asia Pacific Commercial

Revenue from the Asia Pacific Commercial Transactional business decreased by 5% to £145.3m (2021: £153.0m), a decrease of 7% in constant currency. Despite this, revenue exceeded 2019 by 5%.

There were significant revenue reductions in Hong Kong, mainland China and Australia, partially offset by stronger performances elsewhere in the region, in particular Japan, Singapore and South Korea. In China the lockdowns which remained in place during the first three quarters, coupled with a subsequent surge in COVID cases after restrictions were eased in Q4, significantly reduced market activity throughout the year. This had a material impact in Hong Kong, which suffered from a lack of investment inflows from the mainland, coupled with higher interest rates during 2022. Likewise in Australia, increased interest rates caused reduced investment activity. With the yen at a 24 year low against the dollar, and interest rates remaining low, investment transactions in Japan increased significantly, resulting in a 140% constant currency increase in revenue. Elsewhere there was significant revenue growth in Singapore and South Korea, the former driven by increased investment activity and the latter driven by the Industrial teams, primarily through our expertise in data centres. Leasing activity in the region also improved, notably in Australia and Singapore, as corporates which had delayed making longer term lease decisions during 2021, began to commit to new leases.

Overall the Asia Pacific Commercial Transactional business experienced a 35% reduction in underlying profit to £13.4m (2021: £20.6m) with a margin of 9.2% (2021: 13.5%).

UK Commercial

UK Commercial Transactional revenue grew by 3% to £118.9m (2021: £115.2m), reflecting growth in both the investment and leasing sectors as a result of their strong performance in the first half of the year.

Investment markets slowed considerably in the second half of 2022 resulting in Capital Transaction related revenues for the UK regions and Central London respectively, which had been up 59% and 88% at the half year, declining by 3% and 5% respectively for the year as a whole. The final quarter saw transactional activity drop to levels that have not been experienced since the global financial crisis. The severity of this decline, however, appears to have helped the UK market to recalibrate quicker than in the past.

Leasing markets fared somewhat better, although business confidence fell in the final quarter of 2022. Take-up of office, retail and logistics space across the UK was generally in line with or above long-term averages, with Savills teams achieving year-on-year revenue growth of 21%. To a great extent this was driven by corporate desire to improve the sustainability characteristics of their leased estate.

Despite the increase in revenues, underlying profits fell by 5% to £20.4m (2021: £21.5m), mainly as a result of higher staff costs and discretionary spend increasing towards pre-pandemic norms. The margin reduced to 17.2% (2021: 18.7%), still comfortably ahead of the 2019 pre-pandemic margin of 13.1%.

North America

Revenue from the North America Transactional business increased by 15% to £303.5m (2021: £263.6m), an improvement of 4% in constant currency.

The overwhelming majority of North American revenue relates to occupier leasing transactions which improved by 16% to £279.8m (2021: £240.6m). Growth in the North East and southern regions offset significant declines in activity in the Mid-Atlantic and West Coast regions as the corporate exodus from markets such as San Francisco and the recalibration of growth expectations in the technology sector took effect. These factors contributed substantial losses compared with the prior year, which could not be completely offset by growth in South Eastern and South Western markets.

Capital markets revenues improved by 3% to £23.7m (2021: £23.0m).

Profits were impacted by significant wage inflation in the salaried employee base, investment and retention of individuals and teams, as well as the anticipated increase in discretionary spend as marketing events and travel returned towards pre-pandemic levels. All the above factors resulted in a reduction in underlying profit to £2.3m (2021: £10.3m).

Continental Europe and the Middle East ('CEME')

In CEME, transaction fee income increased by 4% to £129.8m (2021: £124.4m); an improvement of 5% in constant currency.

The war in Ukraine and subsequent supply chain disruption, along with inflation and rising interest rates reduced investor and occupier activity levels, most notably in Germany and Poland. Across the region there was a slowdown in Investment markets as a result of the higher cost of debt, partially offset by more resilient leasing volumes within Office Agency and Retail. We continued to grow market share in Spain together with stronger performances from Ireland, France (particularly in Retail), Italy and the Czech Republic.

Profitability was impacted primarily by the significant downturn in activity causing losses in Germany and Poland together with investment in new teams in France and Italy and new offices in Portugal. As a result the underlying loss for the year was £2.7m (2021: £1.4m underlying profit).

UK Residential

UK Residential Transactional revenue decreased by 1% to £208.3m (2021: £210.7m), which was significantly ahead of our expectations at the start of the year.

Second hand sales revenue declined by 5% with a reduction in the number of exchanges of 17% to 6,124 (2021: 7,412), this was offset by an increase in the average sales value by 14% to £1.68m (2021: £1.48m). Volumes in the regional UK market declined significantly in line with our expectations, however Central London volumes remained relatively robust.

New Homes revenues were up 8% year-on-year, reflecting a 17% increase in the average value per exchange which more than offset the 4% reduction in the number of exchanges (2022: 3,477 vs 2021: 3,609), this was primarily due to growth in London, which helped to mitigate reduced demand in the regional markets.

In the institutional residential business, multifamily and student housing capital markets revenues were up 16%, driven by an increase in corporate finance portfolio transactions.

Underlying profit reduced by 10% to £35.1m (2021: £38.9m), reflecting higher staff costs, the return of discretionary spend, including resumption of national promotional campaigns and higher utility costs in the branch network. This performance represented an underlying profit margin of 16.9% (2021: 18.5%); underlying profits were 97% ahead of the pre-pandemic 2019 comparative (2019: £17.8m).

Asia Pacific Residential

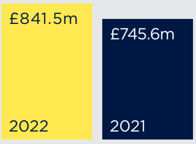
Revenue from the Asia Pacific Residential Transaction business decreased by 7% to £24.3m (2021: £26.0m), a fall of 13% in constant currency.

With some 83% of revenues in this segment generated in Greater China, lockdowns throughout the year and COVID resurgence on reopening in the last quarter had a significant impact on the volume of transactions. In Hong Kong and Australia, restrictions on travel coupled with high interest rates further limited demand. In Singapore, revenues and profits were broadly flat year-on-year with an increased contribution from Huttons, our mid-market residential agency joint venture. As a result, underlying profits fell by £1.5m to £3.4m (2021: £4.9m).

Property and Facilities Management

Revenue

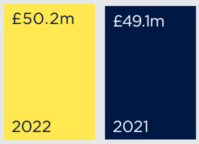
£841.5m



+13% YOY change

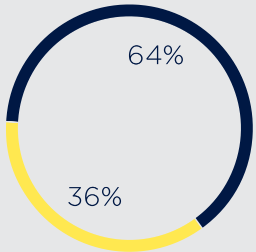
Underlying profit

£50.2m



+2% YOY change

Contribution to Group revenue (%)



Property and Facilities Management
Rest of Group

Property and Facilities Management

Our Property and Facilities Management businesses continued to perform well, with revenues growing by 13% to £841.5m (2021: £745.6m); 9% in constant currency. Savills total area under management increased by 1% to 2.47bn sq ft (2021: 2.45bn sq ft). Underlying profit increased by 2% to £50.2m (2021: £49.1m), a decrease of 1% in constant currency, primarily due to staff cost inflation and the absence of receipts under the COVID-related employment retention subsidies in Hong Kong and Singapore (2021: £5.1m).

Asia Pacific

In Asia Pacific, Property Management revenue was £404.9m, an increase of 14% year-on-year (2021: £356.7m); a 5% increase in constant currency.

Facilities Management revenues were up 15% (2022: £164.8m vs 2021: £143.9m) and Property Management up 13% (2022: £240.1m vs 2021: £212.8m). The revenue growth in Property Management came mainly from new contracts won in Hong Kong, Vietnam, Singapore and mainland China. The revenue growth in Facilities Management was predominantly in Singapore, aided by the acquisition of Absolute Maintenance Services Pte Limited and Solute Pte Limited ('AMS').

The absence of employment subsidies in 2022 (2021: £5.1m) reduced underlying profits by 19% year on-year to £21.0m (2021: £25.8m) resulting in a more normal margin of 5.2% (2021: 7.2%) for the Asia Pacific business as a whole.

UK

The UK Property Management business grew revenues by 9% to £327.4m (2021: £300.6m) reflecting continued success with contract wins. We now have the leading position in the management of landmark offices (four of the six largest towers in City of London are managed by Savills).

Square footage under management increased by 1.5% (31 December 2022: 577.0 million sq ft, 31 December 2021: 568.7 million sq ft). Of the increase in revenues, proportionately more came from the lower margin Facilities Management ('FM'), which thus has a less beneficial effect on the overall profitability of the business. During the year we continued to diversify our FM business into new service lines, such as car park consultancy and secured significant new FM mandates.

Our Residential Lettings business had a successful year, with revenues increasing by 10%, reflecting strong tenant demand with reduced supply, particularly within London.

The higher revenues, along with a continued drive to improve efficiencies, increased underlying profit by 18% to £25.9m (2021: £22.0m).

Continental Europe and the Middle East

CEME Property Management revenues increased by 24% to £109.2m (2021: £88.3m); the same on a constant currency basis.

In Germany revenues were up 40%, with significant new mandates won. In Spain revenues were up 38%, including the full year impact of a new team hire during 2021. Revenue in Ireland grew as a result of new contracts won, with the Middle East also improving significantly, reflecting contracts won in the Saudi Arabian and Egyptian property management businesses. There was also improvement in the Czech Republic in its third year of operation from a standing start.

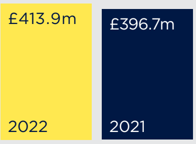
Area under management at 31 December 2022 was 265.4 million sq ft, up 43% on last year (31 December 2021: 186.0 million sq ft), mainly as a result of the new mandates in Germany and contract wins in the Netherlands and Poland.

Profitability and margins in the CEME businesses were benefited by improved scale but were impacted by inflationary cost pressures. However, in aggregate underlying profit increased by 154% to £3.3m (2021: £1.3m).

Consultancy

Revenue

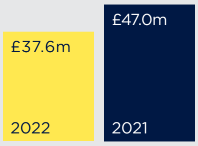
£413.9m



+4% YOY change

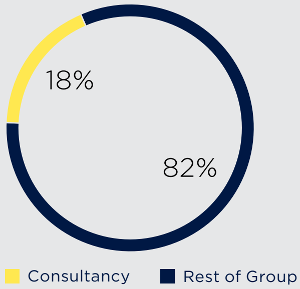
Underlying profit

£37.6m



-20% YOY change

Contribution to Group revenue (%)



Consultancy

Global Consultancy revenue increased by 4% to £413.9m (2021: £396.7m); 2% on a constant currency basis. Underlying profit decreased by 20% to £37.6m (2021: £47.0m); 20% on a constant currency basis. Some of the reduction was associated with market-related reductions in certain service lines such as valuations, which are linked to transactional volumes, however the most significant impact was salary inflation, particularly amongst professionals below director level.

UK

The UK Consultancy businesses, comprising a broad range of advisory activities, increased revenue by 2% to £248.4m (2021: £244.0m).

The main sources of revenue growth were the Housing, Business Projects & Consulting ('BP&C') and Planning teams, partially offset by reductions in Development, Energy & Projects, Hotels, Leisure & Trading ('HLT') and Valuations.

Housing revenue growth was driven by high client demand particularly in surveying, due to government initiatives on safety in the sector, BP&C benefitted from significant year-on-year growth in both Scotland and the south of England (mainly project management work), and Planning had a very strong end to the year in both London and the regions.

Development revenues were down on 2021 reflecting a slowdown in house building following the mini-budget, likewise the Valuations teams also suffered a reduction in revenues as a result of subdued capital transactions in Q4.

Underlying profits were impacted by higher staff costs, which were due to a combination of salary increases coupled with headcount growth. In addition discretionary spend such as travel and entertainment increased, albeit still well below pre-pandemic levels.

As a result underlying profit decreased by 15% to £28.0m (2021: £33.1m).

Asia Pacific

In the Asia Pacific Consultancy segment, revenues increased by 8% to £87.4m (2021: £81.3m); 2% on a constant currency basis. The overwhelming majority of revenues are earned in mainland China and Australia, both of which suffered from reductions in valuation and research activity as a result of COVID-related lockdowns and the impact of interest rates on capital transaction volumes.

Project management increased revenue by 31% year-on-year, boosted by the acquisition of Merx Holdings (SG) Pte Ltd ('Merx') at the end of 2021. The business operates in Singapore and Hong Kong and generated revenue of £5.4m.

Asia Pacific Consultancy underlying profit was impacted by significant reductions in activity and professional salary inflation in mainland China and Australia, together with initial costs relating to the integration of Merx and set-up costs in developing the project management offering across the region.

As a result, underlying profit decreased by 56% both at prevailing exchange rates and on a constant currency basis to £2.9m (2021: £6.6m).

Continental Europe and the Middle East

Revenues increased by 7% to £44.3m (2021: £41.3m), at both prevailing rates and on a constant currency basis.

Revenue growth was driven by growth in portfolio advisory work in Germany supported by growth in advisory services in the Netherlands, Sweden and Ireland.

Underlying profits grew by 96% to £4.9m (2021: £2.5m); 92% in constant currency.

North America

This segment primarily comprises complex project management through Macro Consultants LLC ('Macro'), a national project management consultancy business and T3 Advisors, a workplace solutions advisory firm specialising in the life science and technology sectors (acquired June 2021), as part of our strategy to diversify our income streams by building up our Consultancy practices.

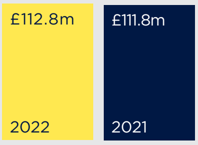
Revenues increased by 12% to £33.8m (2021: £30.1m), 2% on a constant currency basis, primarily as a result of a greater volume of project work in the Macro business. This was partially offset by the impact of reduced growth expectations in the technology sector which affected the revenue of T3 Advisors after a very successful year in 2021.

The impact of the significant cost pressures in these sectors resulted in a reduction in underlying profit of 63% to £1.8m (2021: £4.8m), 65% in constant currency.

Investment Management

Revenue

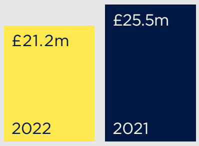
£112.8m



+1% YOY change

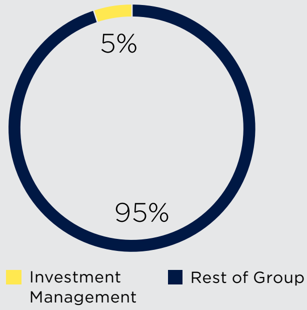
Underlying profit

£21.2m



-17% YOY change

Contribution to Group revenue (%)



Investment Management

Savills Investment Management achieved revenue growth of 1% to £112.8m (2021: £111.8m); 1% in constant currency.

The revenue growth was driven by the full year effect of 100% ownership of DRC Savills Investment Management, the real estate debt investor whose remaining 75% partnership interests were acquired in May 2021. This was partially offset by significantly lower performance fees as global markets cooled during 2022.

During 2022 transactions of circa £3.4bn (2021: £3.5bn) were executed, including £1.3bn of disposals, £1.8bn of acquisitions and £0.3bn in debt investments. Assets Under Management increased by 1% to £22.1bn (2021: £21.9bn). Fund performance remained strong with 94% of funds exceeding their five-year benchmarks. In difficult market conditions the business raised £1.6bn of new equity (2021: £2.5bn), supported by initial investments from Samsung Life Insurance in the first 12 months of the relationship.

The cost base was impacted by an increase in headcount, inflationary pressures on property and office costs and investments in the platform, including the acquisitions of Pitmore 1 Limited (a UK development and build-to-rent specialist) and a majority stake in Simply Affordable Homes LLP (specialising in shared ownership and affordable and social rents).

In aggregate, primarily as a result of the reduction in performance fees year-on-year, underlying profit reduced by 17% to £21.2m (2021: £25.5m); 16% decrease on a constant currency basis.

Mark Ridley
Group Chief Executive

Chief Financial Officer's review

Simon Shaw
Group Chief
Financial Officer

> "Overall the Group performed well in a year characterised by challenging macro-economic and market conditions, inflationary costs and the return to more normal levels of discretionary spend post-COVID."

Profit margin

Underlying profit margin decreased to 7.2% (2021: 9.3%), see Note 2.3 and Note 8 for further explanation of underlying profit measures. This reflects the mix of business with reduced growth in higher margin Transactional and Investment Management businesses. In addition, there was higher staff cost inflation than for some years and a return to higher levels of marketing, travel and entertainment/events related expenses. This was anticipated after the abnormally low levels of such expenditure in 2021 due to the impact of COVID and remote working.

Reported pre-tax profit margin decreased to 6.7% (2021: 8.5%).

Taxation

The tax charge for the year decreased to £34.1m (2021: £36.4m), representing an effective tax rate on reported profit before tax of 22.2% (2021: 19.9%). The Group's effective reported tax rate is higher than the UK effective rate of tax of 19% as a result of profits in higher tax jurisdictions and permanently disallowed charges, including non-deductible transaction-related costs.

The underlying effective tax rate increased to 20.5% (2021: 18.7%).

Transaction-related costs

During the year the Group recognised a total of £15.5m in transaction-related costs (2021: £17.0m), these costs primarily represent liabilities for future consideration payments which are contingent on the continuity of recipients' employment at the time of payment (2022: £14.8m, 2021: £13.9m). The largest individual component of this charge in 2022 related to the acquisition in 2021 of the 75% partnership interests in DRC Capital LLP, which the Group did not already own.

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

Earnings per share

Basic earnings per share decreased 17% to 87.0p (2021: 104.9p), reflecting an 18% decrease 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 decreased 19% to 94.9p (2021: 116.5p).

Fully diluted earnings per share decreased by 18% to 82.2p (2021: 99.8p). The underlying fully diluted earnings per share decreased 19% to 89.8p (2021: 110.9p).

Cash resources, borrowings and liquidity

Cash and cash equivalents, net of overdrafts in notional pooling arrangements, at year end decreased 5% to £467.1m (2021: £491.2m). This decrease reflected the special dividend payment in the year and the value of treasury share purchases offset by a robust trading performance and the positive impact of exchange movements on cash held in foreign currencies.

Gross borrowings at year end increased to £159.7m (2021: £150.5m). These principally comprise £150.0m (2021: £150.0m) of 7, 10 and 12 year fixed rate notes which were issued in June 2018. The Group's £360.0m UK revolving credit facility ('RCF') was undrawn at the end of the year (2021: undrawn), with a total of £426.2m (2021: £422.2m) of undrawn borrowing facilities available to the Group. At the year end, cash and cash equivalents net of borrowings was £307.4m (2021: £340.7m).

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 £164.0m (2021: £302.7m). This reduction was due to reduced profits year-on-year and the related increase in net working capital.

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 0.1m (2021: 1.1m) new ordinary shares were issued on the exercise of options by participants of the Group's SAYE schemes and 0.1m (2021: nil) of new ordinary shares were issued to participants of the Group's PSP 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 2022 was 144.4m (2021: 144.2m).

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 further during the year with the increase in the yield on AA-rated corporate bonds, reducing the value of the Scheme's liabilities. The plan was in a surplus position of £22.3m at the year-end (2021: £17.4m surplus).

Net assets

Net assets as at 31 December 2022 were £805.3m (2021: £753.4m). This movement reflects primarily the Group's trading performance and currency translation gains, reflecting the weakening of sterling during the year, offset by purchases of treasury shares and dividend payments.

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 £69.4m increase in revenue and a £1.7m increase in underlying profit. Refer to Note 3.2 to the financial statements and the appendices for further information on foreign exchange risk and movements during the year.

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, timing of 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.

We aim to continuously strengthen our risk management, with more dynamic risk detection, visibility of the linkage between risks across the Group.

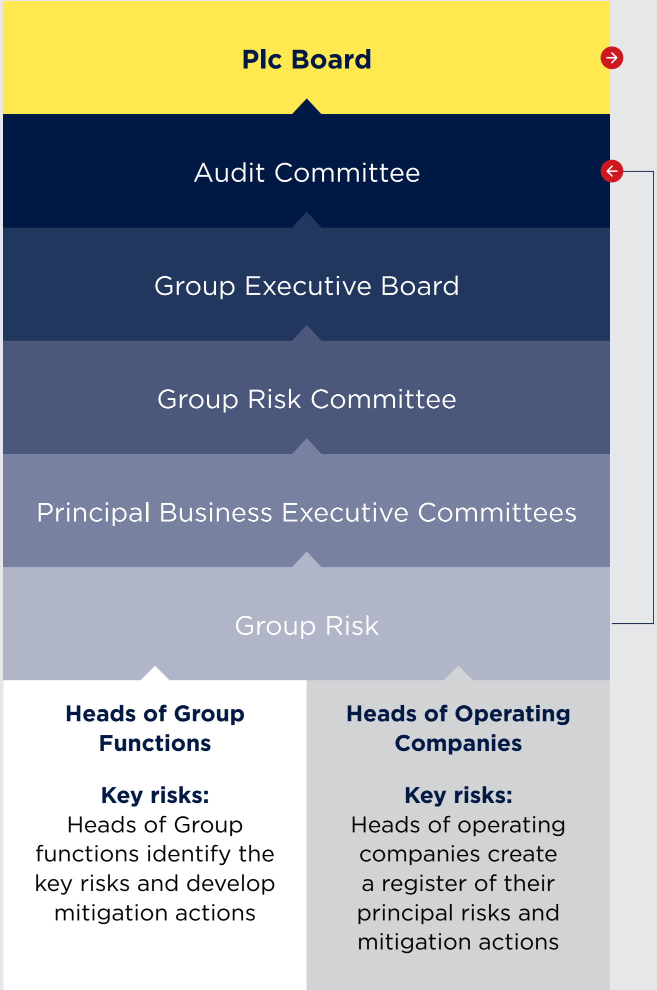
The Group Director of Risk & Assurance facilitates the risk assessment and evaluation process with Group and regional/business unit management on behalf of the Board and challenges risk findings and the internal control framework to ensure that these are effective.

"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



Review and confirmation

Review and confirmation by the Board.

Process

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

Ongoing review and control

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

Review and assessment

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

The Savills Investment Management business has its own comprehensive and regulatory-compliant framework for identifying and managing risk, reporting to the Audit Committee and Board.

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, the Group Risk Committee and the Group Executive Board.

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 risk appetite in the context of the Group 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 Principal Businesses
- Determines the nature and extent of the principal Group risks and assesses 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 set by the Board
- Considers emerging risks in the context of the Group's strategic objectives and the global macro-economic and socio-political environment
- 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 the Group's business model, future performance, solvency or liquidity are threatened.

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, liquidity and/or pose a material reputational risk. 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 105 to 115.

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, eg 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. Principal Business Executive Committees

Responsibilities

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

Actions

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

4. Heads of the Group Functions and Operating Company

Responsibilities

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

Actions

- Regularly review operational, project, functional and strategic risks as well as emerging risks
- Review mitigating controls, whether financial, operational or compliance and mitigation plans to address control gaps
- Plan, execute and report on assurance activities as required by Regional or Group Management.

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

Savills continuously reviews and enhances its risk management process and seeks advice from independent advisers 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. Market conditions, macro-economic and geopolitical issues.
2. Achieving the right market positioning to meet 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 2021
1 Market conditions, macro-economic and geopolitical issues			
Strategic objective: Geographic diversification/ Financial strength	Global markets have seen increased volatility, with geo political and macro-economic uncertainty in many sectors. The financial impact of the COVID-19 disruption continues in some markets. Inflation and consequential increases in interest rates have impacted market sentiment and investor confidence, with the speed at which individual investment/ transactional markets will recalibrate to the current/anticipated cost of debt uncertain. 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 transactional business is the largest component, increasing the level of risk in relation to earnings. There is a currency risk from operating in a large number of countries.	The strength of Savills business and brand and the focus on client service. Our strategy of diversifying our service offering and geographic spread mitigates the impact on the Group of macro-economic downturns and weak market conditions in specific geographies, but this strategy cannot entirely mitigate the overall risk to earnings. To manage these risks further, we maintain a continuous focus on our cost base and seek to improve operational efficiencies. Contingency plans are in place to enable us to respond quickly to market information, economic trends and adverse events. Continual monitoring of market conditions, market changes and other events against our Group strategy, supported by the reforecasting and reporting in all of our businesses, are key to our ability to respond on a timely basis to changes in our operating environment. 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. We manage currency risk in local operations through natural hedging and matching revenue and costs in the same currency.	Up
2 Achieving the right market positioning in response to the needs of our clients			
Strategic objective: Business diversification/ Strength in Residential and Commercial markets/ Geographical diversification/ Commitment to clients	The markets in which we operate are highly competitive. Competition could lead to a reduction in market share resulting in 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 changes to our clients real estate requirements change as a result of for example climate change.	To remain competitive in all markets, we continue to promote and differentiate our strengths while focusing on providing the quality of service that our clients require. We continue to invest in the development of client relationships, our businesses and people and associated systems/digital technology to support, enhance and extend our client service offering.	Unchanged

Risk	Description	Mitigations	Change from 2021
3 Recruitment and retention of high-calibre staff			
Strategic objective: Financial strength/ Commitment to clients	We recognise that the future success of our business is dependent on attracting, developing, motivating and retaining people of the highest quality.	We continue to invest in the development of our people and our learning and development programmes across the business. Reflecting the change to working patterns as a result of the pandemic, Savills has maintained its flexible approach to office working while ensuring that client service remains at the highest level. Our partnership style culture and profit-sharing approach to remuneration are 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. We aim to develop talent and promote from within. Our Diversity and Inclusion strategy, health and wellbeing programmes and encouragement of charitable and participation in the communities in which our businesses operate all combine to ensure that our businesses have an inclusive culture, provide our employees with the ability to be the best they can be and maintain their 'employer of choice' status.	Up
4 Reputational and brand risk			
Strategic objective: Strength in Residential and Commercial markets/ Commitment to clients	'Savills' is a strong, well-recognised and valued brand with an excellent reputation in the markets in which we operate. The Group's reputation could be damaged due to an action or event that results in negative media/social media coverage. We recognise the need to maintain this reputation by ensuring the quality of the service we provide and as described below, requiring our people to operate to the highest ethical standards.	We recognise that our brand strength is vital to maintaining market share in established and new markets. A brand management programme is in place to ensure the brand's positioning and identity is clearly and consistently promoted. Our social media policy is supported by guidance and training as well as ongoing monitoring. All external statements have to be appropriately approved. We recognise that the quality of the service we offer is vital to maintaining the brand. We have in place policies, controls and processes to monitor the quality of our client service to support our programme of continuous improvement. The Group has well established Environmental, Social and Governance ('ESG') programmes as set out in Responsible Business on pages 43 to 61 to support our brand values.	Unchanged
5 Legal risk			
Strategic objective: Financial strength/ Commitment to clients	Failure to fulfil our legal or contractual obligations to clients could subject the Group to action and/or claims from clients. The adverse outcome of such actions/claims could negatively impact our reputation, financial condition and/or the results of our businesses. For example: ▪ In accepting client engagements, Group companies are generally subject to client duty of care obligations. Failure to satisfy these obligations could result in claims being made against the relevant operating company. ▪ In our Property and Project Management businesses, we may be responsible for appointing or overseeing third party contractors that provide construction and engineering services. In addition in our Property Management business we may be responsible for health and safety at site level. Failure to discharge these responsibilities in accordance with our obligations could result in brand damage and/or claims being made against the operating companies. ▪ In our valuation consultancy businesses, we can be subject to claims alleging in particular the over-valuation of properties.	The Group has a range of policies in place including client acceptance, legal and regulatory compliance, data protection, health & safety, procurement, contractor management and valuation to mitigate contractual risk. In particular 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 health & safety and consultancy services such as valuations. Such policies are regularly reviewed. The Group maintains professional indemnity insurance to respond to and mitigate the Group's financial exposure to any claims. As described below, our strong emphasis on appropriate business conduct by all our employees, contractors and associates further mitigates this risk.	Unchanged

Principal and emerging risks and uncertainties facing the business continued

Risk	Description	Mitigations	Change from 2021
6 Failure or significant interruption to our IT systems causing disruption to client service			
Strategic objective: Financial strength/ Commitment to clients	Major failures in our IT systems may result in client service being interrupted or data being lost/corrupted causing damage to our reputation and consequential client and/or revenue loss. There is a risk that a third party cyber attack on our infrastructure by a malicious individual or group could be successful and impact the availability of critical systems.	Specific back-up and resilience requirements are built into our systems. Our critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful cyber attack. Our data centres are accredited to international information security standards. Our IT strategy is to diversify our services utilising cloud and hosting in order to avoid a single point of failure. Penetration testing and vulnerability testing is carried out regularly. Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated. We continuously review our resilience to cyber security attacks, implementing new systems and procedures to address continuously evolving and ongoing cyber threats. Cyber insurance cover is in place.	Unchanged
7 Operational resilience/Business Continuity (including pandemics)			
Strategic objective: Financial strength/ Commitment to clients	Significant non-IT events may affect continuity of service to clients, consequential revenue loss and reputational damage. While the world continues its recovery from COVID-19, new COVID-19 variants or other pandemics may impact in 2023 and beyond, but it is difficult to predict this impact with any certainty in a dynamic environment.	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. Continuity plans encompass a range of events that could impact on our people or buildings such as pandemics, terrorist events and natural disasters. Appropriate plans/measures continue to be maintained in relation to 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 guidance in all locations.	Unchanged
8 Business conduct			
Strategic objective: Business diversification/ Geographical diversification/ Commitment to clients	We operate in international markets that may present business conduct-related risks involving, for example, fraud, bribery or corruption. Failure by the Group and its employees to observe the highest standards of integrity and conduct in dealing with clients, suppliers and other stakeholders could result in civil and/or criminal penalties, regulatory sanction, debarring and/or reputational damage.	We have programmes to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement. We have a zero tolerance approach to breaches of our Code of Conduct.	Unchanged

Risk	Description	Mitigations	Change from 2021
9 Changes in the regulatory environment/regulatory breaches			
Strategic objective: Commitment to clients	We are required to meet a broad range of regulatory compliance requirements in each of the markets in which we operate. For example: Some of our operations have regulatory licences: In the UK, Savills Capital Advisors 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'). Savills Investment Management entities are also variously authorised by the Bank of Italy, MAS in Singapore, BaFin in Germany, JFSC in Jersey, CSSF in Luxembourg and ASIC in Australia. Savills Group companies also hold financial services advisory licences in Japan. 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. In addition, some of our service businesses are regulated by The Royal Institution of Chartered Surveyors ('RICS'), for example, Savills (UK) Limited. 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.	Our Group Policy Framework, which sets out our standards for professional, regulatory, statutory compliance and business conduct, is reviewed regularly. To support this Framework each business has its own regulatory compliance resources who monitor regulatory developments and maintain the internal processes and controls required to fulfil our compliance obligations. Our compliance environment, at all levels, is subject to regular review by internal audit and external assurance providers.	Unchanged
10 Acquisition/integration risk			
Strategic objective: Business diversification/ Geographical diversification/ Strength in Residential and Commercial markets/Financial strength	The structuring and integration of acquisitions is critical to realising the benefits targeted. 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
11 Environment and sustainability			
Strategic objective: Commitment to clients/Financial strength	Environment and sustainability matters are a significant consideration for clients, employees and investors. Savills offers its clients expert advice on a growing range of environmental and sustainability matters. 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, employees and investors with the best advice and information. Savills has committed to net zero targets: Scope 1 and 2 net zero by 2030; and Scope 3 (for controlled assets) by 2040. We collect data and report in accordance with the relevant legislation and regulatory framework, including TCFD (Responsible Business pages 69 to 73).	Unchanged

Viability statement

The longer-term viability of the Group is assessed for a period longer than for the going concern analysis. In accordance with Provision 31 of the UK Corporate Governance Code, the longer-term viability assessment was conducted for a period of three years, ending on 31 December 2025, 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 73. 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 135.

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. 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 and key assumptions

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 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.

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. The Directors continue to monitor the principal risks facing the Group, including those that would threaten the execution of its strategy, its business model, future performance, solvency and liquidity. These principal risks and the consequent impact these might have on the Group are detailed on pages 29 to 35.

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 2025.

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.

Engagement with our stakeholders

This section provides insight into how the Board engages with our stakeholders to understand what matters to them and further inform the Board's decision-making. You can read more in our formal section 172 ('s.172') Statement on pages 40 to 42, which sets out our approach to s.172.

We are focused on driving long-term sustainable performance for the benefit of our clients, shareholders and wider stakeholders. 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. Our teams have worked hard to stay connected to all of our stakeholders.

The Board remains committed to strengthening further its dialogue with employees and the Company's wider stakeholder group and considers the views of key stakeholders in its decision-making, recognising that they are central to the long-term prospects of the Company.

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 in particular in 2022 through a targeted brand perception review, which saw the Group engage with a representative group of key clients and undertake a focused employee survey. We have summarised below why our stakeholders are important to us, what their interests are and how the Board and company engages and responds.

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.

Our Suppliers

Our businesses have regular engagement with their key suppliers, who are required to operate with high service levels and the ethical standards that are set out in our Code of Conduct. We regularly monitor the relationship and engagement approach with our third-party suppliers.

Our Environment

We are committed to improving the impacts our operations have on the environment, managing climate-related risks and working together with our clients, suppliers and local communities towards delivering a more sustainable future.

Our Clients

Our clients are key to the success of our business.

savills

Our People

Our people are our most valuable asset. We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives.

Our Community

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.

Our Shareholders

We believe that engaging with our shareholders and encouraging an open, meaningful dialogue between shareholders and the Company is vital to ensuring mutual understanding.

Stakeholder engagement continued

Stakeholder Group	How we engaged them in 2022	Further links
Our Clients **Our clients are key to the success of our business.**	Our businesses are in continuous contact with our clients, to understand their requirements, to listen to their feedback on our service levels and to understand their expectations in terms of the development of our service offering. We invest in our people and systems to ensure they have the right skills, competencies and tools to effectively nurture and grow client relationships. 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. 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. In 2022, we in particular asked a representative sample of our largest clients around the world for their feedback on our service offering, service standard and what distinguishes from its competitors.	Client engagement page 51
Our People **Our people are our most valuable asset.** **We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives.**	Our people are at the core of our business. We aim to build a trusting, respectful and inclusive culture where our people feel engaged and fulfilled. We want our people to feel that their human rights are respected and that they are treated with dignity at work. Our long-standing focus and business philosophy is founded on the premise that staff in our sector are motivated through highly incentive and performance based (and, therefore, variable) remuneration consistent with our partnership style culture. We firmly believe that this approach best aligns Shareholders' and management's interests and incentivises superior performance and the creation of long-term shareholder value. We 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 programmes and activities globally. Employee engagement and wellbeing have never been more important and throughout the COVID-19 pandemic, we worked hard to listen to and support the needs of our people, ensuring honest, open lines of communication to enable our employees to stay positive, connected and productive, while feeling valued and supported. We communicate honestly and openly with our people to keep them informed and involved with business activities. During the year we use a number of valuable multiple channels to communicate and engage with employees, including regular town hall and other meetings, all-employee e-mails and our intranet. 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. Our principal businesses have employee-led groups in place covering areas such as diversity and inclusion, innovation, and social events. Feedback received from these workings groups are given to the ESG Committee, and ultimately the Board. During the year we also launched an independently facilitated 'speak-up (whistle-blowing)' hotline to allow colleagues to in particular raise concerns confidentially about the conduct of our business. All disclosures are investigated promptly under the oversight of the Group Legal Director & Company Secretary and escalated to the Board as appropriate, with follow-up action being taken as soon as practicable thereafter. We have continued to focus on employee engagement through a number of areas, including supporting the health and wellbeing of our employees. We gather feedback regularly from our employees to assess their levels of engagement. In 2022 we sought employee feedback on what they think characterises Savills as a business today including in relation to the Group's approach to building a diverse and inclusive business and what they think will be key to our success in the future. As part of our commitment to helping 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.	Employee feedback page 52 Diversity and Inclusion pages 53 to 55 Employee Engagement page 89

Stakeholder Group	How we engaged them in 2022	Further links
Our Community **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.**	To successfully engage with local communities, we have adopted a range of approaches, eg charitable giving, volunteering events, pro bono work, and work experience opportunities to facilitate and participate in community interaction and cohesion. This approach means we can establish and maintain effective connections, deliver real benefit and remain proactive to the current issues that communities may be facing. We have aligned our Group's ESG strategy with nine of the 17 UN Sustainable Development Goals (SDGs) to help us achieve our Sustainability objectives. With the impact of COVID-19 we believed it was even more important to continue our commitments, and in 2022 we continued to have a positive impact on the areas where our people live and work. Examples of our community initiatives during 2022 are on page 57.	Charity and Community involvement – case studies on pages 57 and 58
Our Environment **We are committed to improving the impacts our operations have on the environment, managing climate-related risks and working together with our clients, suppliers and local communities towards delivering a more sustainable future.**	Making a meaningful contribution to the wider society enables us to create stronger communities and have a positive environmental and social impact. 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 our response, we joined the Race To Zero Campaign and Business Ambition for 1.5°C Campaigns in 2022 and are committed to agreeing SBTi (Science based Targets Initiative) within the next 18 months. Read more about our ESG strategy including carbon efficiency improvements, GHG Emissions and TCFD reporting on pages 64 to 73.	Responsible Business, our ESG strategy pages 43 to 73
Our Shareholders **We believe that engaging with our Shareholders and encouraging an open, meaningful dialogue between Shareholders and the Company is vital to ensuring mutual understanding.**	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. We build relationships with our Shareholders through our investor relations programme which includes regular investor roadshows. These engagements generated insightful feedback which was shared with the Board and the Company's 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 AGM provides the Board with an opportunity to engage with our Shareholders. The 2023 AGM will be held in person. The Chairman and Stacey Cartwright as the Senior Independent Director are also available to meet Shareholders at all times as required.	KPIs pages 3 and 4 Shareholder engagement page 90 Annual General Meeting page 90
Our Suppliers **Our businesses have regular engagement with their key suppliers, who are required to operate with high service levels and the ethical standards that are set out in our Code of Conduct. We regularly monitor the relationship and engagement approach with our third-party suppliers.**	Our property management businesses work with a broad and diverse range of supply partners to ensure that we can deliver the best service for our clients. We create close and collaborative relationships with key suppliers The close relationships with service partners across our managed portfolio ensure we have good access to quality partners. Our Tiering framework ensures that the vast majority of the expenditure is placed with service partners who sign up to our PM+ Core Principles and regular 360° assessment is undertaken. During the pandemic regular engagement with key service partners has been essential in ensuring continuity of service and responding to the impacts of the pandemic. All suppliers are required to operate with high service levels and the ethical standards that are set out in Savills Code of Conduct and our Modern Slavery and Anti-Trafficking Statement. We regularly monitor the relationship and engagement approach with our third-party suppliers including communications received via the Company's Speak-up policy. 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.	Code of Conduct page 60 Speak-up policy page 60 Modern Slavery statement page 60

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 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 2022.

In the context of the Board's activities during 2022, 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.

Section 172 matters	How the Board had regard to these matters during the year	Read more about our approach to s.172(1) matters
(a) likely consequences of any decisions in the long term	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. We consider our stakeholders when developing and executing our strategy which is reviewed on an annual basis. During the year the Board: ▪ considered regular reports from Senior Management and the Heads of the Principal Businesses on business performance, financing and the implementation of strategy throughout the year; ▪ at a Strategy Review in November 2022 reconfirmed the Group's strategy and medium-term plan, including updates on progress made in relation to strategic initiatives from across the business and discussion of priorities in the short, medium and longer terms, including the Group's ESG strategy and net zero carbon objectives; ▪ approved material transactions, specifically the acquisitions of (a) 60% of Absolute Maintenance Systems (an FM service provider in Singapore); (b) a retail property management business in Poland; (c) SRS Lease Administration LLC in North America; (d) Pitmore and 60% of AAIM by Savills Investment Management as part of the launch of its Living Strategy; and (e) strategic recruitments across the Group; and ▪ operational risk management in relation to the ongoing impact of COVID-19 pandemic, and in particular employee wellbeing initiatives.	Our business model pages 10 and 11 Chairman's statement pages 6 to 9 Our strategy pages 10 and 11 Board focus in 2022 pages 96 and 97 Board principal decisions page 96
(b) interests of employees	▪ We believe that in order to deliver our strategy, it is important that our people are fully engaged and motivated. ▪ Employee engagement and wellbeing have never been more important, we have worked hard to listen to and support the needs of our people, ensuring honest, open lines of communication to enable our employees to stay positive, connected and productive, while feeling valued and supported. ▪ We have continued to focus on employee engagement through a number of areas, including in particular through the introduction of third party-led support programmes, health and wellbeing. We gather feedback regularly from our employees to assess their levels of engagement. In 2022 we asked our employees for feedback specifically asking what they think characterises Savills as a business today including the progress made on our diversity and inclusion initiatives, and what they think will be key to our success in the future.	Our people pages 52 to 58 Diversity and Inclusion pages 53 to 55 Our culture page 60 Speak-up policy page 60 Non-financial reporting page 61 Leadership and Company Purpose pages 75 to 90 Engaging with employees page 89
(c) fostering the Company's business relationships with suppliers, clients and others	The Board reviewed the 2023-2025 Business Plan which included the importance of maintaining the highest levels of client service, which is fundamental to the delivery of the Group's strategic goals. We tested our performance in this critical area and how we need to further enhance our client service offering by seeking feedback from a representative sample of clients across the globe.	▪ Our business model pages 10 and 11 ▪ Our clients pages 51 to 55 ▪ Speak-up policy page 60 ▪ Human rights and Modern slavery page 60 ▪ Leadership and Company purpose pages 75 to 90 ▪ Board principal decisions page 96

Section 172 matters	How the Board had regard to these matters during the year	Read more about our approach to s.172(1) matters
(d) impact of the Company's operations on the community and the environment	The Board is responsible overall for managing ESG and climate-related risks and realising opportunities. During the year, the Board considered the Group's approach to ESG, and in particular progress against the Group's net zero carbon goals as part of its Strategy Review. We recognise the need for action in addressing the climate crisis and transitioning to a greener, safer and more resilient economy. Across our global business, the Board is committed to reducing the impact that our operations have on the natural environment, managing the climate-related risks and working together with our clients, suppliers and local communities towards delivering a more sustainable future. 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. Through 2022 we have continued to target improvements based on delivering against our ESG objectives, as we progress towards our nine 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. During the year the Board confirmed the Group's Net Carbon Zero targets, which 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.	Environment pages 46 to 49 Community pages 57 and 58 GHG and energy data pages 64 to 67 TCFD disclosures pages 68 to 73
(e) maintaining a reputation for high standards of business conduct	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 adopted a number of KPIs. 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 and which sets out Savills zero tolerance approach to Modern Slavery in our organisation and supply chain. Our current statement, approved by the Board in March 2022, sets out actions taken to address risks of Modern Slavery within our business and supply chain during the financial year from 1 January 2022 to 31 December 2022. 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. In 2022 a key topic for both the Nomination and Governance Committee and the Board was succession planning and the development of a diverse talent pipeline and Board succession. During the year Board and senior management succession plans, which are based on merit and are assessed against objective criteria, were reviewed. During the year the Board: ▪ considered the composition and effectiveness of the Board; ▪ confirmed Board and senior management succession plans; ▪ reviewed and approved corporate statements; ▪ undertook annual review of the principal and emerging risks of the Group; ▪ reviewed and validated the effectiveness of the Group's systems of internal controls and risk management framework; ▪ considered reports on specific risk areas across the business; and ▪ reviewed and approved the Group's full year and half year results, as well as the regulatory announcements and the Group's Viability Statement and Going Concern status.	Chairman's statement on pages 6 to 9 Our culture page 60 Modern Slavery statement page 60 Speak-up page 60 Leadership and Purpose pages 75 to 90 Internal Controls page 104

Section 172(1) Statement continued

The Board of Directors of Savills Plc, 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 2022.

In the context of the Board's activities during 2022, 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.

Section 172 matters	How the Board had regard to these matters during the year	Read more about our approach to s.172(1) matters
(f) acting fairly as between members of the Company	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. We are in regular contact with our major Shareholders and potential Shareholders. 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. During the year the Group Chief Executive and Group Chief Financial Officer undertook their regular programme of engagement with Shareholders which included: the financial reporting cycle comprising full year and half year financial results; and one-to-one investor meetings (virtual) and calls. 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: ▪ AGM Trading Update ▪ Half year financial results ▪ Notice including resolutions for the Annual General Meeting ▪ Full Year results for the year ending 31 December 2021 ▪ Annual Report and Accounts 2022 ▪ 2021 Supplemental and Final and 2022 Interim Dividend approval	Engaging with stakeholders page 90

Our Environmental Social and Governance (ESG) Structure

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

The Company 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 in the communities in which we operate.

ESG Our Strategic Goals

The Group's ESG strategy which is aligned to the nine UN Sustainable Development Goals where we believe we can make the most difference, is developed and recommended by management and endorsed at Board level and is then implemented at regional and country level.

Commitment to 9 UN Sustainable Development Goals	Climate Change	People
Good Health & Well-Being	Committing to Science-Based Targets consistent with a no greater than 1.5°C temperature increase, of achieving Scope 1 and 2 net zero by 2030 and, where we have decision-making power, net zero in our value chain (ie Scope 3, including assets under the Group's control) by 2040.	Developing Talent
Quality Education	Supplier commitment to influence stakeholders to work towards carbon neutrality.	
Gender Equality	Comprehensive Consultancy services across sustainability.	
Affordable & Clean Energy		Diversity & Inclusion
Decent Work and Economic Growth		
Sustainable Cities And Communities		
Responsible Consumption and Production		Promoting Health & Wellbeing
Climate Action		
Life on Land		

ESG Key Performance Highlights

The Company holds itself accountable for its social, environmental and economic impacts on the people and places where it does business.

Environmental

page 46

- Sustainability
- Environment
- Savills Earth

Asia Pacific business shortlisted for RICS Southeast Asia Sustainability Awards 2022.

We have made tangible reductions in carbon, in 2022, our absolute Scope 1 and 2 'market-based' emissions totalled to 6,679 tonnes CO_2e, which is a 17.9% reduction against the 2019 base year.

We continue to target improvements based on delivering against our nine material Sustainable Development Goals (SDGs). We aim to maximise energy efficiency, minimise environmental impact and work continuously towards net zero carbon targets globally. We recognise the urgency of the climate crisis and, as part of this, we joined the Race To Zero and Business Ambition for 1.5°C Campaigns in 2022 and are working with SBTi (Science based Targets Initiative) to agree our Net Zero Transition Plans for all three scopes.

Social

page 50

- Our clients
- Our people
- Community

As a Group charitable giving was extensive with £2,125,035 donated by the Group and combined Regional businesses in 2022. Over 16,700 hours were also given by our staff this year for volunteering.

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

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

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.

Governance

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- Human Rights
- Modern Slavery
- Speak-up
- TCFD
- Corporate GHG Emissions disclosures

We implemented Safe-Call, a third party operated whistle-blowing facility, across all markets (except in North America which has a separate third-party operated Speak-up facility).

We further developed TCFD reporting in line with the increased requirements.

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

We have a zero tolerance to discrimination and harassment of any type and the facilitation of financial crime.

Environmental

"Decarbonising the real estate sector is an urgent and pressing need; a challenge which COP27 in Sharm El Sheikh further highlighted."

2022 Highlights

- In 2022, our Scope 1 and 2 carbon emissions reduced 17.9% against our 2019 base year
- Net Zero carbon targets submitted to Science Based Targets Initiative (SBTi)
- 30% improvement in FTSE4Good rating to 3.5/5
- Carbon Disclosure Project (CDP), B rating.

Our strategy in action

The Board is responsible overall for the Group's ESG Strategy and for managing climate-related risks and realising opportunities, as detailed in the Governance section of the TCFD Disclosures below (pages 69 to 73).

A summary of our ESG strategy which is based on delivery against the nine UN Sustainable Development Goals which are most relevant to our business and our Sustainability Policy can be found here (https://www.savills.com/why-savills/environmental-social-and-governance.aspx).

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, the retrofitting of existing ones, and the ongoing active management of both. Initiatives underway across our office locations globally include:

- Replacement of standard electricity and gas tariffs with certified renewable 'green' energy tariffs, where available.
- Ensuring that all future office fit-outs follow the Group's sustainability fit-out guidelines or industry equivalents e.g. BREEAM and LEED.
- Ensuring that all new leases are consistent with Savills Green Lease requirements or equivalents.
- Transitioning all company and leased cars away from petrol and diesel to electric and low emission vehicles prior to 2028.
- Ensuring that each Principal Business has clear actions in place sufficient to meet wider group Net Zero Transition Plans, consistent with our net zero targets for 2030 and 2040.

Green energy tariffs

During 2022 we made further progress obtaining certified renewable energy tariffs ('green tariffs'). For example in EMEA we have 37 electricity tariffs in place across the Region, of which 8% are now green and we continue to work with the landlords of our rented office space to increase the coverage. Similarly, our UK business now has 83% green tariff coverage within its electricity contracts, with a plan to increase this further in 2023.

In relation to Asia Pacific, we have secured some new green tariffs in 2022 in Melbourne and Sydney increasing the Asia Pacific coverage for the Region by c.5%. In Hong Kong Savills is engaged with China Light and Power to review the prospect of Renewable Energy Certificates and is exploring the possibility of renewable energy provision in Shanghai. We have undertaken further investigation for this opportunity in North America for each state where we operate.

During the year, we continued to focus on improving the energy efficiency of our office locations globally:

UK

112 offices completed desk-based energy audits.

32 shopfront offices had lighting timers installed, with a further 51 offices to follow in 2023, reducing the time display lighting is on during evenings and weekends.

Further progress was made transitioning from PCs to laptops and to single screens in offices and plug-in laptop, saving 139.5 watts per device.

Computer sleep modes were reduced from 4 to 1 hours on 9,485 devices.

Removing 864 hardware phones with reliance instead on Teams Voice and mobiles; saving 22,705kWh. This is equivalent to the energy required to power two homes in a year.

22 UK offices were fitted with Automatic Meter Readers (AMR) to aid data collection and monitoring.

Energy Efficiency Measures

North America

Of eight new leases entered into in 2022; two were Energy Star rated spaces, one was Energy Star benchmarked, one had a LEED EB certification, one was LEED Platinum certified, and one was LEED Silver certified.

New offices in Boston and Tampa, Florida with significant energy efficacy infrastructure incorporated into the fit-outs (see case studies page 62).

Asia Pacific

Our Shanghai, Beijing, Singapore, Ho Chi Minh, Hanoi and Taiwan offices have undertaken major refits in 2022 which will result in energy savings.

Like the wider Group office spaces, all Asia Pacific fleet vehicles are being replaced with electric vehicles over the medium term, in particular to allow the charging infrastructure to develop.

EMEA

Increased use of LED lighting. Of the 37 offices, 17 have full LED, six have >80%, two have >50%, with plans in place to improve this coverage over coming years, along with light sensors & controls.

We continue to promote train travel to reduce the number of car journeys & flights.

The number of green building certifications has increased; Savills Germany now has two BREEAM accredited offices, Savills Netherlands one; Savills Portugal and Savills Poland (Warsaw office) both obtained a BREEAM-in-use certifications.

Savills Czech Republic (Prague) and Savills Spain (Madrid office) also obtained a LEED certification.

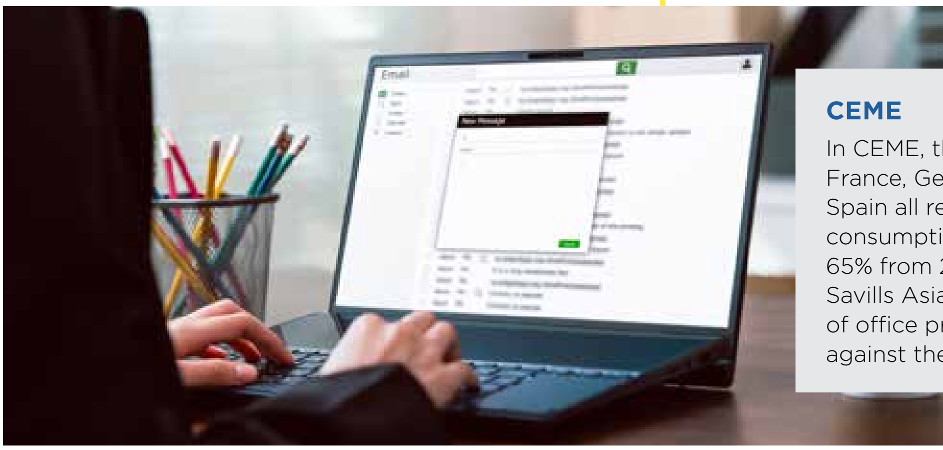
Responsible Resource Use

Savills UK

Savills UK is working towards a recycling rate of 75%, further building on the c.45% recycling rate achieved to date.

North America

In North America 'Bevi' machines, a bottle-less water dispenser, have been installed in several offices as a waste reduction measure. The Bevi machines installed at New York HQ collectively have saved 92,278 plastic bottles. Further Bevi machines have now been successfully installed in Boston Connecticut and Downtown Washington DC office.



CEME

In CEME, the Savills businesses in France, Germany, Netherlands and Spain all reported a reduction in paper consumption per employee of more than 65% from 2019 to 2022. Similarly in 2022, Savills Asia Pacific refined the operation of office printers saving 98,500 sheets, against the same period in 2021.

Our ESG learning programme

Savills IM rolled out new ESG focused employee training, which includes: training on ESG for Investment Approval Committee process, training on CRREM, restorative business champions training and ESG training for new joiners. Both Savills IM and Savills UK have ESG training available on their intranets for all employees. All new joiners must also complete mandatory ESG training. Savills UK and Savills IM also sent 58 staff on the BBP ESG Real Estate Training Programme, of which Savills is a key sponsor. Similarly, Savills CEME had a successful roll-out of new ESG training to 14 countries during 2022, reaching over 2,500 employees, with the remaining countries in the Region to launch the training module in Q1 2023. Likewise Savills Asia Pacific will roll out enhanced ESG training from Q1 2023.

Savills Earth

This service offering consolidates both established and newly created lines of business to deliver a comprehensive sustainability advisory service to 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. The team covers various disciplines advising on Sustainable Design, Low-Carbon Energy, Social Value and Operational Sustainability. Highlights from 2022 include:

- Net Zero Pathways developed for 1,000+ built assets.
- Sustainability Strategies prepared for 15 clients.
- 85 ISO Certifications.
- 27 BREEAM In Use Accreditations.
- £11.5bn of property funds taken through GRESB survey.
- 30 social sustainability projects delivered, with one client supported in creating and measuring £9m+ of social value.
- 36,000 acres of peatland restoration and over 2,500 acres of new tree planting advised on.
- 400,000 tonnes of rural carbon reduction advised on.
- 1.4GW of energy storage, 1MT of carbon storage and 1.3 GW of grid connections advised on.
- 20.5 GW of proposed and operational clean energy projects advised on.
- Savills Earth podcast series launched and 70+ ESG themed blogs issued.
- 14 Graduates and three Apprentices supported in developing their skills in this area of advisory.

Growth of the Savills Earth global network continues, with client requirements for sustainability services remaining key within all markets. Reflecting this, new Savills Earth teams were recruited into Spain, France, Czech Republic, Netherlands, Germany, Hong Kong and North America. Example services which have seen particular growth within 2022 include, but are not limited to:

- Net Zero Transition advisory.
- Sustainability Strategy, Reporting & Benchmarks.
- ISO14001 Environmental Management.
- Biodiversity Net Gain and Natural Capital Accounting.
- Sustainable Design and Construction advisory.
- BREEAM/LEED/SKA/other green building certifications.
- ESG/Taxonomy Due Diligence.
- Social Value & Local Community engagement.
- Health & Wellbeing certification & advisory.
- Waste and Circular Economy.
- Renewable energy & infrastructure.
- Climate Risk & Resilience advisory.

Social

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.

2022 Highlights

- Savills UK awarded the Times Graduate Employer of Choice for the 16th consecutive year
- Ranked 1st in the Times Rate My Placement for Apprentices (2021 : 8th)
- Savills UK named as exemplar in Estate Gazette's 2022 LGBTQ+ Attitudes & Actions
- Savills North America awarded Bisnow's Rise Initiative for dedication to advanced diversity
- Women in Senior Leadership 36.5% senior executives are female, with record levels of female Director promotions in the UK
- Enhanced worldwide employee wellness initiatives, with in particular the Asia Pacific employee wellness programme launched in 2022
- Active support of global charities – both financial & volunteering: Charitable work supported over 140 organisations
- 30% improvement in FTSE4Good rating to 3.5/5
- Expanded Savills North America Junior Broker Development Program, diverse candidates represent 80% of the 2022 programme (2021 : 82%)
- Over 16,700 volunteer hours given worldwide by our people.

Our Clients

Taking an Entrepreneurial approach, 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 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 Client Advocates maintain continuous dialogue with our clients and share updates relating to their strategy and needs with the wider client teams. The 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. Central to our approach is client listening which we take a multifaceted approach to.

We regularly commission independent client relationship reviews to ensure that we gather feedback on how we are managing client relationships, areas for improvement and added value we can provide. Some areas of the business have embedded client feedback with the introduction of a continuous improvement manager, whose role focusses on client feedback and importantly implementing positive change in line with our clients' expectations. We also carry out post bid feedback to incorporate client views and learnings in future pitches. This overall 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. A key example includes the development of ESG services across markets, as this area is a significant and growing strategic priority for our clients. Our investment into better understanding our clients and prospective client puts us in a stronger position to both retain mandates and win new projects. In 2022, we in particular asked a representative sample of our largest clients around the world for their feedback on our service offering, service standard and what distinguishes from its competitors.

Nurturing and supporting our people to ensure they have the right skills and competencies is essential to the success of our client programme, and in 2022 we continued the roll-out of tailored training and coaching aimed specifically at supporting our Client Advocates. We also introduced a similar programme for our next generation of Client Ambassadors to ensure they receive the appropriate learning opportunities to evolve their client relationships. This approach aligns with our longer-term approach to client relationship management as well as succession that not only benefits our junior team members, but also involves our clients.

Our ability to provide research into changing consumer attitudes, macro trends as well as insights across the substantial number of markets and sectors in which we operate is hugely valued by our clients. We ensure our clients have access to our research through various channels and for several clients we have research leads that sit as part of the client teams. These direct relationships between clients and our research teams enables a more bespoke, personal, and value-added approach.

To create enhanced visibility of our vast network of clients and prospects, and to ensure that our people have the tools to effectively nurture and grow client relationships, we continued to further embed our client relationship platform across the UK & CEME over 2022. This investment into our systems has encouraged better sharing of client insights between teams and across borders, and further supports the delivery of a seamless client experience. Our goal is to ensure greater visibility of client intelligence and increase collaboration between client relationship teams across the UK and CEME regions.

Our investment into developing a client-centric culture, encouraging internal collaboration, and introducing technology that supports our client relationship programme, whilst integrating with our entrepreneurial approach, means we have been able to better meet our clients' expectations and adapt more quickly to evolving market conditions. We continue to be committed to this approach and to create value that benefits the success of our clients' businesses.

Our People

Helping our people to be the best they can be to fulfill their 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 essential that our people are fully engaged and motivated. Our employees' wellbeing is fundamental to this and, we continue to build on our wellbeing programmes and activities globally, particularly given the ongoing impact of the COVID-19 pandemic through 2022, and have worked hard to listen to and support the needs of our people, ensuring honest, open lines of communication to enable our employees to stay positive, connected and productive, while feeling valued and supported.

We use multiple channels to communicate and engage with employees, 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 employee feedback to flow to the Board direct. We have also launched an independently facilitated 'Speak-up (whistle-blowing)' hotline to allow colleagues to raise concerns confidentially about the conduct of our business. We gather feedback regularly from our employees to assess their levels of engagement. In 2022 we asked our employees for feedback, specifically asking what they think characterises Savills as a business today including the progress made on increasing the diversify of our business and ensuring it is truly inclusive, and what they think will be key to our success in the future.

How the Board engages with employees – See page 89

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

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 and aim to foster a culture which enables our talented and diverse people thrive.

We invest heavily in our people's development and encourage everyone to pursue opportunities for growth. We support our employees to develop and grow their careers. Our learning programmes are designed to respond to the specific development needs of employees identified through their annual performance reviews and we encourage all our employees 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 data security and data management programmes. We continue to deliver learning 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'). This is a key tool in delivering learning and wellbeing support, including in relation to mental health. The LMS is mobile compatible, allows individuals to track and manage their development, watch video podcasts and download course materials.

Diversity and inclusion

2022 D&I focus

- In the UK, our apprenticeship scheme continues to expand supporting our drive to facilitate social mobility, and we now have 230 apprentices across all UK Divisions.
- In North America
  - considerable progress was made with Employee Resource Groups (ERGs) such as the Women's Initiatives Network (WIN), Black Excellence United (BeU) and Young Savills Network (YSN)
  - we expanded Commercial Real Estate Woman Network (CREW) engagement and signed the CREW Network CRE Pledge for Action
  - the North America Junior Broker Development Program (JBDP) continues to target 90% diverse participation

We aim to do this by working to:

- Attract the most diverse talent at all stages of their career from all backgrounds.
- Develop our diverse talent, ensuring clear career paths with no glass ceilings.
- Lead by example with our most senior leaders setting an inclusive culture.

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 socio-economic background. With oversight from the Board, 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 and help implement our inclusion and diversity initiatives. We continue to make good progress against our inclusion and diversity priorities over the last year, as set out in the Six Pillars table on pages 54 and 55.

"Savills strives to be a truly inclusive employer by having the appropriate inclusive policies, training, leadership and recruitment principles in place to ensure all employees, customers and clients are treated fairly and are able to be their true, whole selves."

We look to nurture an inclusive culture in which difference is accepted and valued. We believe that diversity of thought, experience and background at all levels gives us a competitive advantage and underpins the success of our business by giving us the ability to select people of highest quality from the widest available pool of talent, which makes Savills a better business. We are committed to recruiting, 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 across the Group's markets and geographies, consistent with our corporate goals. There are many ways in which we are working to further build diversity: leadership, learning and awareness, 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.

The considerable progress made during the year reflected the passion and hard work of our people who are committed to strengthening our diverse and inclusive culture. We continue to embrace these ambitions across our business, while regularly reviewing and measuring our progress.

Implementation of our Diversity and Inclusion strategy

Savills strategy is to embrace diversity and provide a platform and a supportive environment in which all our employees can be the best they can be.

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, experiences and perspectives are nurtured and encouraged. We are focused on further increasing the diversity of our business and, for example, in the UK we were a founder member and are fully engaged in a leading real estate specific diversity programme 'Changing the Face of Property', which focuses on improving diversity regardless of social and economic background, disability, ethnicity, sexual orientation, age and/or gender. Our UK Head of D&I supports cross industry D&I focus with an active role in the RICS Inclusion Working Group and has created an industry D&I group which meets bi-monthly to share best practice.

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

The Group has six key D&I pillars: Gender, Social Mobility, Ethnicity, LGBTQ+, Disability and Age:

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

Gender balance

In accordance with Companies Act 2006, as at 31 December 2022 our total global workforce of 40,433 colleagues comprised 21,587 males and 18,844 females and 2 non binary. Of these, 203 were senior executives (156 males, 47 females) comprising members of the Group Executive Board and Board members of the corporate entities whose financial information is incorporated in the Group's 2022 consolidated accounts in this Annual Report. During the year, the Company's Board of Directors comprised 9 members – 6 males and 3 female.

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.

Implementation	Our Progress
▪ Flexible working ▪ Improving internal communication of existing and new policies ▪ Promoting mentoring and rewarding loyalty ▪ Ensuring that policies and support are offered for working carers ▪ Menopause awareness training	▪ We support a significant number of people flexibly for different reasons to accommodate personal and professional requirements ▪ In the UK's '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 ▪ Working with Carers UK and Employers for Carers to provide support to those with caring responsibilities
▪ Raising awareness through supporting internal and external events ▪ Implement compulsory diversity and equality awareness training across the business ▪ Engaging with a number of professional bodies and diversity groups and will ask for their assistance and expertise ▪ Removing the stigma – promoting awareness of mental health issues	▪ We are committed to being a 'Valuable 500' business, which is a pledge to encourage 500 companies across the globe to sign up and agree to be more inclusive in terms of disability ▪ Savills achieved certification as a Disability Confident Committed Employer (Level 2) in the UK ▪ For UN International Day of Persons with Disabilities we created a video using stories from Savills colleagues across the world
▪ Ensuring zero tolerance of harassment and bullying ▪ Making equality in the workplace the responsibility of all leaders and managers ▪ Taking action that supports ethnic minority career progression	▪ Savills 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 ▪ Savills globally supports Black History Month with educational programmes highlighting key black role models ▪ 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 ▪ In the US our Employee Resource Group 'Black Excellence United' focuses on recruiting, retention, collaboration & advancement of diverse communities ▪ Savills US Junior Development Program – 90% diverse class for each of the last two years ▪ We have an independent helpline for employees to report wrongdoing in the workplace
▪ Continue to ensure that our learning and development programmes fully supports our approach to diversity and inclusion ▪ Relaunched our gender equality and unconscious bias training, to further raise awareness of diversity ▪ Launched a Communication Skills programme for women focused on public speaking and participating in panel events	▪ We continue to work hard to redress our balance of men and women in more senior roles through a number of initiatives ▪ Our 'Women in Leadership positions', determined in accordance with FTSE Women Leaders Review criteria, was 36.5% as at 31 October 2022 (31 October 2021 : 33%). We continue to remain focused into the medium term on further improving diversity ▪ We will continue to evolve our approach to meet the needs of our clients and people ▪ In the US our Employee Resource Group Women's Initiative Network (WIN) is in its third 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
▪ Raising awareness ▪ Recruiting and retaining best people	▪ Hosted a significant Pride celebration in London in 2022 with a focus on Pride of Place ▪ As part of LGBTQ+ History Month Savills highlighted one inspirational LGBTQ+ figure each week
▪ Creating a workplace that provides an equal and fair platform for everyone to be the best they can be regardless of their background ▪ Increasing diversity of talent pool ▪ Inspiring the next generation to consider property for their career	▪ In the UK, "Savills with Schools" initiative now in place across 26 regional offices, to date the business has engaged with over 5,000 pupils with 2000 hours given to this initiative in 2022 alone ▪ Founding sponsor of Rethink Food, providing vertical farming towers in primary schools in the UK ▪ Supporting London based charity, The Big House, which works with care leavers who are at a high risk of social exclusion by providing a platform to participate in the making of theatre ▪ Considerably exceeded our target of 100 apprentices in the business one year early and now have 230 apprentices in Savills UK ▪ Working with Career Ready, a social mobility charity, to offer 15 work placements a year for three years

Wellbeing

Employee wellbeing is fundamental to our high performing and supportive culture.

We provide our employees with a range of benefits, services and support while encouraging them to take a proactive role in their own wellbeing.

We have established wellbeing programmes, and for example in the UK are committed to the Time to Change mental health 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.

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. In the UK we supported mental health awareness week with a focus on nature, running LionHeart webinars and seminars focusing on mental health, stress relief, and we have a dedicated Wellbeing intranet page for employee wellbeing with resources and guidance for coping with stress, anxiety and uncertainty.

We have also started focussing on financial wellbeing through webinars and our employee benefits. In the US we have a dedicated employee assistance program and a health and wellness service provided by external consultants. We also celebrated events such as Time to Talk Day and World Mental Health Day. In Asia Pacific we created a regional combined D&I and Mental Health steering group to help define themes and cascade awareness and support initiatives down to offices across the region. In Hong Kong we trialled a maternity mentor scheme to provide support to mothers through their maternity leave and during the return to work period. Similarly, our Australia business has developed a working parents group and introduced Domestic and Family Violence Leave policies.

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.

Volunteering

Our UK industrial & logistics team volunteered their time with two different charities, City Harvest in Acton and Wimbledon Foodbank.

A team of volunteers took part in a beach clean in West Sussex

The beach clean was a great opportunity for the team to get together to help make a difference to their local environment.

Community and charitable giving

During the year we supported a range of social and community focused initiatives across the Group.

Volunteers help clear heathland at Dorset country park

Volunteers helped to clear small pine trees and saplings from the heathland at Avon Heath Country Park in Dorset. The initiative helped to open up the heathland to sunlight, which in turn helps keep the habitat strong for reptiles.

Savills won #Apprenticeship Employer of the Year at the Personnel Today Awards in London

The team was recognised for its innovative approach to apprenticeships.

Volunteers at the Pathways to Property Summer School

Pathways to Property aims to widen access to the real estate profession by raising awareness of and aspirations about the vast range of careers available within the industry. It is led by the Reading Real Estate Foundation (RREF) at Henley Business School, University of Reading, and the initiative is supported by leading real estate firms and a number of charitable trusts and individuals. They aim to reach talented students from various backgrounds, increasing the link between the industry and its future talent pool.

Community and charitable giving continued

Volunteers help assist homeless and marginalised communities in London

Partnering with Refuge Network International teams donated clothing and their time serving lunch to service users at the outdoor kitchen based in Charing Cross. Colleagues also distributed hot meal parcels to rough sleepers in various parts of Central London and to the communities in which they operate.

Working with Refuge Network International gave colleagues the opportunity to support and give back to the communities that we operate in. Seeing so many colleagues across the prime central London business volunteer their time and support such an important community initiative was great to see.

Governance

2022 Highlights

We continue to make further meaningful reductions. In carbon; in 2022, our absolute Scope 1 and 2 'market-based' emissions totalled 6,679 tonnes CO_2e, which is a 17.9% (1,454 tonnes CO_2e) reduction against our 2019 base year.

Ensuring integrity within our business we:

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

Global ESG Group

- 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 nine **UN Sustainable Development Goals**
- Chair: Group Legal Director & Company Secretary
- Lead: Group Sustainability Director

TCFD workstream runs throughout

Group Chief Executive and the Board

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

Our ESG Committee

Our ESG Committee, comprising senior representatives from our businesses and central teams, co-ordinates our ESG strategy

ESG Strategy

The ESG strategy is set at the Group level and is then implemented at the regional and country level. The ESG strategy aligns to the nine UN Sustainable development Goals, where we believe we can make the most difference

Global ESG Group continued

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 employees whose behaviours reflect 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 88 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 the highest ethical standards and a culture of openness, integrity and accountability in all its business dealings and practices. Savills takes any malpractice (ie 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 that 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. Our Speak-up policy, in relation to which we now have third party managed confidential reporting facilities in all markets, enables employees to raise any matters of concern, anonymously if they so wish, and is embedded into our business and applies to employees and supply chain partners of the Group's businesses worldwide.

Non-financial information statement 2022

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	Our policies and standards which govern our approach	Where to find this	Page
Environmental matters	Environmental Policy	'Environment' section of Responsible Business	46 to 49
Employees	H&S Policy	Group Chief Executive Review	20 to 26
	Equality & Diversity Policy	Business Model	10 and 11
	Code of Conduct	'People' section of Responsible Business	52 to 58
	Whistleblowing Policy	'Culture' section of Responsible Business	60
		'People and culture' Principal Risk in the Principal and Emerging Risks and Uncertainties	33
		s.172 (1) Companies Act statement – People	40
		Corporate Governance Report	74 to 113
		Directors Remuneration Report	114 to 134
Human rights	Code of Conduct Modern Slavery Statement	'Culture' section of Responsible Business	60
Social matters	Code of Conduct Modern Slavery Statement Tax Strategy	'Social Matters' section of Responsible Business	50 to 58
Financial crime (anti-money laundering, anti-bribery and corruption and compliance with financial sanctions)	Code of Conduct Whistleblowing Policy Anti-Bribery and Corruption Policy	Culture section of Responsible Business Corporate Governance Report	60
Outcome of non-financial policies and standards	Carbon emissions reporting Gender Diversity reporting in accordance with the Corporate Governance Code 2018	'Environment' section of Responsible Business Corporate Governance Report	46 to 49
Business model		'Our business model' section of the Strategic Report	10 and 11
Due diligence processes in place in pursuance of promoting non-financial policies and standards	All employees required to read and adhere to the Code of Conduct Whistleblowing reports reviewed by the Board Anti-corruption, anti-bribery and anti-financial sanctions training and monitoring		60

Our Chosen SDGs

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

We adopted these nine SDGs as these are most relevant to the real estate sector and our business and have agreed the underlying objectives to support our delivery against these in our Principal Businesses. On these pages we highlight specific examples of initiatives in place / undertaken across our businesses during 2022 in relation to each of the nine SDGs.

Climate Action

We aim to minimise carbon emissions and work continuously towards net zero carbon targets globally.

What we did in 2022

North America, Florida: Savills North America South East teams moved to a new office in Tampa, Florida.

Key Sustainability features for building included: LEED® and Fitwel Certified, water conserving fixtures and occupancy sensors in lavatory; energy sub metering; energy management system; high efficiency lighting; high efficiency HVAC drives and HVAC chiller; the new office also provides good bike storage and public transit access.

Responsible Consumption and Production

We seek to reduce our environmental impacts through active operational management and responsible procurement.

What we did in 2022

CEME, Portugal: At our new Portugal HQ – A BREEAM In Use sustainability certification was undertaken for the fit-out, which achieved a 74% 'Excellent' pre-score; the final score to be confirmed in 2023. The building has an 'A' EPC rating and incorporates renewable technology, with PV panels providing 26% of the energy needs of the building.

Life on Land

We expect our suppliers to operate responsibly and seek to protect biodiversity and ecosystems.

What we did in 2022

Savills Investment Management, UK: On behalf of the Charities Property Fund, Savills IM undertook a retrofit of an industrial building in Milton Keynes.

The property provides bird boxes and insect habitats to increase biodiversity and to assist pest predation.

The CAT A refurbishment was delivered to achieve operational Net Zero Carbon and a BREEAM 'Excellent' rating. The EPC rating was improved from a C to EPC A+. LED lights with PIR and daylight sensors create a reduction of 42.2 tonnes of carbon dioxide equivalent each year.

Sustainable Cities and Communities

We work with government, national and local communities to create sustainable places.

What we did in 2022

Savills UK: Apprentices – Exceeding our target of employing 100 apprentices by 2023, Savills UK now has 230 apprentices, 48% of which are women and 17% are ethnic minority employees.

We won *Apprenticeship Employer of the Year at the Personnel Today Awards 2022* and the team were recognised for their innovative approach, bringing in a diverse workforce that is helping to future proof the business.

Good Health & Well-Being

Our goal is to provide healthy workplaces, encourage healthy lifestyles and raise awareness of mental health & wellbeing.

What we did in 2022

Asia Pacific Hong Kong: In recognition of World Mental Health Day a webinar on 'Positive Psychology' was conducted in our Asia Pacific region. The webinar was led by The Mental Health Association of Hong Kong and shared virtually across the Region with the information pack available on the employee intranet. This initiative builds on the wider Savills Asia Pacific employee wellness programme launched in 2022.

Quality Education

We aim to create opportunities for growth and development for our people and within the communities that we impact.

What we did in 2022

CEME, Ireland: Savills Ireland's partnership with Solas Project helped to empower children and young people from disadvantaged backgrounds through mentorship programmes. In October 2022, Savills offered mentorship to a class of 30 boys (10y/o) through a 'Dragon's Den' programme over six weeks.

SUSTAINABLE DEVELOPMENT GOALS

Gender Equality

We actively promote gender equality and aim to create a diverse and inclusive environment for all.

What we did in 2022

Asia Pacific: Our Hong Kong offices trailed the 'Mentor Moms Scheme', matching mothers with more senior colleagues who have experienced the challenge of returning to work and balancing home and work obligations following childbirth. This sharing of experience provides those who are returning work with: a listening ear, and support in managing the return to work.

Decent Work and Economic Growth

We are committed to operating responsibly and providing fair, safe and diverse workplaces.

What we did in 2022

Savills UK: Savills UK's social mobility group championed partnerships such as Career Ready and Savills with Schools, some of our apprentices have found their route into the UK apprenticeship scheme via such initiatives and have now achieved full qualification. In 2022, Savills UK hosted 20 events (a combination of masterclasses, networking and workplace visits) and 12 paid placements for Career Ready students.

Affordable & Clean Energy

We aim to maximise energy efficiency, and switch to using renewable energy across our workspaces.

What we did in 2022

Savills Earth, UK: During 2022 our Savills Earth teams in the UK worked on client projects which aim to provide 1.4GW of energy storage, 1MT of carbon storage and 1.3GW of grid connections.

They also assisted clients on 20.5GW of proposed and operational clean energy projects.

Our Disclosures

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 2022.

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 reporting boundary is based on an operational control approach, and includes emissions from Savills plc and Group Subsidiaries where the Company has a (direct or indirect) majority shareholding.

Scope 1 and 2 emissions

Reported Scope 1 emissions include emissions from fuel consumption by the Group's owned and leased vehicles and the combustion of fuels within our offices. Scope 2 emissions are reported using both 'market-based' and 'location-based' methodologies and relate to the consumption of purchased electricity, heat, steam and cooling in our offices with operational control. Savills has a network of representatives and associates in over 700 locations globally. Out of the 700 locations, we operate 276 offices with operational control that falls under the reporting scope.

Scope 1 and Scope 2 'location-based' emissions were 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 were accounted for electricity supplies backed with local Renewable Energy Certificates (RECs), such as Renewable Energy Guarantees of Origin (REGO) in the UK. This GHG accounting principle follows the Scope 2 Quality Criteria as set out by the GHG Protocol Scope 2 Guidance. Scope 2 'market-based' emissions from energy use with no RECs in place were calculated using regional/national residual mix emission factors.

To co-ordinate the collection of GHG emissions data across our global operations, a network of Environmental Reporting Officers (EROs) and data entry users have been established within Savills, reporting datasets to the Group Sustainability Director on a bi-annual basis.

A third-party environmental reporting tool was deployed to facilitate data aggregation and data quality review. GHG emissions data was collated using actual activity data wherever possible. In some instances, where actual activity data was not readily available, we estimated our operational emissions using a range of standard carbon accounting methods. Data extrapolation was used where actual activity data was partially available for the reporting year. Otherwise, regional benchmarks or average intensity metrics were used to estimate missing data.

In addition to absolute GHG emissions metrics, we use two standardised intensity metrics that enable comparisons of our regional performance and year-on-year results; Scope 1 and 2 'market-based' emissions per £million of revenue and Scope 1 and 2 'location-based' emissions intensity of our offices per floor area. The floor area GHG intensity ratio excludes emissions from fuel consumption of our business fleet to enable direct comparison of operational energy efficiency of our premises.

Where actual or better proxy data becomes available and the aggregated impact to our overall energy use or emissions by scope exceeds 2%, we restate the previous year data to reflect these changes. We have made restatements to the 2021 absolute performance measures of three office locations. This restatement has resulted in a 8% decrease in the total energy use and a 1% adjustment to the total Scope 1 and 2 GHG emissions reported for 2021. The baseline year has been changed from 2018 to 2019 to align with our SBTi targets.

Scope 3 emissions

In 2022, we undertook our second assessment of the Group's Scope 3 emissions. The initial assessment in 2021 adopted a staged approach due to the scale of the project. First analysing the upstream emissions associated with our operations in the United Kingdom and North America, then scaling up to provide an estimate of the Scope 3 emissions for all of the regions in which we operate. For 2022 we have expanded the scope of the data collection process to cover all of the regions in which we operate and those of Savills IM's AuM and covers all funds and mandates where Savills IM exercises discretionary asset control.

Reported Scope 3 upstream emissions include purchased goods and services, capital goods, waste generated in operations, water consumption, business travel in vehicles not owned, leased or controlled by the Group, employee commuting and fuel and energy-related emissions that are not captured in Scope 1 and 2. Purchased goods and services includes all expenditure on services (eg cleaning, insurance, IT etc) and consumable products/goods (eg food and stationery). Capital expenditure includes all expenditure on durable products/goods that were acquired within 2022 (eg dish washers, office furniture etc.). The methodology used to estimate the supply chain emissions from purchased goods and services and capital goods is based on the Exiobase3* environmentally extended input-output (EEIO) dataset. EEIO combines economic information about the trade between industrial sectors with environmental information and the emissions arising directly from those sectors.

Financial expenditure data was collected across all regions. In some cases, where data only covers 10 months of the year, estimates were used to annualise the data. Business travel data quality and availability varies across the business. For the UK, business travel emissions were calculated based on actual activity data. Other regions had good quality activity data for some business areas. Where activity data was not available, we used expenditure data and the Exiobase model to calculate business travel emissions.

During 2022, we rolled out surveys to assess employee commuting activity across all the countries in which we operate. We had responses from over 5,000 employees and calculated commuting emissions using the UK Government GHG Conversion Factors for Company Reporting and US EPA emissions factors. Waste, water, fuel and energy-related emissions were collected using the same data collection process that was used for Scopes 1 and 2, as described above.

Reported Scope 3 downstream emissions relate to Savills IM AuM and cover all funds and mandates where Savills IM exercises discretionary asset control. For the purposes of this report, discretionary control is defined as Savills IM holding decision-making and fiduciary responsibilities regarding which assets to buy and sell, in addition to asset management such as development, fit-out, refurbishment and leasehold transactions. This definition extends to a small number of segregated mandates where the client maintains discretion over their portfolio strategy. While Savills IM has management control, it is important to note that a significant number of leases attaching to AuM are full repairing and insuring, presenting challenges to Savills IM when it comes to data collection and opportunities for energy reduction interventions.

Emissions for 2022 were estimated based on the actual energy use data for the previous year, where feasible. Where data was found to be partially incomplete for a specific utility for a particular building area (eg landlord-controlled or tenant-controlled areas), the actual data was extrapolated to calculate full data coverage. For assets where no actual data was available, energy use and the associated GHG emissions were estimated based on industry benchmarks, such as the Chartered Institution of Building Services Engineers (CIBSE)'s Energy Benchmarking Tool for the UK, the EU Buildings Database and the GRESB Real Estate Assessment.

Going forward, we plan to further refine our Scope 3 analysis by implementing a strategy to improve data collection processes across Savills global operations. This will be focused on providing activity data, particularly for business travel, improving the efficiency of data collection processes and avoiding extrapolation where possible. Savills IM has set an objective to collect 75% of actual data from its AuM by 2025 and is working with property and asset managers, tenants and ESG consultants to improve data coverage.

* EXIOBASE3 is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License. It is attributed to the EXIOBASE Consortium and can be found at www.exiobase.eu.

Performance and trends

In 2022, our absolute Scope 1 and 2 'market-based' emissions totalled to 6,679 tonnes CO_2e, which is a 17.9% (1,454 tonnes CO_2e) reduction against our 2019 base year. When assessed on an annual basis, we have seen a 0.4% upward change in the Group's Scope 1 and 2 emissions, associated with a 2% increase in floor space occupied globally and higher electricity consumption in our UK and EMEA offices. The annual rise in electricity use was largely due to further increased use of our workplaces in these regions compared to 2021, going back to the pre-pandemic levels for all quarters. An increase in estimation for Q4 2022 is also considered to be a contributing factor. The Group used 24,006 MWh of energy, reflecting a 12% decrease in fuels use and a 15% increase in electricity consumption.

Our regional initiatives to decarbonise company owned and leased vehicles and to reduce business travel has led to a 4% year-on-year decrease in the corresponding Scope 1 emissions. This trend is expected to continue in the coming years, as the Group seeks to replace company owned and leased cars to electric vehicles and hybrid alternatives. The overall reduction in Scope 1 emissions was also impacted by better quality data and the confirmation of operational control in relation to heating for some of our leased offices in the UK.

On an intensity basis, our Scope 1 and 2 'location-based' GHG emissions per office floor space has reduced by 1.2% year-on-year and 17.7% since 2019. Our GHG financial intensity metric, expressed as GHG emissions per £million revenue, has seen a reduction of 6.2% and 31.6% respectively. These metrics reflect continual improvement in managing our environmental impacts and associated carbon emissions through office retro-fits, fleet upgrades, behavioural changes and the procurement of renewable electricity.

Responsible business continued

Key measures implemented to reduce our Scope 1 and 2 GHG emissions include: LED lighting replacements, energy audits, promoting behavioural changes to eliminate energy wastage, procurement of renewable electricity and replacement of company owned and leased vehicles with zero or low-emission alternatives. For example, our Asia Pacific operations are on track to achieve 100% LED lighting by 2025. It is our long-term goal to achieve 100% procurement of certified renewable electricity, with good progress made across our UK and CEE operations. In 2022, we also worked to formalise our Net Zero Transition Plan to guide efforts towards long-term decarbonisation. Further details on the environmental initiatives are provided in the Environment section pages 46 to 49.

In 2022, as in 2021, actual or estimated Scope 1 and 2 emissions data was reported for all offices where we have operational control. Reported energy and GHG emissions data includes estimates where actual data was unavailable. Due to a shift in our year-end reporting and data assurance timescales in 2022, the proportion of estimated data increased by 7% when compared to 2021 (estimated data covered 29% of data in 2021). It remains our key priority to achieve improved data accuracy.

The 2022 Scope 3 emissions were estimated to total 203,895 tonnes CO_2e, including our upstream emissions from business operations and the downstream AuM emissions from Savills IM. The Savills IM AuM emissions were reported for the first time and represent 58% of total 2022 Scope 3 emissions. No downstream GHG emissions were included for 2022, as, initially, we were working to improve our understanding of upstream Scope 3 emissions. Our upstream Scope 3 emissions totalled to 85,351 tonnes CO_2e, an increase of 55% since 2021. This is not unexpected due to several reasons discussed below.

We have significantly improved the data collection and accuracy of the Scope 3 emissions in 2022. 2021 was the first time the Scope 3 emissions had been estimated. At that time, it was only possible to gather activity data for the UK and financial data for the UK and North America. Emissions for other regions were extrapolated from the UK data. This year a much more detailed set of activity data has been collected for all regions. This includes commuter surveys across all countries, financial data on procurement and capital assets, and business travel activity data, where available. Commuting emissions were higher due to better data on employee travel habits. In addition, the effects of the pandemic mean that activity in many regions was starting to return to normal during 2022. This, along with the growth of the business, has increased expenditure on procurement and capital goods.

Corporate GHG Emissions, tonnes CO_2e	2022	2021	2020	2019	change vs 2019	
Scope 1 (Direct)	1,691^	1,869	1,794	1,775	-4.8%	▼
Scope 2 (Indirect, market-based)	4,989^	4,783	5,386	6,358	-21.5%	▼
Total Scope 1 and 2[1]	**6,680**	**6,652**	**7,180**	**8,133**	**-17.9%**	▼
Scope 2 (Indirect, location-based)	5,462^	5,280	5,847	6,719	-18.7%	▼
GHG financial intensity ratio (tonnes CO_2e / £ million revenue)	2.906	3.10	4.13	4.25	-31.6%	▼
GHG intensity ratio of our offices (tonnes CO_2e / m^2)[2]	0.039	0.040	0.042	0.048	-17.7%	▼
Scope 3 upstream, estimate[3]	85,351	55,223	nr	nr	nr	
Scope 3 downstream, estimate[3]	118,544	nr	nr	nr	nr	
Total Scope 3	**203,895**	**55,223**	**nr**	**nr**	**nr**	
Grand Total	**210,575**	**61,814**	**nr**	**nr**	**nr**	–

Corporate energy use, MWh	2022	2021	2020	2019	change vs 2019	
Total energy use	24,006^	22,864	24,568	25,938	-7.4%	▼
Data coverage (offices reporting data)	276 (100%)	279 (100%)	285 (100%)	282 (92%)	nr	

Notes:

1. Total Scope 1 and 2 emissions and GHG financial intensity ratio are calculated using the market-based Scope 2 emissions.
2. GHG intensity ratio of our offices is calculated using the location-based Scope 2 emissions.
3. This disclosure is partial, as we continue to work to improve our understanding of our Scope 3, our final figures are expected to be higher. With exception of Savills IM AuM, downstream emissions covering carbon relating to client services are excluded.

^ We engaged Grant Thornton UK LLP to provide independent limited assurance over selected data highlighted in the above table with a ^ symbol using the assurance standards ISAE 3000 (Revised) and ISAE 3410. Grant Thornton has issued an unqualified opinion over the selected data and the full assurance report can be found on our website here https://www.savills.com/why-savills/grant-thornton-limited-assurance-report-april-2022.pdf

Scope 3 Performance by category[4]

GHG Emissions Category	tonnes CO_2e	%
Purchased goods and services	43,212	21%
Capital goods	5,085	3%
Fuel and energy-related activities (not included in Scope 1 + 2)	2,496	1%
Waste generated in operations	354	0%
Business travel	6,155	3%
Employee commuting	28,049	14%
Savills IM Assets Under Management	118,544	58%
Total	**203,895**[4]	**100%**

4. This disclosure is partial, as we continue to work to improve our understanding of our Scope 3, our final figures are expected to be higher. With the exception of Savills IM AuM, downstream emissions covering carbon relating to client services are excluded.

Performance by Region

	Energy Use		GHG emissions Scope 1 and 2			GHG emissions Scope 3	
Region	MWh	%	Intensity ratio, tonnes CO_2e / m^2	tonnes CO_2e	%	tonnes CO_2e	%
Asia Pacific	4,535	19%	0.052	2,379	35.6%	39,788	19.5%
Europe, the Middle East & Africa	6,587	27%	0.034	1,983	29.7%	5,186	2.5%
North America	3,574	15%	0.034	1,096	16.4%	8,429	4%
United Kingdom	8,463	35%	0.036	839	12.6%	28,410	14%
Savills IM	847	4%	0.042	382	5.7%	122,082	60%
Total	**24,006**	**100%**	**0.039**	**6,679**	**100%**	**203,895**	**100%**

Focussing on climate-related risks to deliver a more sustainable future

Decarbonising the real estate sector is an urgent and pressing need; a challenge which COP27 in Sharm El Sheikh has further highlighted. Savills is focused on climate-related risks and working with its clients, suppliers and the local communities on which its operations impact to deliver a more sustainable future.

In this section we provide climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures. By this we mean the four TCFD recommendations and the 11 recommended disclosures set out in Figure 4 of Section C of the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in June 2017 by the TCFD. We have also referenced the recommendations in 'Task Force on Climate-related Financial Disclosures, Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, October 2021'. A longer TCFD document, which goes beyond the formal annual disclosures, has also been provided https://www.savills.com/why-savills/tcfd-report-2022.pdf, which includes supplementary detail into the considerations we took account of during this process, this includes a table detailing the TCFD consistency and improvement points within our 2022 report.

Governance

The Board is responsible overall for managing climate-related risks and realising opportunities, as detailed in the Governance section pages 74 to 139. The Board is supported in this respect by the Group Executive Board (GEB), which is responsible for implementing climate-related risk management plans, addressing climate-related threats to Savills business model and for realising opportunities. In addition, the Group Risk Committee and Group Environmental Social & Governance (ESG) Committee, are responsible for overseeing climate risk assessment and other aspects of Savills corporate sustainability and ESG agenda and reporting into the GEB. The Board and GEB both meet at least quarterly. The Group ESG Committee meets at least bi-annually and, after the first year of TCFD reporting, the Savills TCFD Working Group meets at least annually. The Board is updated on progress against goals and targets regularly, and at least annually considers the progress made against our goals.

The Board and Board Committees are informed about climate-related issues via written reports and oral updates along with formal presentations from the Group Legal Director & Company Secretary and the Group Sustainability Director. Both the Group Legal Director & Company Secretary and the Group Sustainability Director have climate-related actions within their KPIs, as do GEB members, including the Group CEO. Climate-related issues are also considered when the Board is reviewing strategy, budgets, major plans of action, proposed investments, capital expenditure and acquisitions.

The Savills TCFD Working Group and Group ESG Committee report into the GEB and through it the Board and, as part of this reporting, highlight climate-related items and associated actions to consider. The process by which Group management is informed about regional climate-related issues is through the Regional ESG Committees, which either have TCFD as a key agenda item or which have Regional TCFD working groups. Regional ESG Groups (in UK, CEME, Asia Pacific and North America) and Savills IM were established to develop and manage programmes in those businesses within the Group's overall TCFD framework. Key climate-related actions and risks are monitored and managed through these Regional groups which respectively report into the Group ESG Committee and the Savills TCFD Working Group, with key messages then further disseminated to management across the business as needed. Heads of the Principal Businesses have overall climate-related responsibilities for their businesses; with progress by Principal Business against agreed targets monitored and overseen by the Group ESG Committee, which reports via the Group Legal Director & Company Secretary, to the GEB and the Board.

Savills TCFD Working Group is supported by Willis Towers Watson ('WTW'), who assisted each Region to effectively assess climate-related risk during 2021, following which each Region was able to develop further its action plans to address climate risks and realise opportunities specific to their businesses.

Strategy and risk management

Interface between climate-related risks and overall risk management

For each Regional Business, detailed climate risk management plans have been developed to establish mitigation and adaptation measures to manage the most material climate-related risks. Savills Group processes for managing climate-related risks are outlined in the Governance section above, and are also aligned to Savills wider risk management approach (see pages 29 to 35).

The materiality assessment was based on an integrated view of the impact and likelihood of occurrence for each risk and opportunity. Climate-related risks continue to be evaluated as part of Savills six-monthly risk identification, review and assessment process for emerging and principal risks conducted by the Group Risk Committee. (see pages 29 to 35). The TCFD materiality process is also integrated within the wider risk management processes; the Group's Risk Register has a high-level summary risk covering 'Environment and Sustainability' with further details on climate-related issues managed within specific TCFD risk documentation.

The Savills TCFD Working Group, responsible for overseeing the climate scenario risk assessment, includes the Group Risk Director and the Group Sustainability Director within its membership. The climate risk assessment adopts other elements used in the broader Savills risk assessment categories including:

- description of the risk and time horizon (identification);
- impact-likelihood rating (the evaluation enabling prioritisation);
- mitigating actions and controls (mitigation); and
- future action plans and risk owner (monitoring).

The results are integrated into ERM reporting and ongoing identification, assessment and management of climate-related risks.

As the 2021 assessment considered future scenarios with long timescales, the intention is for a full review, similar to this, every three years. In the intervening period the risks and opportunities identified are considered each year by the Savills TCFD Working Group, with any required updates included in the latest annual TCFD report. In relation to 2022, the Savills TCFD Working Group concluded that no significant updates were required to the overarching group risks and opportunities, however, the actions relating to each of the items identified and relative progress made against these was critically reviewed.

Scenario analysis

In order to explore the business risks and opportunities we undertook a climate scenario analysis against two scenarios. The two scenarios have average temperature rises of 2°C and 4°C respectively, physical and transition risks were identified together with the time horizon in which they are most likely to occur and the potential financial impact on Savills strategy. The time horizons selected defined 'short-term' as the next one to five years, 'medium-term' as five to ten years and 'long-term' as ten years or more. The timelines were chosen to reflect Savills business planning. Group materiality incorporates a combined view of the considered impacts across the Regional Businesses.

Below 2°C scenario (< 2°C)

The scenario is based on The Paris Agreement to which more than 190 countries committed to limit global warming to well below 2°C above pre-industrial temperatures and to pursue efforts to limit it to no more than 1.5°C. The scenario assumes climate policies are introduced early and become gradually more stringent across the globe. There is an increase in public and private investment into green technologies and the share of renewables by 2030 in global electricity supply increases to approximately 50%[1] shifting economies from being fossil fuel dependent to renewable energy driven. More stringent government policies such as stricter energy efficiency building codes and carbon taxes help advanced economies achieve net zero by 2050 and the world by 2070.[2] The scenario assumes low growth in material consumption and increasing consumer pressure on businesses to drive sustainability. Those companies which fail to transition their businesses to a low carbon model will be adversely impacted.

High emissions pathway (> 4°C)

This scenario is aligned with RCP8.5, where due to high emissions in the atmosphere, temperature is likely to increase by more than 4°C compared to pre-industrial times by the year 2100. This scenario builds on the Fossil-fuelled Development scenario of the Shared Socioeconomic Pathways. It places increasing faith in competitive markets, innovation and societies to produce rapid growth. There is an increasing adoption of resource and energy intensive lifestyles around the world and the push for economic and social development is coupled with the exploitation of abundant fossil fuels. As a result of the failure to transition, the physical impacts of climate change become increasingly severe. The increase in frequency and severity of flooding, higher sea level rise and other physical hazards put additional stress on the built environment.

1 World Energy Outlook 2020, IEA, 2020 (pg. 105).
2 Sustainable Development Scenario, IEA, 2020.

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

Summary of risks and opportunities identified

Risk type	Risk description	Time frame of impact	Potential financial impact	Materiality assessment	
Physical – Assessed under the High Emissions Scenario (> 4°C)				**2025**	**2030**
Acute catastrophic events	Increased frequency and severity of extreme weather events, such as cyclones, hurricanes, heat waves, wildfires and floods	**Long Term**	**Risk Impact:** Potential for increased property damage from catastrophic events deemed minimal. Climate modelling which considers RCP8.5, conducted by WTW shows minimal exposure across short, medium and long terms. In relation to Savills IM, there is some exposure. However, Savills IM is developing strategies to mitigate the impact of these risks in relation to assets in funds under its management. **Opportunity Impact:** 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.	Low	Low
Chronic – Gradual changes in weather patterns	Longer-term shifts in weather patterns, which may cause increasing frequency of heavy rain and wind, rising sea levels and average temperatures	**Long Term**	**Risk Impact:** Potential risk identified for increased operational and maintenance costs, which are passed on from landlords to Savills as tenant, however, 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.	Low	Low
Transition – Assessed under the Below 2°C Scenario (< 2°C)					
Policy & Regulation	Enhanced climate risk disclosures	**Short Term**	**Risk Impact** The financial cost of compliance and disclosures is considered to be limited.	Low	Low
	Introduction of emissions caps, carbon pricing and offsets	**Long Term**	**Risk Impact** Savills is predominantly a service provider, its overall emissions are low in relative terms, and it intends to further reduce its emissions through Regional targets. **Opportunity Impact** Given higher carbon taxes, there will likely be increased demand for sustainable design and performance advice for offices, providing revenue opportunity.	Low	Low
	Changes in building standards; new requirements for property transactions, development and operations	**Short to Medium Term**	**Risk Impact** 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 Savills 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 are deemed low. **Opportunity Impact** 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.	Low	Low

Risk type	Risk description	Time frame of impact	Potential financial impact	Materiality assessment	
Reputation	Increased stakeholder concern or negative stakeholder feedback	**Short Term**	**Risk Impact** Risk is assessed as low, when reflecting the mitigation plans in place, a moderate opportunity exists. **Opportunity Impact** A proactive approach to sustainability and commitment to responsible business, such as Savills UK's and Savills IM's Net Zero targets and the concentration of ESG services into Savills Earth, should 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, if Savills can continue to develop employee skill sets and knowledge to build its client facing service offering.	Moderate	Low
Market Changes	Shifts in client preferences for real estate services incorporating climate considerations	**Short Term**	**Risk Impact** 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. **Opportunity Impact** 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.	Moderate	Low
	Markets vulnerable to climate change becoming less desirable over time	**Long Term**	**Risk Impact** 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. **Opportunity Impact** Potential to share expertise across Savills Regional Businesses to meet new client requirements. Consequently, this could generate additional revenue.	Low	Low
	Specialist skills shortages	**Short Term**	**Risk Impact** As Savills is proactively investing in expanding sustainability recruitment and training across its business, this risk is assessed as being low. **Opportunity Impact** 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.	Low	Low
Technology Development	Substitution of existing products or services with lower emissions options	**Short to Medium Term**	**Risk Impact** Savills will continue to incur development and capital investment costs in relation to client facing real estate technology. However, relative costs are deemed low. **Opportunity Impact** 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.	Moderate	Low

Evaluation of resilience

2 Degrees – 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.

In terms of the below 2°C scenario for physical risks, there was modelled to be relatively minimal risk, therefore, exposure was found to be broadly consistent with today.

4 Degrees – risks and opportunities

Under the High Emissions Pathway (>4°C) scenario, while extreme weather events are forecast to increase, the physical risk impact to Savills is expected to be relatively low, due to the advisory nature of business activities, which only use leased space that can be relocated. 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.

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

- Remaining committed 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 (ie Scope 3, including assets under the Group's direct control) by 2040. Continue the net zero journey by completing actions within the Savills Net Zero Transition plan.
- We will continue to invest further in the development of the Group's client sustainability offering across its Regional Businesses in particular by building out the Savills Earth offering, our energy and sustainability combined services, 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.
- We 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.

TCFD Risk mitigation and adaptation budgets

The Savills TCFD Working Group used the workshop findings summarised above to analyse the resilience of Savills business model and strategy to climate change, taking into consideration different climate related scenarios. In addition, consolidating the estimates provided by the Regional and Savills IM ESG Groups, the TCFD Working Group developed financial costing in relation to risk mitigation for TCFD (for the avoidance of doubt excluding costs in relation to assets managed by Savills IM under the terms of its investment management appointments), which are outlined below. The assumptions applied in developing these current costings estimates are in particular highly sensitive to changes in regulation, energy costs, offset costs etc. TCFD is integrated into Savills wider financial planning processes. Any factors underpinning the risks or opportunities which are interdependent and could impact on Savills ability to create value over time are noted and addressed accordingly, following the processes outlined in the TCFD Governance section above.

The below figures represent an estimated forecast costing of risk mitigation and adaptation plans included within financial and business plans, set against estimated total Group cost projections, over the 'medium term' (ie the period from 1 January 2023 to 31 December 2029). As the mitigation and adaptation actions include both physical and transition risks the costs are based on a combined view considering both scenarios outlined above:

Regional area/Business	TCFD related costs for risk mitigation covering period from start of 2023 up to end 2029. Presented as % of total cost base over the 'medium term'*	Explanation of TCFD mitigation and adaptation budgets
UK	0.08%	Example actions budgeted for include: ▪ Annual increase in insurance premium, attributed to climate change ▪ Increased M&E to ensure climate control within offices ▪ Numerous actions relating to pathway to net zero, to negate need of carbon offsetting ▪ ESG training to staff ▪ Transitioning company cars to EVs ▪ Regional monitoring of emerging regulations ▪ Implementation of Internal and external communication strategy ▪ Support individual office initiatives ▪ Development of in-house talent
APAC	0.04%	
N America	0.00%	
EME	0.23%	
Savills IM	0.76%	
Group Total	0.1%**	Total estimated cost is rounded and Inclusive of currently estimated off-set costs up to end of 2029.

* For comparison purposes, total Group operating costs (inc. profit related bonus & interest) was estimated covering a seven-year period based on total 2022 Group operating costs, business plan forecasts and, from 2026 onwards, assuming 5% growth year on year.

** Underlying budget figures were rounded and are estimated for a seven-year period therefore subject to change over time.

Estimates have also been developed for potential value of climate related opportunities over the 'medium term'. The financial figures relating to the climate market changes and associated opportunities over the 'medium term' are subject to continuous review, are in particular highly sensitive, to market developments and are commercially sensitive and therefore have not been reported in detail. However, these provide significant additional revenue opportunities, with the value of the opportunity estimated to significantly outweigh the total costs of mitigating climate change-related risks.

Metrics and targets

Metrics used by Savills to assess climate-related risks and opportunities in line with Group strategy and the Group risk management process include Greenhouse Gas (GHG) emissions for absolute Scope 1, Scope 2 and Scope 3. The GHG metrics are summarised within the GHG reporting section of this report pages 64 to 67. This metric is monitored to check exposure to GHG emissions and therefore future carbon prices along with link to success against Savills net zero targets.

A further metric used is the estimated expenditure and investment deployed toward climate-related risks and opportunities; additional details are outlined above. Monitoring TCFD-related expenditure gives an indication of the extent to which risk mitigation has been budgeted for and how long-term value might be affected.

Savills has undertaken a Group Net Zero Transition Plan and costing exercises, as part of its TCFD review, with changes in carbon price monitored globally to assist in predicting future cost implications. Savills is currently working with Science Based Targets (SBTi) to verify targets which would achieve net zero for Scopes 1 & 2 by 2030, and Scope 3 by 2040. This is an established target which we disclosed in our 2021 TCFD report. Further detail around the baseline year and interim targets to be used and other details will be defined and disclosed over the next 18 months. Our GHG emissions for 2019 baseline have been inputted into the model provided by SBTi for Scopes 1 and 2, and for the baseline year of 2022 for Scope 3 data. This has allowed us to put forward targets which both meet the SBTi criteria and our own net zero targets; we now await confirmation of these targets from SBTi which is expected in (H1, 2023). Regional targets set to align with SDGs will also assist with some actions relating to the TCFD regional working groups, for example ESG training programmes. The nine SDGs which Savills is aligned to and the corresponding objectives can be found here: (https://www.savills.com/why-savills/environmental-social-and-governance.aspx). Aligned with the Group SDG framework, each Regional Business and Savills IM has developed its own detailed SDG roadmap which have SMART targets relating to topics such as energy efficiency, waste management and recycling and green energy tariffs, as examples. These are managed by their relevant regional ESG committees and are monitored twice a year at the Group ESG Committee. Performance on material climate-related issues are linked into remuneration considerations, forming part of the KPIs which are reviewed at the annual staff appraisal and therefore linked to bonus allocation. This covers key staff responsible for climate-related issues, including, but not limited to, the Group Chief Executive Officer, Group Chief Financial Officer, Group Legal Director & Company Secretary and the Group Sustainability Director.

On behalf of the Board

Mark Ridley
Group Chief Executive

Chris Lee
Group Legal Director & Company Secretary

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 40 to 42 of the Strategic Report. A copy of the Code is available from the Financial Reporting Council's website at www.frc.org.uk. It is the Board's view that for the financial year ended 31 December 2022 Savills was fully compliant with all of the Principles and Provisions set out in the Code.

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Chairman's Introduction

Nicholas Ferguson CBE
Chairman

"On behalf of the Board, I am pleased to introduce our 2022 Corporate Governance Report. In this year's report we describe the Group's compliance with the 2018 UK Corporate Governance Code (the 'Code') and explain how the Board and its Committees have operated in 2022."

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. As Chairman, it is my role to ensure the highest standards of governance are promoted by the Board and to ensure that the Group is governed and managed in the best interests of shareholders and wider stakeholders. This includes encouraging open discussion and constructive challenge. In this report, we set out our governance framework 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 73.

Ensuring that we do the right thing in the right way requires the right leadership and as custodian of Savills culture the Board demands openness and transparency to maintain an environment in which honesty, integrity and fairness are valued and practised by our people every day. The Board's behaviour and the values it displays set the tone to guide our people's behaviour and ensure that they live by and demonstrate the right values which in turn enable entrepreneurial and prudent management to deliver long-term success for the Group and its stakeholders.

It is a fundamental part of my role as Chairman to ensure that the Board has the right blend of skills and experience. 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. As an international business, we benefit from our Non-Executive Directors' knowledge of and involvement with other businesses across Asia, Europe and the UK and North America. 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). Over the last few years we have brought several new Directors onto to the Board, taking steps to refresh the Board and prepare for further succession. This year, the Board, together with the Nomination & Governance Committee continued to focus on succession planning at Board and at senior management levels across the Group. As one element of this ongoing focus, I am pleased to report that, following an extensive search process supported by an independent specialist search firm (as set out in detail in the Nomination & Governance Committee Report on pages 99 to 103), Marcus Sperber was appointed as an additional independent Non-Executive Director on 15 December 2022. I was delighted to welcome Marcus to the Board. Marcus has extensive global real estate experience which will complement and further enhance the wide-ranging skills and experience of the Board and its Committees.

Chairman's introduction continued

We test Board effectiveness and performance annually through a formal evaluation. Alice Perkins of AP Consulting externally facilitated the review this year, following the previous year's evaluation which 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 2023 are set out on pages 102 and 103. The process ensured that the Board assessed and challenged its approach to ensure we obtain the maximum value from our Board meetings. 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.

The details of Directors, skills and experience are set out on pages 80 to 82. The governance framework and the roles of the various Board Committees, principal management committee and other key committees are set out on pages 92 and 93.

In accordance with the 2018 UK Corporate Governance Code (the 'Code'), all of the Directors will stand for election/re-election as appropriate at the 2023 AGM on 17 May 2023. 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.

Our people remain our greatest asset and our highest priority. The Board is committed to a truly inclusive culture that attracts and retains talented people from every background to deliver outstanding performance and further enhance the success of the Group. Diversity and inclusion remain a priority for the Board and across the Group. From a gender perspective, we are pleased to have seen the positive benefits of this approach, with women representing 37% of the Board's membership in 2022, and since Marcus Sperber's appointment representing 33% 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 be the best they can be. The Company's diversity and inclusion programme applies across all levels of the Group. Further details of this programme can be found in the Strategic Report on pages 6 to 73. Over the past few years the Company has introduced a series of structured initiatives designed to build diversity and inclusion across the Group and welcome the progress made to date, albeit there is still more to do.

During the year, COVID-19 continued to impact on how we conducted our business, with restrictions largely removed progressively through 2022, save in Greater China where they remained in place until January 2023. 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. While the Board continues to operate effectively in a virtual environment, we held the Strategy Review in person. We have found that in-person meetings have significant benefits in terms of greater interaction, innovation and development. At the same time, virtual meetings have significant benefits in terms of time efficiency, reducing greenhouse emissions by avoiding travel and focus. A key priority continued to be the wellbeing of our employees and ensuring they were protected through appropriate COVID-19 secure working protocols, and their wellbeing was supported particularly in relation to mental health.

The Board is responsible overall for the Group's Environmental, Social and Governance ('ESG') strategy and addressing climate-related risks and realising opportunities. We continue to focus on climate-related risks and working together with our clients, suppliers and the local communities on which our operations impact to deliver a more sustainable future. Our climate-related financial disclosures are consistent with the recommendations in 'Task Force on Climate-related Financial Disclosures, Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, October 2021' Our ESG strategy is based on delivering objectives consistent with the Sustainable Development Goals framework, and in this regard we have aligned our Group ESG strategy with nine of the 17 UN Sustainable Development Goals (SDGs). 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 and refitting existing offices with the goals of reducing energy consumption and greenhouse gas emissions, and overall the ongoing active management of our office portfolio. Our sustainability strategy aims to achieve a positive impact on the environment and society, while maintaining robust governance measures.

The Group formally engaged with the Science Based Targets Initiative (SBTi) in 2022 and is working through the process of agreeing science-based targets and carbon reduction pathways to deliver its net zero targets consistent with a no greater than 1.5°C temperature increase. The Group has also joined the 'Race to Zero' and the 'Business Ambition for 1.5°C'.

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 employees to support their day to day decision-making. We demand the highest professional standards of all of our people all of the time and we have a zero tolerance to breaches of the Code of Conduct. Our Speak-up policy, in relation to which we now have third party managed confidential reporting facilities in all markets, enables employees to raise any matters of concern anonymously and is embedded into our business.

The Board reviewed and approved management's plans for several strategic initiatives during the year, including the acquisitions of Absolute Maintenance Systems (Singapore); SRS Lease Administration (North America); Pitmore and AAIM (Savills IM, as part of the Savills IM Living Strategy); and strategic recruitments across multiple markets. We further approved management's proposal to rebalance our North American business to lead on client portfolio solutions. In the second half of 2022, we conducted our annual Strategic Review, in which we confirmed our progress and assessed new opportunities.

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 105 to 113 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 29 to 35.

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 2022 continued our scheduled programme of meetings through in-person meetings and 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 90. As at the date of this report, it is proposed that the 2023 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, which will be presented to Shareholders for approval at the 2023 AGM.

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

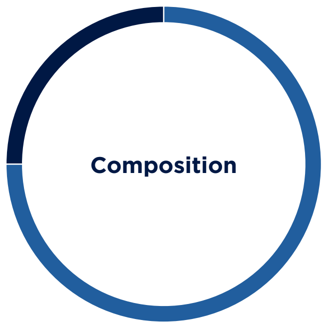
15 March 2023

Governance at a Glance

> "The Board is committed to maintaining the highest standards of corporate governance."

Male
6

Female
3



Executive
2

Non-Executive
7

0-3 years	3-5 years	5-9 years
3	3	1

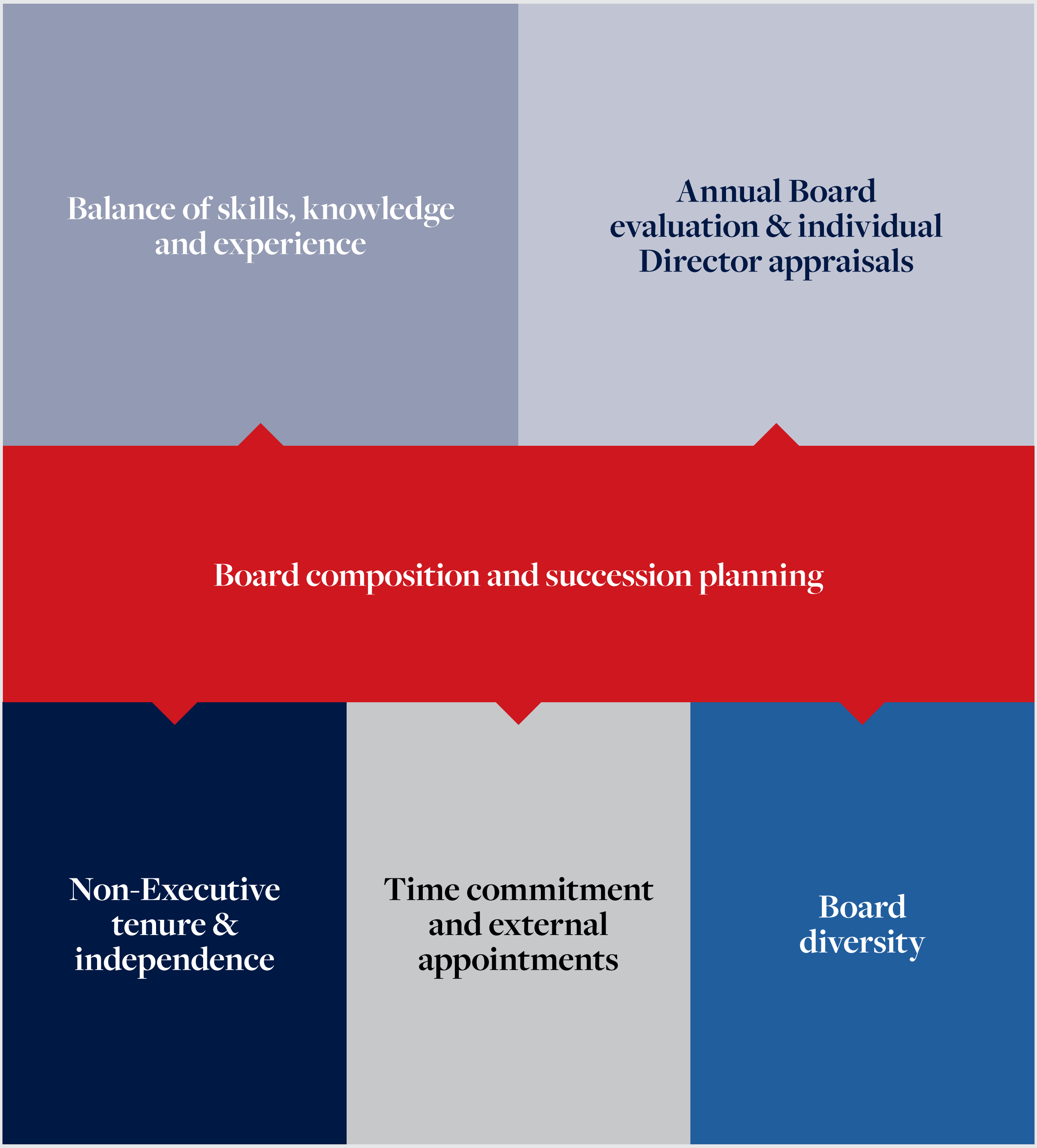
UK
6

Non-UK
3

White
8

Ethnic minority
1

“The Board remains satisfied that it has the appropriate balance of skills, experience, independence and knowledge.”



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. Member of the British Property Federation's Leadership Forum.

Committee membership

Nomination & Governance Committee.

Simon Shaw

Group Chief Financial Officer

Appointment to the Board

Simon joined Savills as Group Chief Financial Officer in March 2009.

Background and relevant experience

Simon is a Chartered Accountant. He was formerly Chief Financial Officer of Gyrus Group PLC, a position he held for five years until its sale to the Olympus Corporation. Simon was Chief Operating Officer of Profile Therapeutics plc for five years and also worked as a corporate financier, latterly at Hambros Bank Limited.

Other appointments

Non-Executive Chairman of Synairgen plc.

Committee membership

None.

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 Chairman of Harvey Nichols Group until 2018, and prior to that was EVP and CFO of Burberry Group plc. She previously served as CFO of Egg plc and spent her early career in a number of finance roles at Granada Group PLC. She was a Non-Executive Director at GlaxoSmithKline PLC from 2011 to 2016 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, Gymshark and Majid al Futtaim (MAF) Entertainment. She is also the Chair of MAF Lifestyle Advisory Committee.

Committee membership

Audit, Remuneration and Nomination & Governance Committees.

Florence Tondu-Mélique

Independent Non-Executive Director

Appointment to the Board

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

Background and relevant experience

Florence will become Chief Executive Officer of Willis Towers Watson France in mid-2023, having been Chief Executive Officer of Zurich France, and a member of Zurich's Group Leadership Team, until then. She was also 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 Grant Thornton International Limited. Non-Executive Director of Auchan Retail International.

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

Other appointments

Non-Executive Director of Silverspac Inc. Independent Director Cohen & Steers Income Opportunities REIT, Inc (CNSREIT) and Advisory Board of NYU Schack Institute of Real Estate.

Committee membership

Remuneration and Nomination & Governance Committees.

Board of Directors continued

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.

Marcus Sperber

Independent Non-Executive Director

Appointment to the Board

Marcus was appointed to the Board as a Non-Executive Director on 15 December 2022.

Background and relevant experience

From 2002 until 2019, Marcus Sperber held various roles with BlackRock, acting first as the portfolio manager of Blackrock's UK property fund, before being appointed as Head of EMEA real estate and then ultimately holding the role of Global Head of Real Estate. Prior to 2002, Marcus held various positions with Ashtenne (2001-2002), Enterprise (1992-2001) and Roger Tym & Partners (1990-92), having started his career with the British Rail Property Board (1987-89).

Other appointments

Founder of NorthCroft Capital, a Real Estate Investment and advisory business and a Non-Executive Director of Cadillac Fairview and Fiera Real Estate.

Committee membership

Audit Committee and Nomination and Governance Committee.

Group Executive Board

Mark Ridley

Group Chief Executive Officer

(see Board of Directors on pages 80 to 82 for full biography)

Simon Shaw

Group Chief Financial Officer

(see Board of Directors on pages 80 to 82 for full biography)

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

Alex has an MBA from INSEAD, an MA (Hons) in Law from Cambridge University and is a Fellow of the Royal Institution of Chartered Surveyors.

Group Executive Board continued

Chris Lee

Group Legal Director & Company Secretary

Appointment to the Group Executive Board

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

Background and relevant experience

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

Raymond Lee

Chief Executive – Hong Kong, Macau and Greater China

Appointment to the Group Executive Board

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

Background and relevant experience

He joined Savills in 1989. In 2003, Raymond became the Managing Director of Savills Hong Kong and Savills Macau and in 2010 was appointed CEO of 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.

David Lipson

President – Savills North America

Background and relevant experience

David Lipson is president of Savills North America. His responsibilities include oversight of all Savills business lines and locations in North America, as well as mergers and acquisitions and strategic business development pursuits. David has dedicated more than 33 years of service to Savills and is one of the firm's most tenured and respected leaders. He co-managed the Mid-Atlantic region for almost 15 years and served on the firm's board and executive committee since 2004 and 2014, respectively.

Formerly one of the most successful brokerage professionals in the Washington, DC region, David and his team completed real estate transactions totaling more than 92 million square feet, across well over 1,500 tasks on behalf of the US Government, and the team's relationships are ongoing. Additionally, during David's brokerage tenure, he and his partners represented many of Washington's leading private sector tenants, including many of the country's most important law firms, government contractors, not-for-profit organizations, and major corporations.

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.

Christian Mancini

Chief Executive Officer – Asia Pacific (ex Greater China)

Appointment to the Group Executive Board:

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

Background and relevant experience

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

Other appointments

Christian also serves as Non-Executive Director in Savills Asset Advisory, the wholly-owned asset management subsidiary of Savills Japan Co, Ltd created in May 2012.

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 and was promoted to CEO in June 2020, bringing more than 30 years of leadership in the commercial real estate industry. He has served as CEO of Mack-Cali Realty Corporation, Brookfield Office Properties US Commercial Operations, and CBRE's New York Tri-State Region. Through strategic financial management, operational logistics, client representation, market positioning and a long time commitment to leadership, succession planning, philanthropy and diversity and inclusion, Mitch successfully guided each company in periods of rapid growth and dramatic transformation. His leadership led to increased revenue, profit margins, and brand capital.

Other appointments

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

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

James is a Fellow of the Royal Institution of Chartered Surveyors. 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.

Board Leadership and Company Purpose

Effective Board

- Our Board is composed of highly skilled professionals who bring a range of skills, perspectives and corporate experience to our boardroom (see pages 80 to 82). To ensure sufficient time for discussion, the Board utilises its principal committees to effectively manage its time (see pages 92 and 93 for Governance Framework). At each Board meeting, the agenda ensures sufficient time for the Committee chairs to report on the contents of discussions at Committee meetings, any recommendations to the Board which require approval and the actions taken. The Board conducts a detailed annual review of strategy (including our strategic objectives). Some of the key aspects discussed by the Board during its Strategy Review in 2022 discussions included:
  - the Group's purpose, aspirations and vision;
  - key strategic issues and objectives;
  - consideration and confirmation of the Group's key growth initiatives; and
  - our ESG strategy and objectives moving forward.

Governance arrangements and Board resources

Good governance is essential to ensuring our business is run in the right way for the benefit of all of our stakeholders.

Our governance arrangements support the development and delivery of strategy by:

- ensuring accountability and responsibility;
- facilitating the sharing of information to inform decisions;
- establishing engagement programmes with key stakeholders (see page 90);
- maintaining a robust system of risk oversight, management and effective internal controls (see page 104); and
- providing independent insight and knowledge from the Non-Executive Directors.

The Board has formally adopted a schedule of matters reserved to it for decision. These matters include decisions relating to the Group's strategy, financing, any major acquisition or disposal, the risk appetite of the Group and the authorisation of capital expenditure above the delegated authority limits. 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.

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. The Chairman of the Board and the chairs of the Committees set the agendas for upcoming meetings with support from the Group Legal Director & Company Secretary.

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. We aim to ensure that the information shared with our Board is of sufficient depth to facilitate debate and to fully understand the content. The Board will, as appropriate, invite the preparer of the report to attend meetings so the Board can gain a better understanding and question management directly The Heads of Regional Businesses also periodically attend Board meetings to discuss the progress made by the Regional Businesses against their strategic plans.

All the Directors have access to the advice and services of the Group Legal Director & Company Secretary and through him have access, if required, to independent professional advice in respect of their duties at the Company's expense.

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, financial plans, and ESG, legal and regulatory updates.

Board Attendance in 2022

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

	Board 9 scheduled meetings (including the Strategy Day)	Audit Committee 5 scheduled meetings	Nomination & Governance Committee 2 scheduled meetings	Remuneration Committee 5 scheduled meetings
Non-Executive Directors				
Nicholas Ferguson[1, 2]	9	2	2	5
Stacey Cartwright	9	5	2	5
Florence Tondu-Mélique	9	5	2	–
Dana Roffman	8	–	2	5
Philip Lee	9	5	2	–
Richard Orders	9	–	2	5
Marcus Sperber[3]	1	–	–	–
Executive Directors				
Mark Ridley[4, 5]	9	2	2	4
Simon Shaw[4, 6, 7]	9	5	1	–

1. The Chairman attended two Audit Committee meetings by invitation.
2. The Chairman attended five Remuneration Committee meetings by invitation.
3. Marcus Sperber joined the Board on 15 December.
4. Members of the Group Executive Board.
5. The Group Chief Executive attended two Audit Committee meetings by invitation.
6. The Group Chief Financial Officer attended five Audit Committee meetings by invitation.
7. The Group Chief Financial Officer attended one Nomination & Governance Committee meeting by invitation.

Promoting a positive and inclusive culture

The Board is responsible for instilling throughout the Company a strong and well embedded inclusive culture, founded on an entrepreneurial approach, one of integrity and openness, that values diversity and is responsive to the views of its Shareholders and wider stakeholders. This is underpinned by our values and operational and ethical standards. We have built our brand and reputation on the quality of our people, relationships, resources and processes.

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. The Savills Code of Conduct helps aid the understanding and embodiment of behaviours that align employees with the culture set by the Board, and underpins our social, ethical and environmental commitments. A confidential and anonymous independently hosted 'Speak-up' facility is in place which enables employees to report any concerns related to unethical conduct in any areas of the business. All disclosures are investigated promptly, under the oversight of 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 Board monitors and assesses the culture of the Group via:

- Regularly meeting with management.
- Assessing cultural indicators such as:
  - management's attitude to risk;
  - health and safety data;
  - compliance with the Group's policies and procedures; and
  - key performance indicators, including staff retention.
- Feedback from our wider stakeholders, including employee surveys.
- Reports received via the Group's whistleblowing (Safe call) system.

Our key employee-related KPIs adopted across the businesses are as follows:

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

Employee engagement

Our employees are at the heart of the culture of our business. The Board routinely invites members of the management team to join meetings to present on the matters being discussed. In order to reach all employees, the Board utilises a combination of formal and informal engagement methods which are detailed below.

In accordance with the Code, the Board reviewed the mechanisms that it uses to engage with its workforce. In 2022 the Board considered the three mechanisms set out in the Code and reconfirmed that in particular reflecting the Group's geographic spread it was 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).

Engaging with Employees

Employee Surveys

We gather feedback regularly from our employees to assess their levels of engagement. In 2022 we asked our employees for feedback specifically asking what they think characterises Savills as a business today and what they think will be key to our success in the future.

Speak-up

We operate independently hosted confidential and anonymous Speak-up services which enable employees to report any concerns related to unethical conduct in any areas of the business. All disclosures are investigated promptly under the oversight of the Group Legal Director & Company Secretary and escalated to the Board as appropriate, with follow up action being taken as soon as practicable thereafter.

Access to Non-Executive Directors

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);

Working Groups

Our principal businesses have employee led groups in place covering areas such as diversity and inclusion, innovation, and social events. Feedback received from these workings groups are given to the ESG Committee, and ultimately the Board.

Our D&I Groups – pages 53 to 55

Social Media

A variety of Social Media channels are utilised to enhance engagement and the exchange of information on the Company's activities to all stakeholders. These channels include, Twitter, Instagram and our intranet. In particular our intranet is used as a platform for employees to access our policies and to receive information on wellbeing, health and safety, and training.

Town hall/Employee briefings

During the year we also held a number of town hall meetings within our principal businesses and other events focusing on wellbeing and mental health issues, supported by webinars provided by external providers.

How the Board factored employee engagement into its decisions in 2022 – page 40.

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 43 to 73.

Engagement with stakeholders

How we engage with our 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 73. The Board is committed to maintaining an open dialogue with investors which is achieved through a programme of structured engagement. We regularly engage with our institutional Shareholders through an active investor relations programme and the progressive easing of COVID-19 restrictions was very welcome in allowing face-to-face meetings to resume in the year. 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. We held the 2022 AGM in person, which followed two years of 'closed' meetings. All resolutions were passed at the 2022 meeting in line with the Board's recommendations. The Chairman of each of the Committees is available at the AGM to answer questions. Directors are available before and during the meeting to answer questions from Shareholders and to meet with Shareholders following the conclusion of the formal part of the meeting.

As at the date of this Report, it is proposed that the 2023 AGM will again 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 17 May 2023 can be found in the Notice of Meeting which accompanies this Report and Accounts.

Corporate website

The Company's website http://www.ir.savills.com has a section dedicated to investors where a range of valuable information can be found including:

- A financial calendar of events.
- Published annual results and results announcements.
- Details of the Company's corporate governance arrangements.
- Board and Committee profiles.
- The Group's ESG strategy.
- Regulatory announcements.

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 247.

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 2022, 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

A robust governance framework

The Board leads the Group's Governance Structure.

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 29 to 35 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 a 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 73.

Division of the Responsibilities

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

Audit Committee

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

Chair: Stacey Cartwright

Number of meetings in the year: 5

For more information see pages 105 to 113

Remuneration Committee

- Responsible for the broad policy governing senior staff pay and remuneration
- Sets the actual levels of all elements of the remuneration of the Executive Directors, and Group Executive Board members

Chair: Richard Orders

Number of meetings in the year: 5

For more information see pages 114 to 134

Nomination & Governance Committee

- Responsible for size, structure and composition of the Board
- Reviewing and progressing appointments to the Board
- Responsible for succession planning at Board and senior management level to ensure that (i) 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; and that (ii) the Group has the necessary talent bench-strength to ensure seamless succession at senior management level
- Makes recommendations to the Board on the membership of the principal Committees of the Board
- Monitoring of the Company's compliance with applicable codes and other requirements of Corporate Governance

Chair: Nicholas Ferguson

Number of meetings in the year: 2

For more information see pages 99 to 103

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
- Implement 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 nine 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 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:

Non-Executive Chairman	Nicholas Ferguson	The roles of Chairman and Group Chief Executive are distinct and separate and their roles and responsibilities are clearly established. The Chairman is responsible for: ▪ leading the Board and its overall effectiveness; ▪ demonstrating objective judgement; ▪ promoting a culture of openness and constructive challenge and debate between all Directors; ▪ facilitating constructive Board relations and the effective contribution of all Non-Executive Directors; and ▪ ensuring Directors receive accurate, clear and timely information. 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).
Group Chief Executive Officer	Mark Ridley	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.
Group Chief Financial Officer	Simon Shaw	The Group Chief Financial Officer supports the Chief Executive in developing and implementing the Group's strategy. ▪ leads the global finance function and develops key finance talent; ▪ ensures effective financial reporting, processes and controls are in place; ▪ recommends the annual budget and long-term strategic and financial plan; and ▪ chairs the Group's Proptech investment "fund", Grosvenor Hill Ventures.
Independent Non-Executive Directors	Philip Lee Richard Orders Dana Roffman Marcus Sperber Florence Tondu-Mélique	▪ Monitor and challenge the performance of management; ▪ assist in approval and review of strategy; ▪ review Group financial information and provide advice to management; ▪ engage with stakeholders and provide insight as to their views, including in relation to employees and the culture of the Group; and ▪ as part of the Nomination & Governance Committee, review the succession plans for the Board and key members of senior management.

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

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.

Time commitment and conflicts

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

For the year ended 31 December 2022 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 2022 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

What the Board did in 2022

The Board met nine times during the year to consider the items noted below.

The Board's principal actions during 2022 were to consider and reconfirm the Group's growth plans and those of the Principal Businesses; to approve material transactions, specifically the acquisitions of 60% of Absolute Maintenance Systems (an FM service provider in Singapore); a retail property management business in Poland; SRS Lease Administration LLC in North America; the acquisitions of Pitmore and 60% of AAIM by Savills Investment Management as part of the launch of its Living Strategy; and strategic recruitments across the Group; and to confirm the Group's Net Carbon Zero targets. 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:

Leadership and people	Reviewed the composition and performance of the Board and its Committees
Strategy	Reviewed the performance and growth of the Group's Principal Businesses Held the annual strategy review to consider in depth and reconfirm the Group's strategy Considered and approved the following growth initiatives consistent with the Group's strategic plan
Internal Control and Risk Management	Reviewed and confirmed the principal existing and emerging risks and uncertainties facing the Group which are described in detail on pages 29 to 35 Reviewed the Group's risk register and the effectiveness of the systems of internal control and risk management Received updates on the risk and internal control environments within the Group's Asia Pacific, North American, EMEA and UK businesses and Savills Investment Management
Governance	Received updates on regulatory and governance developments Received regular reports in relation to material legal matters 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 Considered and approved situational and if they arose actual conflicts of interest Considered issues raised through the Group's Confidential Reporting ('Speak-up') channels Reviewed and approved the Company's 2022 Modern Slavery Statement
Financial Management	Reviewed the 2024-2025 Group Business Strategy and approved the 2023 Plan 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 Considered and approved the 2022 Going Concern and Viability Statements Reviewed and approved the Company's 2023 Tax Strategy Approved the 2022 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
Stakeholder Engagement	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 Received updates on workforce engagement during the year Received regular client feedback from the Group Chief Executive

	Board and Committee meetings	Key announcements
January	Main Board Remuneration Committee Group Executive Board	
February		Cureoscity Ltd (UK)
March	Main Board Audit Committee Remuneration Committee Nomination & Governance Committee	Results for year ended 31 December 2022
April	Group Executive Board	Annual Report 2021 and Notice of AGM PT Cakrawala Baswara Cemerlang (Indonesia)
May	Main Board AGM	Trading Statement Published results of 2022 AGM
June	Main Board Audit Committee	Acquisition of BrickByte GmbH (Germany)
July	Main Board (Special) Group Executive Board	Pitmore (1) Ltd
August	Main Board Audit Committee Remuneration Committee	Half year results Acquisition of Absolute Maintenance Services (Singapore)
September	Audit Committee	Acquisition of Simply Affordable Homes LLP (SIM) James A Baker (UK)
October	Group Executive Board Nominations & Governance Committee	
November	Main Board Main Board Strategy Day	
December	Main Board Audit Committee Remuneration Committee Group Executive Board	Appointment of NED Marcus Sperber SRS Lease Administration LLC (US)

Composition, Succession and Evaluation

Board composition

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

The diagrams below show the Board's composition, tenure and diversity characteristics. The biographical details of the Directors can be found on pages 80 to 82 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 are on page 101 and our Inclusion and Diversity strategy can be found on pages 53 to 55.

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 2022. 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 is 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 FTSE Women Leaders and Parker guidelines, and the proportion of women in senior leadership positions (as defined by FTSE Women Leaders) as at October 2022 was 36.5% (2021: 33%).

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 during 2022.

Nicholas Ferguson, CBE
Chair of the Nomination & Governance Committee

15 March 2023

Membership and meetings

Committee members	Key objectives	Main responsibilities
Nicholas Ferguson (Chair*) Stacey Cartwright Philip Lee Richard Orders Mark Ridley (Executive Director) Dana Roffman Marcus Sperber Florence Tondu-Mélique	The primary objectives of the Committee are: ▪ to review the size and composition of the Board and its key Committees and to plan for the Board's progressive refreshing, with regard to balance and structure ▪ to monitor the Company's compliance with applicable codes and other requirements of corporate governance including the Code	▪ Responsible for size, structure and composition of the Board ▪ Reviewing and progressing appointments to the Board ▪ Responsible for succession planning at Board and senior management level to ensure that (i) 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; and that (ii) the Group has the necessary bench-strength of talent to ensure seamless succession at senior management level ▪ Makes recommendations to the Board on the membership of the principal Committees of the Board ▪ Monitoring of the Company's compliance with applicable codes and other requirements of corporate governance

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

The Committee met twice during 2022. Individual attendance by Directors at this meeting is shown in the table on page 87. 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 adviser 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 2022, there were the following changes to the Board:

- Marcus Sperber was appointed as an additional Independent Non-Executive Director on 15 December 2022.

Key responsibilities	Principal activity during 2022
▪ Responsible for size, structure and composition of the Board ▪ Reviewing and progressing appointments to the Board ▪ Responsible for succession planning to ensure that the Board is refreshed progressively such that the balance of skills and experience available to the Board remains appropriate to the needs of the business ▪ Responsible for overseeing the development of a diverse pipeline for succession to senior management ▪ Makes recommendations to the Board on the membership of the principal Committees of the Board ▪ To keep under review the Company's compliance with applicable Codes and other requirements of corporate governance More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at http://ir.savills.com.	The Committee has standing items that it considers regularly under its Terms of Reference; for example, the Committee considered and approved Directors' potential conflicts of interest and reviewed its own Terms of Reference (which are reviewed at least annually or as required, eg to reflect changes to the Code or as a result of changes in regulations or best practice). Specifically during the year, the Committee: ▪ Considered Board succession planning including the tenure, mix and diversity of skills and experience of the existing Board Members in the context of the Group's strategy ▪ Considered and authorised the situational and, to the extent such arose, actual conflicts of interests of Directors ▪ 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 2023 AGM ▪ Considered and confirmed the Group's succession plans at senior management level ▪ Led the process which resulted in the appointment of Marcus Sperber to the Board

Board appointments

The Board recognises the benefit of progressively refreshing its membership and therefore commenced the search for additional independent Non-Executive Directors in 2022. 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.

The Committee led the process which resulted in the appointment of Marcus Sperber to the Board. The Committee assessed the balance of skills, knowledge, independence, experience and diversity of the Board and, in view of this assessment, a description of the role and competencies needed was agreed, with a view to appointing the best qualified individual for the role. Heidrick & Struggles was selected to lead the search due to its specialist knowledge of recruiting at Board level. Heidrick & Struggles has no other connection with the Group and is a signatory to the Voluntary Code of Conduct of Executive Search Firms.

Heidrick & Struggles provided a long list of potential candidates and first stage interviews were led by the Chair of the Committee. In making the recommendation to the Board on the proposed appointment, the Nomination & Governance Committee specifically considered the expected time commitment of the proposed Non-Executive Director and the other commitments that they already had. A final shortlist of candidates was selected for final stage interviews with the Chairman, Group Chief Executive Officer and Senior Independent Director. The Committee was unanimous in their recommendation to the Board that Marcus Sperber be appointed as additional independent Non-Executive Director, and was delighted to welcome Marcus to the Board on 15 December 2022.

Details of the different stages of the appointment process that the Committee followed in relation to the appointment process of Marcus is set out below:

Step 1	Step 2	Step 3	Step 4	Step 5
Engaged with Heidrick & Struggles and provided them with a search specification	Shortlisting of candidates by the Committee	Interview process with Committee Members	Recommendation to the Board of the chosen candidate	Appointment terms drafted and agreed.

Marcus Sperber's biography

See page 82.

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 with a view to appointing the best-placed individual for the role.

A diverse Board brings constructive challenge and fresh perspectives to discussions and removes the risk of 'group think' and 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 of 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.

Appointing the best people to the Board is critical to the success of the Company and our focus remains on attracting the right talent and skills irrespective of gender or diversity.

The Committee is responsible for overseeing the development of a diverse pipeline for succession to senior management. Over the past few years the Company has implemented various strategies to address diversity and inclusion and we are pleased with the progress we have made to date. From a gender perspective, we are pleased to have seen the positive benefits of this approach, with women representing 37% of the Board's membership for the majority of 2022, and now representing 33% of its membership.

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 2022 the GEB members and their direct reports totalled 108 of which 42 were female, 66 were male. Accordingly, our Group Women in Leadership percentage (determined in accordance with the FTSE Women Leaders Review criteria) was 36.5% as at 31 October 2022. Our previous year Group Women in Leadership percentage as reported by the FTSE Women Leaders Review was 33% (as at 30 October 2021).

In respect of ethnic diversity, the Board's composition is in accordance with the Parker Review recommendation that at least one Director is from an ethnic minority background by 31 December 2024.

We are mindful that this remains a focus area so that we can further harness the benefits of diversity, We intend to continue to support the diversity and development of the Group's talent pipeline.

Further details regarding progress against our diversity and inclusion strategy, and related initiatives, can be found on pages 53 to 65 of the Strategic Report.

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. Board and senior management succession plans, which are based on merit and are assessed against objective criteria, are reviewed annually by the Committee. The Committee monitors the length of tenure and the skills and experience of the Non-Executive Directors to assist in succession planning. 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 80 to 82.

Board and Committee Evaluation

2020 Internal Board Evaluation	2021 Internal Board Evaluation	2022 External Board Evaluation

In line with best practice, the performance and effectiveness of the Board and its Committees is assessed annually through a formal performance evaluation process. 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.

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.

2022 process

This year's evaluation was externally facilitated by Alice Perkins of AP Consulting.

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 2023 and the Directors discussed the points raised by the review.

Conclusion from the 2022 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, Board members considered that the Board was stronger in terms of diversity of experience and perspectives than it had been at the time of the last external evaluation in 2019, and that it navigated the pandemic successfully. Board members also agreed that the Board enjoyed open and constructive discussions and was focussed on the right issues and struck a good balance between future thinking and assurance.

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

Areas of focus for 2023

Reflecting the output from the 2022 Board Evaluation, the additional areas for Board focus, which would be added to the Board's 2023 workplan, were agreed as follows:

a. a smooth succession to a new Board Chair;

b. that the Group's senior management development programme fully supported Senior Management succession plans;

c. that Board engagement with the wider stakeholder group was appropriate, to ensure that the non-executives had visibility of the issues affecting people in the business below senior level and with, in particular, diversity and inclusion initiatives. For example, the non-executive members would selectively join Employee Town Halls to ensure that the "employee voice" was heard and that direct employee/Board communication returned to pre-pandemic levels; and

d. that the Board and its Committees strike the right balance between face to face and virtual meetings and continues to challenge executive management in a constructive manner to ensure that the business continues to develop successfully.

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

Following appointment, all Directors receive a comprehensive and tailored induction programme. Induction programmes are 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. New Directors are also provided with information on relevant share dealing policies, Directors' duties, Company policies and governance.

The induction also includes one-to-one briefings from the Heads of the Principal Businesses and an introduction to each Group business's development strategy with the content of meetings varying depending on the Director being inducted and their background and individual experience.

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 and any Director can request further information to support the fulfilment of their individual duties or collective Board role and throughout the year.

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

15 March 2023

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 29 to 35.

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 29 to 35, and 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

"I am pleased to present the Audit Committee's report for the financial year ended 31 December 2022."

The report is intended to provide insight into the Committee's activities in the year and sets out how we have performed against our key objectives and how it has met the disclosure requirements as set out in the Code. In particular this report provides an overview of the Committee's major considerations and work during the 2022 financial year in ensuring that the Company's governance processes and reporting procedures remain appropriate, robust, of a high standard and are rigorously applied. The key matters considered in the year are set out on page 109.

During the year, the Committee continued to play a key role in assisting the Board in its oversight of financial reporting and auditing matters, including reviewing and monitoring the integrity of the Group's Financial Statements, the Group's systems of internal control and risk management, and the internal and external audit processes. The Committee, and its individual members, acts in a way that we consider is most likely to promote the success of the Company for the benefit of its members as a whole, including Shareholders, in accordance with s.172 of the Companies Act 2006. This ensures that the interests of our Shareholders, and broader stakeholders, are properly considered and reflected in the Committee's decision-making processes.

As outlined on pages 109 and 110, the Committee met 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 – considering the principal risks and the effect of the Group's strategy and the operation of internal controls to mitigate these 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 2022, the Committee considered 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 and risk appetite. 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 2022 Half Year Financial Statements and this year's Annual Report and Accounts.

One of the Committee's key responsibilities is to confirm to the Board that it is satisfied that the Annual Report and Accounts are fair, balanced and understandable taken as a whole and provide the information necessary for Shareholders to assess the Company's position, performance, business model and strategy. In doing so, the Committee tests that management's disclosures reflect the supporting detail, or challenge management to explain and justify their interpretation and, if necessary,

Audit Committee Report continued

re-present the information. The External Auditor supports this process in the course of its statutory audit by auditing the accounting records of the Company against agreed accounting practices, relevant laws and regulation. The External Auditor's report can be found on pages 140 to 149. Following this review and challenge process, the Committee was pleased to advise the Board that the 2022 Annual Report and Accounts is fair, balanced and understandable and that the Directors have provided the necessary information for our Shareholders to assess the Company's position, prospects, business model and strategy. This review and challenge process is described in further detail on pages 110 and 111.

During the year the Committee considered the viability and going concern statements and their underlying assumptions. Following consideration, the Committee agreed with management's proposal that the Company's long-term Viability Statement should continue to cover a three-year period (see page 36), 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 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.

I would like to welcome Marcus Sperber, who joined the Committee on his appointment to the Board on 15 December 2022 and has extensive relevant experience in similar organisations gained over many years.

In order to ensure that the Committee remains effective, its performance is reviewed annually, including an independent performance review every three years by an external organisation appointed by the Board. In accordance with our three-year Board and Board Committee performance evaluation cycle, during the year, a review of the Committee's effectiveness was carried out by an external facilitator, Alice Perkins, who operates as an independent adviser. She also undertook the previous independent Committee performance evaluation as part of an external Board performance review in relation to the 2019 Financial Year and was therefore able to see clearly what changes had been made over the last three years, but otherwise has had no other contact with the Company. The review concluded that the Committee continued to function well, that it is well chaired and that it has the appropriate access to senior management, the External and Internal Auditors and the necessary company secretarial support. Further details on the process and its broader findings can be found on page 103. 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 that is essential for the effective working of the Committee.

Stacey Cartwright
Chair of the Audit Committee

How the Committee operates

Membership

The Committee is a fundamental element of the Company's governance framework. The Committee is chaired by Stacey Cartwright. Stacey Cartwright, Philip Lee and Florence Tondu-Mélique, all of whom are Independent Non-Executive Directors, were members of the Committee during the year. Marcus Sperber, who was appointed to the Board as an additional Independent Non-Executive Director on 15 December 2022, became an Audit Committee member with effect from 15 December 2022. 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 2022 and up to the date of this report, the Committee comprised entirely Independent Non-Executive Directors. The members of the Audit Committee have been selected 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 80 to 82.

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.

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 controls, risk management and reviews the work of the Internal and External Auditors
- Advises the Board on the appointment of the External Auditor
- Considers 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 and 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.

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 114 to 134.

Audit Committee Report continued

Meetings held

The Committee meets at least five times per year and has an agenda planner linked to events in the Company's financial calendar and other important issues that arise throughout the year, which fall for consideration by the Committee under its remit. The Committee Chair agrees the meetings and agendas for each meeting.

There were five scheduled Committee meetings held during the year (with two of these meetings focused on matters relating to the half year and full year reporting). The Committee reports to the Board after each Committee meeting. Attendance at meetings during 2022 is shown in the table below:

Committee member	Member since	Meetings attended	Meetings eligible to attend
Stacey Cartwright	October 2018	5	5
Philip Lee	January 2021	5	5
Florence Tondu-Mélique	October 2018	5	5
Marcus Sperber	December 2022	0	0

How the Committee keeps up to date

The Committee is kept up to date with changes to Accounting Standards and relevant developments in financial reporting, company law and the various regulatory frameworks through presentations from the Group's External Auditor, Group Chief Financial Officer, and Group Legal Director & Company Secretary. The Committee also receives tailored briefings from management and the Group's External Auditor from time to time. The Terms of Reference of the Audit Committee include all the matters required under the Code and are reviewed at least annually by the Committee. 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.

Activities of the Committee during the year

The Committee has a substantial agenda of items formulated to fully discharge its responsibilities, while maintaining sufficient time for discussion of ad hoc items that arise throughout the year. 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 36 and the going concern assessment.

What we did during the financial year ended 31 December 2022:

Responsibilities	How the Committee discharged its responsibilities	Mar	June	Aug	Oct	Dec
Financial Reporting	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	■				■
External Audit	Agreed the External Audit strategy and scope		■		■	
	Considered and, where appropriate, approved the instruction of the Group's External Auditor's provision of non-audit services	■		■		
	Reviewed and considered the External Auditor's Report, including the External Auditor's observations on the Group's internal control environment	■				
	Discussed the performance of EY ('EY') who were the relevant External Auditor for the 2022 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	■		■		
Internal Audit	Considered and approved the remit of the Internal Audit function and the Internal Audit plan					■
	Received and considered reports from the Group's Internal Audit team covering various aspects of the Group's operations, controls and processes and monitored the progress made by management in addressing recommendations arising out of these reports		■			■
	Monitored and reviewed the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk management arrangements					■
	Met with the Group Director of Risk & Assurance privately to discuss his remit and any concerns	■				
Internal Controls and Risk Management Systems	Reviewed the effectiveness of the Group's risk management system and internal controls in place to manage the Group's material existing and emerging risks					■
	Reviewed and considered the Group's risk register		■			■
	Reviewed 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, North American, 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 on page 36. 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 156 to 169.

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 & Accounts, 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.

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.

In accordance with Code provision 26, the following sets out all significant issues reviewed by the Committee throughout the year, being those requiring management to exercise the highest level of judgement or estimation. The Committee assesses these judgements to determine if they are reasonable and appropriate. 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:

Matter considered	Action
Revenue recognition	The Committee considered the presumed risk of fraud and management override defined by the International Accounting Standards. 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 FY22 was appropriate, consistent across the Group and in line with the Group's accounting policies. The Committee also received and discussed the External Auditor reports setting out its work, testing and conclusions on this area. The Committee, having actively challenged and considered both management's judgements and the External Auditor's conclusions, agreed that there were no material issues in this area and that the approach taken was appropriate.
Goodwill impairment assessment	The Committee considered management's approach in relation to the carrying value of the Group's businesses, including goodwill. The Committee reviewed and considered the detailed analysis of the key inputs to forecast future cash flows and the process by which they were drawn up. The Committee considered the appropriateness of the assumptions used and reviewed the impact of sensitivity analysis. The Committee also considered if there were any reasonably possible changes in assumptions that would result in a material impairment and therefore require further disclosure in the financial statements. The Committee also considered a report from the External auditor setting out its analysis and conclusions in this area. The Committee was satisfied with the assumptions and judgements applied by Management.
Provision for litigation and claims	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 2022. As part of this review the Committee took into account the Group's insurance cover and the advice received from external counsel to ensure that the appropriate provisions had been made. The Committee also discussed the matter with the External Auditor and determined that management had made reasonable judgements in their assessment process for determining the level of provisions held.

External Auditor

The current External Auditor, Ernst & Young LLP ('EY') was appointed following a comprehensive audit tender process in 2019, and approval at the Company's 2021 AGM. EY's reappointment was approved at the 2022 AGM. Christabel Cowling is the audit partner and has held the role since 2022.

The Audit Committee advises the Board on the appointment of the External Auditor, negotiates and agrees its remuneration for audit and non-audit work, reviews its effectiveness, independence and objectivity and discusses the nature, scope and results of the audit with the External Auditor. The Committee holds private meetings with the External Auditor at, at least, 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.

Audit Committee Report continued

Effectiveness

The Committee assess the effectiveness of the External Auditor and the appropriateness of the audit plan on an annual basis, in addition to the level of the External Auditor's 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. As part of the review of the effectiveness of the external audit, a formal evaluation incorporating views from the Committee and relevant members of management is considered by the Committee. Feedback from the review was provided to EY as part of the annual planning meeting.

The Committee considers that the External Auditor relationship is appropriate and the Committee is satisfied with EY's overall effectiveness.

Independence

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. The Committee regards independence of the External Auditor as absolutely crucial in safeguarding the integrity of the audit process and takes responsibility for ensuring the three-way relationship between the Committee, the External Auditor and management remains appropriate. 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 2022, 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.

	2022 £m	2021 £m	2020 £m
Audit Fees	4.1	3.3	2.5
Non audit fees	0.3	0.3	0.1

Details of the fees paid to the External Auditor can be found in Note 7.2 to the Financial Statements on page 182. The Company maintains a policy governing the provision of non-audit services to the Group. During the financial year ended 31 December 2022 contracts for non-audit services in excess of £0.1m required Committee approval and the Chair of the Audit Committee approved 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 2022 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 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.

The Audit and Risk Committee's role in ensuring the financial statements taken as a whole are fair, balanced and understandable

As part of the Committee's assessment as to whether the annual Financial Statements are 'fair, balanced and understandable', taken as a whole the Committee has oversight of and reviews the effectiveness of key processes implemented by management.

In addition to the above, the Committee also undertakes a review to determine if the entire Financial Statements are representative of the Group's performance in the year and challenges management on the overall balance of the Report and Accounts prior to recommending approval of the Financial Statements to the Board. This includes the financial reporting responsibilities of the Directors under section 172 of the Companies Act 2006.

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 2022, Internal Audit services were delivered by the Group's Director of Risk and Assurance with delivery support from RSM LLP and Grant Thornton LLP. Savills IM has its own Head of Internal Audit who has responsibility for Internal Audit planning and delivery within Savills IM with support from RSM, and who reports to the Group Risk Committee and the Audit Committee on findings and actions arising from internal audits within Savills IM. The Group Risk Committee and Audit Committee approve the SIM annual Internal Audit Plan.

The Board's responsibility for internal control and risk is detailed on page 96 and is incorporated into this report by reference.

The Group's Director of Risk and Assurance attended all five scheduled Audit Committee meetings, and the SIM Head of Internal Audit attended by invitation two meetings and provided a range of presentations and papers to the Committee, through which the Committee monitored the effectiveness of all of the Group's material internal controls, including financial, operational and compliance controls on behalf of the Board.

The Committee approved the internal audit plan and the SIM Internal Audit plan at the December Committee meeting and received progress against those plans during the year, while the effectiveness, workload of the internal audit functions and the adequacy of available resources were monitored throughout the year. The Committee ensures 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 reviews Internal Audit reports from both Group and SIM on a regular basis and 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 2022;
- 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.

Annual statement

Richard Orders
Chairman of the
Remuneration Committee

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 140 to 149 as specified by the UK Listing Authority and the Regulations.

2018–2022 Overview*

Underlying Profit

+17%

Dividend Payments to Shareholders**

+24%

Executive Director Remuneration***

+15%

Total Shareholder Return

–4%

* The KPIs are calculated as the change in the KPI over the period 1 January 2018 – 31 December 2022.

** The dividend cost for 2022 comprises the cost of the final dividend recommended by the Board (amounting to £19.3m) alongside the supplemental interim dividend (amounting to £22.5m), payment of which is subject to Shareholder approval at the Company's Annual General Meeting ('AGM') scheduled to be held on 17 May 2023 and payable to Shareholders on the Register of Members as at 11 April 2023) and the interim dividend (£9.1m) paid on 5 October 2022.

*** Executive Director remuneration reflects the change in the total ("Single Figure") remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer role holders over the period 1 January 2018 – 31 December 2022.

Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2022 Directors' Remuneration Report (the 'Report'). Included within this Report are a summary of the Directors' Remuneration Policy (the 'Policy') which was approved by Shareholders at our 2022 AGM and details how we implemented the Policy in 2022.

I would like to thank those Shareholders who provided feedback on the Report and Policy ahead of the 2022 AGM. The Committee was pleased that both resolutions received such strong Shareholder support. When operating the Policy, the Committee will continue to be mindful of the feedback provided by Shareholders while ensuring that our remuneration philosophy is maintained.

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.

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, while 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.

2022 Performance and remuneration

Annual performance-related profit share

Key financial highlights for the year included:

- Revenue of £2.3bn, 7% up on 2021 against a backdrop of real estate markets being increasingly challenged by geopolitical events, macro-economic issues and government policy responses to these.
- Underlying profit before tax of £164.6m (2021: £200.3m), reducing year-on-year as anticipated due both to the progressive return of discretionary costs (travel, entertainment and marketing events) as markets unlocked post-COVID, and as a result of employee cost inflation and reflecting an underlying profit margin of 7.1% (2021: 9.3%).
- Property & Facilities Management revenues up 13%, Consultancy revenues up 4% and Transaction Advisory revenues up 5%.
- Strong liquidity position maintained with net cash: £307.4m (2021: £340.7m).
- Underlying earnings per share 84.5p (2021: 104.9p).

In light of the increases to the maximum opportunity for both the Group Chief Executive Officer and Group Chief Financial Officer under the performance-related profit share approved as part of the Policy at the 2022 AGM, the Committee took these increases into account when it set the stretching financial and non-financial targets for 2022.

When setting the UPBT targets, the Committee noted the exceptional record UPBT delivered in 2021 (£200.3m) which included in particular the benefit of a temporary reduction of discretionary costs (travel, entertainment and marketing events) reflecting the ongoing COVID-19 pandemic. In this context, matching or exceeding the 2021 result would have been considered to be reflective of truly exceptional performance.

Given this, the Committee set 2022 targets that ran from £120m at the threshold performance level (an increase of 24% relative to the 2021 threshold) through to £210m (an increase of 62% relative to 2021 and 5% higher than the record financial performance delivered in 2021). Taking into account the factors set out above, the Committee was comfortable that the targets set were appropriate and fulfilled the intent of the Policy changes discussed with our major Shareholders and leading proxy advisers as part of our 2022 remuneration policy consultation.

The Group traded well in 2022 against a backdrop of geopolitical, economic, practical (supply chain) and, in some locations, continued COVID-related challenges and delivered a performance ahead of previous expectations for the year and substantially ahead of the 2019 "pre-COVID" comparative period. Reflecting this and the progress made against strategic objectives, bonuses have been earned at 72% of the maximum for both Executive Directors, with 67.5% of maximum based on performance against financial targets and 90% of the maximum for individual performance against non-financial targets.

The Committee considered this outcome to be appropriate and reflect the financial and non-financial performance of the business and the experience of stakeholders. In reaching this conclusion the Committee considered the stretching targets set for 2022 as discussed above and recognised the achievement of delivering Savills' second highest UPBT result in its history.

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 122 of this Report.

Performance Share Plan

The end of the 2022 financial year was also the end of the three-year performance period for our Performance Share Plan ('PSP') awards made in June 2020. In this regard:

- one-third was based on TSR performance measured against the FTSE Mid 250 Index (excluding investment trusts); based on the Company's outperformance compared to the FTSE250 Index (ex-Investment Trusts) over the 2022-22 (inclusive) performance period, 32.54% of this element of the awards vested;

- one-third was based on EPS performance; EPS real growth (ie in excess of RPI) over the 2020-2022 (inclusive) performance period amounted to 5.7% p.a. none of this element of the award vested; and
- one-third was based on Return on Equity ('ROE') performance; ROE in 2022 was 21%, as a result of which none of this element of the award vested.

The above resulted in a formulaic outcome of 11% of maximum.

Further details regarding performance targets are set out on page 123 of this Report.

As with the annual performance-related profit share, the Committee considered the performance linked outcome of the 2020 PSP awards in the context of the Company's performance and the Shareholder experience over the past three years and concluded the formulaic outcome was appropriate. The Committee specifically considered whether any windfall gains had occurred and whether an adjustment to the formulaic outcome would be merited. Based on the factors below the Committee determined that no adjustment for windfall gains was required:

- The granting of the 2020 award was delayed until June 2020, by which time the Savills share price had recovered from the immediate fall following the initial UK lockdown and implementation of Government restrictions. Reflecting this, during 2020 Savills share price was as low as 651p whereas the 2020 grant was made at a price of 833p.
- The grant price in 2020 was less than 10% lower than the price used to calculate the 2019 grant (917.5p), as such the 2020 grant was not considered to have the potential to deliver windfall gains.
- Although 2020 and latterly 2022 were challenging periods for the sector, Savills has delivered strong TSR relative to FTSE 350 Real Estate peers.
- During the period, the business has continued to deliver strong financial and strategic performance, with subsequent PSP grants being made at a higher share price reflecting this performance.

Awards for Executives which have satisfied the performance conditions attaching to them remain subject to a two-year holding period, during which time Executives will be incentivised to maintain the strong performance delivered over recent years.

Overall, the Committee is satisfied the Policy has operated as intended in relation to performance and remuneration outcomes for 2022.

2023 Remuneration

Savills has a long-standing and established approach of offering low base salaries relative to market medians (which approach applies to the Executive Directors, Group Executive Board Members (GEB Members) and other senior fee earners) consistent with its performance-based approach to incentivisation and reward. Base salaries continue to be reviewed each year (although not necessarily increased). For 2023, the base salaries of the Executive Directors and GEB Members will not be increased as the Committee is comfortable that the current levels of base salary are currently appropriate being mindful of the wider economic environment we are operating within.

As set out in the Policy and last year's Report, the pension contributions for the Group Chief Executive Officer and the Group Chief Financial Officer were reduced effective 1 January 2023 from 14% and 18% of salary, respectively, to 8%, aligning with the pension contributions for the wider UK workforce.

For 2023, the maximum opportunity under the annual performance-related profit share will be £3.25m and £2.5m for the Group Chief Executive Officer and the Group Chief Financial Officer respectively. Awards will be based on Group UPBT performance (75%) and on the achievement of pre-set personal strategic and operational objectives (25%). The UPBT performance targets are commercially sensitive and will therefore be disclosed retrospectively in next year's report.

The operation of the performance share plan for 2023 will remain consistent with the approach taken in 2022 (and previous years). This will include an award of performance shares with a value of 200% of base salary for the Group Chief Executive Officer and the Group Chief Financial Officer. The performance targets will be the same metrics as those applying 2022 award being EPS growth, relative total shareholder return and ROCE 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. Further details regarding the performance measures and associated targets can be found on page 132.

When making the 2023 award, the Committee will consider a number of factors including the share price and the number of shares granted to determine the potential risk of windfall gains.

Workforce and governance developments

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 GEB 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 the Savills workforce engagement programme, which allows the Non-Executive Directors to directly receive feedback across a wide spectrum of topics, including how executive remuneration aligns with wider employee remuneration and supports the Group's strategy.

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

I hope you will support the proposed Remuneration Policy and Report at our AGM to be held on 17 May 2023. I welcome any comments or feedback you may have on the Committee's activities and conclusions.

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 and governance ('ESG') 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 employee remuneration. It sets the actual levels of all elements of the remuneration of the Executive Directors, the Chairman of the Company and the GEB members. The Committee also considers workforce remuneration and related policies and the alignment of incentives and rewards with culture, risk management and the Group's ESG objectives; 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	Independent
Stacey Cartwright	Member of the Committee	Independent
Nicholas Ferguson	Member of the Committee	Independent
Dana Roffman	Member of the Committee	Independent

Committee attendee	Position	Status
Mark Ridley	Group Chief Executive Officer	Attended by invitation (except when his own remuneration was discussed)
Chris Lee	Group Legal Director & Company Secretary	Provided advice and support (except when his own remuneration was 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 financial performance.

2022 Attendance

Committee member	Meetings Attended	Meetings eligible to attend
Richard Orders	5	5
Stacey Cartwright	5	5
Nicholas Ferguson	5	5
Dana Roffman	5	5

As at 31 December 2022 and up to the date of this Report, the Committee wholly comprised Independent Non-Executive Directors. Biographies of each of the Committee members can be found on pages 80 to 82.

The Committee met five times during 2022. The principal agenda items considered by the Committee during the year were as follows:

- reviewing Shareholder feedback on the proposed 2022 Directors' Remuneration Policy;
- determining 2021 performance-based profit share and 2019 LTIP outcomes;
- reflecting on the voting outcome from the 2022 AGM;
- considered developments in workforce remuneration;
- agreeing performance targets for both the annual performance-related profit share and Performance Share Plan awards;
- preparing an Annual Directors Remuneration Report consistent with the legislation relating to executive remuneration;
- agreeing the remuneration packages of the Executive Directors and GEB members; and
- approving the grant of Performance Share Plan awards.

Advisers to the Committee

The Committee receives independent external advice on executive remuneration from Korn Ferry who was appointed as Remuneration Advisers in 2022. Korn Ferry fees for advising the Remuneration Committee during 2022 were £91,627.50.

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, incentivisation and retention of high-quality employees, the Group Chief Executive Officer attends meetings by invitation and is consulted on the remuneration package of the Group Chief Financial Officer and other GEB 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).

Remuneration Policy

The Policy was approved by Shareholders at the Company's AGM held on 11 May 2022 and documented in the Report and Account for the year ended 31 December 2021 available at https://ir.savills.com/.

The Group's remuneration arrangements for the Executive Directors, GEB members and senior fee-earners are structured to provide a competitive mix of variable performance-related (ie 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 GEB members, the Committee reviews the role and responsibility of the individual, their performance, the arrangements applying across the wider workforce 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 Policy for Executive Directors and how it will be applied for 2023 is set out below.

Element	Summary of approach	Application of Policy for 2023
Base salary	Base salaries are set significantly below market median levels, in line with the Group's philosophy of placing the emphasis on variable, performance-related remuneration.	The Committee has determined that there will no increase to base salaries for Executive Directors in respect of 2023. Salaries from 1 March 2023 will therefore be as follows: ▪ Group Chief Executive Officer: £311,000. ▪ Group Chief Financial Officer: £238,000.
Pension	Pension benefits are provided through a Group personal pension plan, as a non-pensionable salary supplement or as a contribution to a personal pension arrangement. The 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/salary supplements from 1 January 2023 are to be aligned with the UK workforce contribution rate of 8% of salary: ▪ Group Chief Executive Officer: 8% of salary. ▪ Group Chief Financial Officer: 8% of salary.
Benefits	Benefits include: ▪ medical insurance benefits; ▪ annual car/car allowance (up to £9,000); ▪ permanent health insurance; ▪ life insurance; and ▪ relocation expenses.	Benefits in line with Policy.
Annual performance-related profit share	Reflects the Group's annual profit performance and personal performance against pre-set objectives and overall contribution. In line with the Group's philosophy that there is greater emphasis (than is the norm for listed companies) on variable performance-related pay. Consequently, 50% of any award payable above an amount equal to base salary is deferred into shares for three years. Malus and clawback provisions apply.	The maximum potential annual profit share awards for 2023 are: ▪ Group Chief Executive Officer: £3.25m. ▪ Group Chief Financial Officer: £2.5m. For 2023 profit share awards, 75% will be based on the Group's annual profit performance and 25% will be based on the delivery of strategic and operational performance goals. The Committee reserves its ability to vary these proportions or apply different/additional measures in future years.

Element	Summary of approach	Application of Policy for 2023
Performance Share Plan	Awards of shares are made subject to a three-year performance period. Any awards which satisfy the three-year performance conditions attaching to them will then be subject to an additional two-year holding period before vesting. The maximum award potential remains at 200% of base salary, subject to an overall annual maximum of shares with a value of £1m on award per participant. Malus and clawback provisions apply.	The awards for 2023 will be up to 200% of base salary. For 2023 Performance Share Plan awards, one-third of the award will vest subject to absolute 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 2023.
Share Ownership Guidelines	Achieved through share purchase and/or retention of any after-tax shares which vest pursuant to the Group's share plans until the guideline is met.	700% of base salary for the Group Chief Executive Officer and Group Chief Financial Officer while in post. 250% of salary applying for two years post-cessation.

Non-Executive Director fees, which are set consistent with the median for the FTSE250, are subject to annual review, with any increase capped at RPI. Fees will not be increased in 2023. Additional fees, again set consistent with the median for the FTSE250, are payable to the Senior Independent Director and Committee Chairs to recognise their additional responsibilities; these fees will also not be increased in 2023. The Chairman's fee, which again is set at levels consistent with the median for the FTSE250, is subject to annual review, capped at RPI. The Chairman's fee will not increase in 2023.

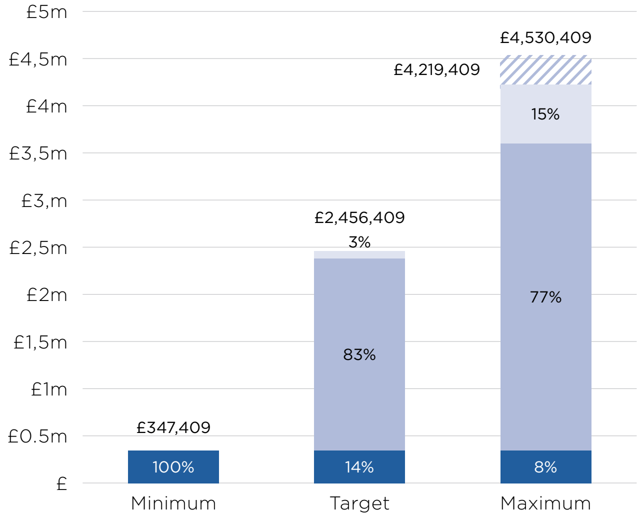
The Committee has ensured that the Directors' Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Corporate Governance Code:

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 ROCE. A similar structure operates across the Group.

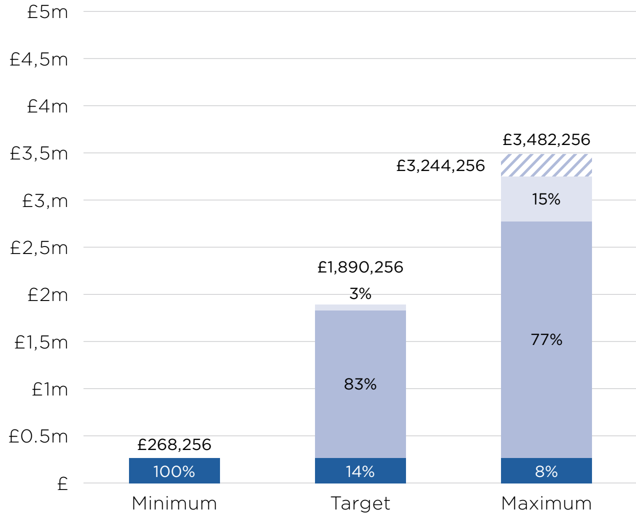
Illustrations of application of the Policy

The charts below illustrate how much the current Executive Directors could earn under four different performance scenarios for 2023: 'Minimum', 'On-target performance', 'Maximum' and 'Maximum with share price growth' – based on the assumptions below.

Group Chief Executive Officer



Group Chief Financial Officer



Fixed Pay · Annual Award · Long-Term Award · 50% share price growth on Long-Term Award

Element in the chart above	Component	'Minimum'	'Target'	'Maximum'
Fixed Pay	**Base salary**	2023 base salary		
	Pension	8% of salary for CEO 8% of salary for CFO		
	Benefits	2022 Single Figure Amount		
Annual Award	**Annual performance-related profit share**	0% of maximum award	62.5% of maximum award	CEO – £3.25m CFO – £2.5m
Long-Term Award	**PSP**	0% of maximum award	25% of maximum award	CEO – 200% of salary CFO – 200% of salary
Other assumptions	▪ 'Maximum with share price growth' is as 'Maximum' including assumed 50% share price growth ▪ Excludes additional shares representing the value of dividends declared during the vesting period which may attach to the deferred element of any annual performance-related profit share award or PSP award at vesting ▪ Assumes that no awards are made under tax advantaged all-employee share plans ▪ The proposed new policy does not include an on-target level for the annual performance-related profit share so a 62.5% of maximum award has been used for illustrative purposes			

Annual Report on Remuneration

Total remuneration for 2022 (audited)

Set out below are details of Executive Director remuneration for 2022.

Executive Directors' 'single figure' for the financial year ended 31 December 2022 and as a comparison for the financial year ended 31 December 2021.

	Mark Ridley		Simon Shaw	
	2022 £	2021 £	2022 £	2021 £
Salary paid	**308,333**	295,000	**235,917**	225,500
Benefits[1]	**11,529**	28,764	**11,216**	11,216
Pension	**43,167**	41,300	**42,465**	40,590
Total fixed remuneration	**363,029**	365,064	**289,598**	277,306
Annual profit share – cash	**1,348,500**	1,281,000	**1,036,500**	962,750
Annual profit share – deferred shares	**1,037,500**	986,000	**798,500**	737,250
Gain on long-term share-based awards				
Performance Share Plan – performance element[2] (notional)	**63,991**	577,998	**48,914**	441,997
Performance Share Plan – share appreciation element[2] (notional)	**1,911**	293,536	**1,461**	224,468
Long-term share-based reward (non-cash – notional)[2]	**65,902**	871,534	**50,375**	666,465
Total variable remuneration	**2,451,901**	3,138,534	**1,885,375**	2,366,465
Total ie 'Single Figure' (part notional)	**2,814,931**	3,503,598	**2,174,973**	2,643,771

Notes:

1. 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).
2. For 2022 the notional value of the PSP award with a performance period which ended on 31 December 2022 (i.e. where the award will vest in June 2025) 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 2022 (857.9p per share). 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. 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 2022 would be £73,709 and £56,342 respectively for Mark Ridley and Simon Shaw valued based on the share price as at 13 March 2023 (959.5p per share).

Performance-related remuneration for 2022 (audited)

Annual performance-related profit share

The following short-term performance measures applied to the 2022 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 (25% of element)	Target (62.5% of element)	Maximum target (100% of element)	Savills UPBT performance	Bonus award (% of element)
£120.0m	£157.6m	£210.0m	£164.6m	67.5%

There was straight-line vesting between performance points.

The Group traded well in 2022, against a backdrop of geopolitical, economic, practical (supply chain) and, in some locations, continued COVID-related challenges and, reflecting this, the Committee approved awards at 67.5% of the maximum potential to be earned by the Executive Directors in respect of the UPBT performance-related element (2021: 100%).

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

The Committee set strategic and operational objectives for the Executive Directors 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 set out the strategic and operational targets set for the Executive Directors and their actual performance against the targets. As disclosed in the tables, the vast majority of both the operational and strategic in year targets were achieved which resulted in 90% achievement for this part of the bonus for both Executive Directors:

Mark Ridley:

Target	Achievement
▪ Reconfirm and action the Global Residential strategy plan, including the roll-out of residential offerings across CEME and Asia Pacific	Global Residential Strategy reconfirmed by the Board prioritising and accelerating growth, with initiatives being actively progressed in strategic Asia Pacific and CEME markets
▪ Reset the Global Tenant Advisory and Occupier Services business streams, to ensure greater Group linkage, including the adoption of new Lease Administration Technology platforms	Global Tenant Advisory and Occupier Services business streams reset, with in North America a Portfolio Services offering now established, heads of Asia Pacific and UK/CEME Occupier Services now appointed and a Global Occupier Services strategy board, to coordinate the development of the service offering and CRM, now in place and operational
▪ Reconfirm senior succession planning across all regions, and that this is supported by appropriate leadership development programmes	Near- and medium-term succession plans at Executive Director, GEB and Principal Business ExCo level reconfirmed, with leadership development plan being honed to ensure that identified successors have the skill-set necessary for senior management positions
▪ Build-out the Savills Earth Consultancy offering across all regional platforms ▪ Ensure Group commitment to the adoption of net zero targets and continue to build D+I across all regions	Built greater linkage between Savills Earth teams across the Regional Businesses, and Sustainability offering established in North America Net zero carbon targets (2030 for Scope 1 & 2 emissions; 2040 for Scope 3 emissions) consistent with a no higher than 1.5°C climate increase adopted on a Group basis, with the Group's Net Zero Transition Plan being developed with SBTI for implementation in 2023 Continued to drive employee engagement through ongoing active schedule of country and office visits, including the North America, Asia Pacific and CEME businesses and providing regular updates on Group strategy Further good progress made on diversity and inclusivity, with in particular the percentage of women in senior leadership positions now at 36.5% (2021: 33%) and in relation to the Group's social mobility initiatives; Savills UK awarded the UK Real Estate Apprentice Employer of the Year in 2022
▪ In Asia Pacific, continue to strengthen the platform outside of Greater China and deliver the contra-cyclical strengthening of transactional teams in relevant markets and further growth across residential, logistics and consultancy services	Acquired a full service business in Indonesia to complement the Group's existing business there and Absolute Maintenance Systems in Singapore. Further completed the recruitment of key people and teams across the platform to strengthen Asia Pacific transactional teams in relevant markets and further grow residential, occupier services, valuation, logistics and consultancy services
▪ Support the development of the reset North American management team, strengthen the platform in underscale markets through targeted recruitment and oversee the greater integration of Consultancy Services under the portfolio services platform	Reset North American management structure launched in September 2022, with the business focused on three service offerings: Portfolio Services, Consultancy Services and Brokerage each led by a newly constituted management team. Client offering further strengthened across key North American markets through strategic recruitment
▪ In CEME and the UK, continue to strengthen the platform in key markets and build-out the Group's new businesses in Egypt and Saudi Arabia	UK and CEME service offerings and teams further enhanced through targeted acquisitions and recruitment, with in particular Brickbyte, a market leading workplace consultancy and the Operational Capital Markets and Corporate Finance offering in Germany; leading Office Leasing & Tenant Rep and a Logistics & Hospitality teams joining in Italy; a pan-CEME and UK Data Centre advisory team joining; and leading Restaurant & Hospitality, Healthcare & Consultancy and Sustainability & Natural Capital teams joining in the UK Year-on-year revenue growth of respectively 73% and 116% achieved in Egypt and Saudi Arabia

Simon Shaw:

Target	Achievement
▪ Continuing to progress the Group's growth strategies, in the context of market conditions, with a particular focus on growing Asia, CEME, Consultancy and Global Residential;	▪ Further good progress, in particular ▪ integrated Merx (acquired 2021) into Asia Pacific platform; ▪ acquired full service business in Indonesia and Absolute Maintenance Systems (Singapore based Facilities Management provider); ▪ acquired the Polish retail property management business of Knight Frank and Brickbyte in Germany; and ▪ acquired SRS Lease Administration LLC consultancy in North America.
▪ In relation to Savills IM, further building the strategic relationship with Samsung Life to ensure that the targeted benefits are delivered and promoting the integration of DRC	▪ Good progress made with Samsung Life, with in particular seed capital made available by Samsung Life for Savills IM's APACIG, Japan II, ERED V and Euro Living I funds, and DRC Savills now fully integrated into the Savills IM platform and actively seeking growth opportunities
▪ In relation to Savills North America, repositioning the business to deliver improved performance going forward and diversify the service offering	▪ Reset North American management structure launched in September 2022, with the business focused on three service offerings: Portfolio Services, Consultancy Services and Brokerage each led by a newly constituted management team. Client offering further strengthened across in key North American markets through strategic recruitment
▪ Support the implementation of ESG strategy with particular focus on growing the Group's Sustainability Consulting offering	▪ Encouraged greater linkage between Savills Earth teams across the Regional Businesses, and Sustainability offering established in North America
▪ Subject to the effect of overall market conditions, ensure that the focus on margin improvement remains in each Regional Business including identifying and sponsoring cost and operating efficiency improvements (including through adoption of technology)	▪ Market conditions, in particular in the second half of the year which saw a rapid rise in debt costs, which significantly impacted transactional markets, and together with inflationary pressures globally, reduced the volume of leasing transactions, with the consequent impact on Group margin; however the effect of the reduction of higher margin transactional volumes was successfully mitigated by the Group's continued focus on rigorous cost control, with the result that Group margin was maintained at above 7%
Sponsor and oversee of the Group's multi-year technology initiatives, progress the roll-out of: ▪ the UK Valuations Digitalisation programme; ▪ the Athena property database, incorporating the integration of Savills unique data; and ▪ the harmonisation of accounting systems across the Group through AX Dynamics implementations.	▪ Delivery against key milestones in all technology initiatives across the Group – within our CRM and Finance Platform programmes ▪ Realising the benefit of efficiency projects in multiple service lines, particularly Valuation, Residential (estate agency and Auctions) and Property Management, and the launch of Athena benefitting the UK commercial property service lines ▪ Continuing to develop our data capability both regionally and in local markets, in line with service line mix and client demand ▪ Implementation of AX Dynamics across multiple markets progressing in line with target
▪ Ensure that the Group ERM remains appropriate, and develops as appropriate as the parameters of UK SOX become clearer	▪ Progress in refining the Group's established control framework to meet the requirements of 'UK SOX' well advanced with the revised control framework to be effective as required in 2024

Based on the above, the overall outcome was 90% of maximum for each of the Executive Directors.

As described in the Chair's letter earlier in this report, the Committee considered this outcome to be appropriate and that it reflected the financial and non-financial performance of the business and the experience of stakeholders. In line with the Policy, 50% of the overall awards, above an amount equal to their respective base salaries, will be deferred for a further three-year period in the form of shares.

Directors' Remuneration Report continued

Long-term incentives (audited)

The PSP award granted in 2020 was subject to performance in the three years to 31 December 2022. Following an assessment of Savills performance against targets set at grant, the Committee determined that 10.9% of the award had met the performance criteria and will be released at the end of the two-year holding period in June 2024.

The targets and Savills performance were as follows:

	Weighting	Threshold target (25% vesting)	Maximum target (100% vesting)	Savills performance	Vesting (% of maximum)
Relative TSR versus FTSE Mid 250 index (excluding investment trusts)	1/3	Equal to index	Outperform index by 8% p.a.	Index + 0.8% p.a.	32.54%
% EPS growth	1/3	RPI plus 3% p.a. compounded	RPI plus 8% p.a. compounded	-1.6% p.a.	Nil
Return on Equity	1/3	24%	32.5%	21.1%	Nil

As described in the Chair's letter earlier in this report, the Committee considered this outcome to be appropriate, mindful of the potential for windfall gains, and reflects the financial and non-financial performance of the business and the experience of stakeholders.

Non-Executive Directors fees (audited)

The Non-Executive Director fees for 2022 were as follows:

	Nicholas Ferguson (Chairman)	Stacey Cartwright	Philip Lee	Richard Orders	Dana Roffman	Marcus Sperber*	Florence Tondu-Mélique
Basic fee	**£220,800**	**£56,175**	**£56,175**	**£56,175**	**£56,175**	**£2,620**	**£56,175**
Additional fees:							
Senior Independent Director		**£8,000**					
Remuneration Committee Chairman				**£10,000**			
Audit Committee Chairman		**£15,000**					
2022 Total	**£220,800**	**£79,175**	**£56,175**	**£66,175**	**£56,175**	**£2,620**	**£56,175**
2021 Total	£215,000	£77,700	£54,700	£63,033	£54,700	–	£54,700

Notes:
M Sperber joined the Board effective 15 December 2022.
T G Freshwater retired from the Board effective 31 December 2021 and consequently received no fees in 2022 (2021: £54,700).

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 fee for the Non-Executive Chairman is determined by the Remuneration Committee.

The fee payable to Nicholas Ferguson as Chairman during 2022 was £220,800 p.a. (2021: £215,000 p.a.). The base fee for the Non-Executive Directors for 2022 was £56,175 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.).

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

Operation of Policy in 2023

Base salary

The base salaries of the Executive Directors will be unchanged from March 2022 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 2023 will be:

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

For the 2023 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 targets are similarly challenging to those set in 2022 having had regard to current internal plans, external expectations for our future performance and current market conditions.

The Committee retains a general discretion to adjust 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 2023 will be 200% of base salary for both Executive Directors.

Awards will vest subject to the satisfaction of absolute EPS growth targets for one-third of the award, TSR performance for one-third of the award and Return on Capital Employed 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.

As detailed in the Chair's Introductory Statement, the Committee intends to undertake a final review of the terms of the PSP awards prior to grant, including the quantum and performance conditions, in light of commercial circumstances at the time of grant.

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 2022 and 2021.

	2022 £m	2021 £m	% movement
Employment costs	**1,509.8**	1,413.1	7
Underlying profit before tax	**164.6**	200.3	-18
Dividend payment to Shareholders	**50.9**	85.8	-41
Executive Director remuneration	**4.8**	4.6	4
Tax	**150.4**	145.6	3

- 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 2022 comprises the cost of the final dividend recommended by the Board (amounting to £19.3m) alongside the supplemental interim dividend (amounting to £22.5m), payment is subject to Shareholder approval at the Company's AGM scheduled to be held on 17 May 2023 (payable to Shareholders on the Register of Members as at 11 April 2023) and the interim dividend (£9.1m) paid on 5 October 2022.
- 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.

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.

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) %
2022	Mark Ridley	2,815	164.6	-17.8	67.5	11
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

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 31/12/2021 to 31/12/2022			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 %	Percentage change in base salary / fee %	Percentage change in benefits %	Percentage change in profit share award %
Mark Ridley(1)	**4.5**	**-59.9**	**5.2**	0	159	165	2	1	-52.5
Simon Shaw	**4.6**	**0**	**7.9**	0	0	165	2	-28	-52.5
Nicholas Ferguson	**2.7**	**n/a**	**n/a**	0	n/a	n/a	0	n/a	n/a
Stacey Cartwright(2)	**1.9**	**n/a**	**n/a**	12	n/a	n/a	9	n/a	n/a
Tim Freshwater(3)	**n/a**	**n/a**	**n/a**	-13	n/a	n/a	1	n/a	n/a
Philip Lee(4)	**2.7**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Richard Orders(4)	**5**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Rupert Robson(5)	**n/a**	**n/a**	**n/a**	-64	n/a	n/a	1	n/a	n/a
Dana Roffman	**2.7**	**n/a**	**n/a**	0	n/a	n/a	n/a	n/a	n/a
Marcus Sperber(6)	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Florence Tondu-Mélique	**2.7**	**n/a**	**n/a**	0	n/a	n/a	1	n/a	n/a
All UK employees	**8.5**	**3.5**	**-13.5**	-3.9	-1.1	34.3	-2.4	2.8	-7.3

Notes:

1. Mark Ridley's 2021 benefits include £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 and resigned 31 December 2021.
4. Appointed 1 January 2021.
5. Resigned 12 May 2021.
6. Appointed 15 December 2022.
7. Salary, benefits and bonus are 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 122) 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
2022	Option A	129 : 1	86 : 1	47 : 1
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 advisers 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 2022.

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 decrease in this ratio for 2022 compared to 2021 is reflects our pay for performance philosophy, in particular at the senior level, where reward decreased compared to the record year in 2021. As a result, the more challenging business environment in 2022 resulted in a relative decrease in total remuneration for the CEO (-19.6%) compared to the wider workforce.

The CEO’s pay is based on the single figure of remuneration set out on page 122 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, also share price movements.

Casual employees and those on zero hours contracts have their pay annualised based on their hourly rate, using 37.5 hours per week x 52 weeks per year.

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:

	Salary			Total pay and benefits		
Year	**25th percentile**	**Median**	**75th percentile**	**25th percentile**	**Median**	**75th percentile**
2022	**£19,398**	**£27,333**	**£42,663**	**£21,769**	**£32,757**	**£60,555**

Notes to the calculations:

1. For Savills IM, Partnership members within the Affordable and DRC businesses are excluded from this report.
2. For Savills IM Residential (previously Pitmore) only Directors are included; employees are excluded from this report as their contractual effective start date is w1 January 2023.

Pensions disclosure (audited)

During 2022 Mark Ridley received a non-pensionable salary supplement equal to 14% of pensionable earnings. This salary supplement was 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 contributed 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 2022	Defined benefit pension accrued at 31 December 2021	Defined benefit pension accrued at 31 December 2020
Mark Ridley	**39,501**	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, 31 December 2021 and 31 December 2022 respectively. No additional benefit is due in the event of early retirement.

With effect from 1 January 2023, Company pension allowances for the Group Chief Executive Officer and the Group Chief Financial Officer reduce to 8% of base salaries, consistent with the pension contributions for the wider UK workforce.

Share interests

Details of shares in the Company which the Directors beneficially held or had a beneficial interest in as at 31 December 2022 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 with performance conditions attaching satisfied (discounted for anticipated tax liabilities) (PSP)	Total share interests that count towards the shareholding requirement	Unvested shares subject to performance conditions (PSP)	Deferred share bonus plan awards (vesting not subject to performance conditions) (DSBP)	Shareholding requirement	Extent to which shareholding guideline met
Mark Ridley	231,854	38,631	270,485	208,195	199,417	263,719	103%
Simon Shaw	182,579	31,050	213,629	160,642	148,896	201,817	106%

The Company currently applies shareholding requirements that the Group Chief Executive Officer and Group Chief Financial Officer hold shares to the value of seven 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 December 2022
Nicholas Ferguson	39,286
Stacey Cartwright	4,983
Philip Lee	–
Richard Orders	–
Dana Roffman	–
Marcus Sperber	–
Florence Tondu-Mélique	–

As at 15 March 2023, no Director had bought or sold shares since 31 December 2022.

The Savills Sharesave Scheme (audited)

Directors	At 31 December 2021	Granted during year	Exercised during year	Lapsed during year	At 31 December 2022	Market value at date of exercise	Exercise price per share	Exercisable within six months from
Mark Ridley	–	2,371	–	–	2,371	–	759p	01.11.25
Simon Shaw	–	2,371	–	–	2,371	–	759p	01.11.25

Scheme interests granted in 2022 (audited)

2022 PSP awards were made on 20 April 2022. 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 2022. 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 (face value) 200% base salary	Performance period	% vesting for threshold performance	% vesting for maximum performance	Performance criteria
Mark Ridley	Nil-cost options	£622,000	1 January 2022 to 31 December 2024	25%	100%	– One-third of award: Earnings per share growth – One-third of award: Relative Total Shareholder Return against the FTSE 250 (excluding investment trusts) – One-third of award: Return on Capital Employed
Simon Shaw	Nil-cost options	£475,200				

Awards will vest subject to the satisfaction of EPS targets for one-third of the award as follows:

- 25% (ie threshold) of the element to vest if the Company's EPS growth is 6% p.a. compounded;
- 100% (ie 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% (ie threshold) of the element to vest if the Group's TSR performance equals that of the Index;
- 100% (ie the maximum) of the element to vest if the Group's TSR performance outperforms the Index by 8% p.a.; and with straight-line vesting between the two points.

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

- 25% (ie threshold) of the element to vest if the Company's ROCE is 15%;
- 100% (ie the maximum) of the element to vest if the Company's ROCE is 25% or more; and with straight-line vesting between the two points. ROCE is defined as:

$$\frac{\text{Underlying profit before tax plus JV tax and net interest cost (excluding finance lease interest)}}{\text{(Opening total debt plus Shareholders funds) plus (closing total debt plus Shareholder funds) / 2}}$$

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 2021	Awarded during year	Vested during year	Lapsed during year	At 31 December 2022	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	1,095p	22.05.22
	9,892	–	–	–	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
	–	56,803	–	–	56,803	20.04.22	1,095p	–	20.04.27
Simon Shaw									
	23,823	–	23,823	–	–	22.05.17	881.5p	1,095p	22.05.22
	10,410	–	–	–	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
	–	43,397	–	–	43,397	20.04.22	1,095p	–	20.04.27

The PSP award granted in 2019 was subject to performance in the three years to 31 December 2021. Following the 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.

Awards over 47,646 shares, together with a further 6,014 shares in lieu of dividends, vested under the PSP to Executive Directors during the year. A subscription cost of 2.5p nominal value per share is payable on actual receipt of shares. The total pre-tax gain on awards vested during the year under the PSP was £586,378.

The Deferred Share Bonus Plan ('DSBP')

Number of conditional share awards

Directors	At 31 December 2021	Awarded during year	Vested during year	At 31 December 2022	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	39,673	–	39,673	–	15.04.19	917.5p	1,080p	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
	–	90,045	–	–	20.04.22	1,095p	–	20.04.25
Simon Shaw	59,182	–	59,182	–	15.04.19	917.5p	1,080p	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
	–	67,328	–	67,328	20.04.22	1,095p	–	20.04.25

Awards granted under the DSBP to Executive Directors during the year were based on 50% of the 2021 annual performance-related profit share above an amount equal to their respective base salaries in line with the Policy. Under the DSBP awards over 98,855 shares and 5,022 shares in lieu of dividends vested to Executive Directors during the year. The total pre-tax gain on DSBP awards vested during the year was £1,122,271. No DSBP awards lapsed.

During the year, the aggregate gain on the exercise of share options and shares vested was £1,708,649. The mid-market closing price of the shares at 30 December 2022, the last business day of the year, was 825.5p and the range during the year was 763.5p to 1,440p.

Payments to past Directors

No payments to past Directors were made during the year that require to be reported under the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019.

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 2022, Simon Shaw received a fee of £83,750 in relation to his continuing appointment as Non-Executive Chairman of Synairgen plc which he was permitted to keep (as this appointment is not linked to his role within the Company).

Service contracts

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

Directors	Contract date
Mark Ridley	1 May 2018
Simon Shaw	16 March 2009

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

Director	Date appointed to Board	End date of current letter of appointment
Stacey Cartwright	1 October 2018	30 December 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 2025
Marcus Sperber	15 December 2022	14 December 2025
Florence Tondu-Mélique	1 October 2018	30 December 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 2021 Annual Remuneration Report and the Directors' Remuneration Policy at the AGM held on 11 May 2022.

	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'*
2021 Annual Directors' Remuneration Report	101,229,324	88.31%	13,393,890	11.69%	114,623,214	20,196
Directors' Remuneration Policy	96,748,672	84.71%	17,464,743	15.29%	114,213,415	429,995

* 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	22
Material existing and emerging risks and uncertainties	29
Statement of Directors' responsibilities	139
Corporate Governance Statement	74
Engagement with UK employees	38
Greenhouse gas emissions	64
Engagement with suppliers, customers and others in a business relationship	38
Financial Risk Management	170

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.

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 150 which shows a reported profit for the financial year attributable to the Shareholders of the Company of £119.4m (2021: £146.2m).

An interim dividend of 6.6p per ordinary share amounting to £9.1m was paid on 5 October 2022. It is recommended that a final dividend of 13.4p per ordinary share (amounting to £19.3m) is declared by the Company at the AGM on 17 May 2023 and, subject to Shareholder approval, paid on 22 May 2023 to Shareholders on the register of members as at the close of business on 11 April 2023 together with a supplemental interim dividend of 15.6p per ordinary share (amounting to £22.5m). 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.

The Group has prepared its going concern assessment for the period to the end of June 2024. 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, costs 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. The results of this sensitivity analysis showed that the Group would retain liquidity and 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 £307.4m (cash and cash equivalents less overdrafts in notional pooling arrangements and borrowings) 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 until at least June 2024. 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 the Company since 31 December 2022.

Directors

Biographical details of the current Directors are shown on pages 80 to 82. All the Board members served throughout the year save for Marcus Sperber who was appointed on 15 December 2022. As at 31 December 2022 the Board comprised the Non-Executive Chairman, two Executive Directors and six Non-Executive Directors.

Interests in the issued share capital of the Company held at the end of the period under review and up to the date of this Report by the Directors or their families are set out on page 131 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 131 to 133. 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 seven times their respective base salaries (£2,177,000 and £1,666,000 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 2022 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 135 to 138, together with the Strategic Report on pages 6 to 58, 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 2022 comprised 144,353,048 2.5p ordinary shares, details of which may be found on page 221.

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 2022 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[1]	Number of shares[1]	%[1]
Liontrust Investment Partners LLP	7,210,255	5.04
Global Alpha Capital Management Ltd.	7,194,238	5.03
BlackRock, Inc	7,254,168	5.02
Heronbridge Investment Management LLP	7,131,812	4.99
Jupiter Fund Management Plc	7,113,311	4.97

1. The names of Shareholders and percentages of issued share capital are stated as per the notifications received and have not been subject to independent verification by the Company or any other person. As such, the above table should not be assumed to be a full and accurate record of all the interests that are required to be notified to the Company under the DTRs.

Note: On 14 March 2023 BlackRock, Inc notified the Company that its interests in the Company's ordinary share capital had fallen below 5%. No other changes to the above have been disclosed to the Company in accordance with DTR 5, between 31 December 2022 and 15 March 2023.

As at 31 December 2022, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 6,780,308 ordinary shares and the Savills Rabbi Trust held 1,914,869 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 11 May 2022 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 17 May 2023 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 120, 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 reappointment by the Shareholders. The Articles provide that each Director shall retire from office at the third AGM after the AGM at which he or she was last elected. A retiring Director shall be eligible for re-election. However, in accordance with the 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 17 May 2023; 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 (2021: £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 38 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 119 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.

Whistleblowing

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

Independent auditors

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment 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 38.

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 38 and 39.

By order of the Board

Chris Lee
Group Legal Director & Company Secretary

15 March 2023

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 80 to 82, confirm 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.

15 March 2023

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 2022 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;
- 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 2022 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2022	Statement of financial position as at 31 December 2022
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 obtained Management's going concern assessment and understood the process undertaken by Management to evaluate the operational and economic impacts of the ongoing cost of living crisis and other downside scenarios on the group and to reflect these in the group's forecasts.
- We further tested the clerical accuracy of the going concern cash flow models and evaluated the appropriateness of the methods used to calculate the cashflow forecasts, this included Management's considerations related to forecast cash flows for climate change impacts, concluding these not be material in the going concern period.
- We assessed the appropriateness of the forecasts used in the going concern model by comparing these to the latest Board approved forecast.

- We obtained the cash forecast and covenant calculation for the going concern period which covers 18 months from the balance sheet date to 30 June 2024. We have tested the assumptions that are most sensitive in each modelled scenario, being revenues, costs and underlying profits, and tested compliance with the covenants which focus on consolidated EBITDA and adjusted EBITDA. In particular, we compared the main assumptions to historical trends, including the performance of the business through the 2008-2010 global financial crisis and 2020-2022 COVID-19 pandemic. We also compared the performance of the business against the performance of competitors in the industry.
- We challenged the appropriateness of each of the key assumptions through agreeing them to supporting evidence and searching for contradictory evidence, using our understanding of the Group's business, evidence gained during the audit and our industry knowledge, including principal and emerging risks that could impact the Group.
- We assessed Management's reverse stress test on covenant compliance where EBITDA was sensitised to identify the point at which the covenant was forecast to breach. We performed our own reverse stress test applying further sensitivities to Management's downside scenario.
- 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 read the going concern disclosures included in the Annual Report in order to assess whether they are appropriate and in conformity with the reporting standards.

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 2024.

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

Group	Parent company
Audit scope	▪ We performed an audit of the complete financial information of 8 components and audit procedures on specific balances for a further 5 components. ▪ The components where we performed full or specific audit procedures accounted for 84% of absolute profit before tax*, 92% of revenue and 90% of total assets. * absolute profit before tax is calculated as the amalgamation of the absolute values of profits and losses across for each component in the Group after removing intercompany transactions.
Key audit matters	▪ Revenue recognition, specifically; – The risk of fraud in revenue recognition in relation to cut-off in the transactional advisory business; and – The risk of management override of controls in relation to revenue recognition. ▪ Goodwill impairment ▪ Provision for professional indemnity litigations and claims
Materiality	▪ Overall group materiality of £8.2m which represents 5% of profit before tax adjusted for non-recurring items.

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, the potential impact of climate change 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.

Of the 13 components selected, we performed an audit of the complete financial information of 8 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 5 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 84% (2021: 90%) of the Group's absolute profit before tax, 92% (2022: 93%) of the Group's revenue and 90% (2021: 97%) of the Group's total assets. For the current year, the full scope components contributed 74% (2021: 86%) of the Group's absolute profit before tax, 83% (2021: 88%) of the Group's revenue and 81% (2021: 83%) of the Group's total assets. The specific scope components contributed 10% (2021: 3%) of the Group's absolute profit before tax, 10% (2021: 5%) of the Group's revenue and 8% (2021: 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 8% of the Group's absolute profit before tax, 7% of the Group's revenue and 9% of the Group's total assets were the subject of specified audit procedures, including obtaining additional cash confirmations.

Of the remaining components that together represent 8% 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, 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 primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 8 full scope components, audit procedures were performed on 2 of these directly by the Group audit team. The audit procedures performed on the other 6 full scope components and the 5 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 year's audit cycle, visits were undertaken by the primary audit team to 5 component teams in the Group, whereas for all other locations (6 components) our visits were performed virtually. We supplemented these visits with further interactions with the component teams through the use of video or teleconferencing facilities, including virtual meetings with local Management. We held virtual planning meetings before the year end and weekly video conference calls were held with each of our component teams from the beginning of February through to the full year results announcement in March 2023. The review of relevant audit workpapers was facilitated by the EY electronic audit platform and screen sharing of work. This allowed appropriate discussions with the component teams on audit strategy, risk identification and the results of audit procedures performed. The primary 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 Savills. 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 68 to 73 in the Task Force for Climate related Financial Disclosures and on pages 32 to 35 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.

Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

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.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue Recognition Revenue for the year ended 31 December 2022 was £2,298.3m (2021: £2,147.0m). There is a risk of fraud in revenue recognition in relation to cut-off in the transactional advisory business. Transactional Advisory Revenue for the year ended 31 December 2022 was £930.1m (2021: £892.9m). Considering the relatively high proportion of the transactional revenue recognised close to the year end, the risk of misstatement may occur through recognition in the incorrect period, whether due to management override, or error, due to conditions attached to the transactional advisory revenue. We have identified this as a significant risk. There is also a risk that revenue may be misstated through management override by incorrectly recognising revenue in order to increase profits to meet bonus targets, or to smooth financial results. Refer to the Audit Committee Report (page 111); Accounting policies (page 165); and Note 6 of the Consolidated Financial Statements (page 180).	We obtained an understanding of the Group's revenue process and identified key controls, but did not test or rely on controls. 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 and these were not satisfied at the year-end, but cash was received, we checked that revenue was appropriately deferred by confirming that a liability was recorded in the Statement of Financial Position. 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. 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 gained an understanding of why the credit note was issued and obtained reissued invoices to prove that revenue was not overstated in 2022. We tested all material consolidation adjustments, topside adjustments and manual journal entries impacting revenue by obtaining supporting documentation to corroborate the amounts recorded in the current period. We performed full and specific scope audit procedures over the cut-off risk in transactional advisory revenue and the risk of management override of controls in 13 locations, which covered 90% of revenue.	We did not identify any material cut off issues relating to transactional advisory revenue or any instances of management override relating to revenue recognition in the year.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Goodwill impairment At 31 December 2022 the carrying value of Goodwill is £449.4m (2021: £411.6m). The impairment charge recognised during the year is nil (2021: £4.1m). 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. 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. Refer to the Audit Committee Report (page 111); Accounting policies (page 160); and Note 15 of the Consolidated Financial Statements (page 194).	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. For all material CGUs, we performed the following procedures: ▪ 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. ▪ 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. ▪ We agreed forecast cash flows to Board approved budgets and strategic plans. ▪ We have performed sensitivity analysis over key assumptions to understand the impact of reasonably possible changes in assumptions on the impairment models and conclusions. We identified the CGUs presenting a higher risk of impairment based on the materiality of the allocated goodwill, historical and actual trading 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: ▪ We tested the key assumptions supporting Management forecasted cash flows for each CGU, including revenue growth, operating profit margin and discount rate. 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's value in use models. ▪ 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. ▪ 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. Our work on the carrying value of goodwill was performed by the group audit team with assistance from a number of component teams. Our procedures covered 99% of the goodwill carrying value at the balance sheet date.	Based on our procedures, we conclude that the recoverable value of the goodwill and indefinite lived assets exceed their carrying value and that there is no impairment of these assets in the year. The disclosures prepared by Management comply with IAS 36 and appropriately reflect the CGUs where a reasonable change in assumption could result in an impairment charge. 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 and Middle East CGUs. We concluded appropriate disclosures had been included in the Financial Statements for the above assumptions.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Provision for professional indemnity litigation and claims The provision for professional indemnity litigations and claims at 31 December 2022 was £12.5m (2021: £16.5m). The Group is subject to legal claims arising in the normal course of business. The determination of whether to make a provision is judgemental, based on the likelihood a liability will crystallise, and the valuation of any provisions requires estimation, including the use of internal and external legal counsel. Given the diverse geographical spread of the Group and number of litigations that are ongoing, we recognise that completeness of litigations and the associated provisions recognised in the financial statements is also a significant risk. The inclusion of the completeness assertion is a change from the prior year. Refer to the Audit Committee Report (page 111); Accounting policies (page 164); and Note 26 of the Consolidated Financial Statements (page 219).	We understood Management's process for reporting, assessing and valuing provisions for claims and we identified relevant controls over the process but did not test or rely on those controls. We assessed the completeness of Management's schedule of claims through our review of external legal confirmations, 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. We 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. In order to assess the adequacy of the provision recognised, 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. ▪ Performed a look-back analysis to confirm the accuracy of historical provisions made against amount settled. ▪ For the material provisions, we examined legal correspondence and third-party evidence received by the Group. For these matters, we have compared Management's explanations to legal advice and correspondence or bank statements where amounts have been settled. ▪ We have 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 was reversed. ▪ We have assessed the completeness of litigations and 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. ▪ We also tested both a sample of claims without provisions recognised, and immaterial provisions, to confirm the completeness of the provision balance. We have also inspected post year end correspondence and enquired with Management about subsequent events impacting the provisions recognised at year end. 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 facts or assumptions.	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 recognised in accordance with the requirements of IAS 37 Provisions, Contingent liabilities and contingent assets. We have also reviewed the disclosures in the financial statements and concluded they were appropriate.

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 £8.2 million (2021: £10.1 million), which is 5% (2021: 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.

We determined materiality for the Parent Company to be £11.6 million (2021: £17.0 million), which is 5% (2021: 5%) of net assets.

Starting basis	IFRS profit before tax: £153.9 million
Adjustment for non-recurring items	Add back: ▪ Acquisition costs £10.1 million Less: ▪ Fair value loss on call option £0.1 million
Materiality	IFRS profit before tax adjusted for non-recurring items of £163.9 million Materiality of £8.2 million (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 £8.2m from planning materiality of £7.4m.

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% (2021: 50%) of our planning materiality, namely £4.1m (2021: £5.1m). We have set performance materiality at this percentage due to the risk of material misstatements occurring within the Financial Statements, including our understanding of the control environment and history of past errors identified.

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 £0.8m to £3.5m (2021: £1.0m to £2.3m).

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 £0.4m (2021: £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 Strategic Report, Governance, Shareholder information and the Appendices set out on page 245, 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 135;
- 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 135;
- 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 135;
- Directors' statement on fair, balanced and understandable set out on page 139;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 31;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 113; and
- The section describing the work of the audit committee set out on pages 105 to 113.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement set out on page 139, 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.

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 Savills plc 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 the risk 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 for cut off in the transactional advisory business and management override of controls in all revenue streams was considered to be higher and we performed audit procedures to address these fraud risks. These procedures were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. 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 the results of Management's investigation of such matters, involving the use of specialists where necessary; and
  - 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.
- Where instances of non-compliance with laws and regulations were identified we performed the following procedures:
  - We determined whether each matter had the potential to have a more than inconsequential effect on the financial statements or was clearly inconsequential. We did this initial assessment together with our EY Forensics specialists including:
    - We obtained and read Management's assessment as to the impact of the matter on the Financial Statements, including any internal or third party investigations carried out.
    - Holding discussions with local and Group Management.
  - Where the matter was deemed to have a clearly inconsequential effect we assessed the adequacy and completeness of Management's assessment, including their determination of the financial statement impact before concluding the matter to be insignificant.
  - Where the matter was deemed to have a more than inconsequential effect, we performed the following:
    - Evaluated the procedures undertaken by Management to determine the impact of the matter, including the completeness of their procedures and findings
    - Involved our EY Forensic specialists to support us in the audit of Management's procedures
    - Re-assessed and updated, where required, our planned audit procedures and responses to the areas identified
    - Assessed the financial impact and compared this to Management's conclusions
  - For all matters identified, we considered the impact across the Group. Our Group audit instructions were tailored to address the related risks to our component audit teams as required.

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 2 years, covering the years ending 2021 to 2022.

- 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.

Christabel Cowling (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London

15 March 2023

Consolidated income statement
for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Revenue	5 and 6	**2,298.3**	2,147.0
Employee benefits expense	9.1	**(1,509.8)**	(1,413.1)
Depreciation	16 and 17	**(65.8)**	(63.4)
Amortisation of intangible assets	15	**(16.9)**	(14.2)
Impairment of intangible assets and goodwill	15	**–**	(5.2)
Other operating expenses	7.1	**(562.1)**	(465.2)
Decrease/(increase) in provision for expected credit loss	20.2	**2.1**	(4.0)
Other net gains	7.1	**0.3**	2.0
Share of post-tax profit from joint ventures and associates	18.1	**12.1**	12.6
Operating profit	7.1	**158.2**	196.5
Finance income	11	**13.7**	1.9
Finance costs	11	**(18.0)**	(15.3)
Net finance cost	11	**(4.3)**	(13.4)
Profit before income tax		**153.9**	183.1
Income tax expense	12	**(34.1)**	(36.4)
Profit for the year		**119.8**	146.7
Attributable to:			
Owners of the parent		**119.4**	146.2
Non-controlling interests		**0.4**	0.5
		119.8	146.7
Earnings per share			
Basic earnings per share	14.1	**87.0p**	104.9p
Diluted earnings per share	14.1	**82.2p**	99.8p

Supplementary income statement information

Reconciliation to underlying profit before income tax			
Profit before income tax		**153.9**	183.1
– restructuring and transaction-related costs	8	**15.6**	17.3
– other underlying adjustments	8	**(4.9)**	(0.1)
Underlying profit before income tax	6 and 8	**164.6**	200.3

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Profit for the year		**119.8**	146.7
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme and employee benefit obligations		**6.6**	21.3
Changes in fair value of financial assets held at FVOCI		**(10.9)**	(4.4)
Tax on other items that will not be reclassified	12	**(3.9)**	(5.3)
Total items that will not be reclassified to profit or loss		**(8.2)**	11.6
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**48.1**	(8.9)
Tax on items that may be reclassified	12	**–**	(0.1)
Total items that may be reclassified subsequently to profit or loss		**48.1**	(9.0)
Other comprehensive income for the year		**39.9**	2.6
Total comprehensive income for the year		**159.7**	149.3
Total comprehensive income attributable to:			
Owners of the parent		**158.4**	148.8
Non-controlling interests		**1.3**	0.5
		159.7	149.3

Consolidated and Company statements of financial position

as at 31 December 2022

		Group		Company	
	Notes	2022 £m	2021 restated** £m	2022 £m	2021 restated** £m
Assets: Non-current assets					
Property, plant and equipment	16	**77.0**	66.3	**3.4**	3.3
Right-of-use assets	17	**223.8**	232.6	**40.0**	49.4
Goodwill	15	**449.4**	411.6	**–**	–
Intangible assets	15	**66.3**	72.6	**1.8**	3.7
Investments in subsidiaries	18.4	**–**	–	**176.4**	175.0
Investments in joint ventures and associates	18.1	**37.0**	32.8	**–**	–
Deferred income tax assets	19	**38.6**	36.1	**1.9**	3.3
Financial assets at fair value through other comprehensive income (‘FVOCI’)	18.2	**5.7**	16.7	**–**	–
Financial assets at fair value through profit and loss (‘FVPL’)	18.3	**36.8**	29.5	**–**	–
Defined benefit pension surplus	10.2	**25.5**	18.1	**1.2**	1.0
Contract related assets	5.1	**2.4**	3.4	**–**	–
Trade and other receivables	20.3	**37.5**	25.4	**7.1**	52.3
		1,000.0	945.1	**231.8**	288.0
Assets: Current assets					
Contract assets	5.1	**7.4**	9.3	**–**	–
Trade and other receivables	20.1	**643.1**	602.3	**81.4**	49.7
Income tax receivable		**2.4**	0.9	**–**	–
Derivative financial instruments	26	**0.3**	0.1	**–**	–
Cash and cash equivalents*	21	**669.1**	689.7	**93.6**	102.2
		1,322.3	1,302.3	**175.0**	151.9
Liabilities: Current liabilities					
Borrowings	24	**10.6**	2.1	**–**	–
Overdrafts in notional pooling arrangement*	22	**202.0**	198.5	**–**	–
Lease liabilities	25	**53.2**	48.0	**5.2**	5.7
Derivative financial instruments		**1.0**	0.9	**–**	–
Contract liabilities	5.1	**14.0**	14.5	**–**	–
Trade and other payables	23.1	**744.3**	738.5	**14.9**	49.8
Income tax liabilities		**15.5**	15.9	**2.4**	0.7
Employee benefit obligations	26.2	**17.7**	16.9	**0.2**	0.3
Provisions	26.1	**9.2**	9.2	**–**	–
		1,067.5	1,044.5	**22.7**	56.5
Net current assets		**254.8**	257.8	**152.3**	95.4
Total assets less current liabilities		**1,254.8**	1,202.9	**384.1**	383.4
Liabilities: Non-current liabilities					
Borrowings	24	**149.1**	148.4	**–**	–
Lease liabilities	25	**224.4**	237.0	**53.6**	58.8
Derivative financial instruments		**6.7**	2.6	**–**	–
Other payables	23.2	**21.9**	20.0	**–**	–
Employee benefit obligations	26.2	**25.2**	20.3	**–**	–
Provisions	26.1	**20.6**	20.0	**2.4**	1.6
Deferred income tax liabilities	19	**1.6**	1.2	**–**	–
		449.5	449.5	**56.0**	60.4
Net assets		**805.3**	753.4	**328.1**	323.0
Equity:					
Share capital	27	**3.6**	3.6	**3.6**	3.6
Share premium	27	**104.9**	104.4	**104.9**	104.4
Other reserves	29	**112.8**	76.2	**38.2**	38.2
Retained earnings	29	**546.8**	540.0	**181.4**	176.8
Equity attributable to owners of the parent		**768.1**	724.2	**328.1**	323.0
Non-controlling interests	18.5	**37.2**	29.2	**–**	–
Total equity		**805.3**	753.4	**328.1**	323.0

* Included within cash and cash equivalents are cash balances of £205.0m (31 December 2021: £201.5m) that are operated within a notional cash pooling arrangement together with overdraft balances of £202.0m (31 December 2021: £198.5m) presented above in current liabilities. See Note 22 for further details.

** See Note 18.6 for details of prior period restatement of Group goodwill and trade and other receivables in relation to a measurement period adjustment in accordance with IFRS 3. See Note 2.29 for details of prior period restatements.

The profit after income tax of the Company for the year was £78.8m (2021: £42.5m).

The consolidated and Company financial statements on pages 150 to 155 were authorised for issue by the Board of Directors on 15 March 2023 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 2022

		Attributable to owners of the parent						
		Share capital £m	Share premium £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2022		**3.6**	**104.4**	**76.2**	**540.0**	**724.2**	**29.2**	**753.4**
Profit for the year		**–**	**–**	**–**	**119.4**	**119.4**	**0.4**	**119.8**
Other comprehensive income/(loss):								
Remeasurement of defined benefit pension scheme and employee benefit obligations		**–**	**–**	**–**	**6.1**	**6.1**	**0.5**	**6.6**
Changes in fair value of financial assets at FVOCI		**–**	**–**	**(10.9)**	**–**	**(10.9)**	**–**	**(10.9)**
Tax on items taken to other comprehensive income/(loss)	12	**–**	**–**	**–**	**(3.7)**	**(3.7)**	**(0.2)**	**(3.9)**
Currency translation differences		**–**	**–**	**47.5**	**–**	**47.5**	**0.6**	**48.1**
Total comprehensive income for the year		**–**	**–**	**36.6**	**121.8**	**158.4**	**1.3**	**159.7**
Employee share option scheme:								
– Value of services provided		**–**	**–**	**–**	**29.6**	**29.6**	**0.8**	**30.4**
– Tax on employee share option schemes	12	**–**	**–**	**–**	**(2.6)**	**(2.6)**	**–**	**(2.6)**
Issue of share capital		**–**	**0.5**	**–**	**–**	**0.5**	**–**	**0.5**
Tax on other items taken to reserves	12	**–**	**–**	**–**	**0.3**	**0.3**	**–**	**0.3**
Purchase of treasury shares		**–**	**–**	**–**	**(49.0)**	**(49.0)**	**–**	**(49.0)**
Dividends	13	**–**	**–**	**–**	**(85.5)**	**(85.5)**	**(0.4)**	**(85.9)**
Transfer between reserves		**–**	**–**	**0.4**	**(4.0)**	**(3.6)**	**3.6**	**–**
Fair value of derivative financial instrument	3.8	**–**	**–**	**–**	**(4.5)**	**(4.5)**	**–**	**(4.5)**
Transactions with non-controlling interests		**–**	**–**	**(0.4)**	**0.7**	**0.3**	**–**	**0.3**
Additions through business combinations	18.6	**–**	**–**	**–**	**–**	**–**	**2.7**	**2.7**
Balance at 31 December 2022		**3.6**	**104.9**	**112.8**	**546.8**	**768.1**	**37.2**	**805.3**

		Attributable to owners of the parent						
	Notes	Share capital £m	Share premium £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2021		3.6	97.2	90.0	390.1	580.9	0.7	581.6
Profit for the year		–	–	–	146.2	146.2	0.5	146.7
Other comprehensive income/(loss):								
Remeasurement of defined benefit pension scheme		–	–	–	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)
Total comprehensive (loss)/income for the year		–	–	(13.3)	162.1	148.8	0.5	149.3
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		–	–	–	39.3	39.3	28.2	67.5
Transfer between reserves		–	–	(0.2)	0.2	–	–	–
Additions through business combinations		–	–	–	–	–	0.2	0.2
Balance at 31 December 2021		3.6	104.4	76.2	540.0	724.2	29.2	753.4

* 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 29.

** 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 29.

Company statement of changes in equity

for the year ended 31 December 2022

	Notes	Share capital £m	Share premium £m	Capital redemption reserve* £m	Merger relief reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total equity £m
		Attributable to owners of the Company							
Balance at 1 January 2022		**3.6**	**104.4**	**0.3**	**34.9**	**3.0**	**44.1**	**132.7**	**323.0**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**78.8**	**78.8**
Other comprehensive income/(loss):									
Remeasurement of defined benefit pension scheme	10.2	**–**	**–**	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Tax on items taken to other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**78.9**	**78.9**
Employee share option scheme:									
– Value of services provided		**–**	**–**	**–**	**–**	**–**	**30.4**	**–**	**30.4**
– Exercise of share options		**–**	**–**	**–**	**–**	**–**	**(21.0)**	**3.4**	**(17.6)**
– Tax on employee share option schemes	12	**–**	**–**	**–**	**–**	**–**	**(0.6)**	**–**	**(0.6)**
– Exercise of share options: tax on employee share option schemes		**–**	**–**	**–**	**–**	**–**	**(0.4)**	**0.4**	**–**
Issue of share capital		**–**	**0.5**	**–**	**–**	**–**	**–**	**–**	**0.5**
Dividends	13	**–**	**–**	**–**	**–**	**–**	**–**	**(86.5)**	**(86.5)**
Balance at 31 December 2022		**3.6**	**104.9**	**0.3**	**34.9**	**3.0**	**52.5**	**128.9**	**328.1**

	Notes	Share capital £m	Share premium £m	Capital redemption reserve* £m	Merger relief reserve* £m	Other reserves* £m	Share-based payments reserve** £m	Retained earnings** £m	Total equity £m
		Attributable to owners of the Company							
Balance at 1 January 2021 restated* **		3.6	97.2	0.3	34.9	3.0	39.8	114.0	292.8
Profit for the year		–	–	–	–	–	–	42.5	42.5
Other comprehensive income/(loss):									
Remeasurement of defined benefit pension scheme	10.2	–	–	–	–	–	–	1.1	1.1
Tax on items taken to other comprehensive income	12	–	–	–	–	–	–	(0.3)	(0.3)
Total comprehensive income for the year		–	–	–	–	–	–	43.3	43.3
Employee share option scheme:									
– Value of services provided		–	–	–	–	–	23.7	–	23.7
– Exercise of share options		–	–	–	–	–	(20.5)	7.5	(13.0)
– Tax on employee share option schemes	12	–	–	–	–	–	1.0	–	1.0
– Transfer between reserves		–	–	–	–	–	0.1	(0.1)	–
Issue of share capital		–	7.2	–	–	–	–	–	7.2
Dividends	13	–	–	–	–	–	–	(32.2)	(32.2)
Tax on items taken to reserves	12	–	–	–	–	–	–	0.2	0.2
Balance at 31 December 2021* **		3.6	104.4	0.3	34.9	3.0	44.1	132.7	323.0

* 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 of prior period restatement of the Company's trade and other payables and retained earnings.

Consolidated and Company statements of cash flows
for the year ended 31 December 2022

	Notes	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Cash flows from operating activities					
Cash generated from/(used in) operations	31	**210.9**	348.3	**(6.8)**	9.1
Interest received		**13.3**	1.8	**2.0**	1.4
Interest paid		**(16.9)**	(14.0)	**(2.1)**	(2.2)
Income tax (paid)/received		**(43.3)**	(33.4)	**4.6**	2.0
Net cash generated from/(used in) operating activities		**164.0**	302.7	**(2.3)**	10.3
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**0.2**	1.0	**–**	–
Proceeds from sale of financial assets held at FVOCI and FVPL		**1.6**	1.7	**–**	–
Proceeds from sale of interests in joint ventures		**0.1**	0.7	**–**	–
Dividends received from joint ventures	18.1	**7.1**	6.6	**–**	–
Dividends received from associates	18.1	**4.2**	6.0	**–**	–
Dividends received from subsidiary		**–**	–	**79.0**	56.0
Dividends received from other parties		**0.2**	–	**–**	–
Repayment of loans by joint ventures		**0.1**	0.1	**–**	–
Repayment of loans by associates		**0.4**	–	**–**	–
Repayment of loans by subsidiaries		**–**	–	**40.7**	237.3
Repayment of loans by other parties		**0.7**	–	**–**	–
Loans to joint ventures		**(0.1)**	(0.6)	**–**	–
Loans to associates		**(0.4)**	–	**–**	–
Loans to subsidiaries		**–**	–	**(25.0)**	(245.0)
Loans to other parties		**(1.7)**	(7.4)	**–**	–
Acquisition of subsidiaries, net of cash and overdrafts acquired	18.5	**(14.9)**	(40.5)	**–**	–
Deferred consideration paid in relation to prior year acquisitions	23.3	**(3.3)**	(5.9)	**–**	–
Purchase of property, plant and equipment	16	**(19.8)**	(18.6)	**(1.5)**	(1.4)
Purchase of intangible assets	15	**(7.0)**	(5.9)	**–**	(0.1)
Purchase of financial assets held at FVOCI and FVPL		**(8.8)**	(9.8)	**–**	–
Purchase of investment in joint ventures	18.1	**(0.4)**	(0.4)	**–**	–
Purchase of investment in associates	18.1	**–**	(0.3)	**–**	–
Investment in Employee Benefit Trust		**–**	–	**(37.3)**	(36.7)
Return of capital investment from subsidiaries in relation to Employee Benefit Trust funding		**–**	–	**29.5**	17.9
Net cash (used in)/generated from investing activities		**(41.8)**	(73.3)	**85.4**	28.0
Cash flows from financing activities					
Proceeds from issue of share capital		**0.5**	7.2	**0.5**	7.2
Proceeds from transaction with non-controlling interest		**7.9**	63.7	**–**	–
Transaction costs incurred on transaction with non-controlling interest		**(0.2)**	(0.9)	**–**	–
Proceeds from borrowings	24	**9.6**	26.9	**–**	–
Repayments of borrowings	24	**(5.6)**	(38.2)	**–**	–
Financing fees paid	32	**(0.4)**	(0.5)	**–**	–
Principal elements of lease payments	32	**(51.4)**	(47.2)	**(5.7)**	(5.6)
Purchase of treasury shares		**(49.0)**	(49.0)	**–**	–
Dividends paid	13	**(85.9)**	(32.3)	**(86.5)**	(32.2)
Net cash used in financing activities		**(174.5)**	(70.3)	**(91.7)**	(30.6)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(52.3)**	159.1	**(8.6)**	7.7
Cash, cash equivalents and bank overdrafts at beginning of year		**490.0**	338.2	**102.2**	94.5
Effect of exchange rate fluctuations on cash and cash equivalents held		**26.6**	(7.3)	**–**	–
Cash, cash equivalents and bank overdrafts at end of year	22	**464.3**	490.0	**93.6**	102.2

Notes to the financial statements
Year ended 31 December 2022

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 employed a monthly average of 40,331 staff worldwide during 2022.

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 15 March 2023. 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 held at FVOCI, financial assets held at FVPL 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.

The Group has prepared its going concern assessment for the period to the end of June 2024. 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, costs 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. The results of this sensitivity analysis showed that the Group would retain liquidity and 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 £307.4m (cash and cash equivalents less overdrafts in notional pooling arrangements and borrowings) 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 until at least June 2024. 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) require 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.

2. Accounting policies continued

2.3 Use of non-GAAP measures continued

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).

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 and joint ventures

Investments in associates and joint ventures 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' and joint ventures' 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 and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The carrying amount of associates and joint ventures is tested for impairment in accordance with the policy described in Note 2.10.

Profit or loss on disposal of associates and 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 (the Savills Investment Management funds). 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 Savills Investment Management 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, with the Investment Management business being managed separately. As the Group is strongly affected by both differences in the types of services it provides and the geographical areas in which it operates, the matrix approach of disclosing both the business and geographical segments format is used.

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

2.6 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.

2. Accounting policies continued

2.6 Foreign currency translation continued

(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 financial assets held at FVOCI, 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.

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 (see Notes 2.12–2.17).

2. Accounting policies continued

2.12 Financial assets held at FVOCI

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 Financial assets held at FVPL

The Group holds loans and other debt like financial instruments at fair value with changes in fair value recognised through profit or loss. Any gains or losses that arise when such instruments are disposed are recognised in operating profit/(loss) within the income statement.

2.14 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.

2.15 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. Cash and cash equivalents includes cash balances that are operated within a notional cash pooling arrangement, together with overdraft balances, which are presented separately in current liabilities in the statement of financial position when IAS 32 offsetting requirements are not met. 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 overdraft balances within the notional cash pooling arrangement and outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.16 Interest bearing debt

Interest-bearing bank loans, loan notes 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 Pension obligations

The Group operates both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows.

The defined benefit scheme charge consists of net interest costs, past service costs and the impact of any settlements or curtailments and is charged as an expense as they fall due.

All actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise.

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

The Group also operates a defined contribution Group Personal Pension Plan for new entrants and a number of defined contribution individual pension plans. Contributions in respect of defined contribution pension schemes are charged to the income statement when they are payable. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Accounting policies continued

2.22 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.

The Company recognises the share-based payment charge relating to its employees in the income statement with the share-based payment recharge relating to employees of the Group's subsidiaries recognised as an increase to the Company's investment in subsidiary non-current asset on the Statement of Financial Position, with a corresponding entry to the Company's share-based payment reserve. When contributions from the Group's subsidiaries are received, these are recognised against the carrying value of the investment in subsidiary non-current asset to the extent that they relate to the IFRS 2 charge.

2.23 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.

From a Company perspective, cash contributions to the EBT are recognised as an investment in subsidiary non-current asset. When treasury shares are transferred out of the EBT upon vesting, the related cost of investment in subsidiary non-current asset is derecognised.

2.24 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.

2.25 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.

2. Accounting policies continued

2.25 Revenue continued

(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).

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 net asset value or gross asset value of the underlying portfolio of investments on a quarterly basis. Asset management fees are typically calculated as a fixed percentage of gross rental income or passing rents on a quarterly basis. Fees are estimated based on the previous quarter's actual values and variances to these estimates are recognised in the following quarter. 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 (the customer) 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.

2.26 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.

2.27 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.

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 2022 are not relevant or considered to have a significant impact on the Group and its financial statements.

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

2. Accounting policies continued

2.29 Prior year restatement

Reclassification of financial assets held at FVPL

The Group's prior year Statement of Financial Position included financial assets held at FVPL incorrectly classified as financial assets held at FVOCI. Some financial assets had originally been classified as equity instruments, with the Group making an irrevocable election for these to be classified as FVOCI. In the current year, the Group made further investments and reassessed the accounting treatment for all financial assets previously classified as FVOCI. It was determined that some of these financial assets do not meet the definition of an equity instrument under IFRS 9: 'Financial Instruments' and as a result should be classified as financial assets held at FVPL with changes in fair value recognised through the income statement. The 2021 fair value gains and losses recognised in OCI and the cumulative fair value gains and losses recognised in previous periods on these instruments are not material to the Group.

These are correctly reflected in the current year's financial statements and 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 1 'Presentation of Financial Statements'.

In addition, the Group's prior year Statement of Financial Position included other financial assets appropriately held at FVPL which were included within non-current trade receivables. As a consequence of the above correction of prior year classification error, these financial assets have been included in the financial asset held at FVPL line item in the Statement of Financial Position to conform to the current year presentation, which also reflects the nature of these instruments.

The table below show the impact of the prior year restatement on the Group's primary financial statements:

Statement of Financial Position

	31 December 2021 reported £m	Restatement £m	31 December 2021 restated £m
Assets: Non-current assets			
Financial assets at fair value through other comprehensive income ('FVOCI')	30.4	(13.7)	**16.7**
Financial assets at fair value through profit and loss ('FVPL')	–	29.5	**29.5**
Trade and other receivables	41.2	(15.8)	**25.4**

Management has chosen not to present a third balance sheet as the error impacts upon three financial statement line items within non-current assets. As at 1 January 2021 the financial instruments which should have been presented as at financial assets held at FVPL at 1 January 2021 was £17.3m, of which £6.5m was included within financial assets held at FVOCI and £10.8m was included within non-current trade and other receivables. This prior year restatement does not have a material impact on the Group's Income Statement, Statement of Cash Flows, Statement of Changes in Equity or Statement of Comprehensive Income. The prior year restatement also does not have an impact on the Group's net assets or net current assets.

Treatment of intercompany receivables and payables in the Company's Statement of Financial Position

The Company's prior year Statement of Financial Position included intercompany receivables netted off against intercompany payables in error. Between 2010 and 2014, the Company provided loans to the EBT – the outstanding balance of that loan was £23.1m at the end of 2021. Management has determined that the loan should have been written off in the year when it was granted, because management did not ever expect this loan to be settled by the EBT. As a result, the retained earnings of the parent in 2021 is overstated by £23.1m. In addition, in the 2021 Statement of Financial Position, the £23.1m receivable from the EBT was incorrectly offsetting another loan payable to a subsidiary. To correct this error, the trade payables balance has been restated, increasing the balance by £23.1m. This is correctly reflected in the current year's Statement of Financial Position and 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 1 'Presentation of Financial Statements'.

The tables below show the impact of the prior year restatement on the Company's primary financial statements:

Company Statement of Financial Position

	31 December 2021 reported £m	Restatement £m	31 December 2021 restated £m
Trade and other payables	26.7	23.1	**49.8**
Liabilities: Current Liabilities	33.4	23.1	**56.5**
Net current assets	118.5	(23.1)	**95.4**
Total assets less current liabilities	406.5	(23.1)	**383.4**
Net assets	346.1	(23.1)	**323.0**
Equity:			
Retained earnings	199.9	(23.1)	**176.8**
Equity attributable to owners of the parent	346.1	(23.1)	**323.0**
Total equity	346.1	(23.1)	**323.0**

Company Statement of Changes in Equity

Reported in the 2021 Report and Accounts:

	Retained earnings £m	Total equity £m
Balance at 1 January 2021	137.1	315.9
Balance at 31 December 2021	**155.8**	**346.1**

Restatement:

	Retained earnings £m	Total equity £m
Balance at 1 January 2021	(23.1)	(23.1)
Balance at 31 December 2021	**(23.1)**	**(23.1)**

Restated balances reported in the 2022 Report and Accounts:

	Retained earnings £m	Total equity £m
Balance at 1 January 2021	114.0	292.8
Balance at 31 December 2021	**132.7**	**323.0**

This prior year restatement does not have an impact on the 31 December 2021 Company's reported profit after tax or the Company Statement of Cash Flows.

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

Group

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 have been considered and it has been concluded that a 5–10% movement in rates is a reasonable benchmark.

For the years ended 31 December, if the average currency conversion rates against sterling for the year had changed with all other variables held constant, the Group post-tax profit for the year would have increased or decreased as shown below:

	Movement of currency against sterling			
£m	-10.0%	-5.0%	+5.0%	+10.0%
2022				
Estimated impact on post-tax profit				
Euro	**(1.4)**	**(0.7)**	**0.8**	**1.7**
Hong Kong dollar	**(0.8)**	**(0.4)**	**0.4**	**0.9**
US dollar	**(0.8)**	**(0.4)**	**0.4**	**0.9**
Chinese renminbi	**(0.6)**	**(0.3)**	**0.3**	**0.7**
Estimated impact on components of equity				
Euro	**(0.9)**	**(0.5)**	**0.5**	**1.2**
Hong Kong dollar	**(8.8)**	**(4.6)**	**5.1**	**10.7**
US dollar	**(18.7)**	**(9.8)**	**10.8**	**22.9**
Chinese renminbi	**(4.8)**	**(2.5)**	**2.8**	**5.9**
2021				
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
Chinese renminbi	(1.1)	(0.6)	0.7	1.4
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
Chinese renminbi	(4.7)	(2.5)	2.7	5.7

Company

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.

3.3 Interest rate risk

Group

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 2022, if the average interest rate for the year had changed with all other variables held constant, the Group's post-tax profit for the year and equity would have increased or decreased as shown below:

	Increase in interest rates			
£m	+0.5%	+1.0%	+1.5%	+2.0%
2022				
Estimated impact on post-tax profit and equity	**1.0**	**2.6**	**4.3**	**5.9**
2021				
Estimated impact on post-tax profit and equity	1.2	2.5	3.9	5.2

	Decrease in interest rates			
£m	-0.5%	-1.0%	-1.5%	-2.0%
2022				
Estimated impact on post-tax profit and equity	**(2.3)**	**(3.7)**	**(3.7)**	**(3.6)**
2021				
Estimated impact on post-tax profit and equity	(1.3)	(1.2)	(1.2)	(1.1)

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.

Company

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

Group

Credit risk arises from cash and cash equivalents, equity investments, loans receivables, debt like financial instruments and 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. There were no material individual trade receivable balances as at 31 December 2022. Refer to Note 20 for information on the credit quality of trade and other receivables and the maximum exposure to credit risk arising on outstanding receivables from clients.

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.

3. Financial risk management continued

3.4 Credit risk continued

Group continued

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)	2022 £m	2021 £m
AAAm	**1.0**	–
AA-	**36.2**	40.7
A+	**148.9**	160.5
A	**195.1**	224.7
A-	**31.9**	18.3
BBB+	**18.2**	19.6
BBB or below	**33.0**	26.2
Total	**464.3**	490.0

Company

The Company's credit risk arises from cash and cash equivalents, as well as outstanding receivables primarily due from the Group's subsidiaries.

As at 31 December 2022, £1.0m of cash was held in Blackrock Institutional Liquidity Funds (2021: £nil), which has an AAAm rating. The remainder of the Company's cash was held with Barclays Bank PLC (2021: all cash), which is an A rated bank.

Significant individual intercompany receivable balances include £18.6m (2021: £27.7m) due from Savills (UK) Limited and £52.8m (2021: £52.7m) due from Savills Overseas Holdings Limited, the majority of which relates to a £52.3m loan (2021: £52.3m). There are no other significant individual receivable balances as at 31 December 2022 and 31 December 2021.

3.5 Liquidity risk

Group

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, unless otherwise stated.

£m	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying values
2022						
Borrowings	**15.3**	**4.6**	**41.5**	**125.6**	**187.0**	**159.7**
Overdrafts in notional pooling arrangement	**202.0**	**–**	**–**	**–**	**202.0**	**202.0**
Lease liabilities	**61.4**	**77.9**	**110.6**	**70.7**	**320.6**	**277.6**
Derivative financial instruments	**1.0**	**3.9**	**2.8**	**–**	**7.7**	**7.7**
Trade and other payables	**676.6**	**19.4**	**3.4**	**0.1**	**699.5**	**698.5**
	956.3	**105.8**	**158.3**	**196.4**	**1,416.8**	**1,345.5**
2021 restated						
Borrowings	6.8	4.7	42.9	129.7	**184.1**	150.5
Overdrafts in notional pooling arrangement	198.5	–	–	–	**198.5**	198.5
Lease liabilities	58.8	84.9	133.9	58.3	**335.9**	285.0
Derivative financial instruments	0.9	0.4	2.2	–	**3.5**	3.5
Trade and other payables	680.8	8.0	12.9	0.4	**702.1**	698.5
	945.8	98.0	191.9	188.4	**1,424.1**	1,336.0

Company

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.

The table below analyses the Company's 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, unless otherwise stated.

£m	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying values
2022						
Lease liabilities	**7.1**	**7.1**	**21.2**	**33.5**	**68.9**	**58.8**
Trade and other payables	**13.7**	**–**	**–**	**–**	**13.7**	**13.7**
	20.8	**7.1**	**21.2**	**33.5**	**82.6**	**72.5**
2021 restated*						
Lease liabilities	7.7	7.1	21.2	40.6	**76.6**	64.5
Trade and other payables	48.4	–	–	–	**48.4**	48.4
	56.1	7.1	21.2	40.6	**125.0**	112.9

* See Note 2.29 for details of prior period restatement of the Company's trade and other payables and retained earnings.

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 2021. 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 2022. 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.

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:

	Group		Company	
£m	2022	2021	2022	2021 restated*
Equity	**805.3**	753.4	**328.1**	323.0
Cash and cash equivalents	**669.1**	689.7	**93.6**	102.2
Overdrafts in notional pooling arrangement	**(202.0)**	(198.5)	**–**	–
Bank overdrafts	**(2.8)**	(1.2)	**–**	–
Borrowings (gross of transaction costs)	**(158.3)**	(150.9)	**–**	–
Cash and cash equivalents net of gross borrowings	**306.0**	339.1	**93.6**	102.2

* See Note 2.29 for details of prior period restatement of the Company's retained earnings.

3.7 Categories of financial instruments

Group £m	Financial assets at FVPL 2022	Financial assets at FVOCI 2022	Financial assets at amortised cost 2022	Total carrying amount 2022	Financial assets at FVPL 2021 restated*	Financial assets at FVOCI 2021 restated*	Financial assets at amortised cost 2021	Total carrying amount 2021 restated*
Financial assets:								
Financial assets at FVOCI	**–**	**5.7**	**–**	**5.7**	–	16.7	–	16.7
Financial assets at FVPL	**36.8**	**–**	**–**	**36.8**	29.5	–	–	29.5
Trade and other receivables	**–**	**–**	**549.5**	**549.5**	–	–	508.5	508.5
Derivative financial instruments	**0.3**	**–**	**–**	**0.3**	0.1	–	–	0.1
Cash and cash equivalents	**–**	**–**	**669.1**	**669.1**	–	–	689.7	689.7
Total financial assets	**37.1**	**5.7**	**1,218.6**	**1,261.4**	29.6	16.7	1,198.2	1,244.5

* See Note 2.29 for details of prior period restatement of financial assets at FVPL, financial assets at FVOCI and non-current trade and other receivables.

Group £m	Financial liabilities at FVPL 2022	Financial liabilities at amortised cost 2022	Total carrying amount 2022	Financial liabilities at FVPL 2021	Financial liabilities at amortised cost 2021	Total carrying amount 2021
Financial liabilities:						
Borrowings	**–**	**159.7**	**159.7**	–	150.5	150.5
Overdrafts in notional pooling arrangements	**–**	**202.0**	**202.0**	–	198.5	198.5
Lease liabilities	**–**	**277.6**	**277.6**	–	285.0	285.0
Trade and other payables	**–**	**698.5**	**698.5**	1.4	677.1	678.5
Derivative financial instruments	**7.7**	**–**	**7.7**	3.5	–	3.5
Total financial liabilities	**7.7**	**1,337.8**	**1,345.5**	4.9	1,311.1	1,316.0

Company £m	Financial assets at amortised cost 2022	Total carrying amount 2022	Financial assets at amortised cost 2021	Total carrying amount 2021
Financial assets:				
Trade and other receivables	**84.8**	**84.8**	98.9	98.9
Cash and cash equivalents	**93.6**	**93.6**	102.2	102.2
Total financial assets	**178.4**	**178.4**	201.1	201.1

Company £m	Financial liabilities at amortised cost 2022	Total carrying amount 2022	Financial liabilities at amortised cost 2021 restated*	Total carrying amount 2021 restated*
Financial liabilities:				
Lease liabilities	**58.8**	**58.8**	64.5	64.5
Trade and other payables	**13.7**	**13.7**	48.4	48.4
Total financial liabilities	**72.5**	**72.5**	112.9	112.9

* See Note 2.28 for details of prior period restatement of the Company's trade and other payables.

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 2022:

£m	Level 1	Level 2	Level 3	Total
2022				
Assets				
Financial assets at FVOCI				
– Listed equity investments	**0.8**	**–**	**–**	**0.8**
– Unlisted equity investments	**–**	**–**	**4.9**	**4.9**
Financial assets at FVPL	**–**	**–**	**36.8**	**36.8**
Derivative financial instruments	**–**	**0.3**	**–**	**0.3**
Total assets	**0.8**	**0.3**	**41.7**	**42.8**
Liabilities				
Derivative financial instruments	**–**	**1.0**	**6.7**	**7.7**
Total liabilities	**–**	**1.0**	**6.7**	**7.7**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2021:

£m restated*	Level 1	Level 2	Level 3	Total
2021				
Assets				
Financial assets at FVOCI				
– Listed equity investments	1.5	–	–	1.5
– Unlisted equity investments	–	0.3	14.9	15.2
Financial assets at FVPL	–	–	29.5	29.5
Derivative financial instruments	–	0.1	–	0.1
Total assets	1.5	0.4	44.4	46.3
Liabilities				
Contingent deferred consideration	–	–	1.5	1.5
Derivative financial instruments	–	0.9	2.6	3.5
Total liabilities	–	0.9	4.1	5.0

* See Note 2.29 for details of prior period restatement of financial assets at FVPL, financial assets at FVOCI and non-current trade and other receivables.

Level 1

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

Level 2

The fair value of derivative financial instruments relating to forward foreign exchange contracts 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.

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2022 were £70.8m (2021: £53.2m). 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.

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial assets held at FVOCI (unlisted equity investments) 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.

Financial assets held at FVPL included in Level 3 fall under two categories. The first, where the fair value of investment funds is based on underlying asset values determined by the Fund Manager's quarterly financial statements. The second, where management have determined the fair value of convertible loans based upon the latest trading performance of the equity investments and cash flow forecasts of the investments and applying these to a discounted cash flow valuation. See Note 18.3 for the terms of these loans.

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 derivative financial liabilities classified as Level 3 relate to 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. These include 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 four 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 operating profits in the income statement. Derivative financial liabilities also include a put and call option on the remaining 40% of the Absolute Maintenance Services Pte Limited and Solute Pte Limited businesses (60% of which was acquired by the Group during 2022, see Note 18.6 for details of the acquisition). Under this agreement, after 2 years the Group has the option to purchase and the non-controlling interest holder has the option to request the Group to purchase an additional 20%, with the remaining 20% after 5 years. This option is classed as non-current. The loss upon recognition has been recognised in reserves.

The following table presents the changes in Level 3 items for the period ended 31 December 2022.

	Contingent deferred consideration £m	Derivative financial instruments £m	Financial assets at FVOCI £m	Financial assets at FVPL £m
Opening balance 1 January 2022 restated*	**(1.5)**	**(2.6)**	**14.9**	**29.5**
Additions	**-**	**(4.5)**	**0.8**	**8.6**
Disposals	**-**	**-**	**(0.6)**	**(1.0)**
Additions through business combinations (Note 18.6)	**-**	**-**	**-**	**0.1**
Remeasurement	**1.6**	**0.4**	**(10.2)**	**(0.4)**
Exchange movement	**(0.1)**	**-**	**-**	**-**
Closing balance 31 December 2022	**-**	**(6.7)**	**4.9**	**36.8**

* See Note 2.29 for details of prior period restatement of financial assets at FVPL, financial assets at FVOCI and non-current trade and other receivables.

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) Defined benefit pensions

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.

(d) Professional indemnity claims provisions

The Group and its subsidiaries are party to various legal claims, the level of professional indemnity provision held in relation to these claims are based upon advice from both internal legal teams and independent external counsel and are assessed on a case by case basis. Known claims could be inadequately provided for or additional claims could be made which might not be covered by existing provisions or by insurance. Further details are contained in Note 26.1 and 30.

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 judgements made impact the value of the right-of-use assets and lease liabilities recognised in the statement of financial position upon initial recognition of a lease.

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 £2,298.3m (2021: £2,147.0m) 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:

	2022 £m	2021 £m
Asset recognised for costs incurred to obtain a contract – investment management contracts	**2.4**	3.4
Contract assets – consulting contracts	**7.4**	9.3
Accrued income (Note 20.1)	**60.7**	65.8
Total contract-related assets	**70.5**	78.5
Current	**68.1**	75.1
Non-current	**2.4**	3.4
	70.5	78.5
Deferred revenue	**14.0**	14.5
Total contract liabilities – current	**14.0**	14.5

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 (2021: £0.2m).

All material 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 £12.9m (2021: £7.3m).

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 and 5 and the segmental reviews on pages 22 to 26 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 a transaction-related call option in the current year, fair value gain on associates/joint ventures and fair value loss on a transaction-related call option 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 181.

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2022 is as follows:

2022	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	118.9	202.0	278.7	53.3	–	652.9
United Kingdom – residential	208.3	46.4	48.7	–	–	303.4
Total United Kingdom	327.2	248.4	327.4	53.3	–	956.3
CEME	129.8	44.3	109.2	51.7	–	335.0
Asia Pacific – commercial	145.3	87.4	404.9	7.8	–	645.4
Asia Pacific – residential	24.3	–	–	–	–	24.3
Total Asia Pacific*	169.6	87.4	404.9	7.8	–	669.7
North America**	303.5	33.8	–	–	–	337.3
Revenue	930.1	413.9	841.5	112.8	–	2,298.3
Underlying profit/(loss) before tax						
United Kingdom – commercial	20.4	21.8	21.2	8.7	(16.3)	55.8
United Kingdom – residential	35.1	6.2	4.7	–	–	46.0
Total United Kingdom	55.5	28.0	25.9	8.7	(16.3)	101.8
CEME	(2.7)	4.9	3.3	11.8	–	17.3
Asia Pacific – commercial	13.4	2.9	21.0	0.7	–	38.0
Asia Pacific – residential	3.4	–	–	–	–	3.4
Total Asia Pacific	16.8	2.9	21.0	0.7	–	41.4
North America	2.3	1.8	–	–	–	4.1
Underlying profit/(loss) before tax* **	71.9	37.6	50.2	21.2	(16.3)	164.6

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2021 is as follows:

2021	Transaction Advisory	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
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
Revenue	892.9	396.7	745.6	111.8	–	2,147.0
Underlying profit/(loss) before tax						
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
Underlying profit/(loss) before tax* **	97.6	47.0	49.1	25.5	(18.9)	200.3

* Revenues of £291.8m (2021: £286.3m) are attributable to the Hong Kong and Macau region.

** Revenues of £329.2m (2021: £287.4m) are attributable to the US.

*** Transaction Advisory underlying profit before tax includes depreciation of £31.8m (2021: £31.6m), software amortisation of £2.2m (2021: £1.7m) and share of post-tax profit from joint ventures and associates of £3.2m (2021: £3.7m). Consultancy underlying profit before tax includes depreciation of £9.4m (2021: £7.6m), software amortisation of £0.7m (2021: £0.4m) and share of post-tax profit from joint ventures and associates of £0.3m (2021: £0.2m loss). Property and Facilities Management underlying profit before tax includes depreciation of £16.1m (2021: £15.8m), software amortisation of £1.5m (2021: £1.3m) and share of post-tax profit from joint ventures and associates of £8.6m (2021: £8.0m). Investment Management underlying profit before tax includes depreciation of £2.1m (2021: £1.8m) and software amortisation of £0.5m (2021: £0.1m) and share of post-tax gain from associates of £nil (2021: £1.1m). Included in Other underlying loss is depreciation of £6.4m (2021: £6.6m) and software amortisation of £2.0m (2021: £2.6m).

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 2022 and 2021.

Non-current assets by geography are set out below:

	2022 £m	2021 £m
Non-current assets		
United Kingdom	**287.1**	324.2
CEME	**145.7**	143.9
Asia Pacific	**156.9**	153.4
North America*	**294.6**	269.1
Total non-current assets	**884.3**	890.6

* Total non-current assets of £291.8m (2021: £265.8m) are attributable to the US.

Non-current assets include goodwill and intangible assets, plant, property and equipment, right-of-use assets, contract-related assets, non-current non-financial assets, and investments in joint ventures and associates. Defined benefit pension surplus, non-current financials assets and deferred tax assets are not included.

7. Operating profit

7.1 Operating profit

Operating profit is stated after charging/(crediting):

	Group	
	2022 £m	**2021 £m**
In employee benefit expense		
– Restructuring costs	**0.1**	0.3
– Transaction-related costs	**15.4**	15.3
In depreciation		
– Depreciation of right-of-use assets – leasehold properties	**47.2**	45.3
– Depreciation of right-of-use assets – equipment and motor vehicles	**2.0**	2.0
In other operating expenses		
– Net foreign exchange (gains)/losses (including net (gains)/losses on forward foreign exchange contracts)	**(0.7)**	0.8
– Transaction-related costs: deferred consideration revisions	**(1.6)**	–
– Transaction-related costs: other	**1.4**	1.1
– Impairment of right-of-use asset	**–**	0.3
– Impairment of fixed assets	**0.8**	–
– Expense relating to short-term leases	**1.0**	0.2
– Expense relating to variable lease payments not included in lease liabilities	**1.3**	0.5
In other net gains		
– Dividends from financial assets held at FVOCI		
Related to investments held at the end of the reporting period	**(0.1)**	(0.1)
Related to investments disposed of prior to the end of the reporting period	**–**	(0.1)
– Dividends from financial assets held at FVPL	**(0.1)**	–
– Fair value gain on step acquisitions of subsidiaries previously classified as associates/joint ventures	**–**	(4.0)
– Profit on disposal of joint ventures and associates	**–**	(0.4)
– Fair value (gain)/loss on derivative financial instrument	**(0.1)**	1.8

Other operating expenses includes £225.8m of contract costs (2021: £190.3m), there are no other cost categories within other operating expenses that are individually materially significant.

7.2 Fees payable to the Company's auditors, Ernst & Young LLP, and its associates

	Group	
	2022 £m	2021* £m
Audit services		
Fees payable to the Company's auditors for the audit of the parent Company	**0.8**	0.7
Fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries	**3.3**	2.6
	4.1	3.3
Audit-related assurance services	**0.3**	0.3
Total	**4.4**	3.6

* 2021 updated for fees relating to services agreed subsequent to the issue of the Group's 2021 Report and Accounts.

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 £nil (2021: £9.6m) of wage-related subsidies from governments globally in respect of employment support schemes due to the COVID-19 pandemic. After repayments and other provisions, the net positive impact of such receipts on the Group's operating profit in the year was £nil (2021: £4.4m).

8. Underlying profit before tax

	2022 £m	2021 £m
Reported profit before tax	**153.9**	183.1
Adjustments:		
Amortisation of intangible assets arising from business combinations	**9.9**	8.1
Impairment of goodwill and intangible assets arising from business combinations (Note 15)	**-**	5.2
Share-based payment adjustment (see Note 2.3 for explanation)	**(14.7)**	(10.8)
Profit on disposal of joint ventures	**-**	(0.4)
Restructuring costs	**0.1**	0.3
Transaction-related costs	**15.5**	17.0
Fair value gain on step acquisitions of subsidiaries previously classified as associates/joint ventures	**-**	(4.0)
Fair value (gain)/loss on transaction-related call option	**(0.1)**	1.8
Underlying profit before tax	**164.6**	200.3

There have been no impairments of goodwill and intangible assets arising from business combinations recognised in the current year. Impairment of goodwill in the prior year relates to the Indonesia and Sweden cash-generating units. Impairment of intangible assets arising from business combinations in the prior year relate to property management contracts in South Korea and Japanese investment management contracts relating to closed funds. See Note 15 for further details.

In the prior year, profit on disposal recognised primarily in relation to the disposal of holdings in joint ventures in China.

Restructuring costs includes costs of integration activities in relation to significant business acquisitions. Restructuring costs in the current and prior year relate primarily to the ongoing IFRS 2 'Share-based Payment' charge for deferred shares, with a five-year vesting period, issued in relation to the restructuring upon acquisition of Aguirre Newman SA ('Aguirre Newman') in 2017.

Transaction-related costs includes a £14.8m charge for future consideration payments which are contingent on the continuity of recipients' employment in the future (2021: £13.9m). In the current year, a significant portion of the charge related to the acquisition of DRC Capital LLP ('DRC') in 2021. In the prior year, the largest individual components of this charge related to the acquisition of DRC and the acquisition of Macro Consultants LLC in 2020. In the current year, transaction-related costs also consist of £1.4m of professional advisory transaction fees (2021: £1.1m) and £0.3m of interest on deferred consideration and non-current future payments in relation to business acquisitions that are linked to employment (2021: £0.6m). In the current year, transaction-related costs included a £0.6m (2021: £1.4m) charge relating to prepaid amounts issued as part of business acquisitions that are linked to continued active engagement in the business. 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 current year, transaction-related costs also consist of a £1.6m credit (2021: £nil) for fair value changes to contingent deferred consideration not related to continuity of employment.

In the prior year, a fair value gain was recognised on the remeasurement 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.

In the current year, a fair value gain of £0.1m 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 five-year term (2021: fair value loss of £1.8m).

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Year ended 31 December 2022

9. Employees
9.1 Employee benefits expense

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Basic salaries and wages	**780.1**	688.0	**11.4**	10.7
Profit share and commissions	**557.3**	567.2	**7.9**	8.6
Wages and salaries	**1,337.4**	1,255.2	**19.3**	19.3
Social security costs	**103.9**	98.4	**2.5**	3.1
Other pension costs	**38.1**	35.8	**0.6**	0.6
Share-based payments	**30.4**	23.7	**2.9**	3.3
	1,509.8	1,413.1	**25.3**	26.3

In the prior year, 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 offset 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	
	2022	2021	2022	2021
United Kingdom	**9,036**	8,840	**178**	171
CEME	**2,888**	2,525	**–**	–
Asia Pacific	**27,462**	27,813	**–**	–
North America	**945**	912	**–**	–
	40,331	40,090	**178**	171

The average number of UK employees (including Directors) during the year included 116 employed under fixed-term and temporary contracts (2021: 117).

9.3 Key management compensation

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Key management				
– Short-term employee benefits	**17.4**	26.7	**4.3**	5.4
– Post-employment benefits	**0.1**	0.1	**0.1**	0.1
– Share-based payments	**4.9**	3.6	**2.1**	1.8
	22.4	30.4	**6.5**	7.3

The key management of the Group for the year ended 31 December 2022 comprised the Board of Directors and the GEB members. The key management of the Company for the year ended 31 December 2022 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 114 to 134.

During the year, six (2021: eight) GEB members made aggregate gains totalling £3.3m (2021: £2.7m) on the exercise of options under PSP, DSBP and DSP schemes (2021: DSBP and DSP schemes). For the Company, three (2021: three) members of key management made aggregate gains totalling £1.9m (2021: £1.4m) on the exercise of options under PSP and DSBP schemes (2021: DSBP schemes).

Retirement benefits under the defined benefit scheme are accruing for two (2021: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2021: two) GEB members. For the Company, retirement benefits under the defined benefit scheme are accruing for one (2021: one) 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 £38.1m (2021: £35.8m). The amount outstanding as at 31 December 2022 in relation to defined contribution schemes within current trade and other payables is £2.9m (2021: £2.3m).

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 2022 and has been updated to 31 December 2022 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 2022 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	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Asset in the statement of financial position	**(22.3)**	(17.4)	**(1.2)**	(1.0)
Net interest income included in finance income	**(0.4)**	–	**–**	–
Actuarial gain included in other comprehensive income	**(4.5)**	(19.8)	**(0.2)**	(1.1)

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	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Present value of funded obligations	**186.7**	301.7	**10.3**	16.6
Fair value of plan assets	**(209.0)**	(319.1)	**(11.5)**	(17.6)
Asset in the statement of financial position	**(22.3)**	(17.4)	**(1.2)**	(1.0)

Notes to the financial statements continued
Year ended 31 December 2022

10. Pension schemes continued

10.2 Defined benefit plan continued

The movement in the defined benefit asset for the UK Plan over the year is as follows:

	Group			Company		
	Present value of obligation £m	Fair value of plan assets £m	Total £m	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2022	**301.7**	**(319.1)**	**(17.4)**	**16.6**	**(17.6)**	**(1.0)**
Interest expense/(income)	**6.0**	**(6.4)**	**(0.4)**	**0.3**	**(0.3)**	**–**
Remeasurements:						
– Loss on plan assets, excluding amounts included in interest income	**–**	**108.7**	**108.7**	**–**	**6.0**	**6.0**
– Gain from change in financial assumptions	**(115.9)**	**–**	**(115.9)**	**(6.4)**	**–**	**(6.4)**
– Gain from change in demographic assumptions	**(9.0)**	**–**	**(9.0)**	**(0.5)**	**–**	**(0.5)**
– Experience gains	**11.7**	**–**	**11.7**	**0.7**	**–**	**0.7**
Benefit payments	**(7.8)**	**7.8**	**–**	**(0.4)**	**0.4**	**–**
At 31 December 2022	**186.7**	**(209.0)**	**(22.3)**	**10.3**	**(11.5)**	**(1.2)**

	Group			Company		
	Present value of obligation £m	Fair value of plan assets £m	Total £m	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2021	333.0	(330.4)	2.6	18.4	(18.3)	0.1
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	–
At 31 December 2021	301.7	(319.1)	(17.4)	16.6	(17.6)	(1.0)

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

	SFM Plan	
	2022 £m	2021 £m
Asset in the statement of financial position	**(3.2)**	(0.7)
Actuarial gain included in other comprehensive income	**(2.0)**	(1.8)

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 2022 £m	SFM Plan 2021 £m
Present value of funded obligations	**9.9**	13.5
Fair value of plan assets	**(13.1)**	(14.2)
Asset in the statement of financial position	**(3.2)**	(0.7)

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

	SFM Plan		
	Present value of obligation £m	**Fair value of plan assets £m**	**Total £m**
At 1 January 2022	**13.5**	**(14.2)**	**(0.7)**
Interest expense/(income)	**0.2**	**(0.2)**	**–**
Remeasurements:			
– Loss on plan assets, excluding amounts included in interest income	**–**	**2.1**	**2.1**
– Gain from change in demographic assumptions	**(4.4)**	**–**	**(4.4)**
– Experience losses	**0.3**	**–**	**0.3**
Employer contributions	**–**	**(0.5)**	**(0.5)**
Benefit payments	**(0.4)**	**0.4**	**–**
Exchange movement	**0.7**	**(0.7)**	**–**
At 31 December 2022	**9.9**	**(13.1)**	**(3.2)**

	SFM Plan		
	Present value of obligation £m	**Fair value of plan assets £m**	**Total £m**
At 1 January 2021	16.3	(14.6)	1.7
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)
At 31 December 2021	13.5	(14.2)	(0.7)

Notes to the financial statements continued
Year ended 31 December 2022

10. Pension schemes continued

10.2 Defined benefit plan continued

The significant actuarial assumptions were as follows:

	SFM Plan		UK Plan	
As at 31 December	2022	2021	2022	2021
Expected rate of salary increases	**2.50%**	2.50%	**3.25%**	3.25%
Projection of social security contribution ceiling	**2.25%**	2.25%	**–**	–
Rate of increase to pensions in payment				
– pension promise before 1 January 1986	**2.20%**	2.25%	**–**	–
– pension promise after 1 January 1986	**2.20%**	1.75%	**–**	–
– accrued before 6 April 1997	**–**	–	**3.00%**	3.00%
– accrued after 5 April 1997	**–**	–	**3.00%**	3.10%
– accrued after 5 April 2005	**–**	–	**2.00%**	2.20%
Rate of increase to pensions in deferment				
– accrued before 6 April 2001	**–**	–	**5.00%**	5.00%
– accrued after 5 April 2001	**–**	–	**2.60%**	2.50%
– accrued after 5 April 2009	**–**	–	**2.50%**	2.50%
Discount rate	**4.24%**	1.35%	**4.80%**	2.00%
Inflation assumption	**2.20%**	1.75%	**3.20%**	3.20%

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	
		2022	2021	2022	2021
Retiring at the end of the reporting year	– Male	**85.6**	85.5	**88.1**	88.3
	– Female	**89.0**	88.9	**89.8**	90.0
Retiring 20 years after the end of the reporting year	– Male	**88.4**	88.2	**89.8**	90.0
	– Female	**91.3**	91.1	**91.5**	91.7

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
1% increase in discount rates	**(1.3)**	**(27.4)**
1% increase in inflation rate	**0.9**	**11.7**
1% increase in salary increase rate	**–**	**0.8**
1 year increase in life expectancy	**0.4**	**6.0**

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the statement of financial position.

Plan assets are comprised as follows:

	UK Plan							
	2022				2021			
	Quoted £m	Unquoted £m	Total £m	%	Quoted £m	Unquoted £m	Total £m	%
– Government bonds	**44.1**	**–**	**44.1**	**22%**	75.8	–	75.8	24%
– Corporate bonds (investment grade)	**2.7**	**–**	**2.7**	**1%**	0.5	–	0.5	–
– Cash and cash equivalents	**32.0**	**–**	**32.0**	**15%**	17.6	–	17.6	5%
Liability-driven investment (LDI)*	**78.8**	**–**	**78.8**	**38%**	93.9	–	93.9	29%
Investment funds	**–**	**35.5**	**35.5**	**17%**	–	32.4	32.4	10%
Bonds	**23.4**	**35.7**	**59.1**	**28%**	119.3	26.9	146.2	46%
Cash and cash equivalents	**17.1**	**–**	**17.1**	**8%**	1.8	–	1.8	1%
Asset backed securities**	**18.5**	**–**	**18.5**	**9%**	44.8	–	44.8	14%
Total	**137.8**	**71.2**	**209.0**	**100%**	259.8	59.3	319.1	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.

** A portfolio of primarily mortgage backed securities and loans.

The sensitivity of the above Plan assets is as follows:

	UK Plan
	Impact on value of Plan assets £m
1% increase in discount rates*	**(30.0)**
1% increase in inflation rate	**12.5**

* Sensitivity to a change in government bond yields with unchanged credit spreads.

	SFM Plan			
	2022		2021	
	Unquoted £m	%	Unquoted £m	%
Investment funds	**13.2**	**100%**	14.2	100%
Total	**13.2**	**100%**	14.2	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.

10. Pension schemes continued

10.2 Defined benefit plan continued

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 2023 are £0.5m. The Company expects to contribute £nil.

The weighted average duration of the defined benefit obligations is 17 years for the UK Plan and 13 years for the SFM Plan.

Expected maturity analysis of the undiscounted pension benefits:

At 31 December 2022	Less than a year £m	Between 1–2 years £m	Between 2–5 years £m	Over 5 years £m	Total £m
Pension benefit payments					
– UK Plan	**8.4**	**14.0**	**25.8**	**431.5**	**479.7**
– SFM Plan	**0.5**	**0.5**	**1.5**	**16.5**	**19.0**

11. Finance income and costs

	Group	
	2022 £m	2021 £m
Bank interest receivable	**13.3**	1.9
Net interest on defined benefit pension assets	**0.4**	–
Finance income	**13.7**	1.9
Bank interest payable	**(8.5)**	(5.5)
Unwinding of discounts on liabilities	**(0.5)**	(0.8)
Finance charges on lease liabilities	**(9.0)**	(8.9)
Net interest on defined benefit pension obligations	**-**	(0.1)
Finance costs	**(18.0)**	(15.3)
Net finance cost	**(4.3)**	(13.4)

12. Income tax expense

Analysis of tax expense for the year:

	Group	
	2022 £m	2021 £m
Current tax		
United Kingdom:		
Corporation tax on profits for the year	**15.9**	21.0
Adjustment in respect of prior years	**2.8**	0.7
	18.7	21.7
Overseas tax	**22.2**	24.5
Adjustment in respect of prior years	**0.9**	(0.7)
Total current tax	**41.8**	45.5
Deferred tax		
Representing:		
United Kingdom	**4.0**	(3.8)
Effect of change in UK tax rate on deferred tax	**(2.1)**	(0.7)
Overseas tax	**(6.1)**	(3.4)
Effect of change in overseas tax rate on deferred tax	**-**	0.2
Adjustment in respect of prior years	**(3.5)**	(1.4)
Total deferred tax (Note 19)	**(7.7)**	(9.1)
Income tax expense	**34.1**	36.4

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% (2021: 19%) applicable to profits of the consolidated entities as follows:

	Group	
	2022 £m	2021 £m
Profit before income tax	**153.9**	183.1
Tax on profit at 19% (2021: 19%)	**29.3**	34.8
Effects of:		
Adjustment in respect of prior years	**0.2**	(1.3)
Difference in overseas tax rates	**3.6**	3.9
Utilisation of previously unprovided tax losses	**(0.8)**	(0.4)
Expenses and other charges not deductible for tax purposes	**7.1**	3.5
Non-assessable income (including COVID-19 subsidies)	**(0.6)**	(1.6)
Tax on joint ventures and associates	**(2.6)**	(2.0)
Effect of change in tax rates on deferred tax	**(2.1)**	(0.5)
Income tax expense	**34.1**	36.4

The effective tax rate of the Group for the year ended 31 December 2021 is 22.2% (2021: 19.9%), which is higher (2021: higher) 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.

A full analysis has not yet been completed on the impact of the OECD's Pillar Two Model Rules. The Group does not generally operate in low tax jurisdictions however, as a result the impact is not expected to be materially significant.

Deferred tax has been determined using the applicable effective future tax rate that will apply in the expected period of utilisation of the deferred tax asset or liability.

12. Income tax expense continued

The tax (charged)/credited to other comprehensive income is as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Tax on items that will not be reclassified to profit or loss				
Deferred tax on remeasurement of defined benefit pension scheme	**(1.5)**	(4.3)	**–**	(0.2)
Current tax 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	**(2.4)**	(1.0)	**(0.1)**	(0.1)
	(3.9)	(5.3)	**(0.1)**	(0.3)
Tax on items that may subsequently be reclassified to profit or loss				
Deferred tax on foreign exchange reserves	**–**	(0.1)	**–**	–
	–	(0.1)	**–**	–
Tax on items relating to components of other comprehensive income	**(3.9)**	(5.4)	**(0.1)**	(0.3)

The tax (charged)/credited to reserves is as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Current tax on employee benefits	**0.4**	4.3	**0.1**	0.5
Deferred tax on employee benefits	**(3.0)**	0.3	**(0.7)**	0.4
Current tax on IFRS 16 lease recognition release	**0.2**	0.2	**0.1**	0.1
Deferred tax on IFRS 16 recognition release	**(0.2)**	0.2	**(0.1)**	0.2
Current tax on foreign exchange reserve movements	**0.3**	0.3	**–**	–
Tax on items recognised directly in reserves	**(2.3)**	5.3	**(0.6)**	1.2

13. Dividends – Group and Company

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Amounts recognised as distribution to equity holders in the year:				
In respect of the previous year				
Ordinary final dividend of 12.75p per share (2020: 17.0p)	**17.6**	23.6	**17.8**	23.8
Supplemental interim dividend of 15.6p per share (2020: £nil)	**21.6**	–	**21.8**	–
Special dividend of 27.05p per share (2020: £nil)	**37.4**	–	**37.8**	–
In respect of the current year				
Interim dividend of 6.6p per share (2021: 6.0p)	**8.9**	8.3	**9.1**	8.4
	85.5	31.9	**86.5**	32.2

The Group paid £0.4m (2021: £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 13.4p per ordinary share (amounting to £19.3m), alongside the supplemental interim dividend of 15.6p per ordinary share (amounting to £22.5m), to be paid on 22 May 2023 to Shareholders on the register at 11 April 2023. These financial statements do not reflect this dividend payable.

The total paid and recommended ordinary and supplemental dividend for the 2022 financial year comprises an aggregate distribution of 35.6p per ordinary share (2021: 61.4p per ordinary share, which included a 27.05p special dividend 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 (2022 closing: 6,780,308 shares, 2021 closing: 4,644,019 shares) and the Rabbi Trust (2022 closing: 1,914,869 shares, 2021 closing: 1,440,484 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:

	2022 Earnings £m	2022 Shares million	2022 EPS pence	2021 Earnings £m	2021 Shares million	2021 EPS pence
Basic earnings per share	**119.4**	**137.3**	**87.0**	146.2	139.4	104.9
Effect of additional shares issuable under option	**-**	**7.9**	**(4.8)**	–	7.1	(5.1)
Diluted earnings per share	**119.4**	**145.2**	**82.2**	146.2	146.5	99.8

14.2 Underlying basic and diluted earnings per share

	2022 Earnings £m	2022 Shares million	2022 EPS pence	2021 Earnings £m	2021 Shares million	2021 EPS pence
Basic earnings per share	**119.4**	**137.3**	**87.0**	146.2	139.4	104.9
Amortisation of intangible assets arising from business combinations after tax	**7.6**	**-**	**5.5**	6.5	–	4.7
Impairment of goodwill and intangible assets arising from business combinations after tax	**-**	**-**	**-**	5.4	–	3.9
Share-based payment adjustment after tax	**(11.9)**	**-**	**(8.7)**	(9.0)	–	(6.5)
Profit on disposal of joint ventures and associates after tax	**-**	**-**	**-**	(0.4)	–	(0.3)
Restructuring costs after tax	**0.1**	**-**	**0.1**	0.4	–	0.3
Transaction-related costs after tax	**15.3**	**-**	**11.1**	15.5	–	11.1
Fair value gain on step acquisition of subsidiaries previously classified as joint ventures/associates after tax	**-**	**-**	**-**	(4.0)	–	(2.9)
Fair value (gain)/loss on transaction-related call option	**(0.1)**	**-**	**(0.1)**	1.8	–	1.3
Underlying basic earnings per share	**130.4**	**137.3**	**94.9**	162.4	139.4	116.5
Effect of additional shares issuable under option	**-**	**7.9**	**(5.1)**	–	7.1	(5.6)
Underlying diluted earnings per share	**130.4**	**145.2**	**89.8**	162.4	146.5	110.9

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.

15. Goodwill and intangible assets

	Group							
	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlogs £m	Brands £m	Computer software £m	Total £m	Company Total £m
Cost								
At 1 January 2022 restated*	463.8	40.8	58.7	3.5	4.6	38.4	609.8	10.0
Additions through business combinations (Note 18.6)	13.4	1.9	1.1	-	-	0.5	16.9	-
Other additions	-	-	-	-	-	7.0	7.0	-
Disposals	-	-	(1.1)	-	-	(1.9)	(3.0)	-
Exchange movement	27.6	1.7	0.7	0.3	0.1	1.2	31.6	-
At 31 December 2022	504.8	44.4	59.4	3.8	4.7	45.2	662.3	10.0
Accumulated amortisation and impairment								
At 1 January 2022	52.2	22.0	26.6	2.1	1.8	20.9	125.6	6.2
Amortisation charge for the year	-	3.3	5.6	0.6	0.4	7.0	16.9	2.0
Disposals	-	-	(1.1)	-	-	(0.6)	(1.7)	-
Exchange movement	3.2	0.7	0.7	0.2	0.1	0.9	5.8	-
At 31 December 2022	55.4	26.0	31.8	2.9	2.3	28.2	146.6	8.2
Net book value								
At 31 December 2022	449.4	18.4	27.6	0.9	2.4	17.0	515.7	1.8

* See Note 18.6 for details of prior period restatement of goodwill and trade and other receivables in relation to a measurement period adjustment in accordance with IFRS 3.

During the year, goodwill and intangible assets were tested for impairment in accordance with IAS 36. No impairment charge has been recognised during the year. In the prior year, 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 carrying amount of intangible assets with indefinite useful lives totals £2.0m as at 31 December 2022 (2021: £2.0m), which consists of investment management contracts in relation to open-ended funds. An £0.8m impairment charge was recognised in the prior year in relation to Japanese investment management contracts where revenue was no longer expected to be generated from these contracts.

Investment and property management contracts includes the investment management contract asset identified on the acquisition of DRC in May 2021. This intangible asset is amortised over six years, with the amortisation period ending in May 2027. The carrying value of this intangible asset as at 31 December 2022 totals £13.0m (2021: £16.0m).

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							
	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlogs £m	Brands £m	Computer software £m	Total £m	Company Total £m
Cost								
At 1 January 2021	429.1	29.2	41.6	3.6	1.7	33.8	539.0	9.9
Additions through business combinations restated*	40.9	11.9	17.7	–	2.9	0.1	73.5	–
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 restated*	463.8	40.8	58.7	3.5	4.6	38.4	609.8	10.0
Accumulated amortisation and impairment								
At 1 January 2021	49.7	19.7	21.6	1.5	1.5	15.8	109.8	3.6
Amortisation charge for the year	–	2.6	4.5	0.6	0.4	6.1	14.2	2.6
Impairment charge for 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
Net book value								
At 31 December 2021	411.6	18.8	32.1	1.4	2.8	17.5	484.2	3.8

* See Note 18.6 for details of prior period restatement of goodwill and trade and other receivables in relation to a measurement period adjustment in accordance with IFRS 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 CGUs have been grouped to an extent which represent the lowest level at which goodwill is internally monitored and tested for impairment annually. A segment-level summary of the allocation of goodwill and indefinite useful life intangible assets is presented below:

2022	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m	Goodwill £m	Indefinite life intangible assets* £m
United Kingdom	**29.3**	**12.9**	**30.9**	**32.2**	**105.3**	**103.3**	**2.0**
CEME	**60.2**	**19.6**	**21.1**	**4.8**	**105.7**	**105.7**	**-**
Asia Pacific	**20.6**	**5.9**	**37.8**	**1.4**	**65.7**	**65.7**	**-**
North America	**164.5**	**10.2**	**-**	**-**	**174.7**	**174.7**	**-**
Total goodwill and indefinite life intangible assets	**274.6**	**48.6**	**89.8**	**38.4**	**451.4**	**449.4**	**2.0**

15. Goodwill and intangible assets continued

2021	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m	Goodwill £m	Indefinite life intangible assets* £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 life intangible assets	253.3	44.9	79.3	35.8	413.3	411.3	2.0

* Indefinite life intangible assets relate to investment management contracts.

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 to which the CGU relates. Cash flows beyond this are extrapolated using perpetuity 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 2023 to 2025 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

Future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money. The discount rate used in each CGU is adjusted for the risk specific to the asset, including the countries in which cash flow will be generated, for which the future cash flow estimates have not been adjusted. The pre-tax discount rates have been derived using a post-tax weighted average cost of capital ('WACC') methodology. 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:

	2022 Discount rate range	2021 Discount rate range
United Kingdom	**12.0%**	10.6%
Continental Europe	**11.3% – 16.0%**	9.6% – 13.7%
Asia Pacific	**10.9% – 16.5%**	9.8% – 13.7%
North America	**12.3% – 12.5%**	11.1% – 11.6%
Middle East	**14.6%**	11.3%

(c) Perpetuity growth rates

To forecast beyond the five years covered by detailed forecasts, a terminal value was calculated, using perpetuity growth rates. The rates are based on the long-term growth rates in the countries in which the Group operates. The perpetuity growth rates used in each region for impairment testing are as follows:

	2022 Long-term growth rate range	2021 Long-term growth rate range
United Kingdom	**1.7%**	1.8%
Continental Europe	**1.1% – 3.3%**	1.0% – 2.9%
Asia Pacific	**0.8% – 6.8%**	0.8% – 6.9%
North America	**1.7% – 1.9%**	1.8% – 1.9%
Middle East	**2.9%**	3.0%

15.3 Sensitivity to changes in assumptions

Management have determined that there has been no impairment to the CGUs within 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 2022 however following significant increases in the discount rate, a number of CGUs have limited headroom. The US and Middle East 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 2022.

The key assumption applied to the US CGU relates to the average underlying operating profit margin of 5.9% over the five year forecast period. The headroom in the value-in-use model for this CGU of £108.7m (41%) would be reduced to nil if the average underlying operating profit margin decreased to 4.2% (applied evenly across the explicit forecast periods, all other variables remaining constant). Similarly, in the Middle East CGU the key assumptions relate to the average underlying operating profit margin of 7.4% and average revenue growth of 10.4% over the five year forecast period. The headroom in the value-in-use model for this CGU of £5.0m (26%) would be reduced to nil if the average underlying operating profit margin decreased to 6.3% or the average revenue growth decreased to 6.3% (applied evenly across the explicit forecast periods, all other variables remaining constant).

16. Property, plant and equipment

Group	Freehold property £m	Leasehold improvements £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2022	**0.1**	**91.9**	**71.2**	**163.2**
Additions	**–**	**6.1**	**13.7**	**19.8**
Additions through business combinations (Note 18.6)	**–**	**3.4**	**2.0**	**5.4**
Reclassification to equipment and motor vehicles	**–**	**(0.7)**	**0.7**	**–**
Disposals	**–**	**(0.2)**	**(4.9)**	**(5.1)**
Exchange movement	**–**	**4.3**	**4.0**	**8.3**
At 31 December 2022	**0.1**	**104.8**	**86.7**	**191.6**
Accumulated depreciation and impairment				
At 1 January 2022	**–**	**47.4**	**49.5**	**96.9**
Charge for the year	**–**	**7.8**	**8.8**	**16.6**
Impairment	**–**	**0.8**	**–**	**0.8**
Disposals	**–**	**–**	**(4.7)**	**(4.7)**
Exchange movement	**–**	**2.0**	**3.0**	**5.0**
At 31 December 2022	**–**	**58.0**	**56.6**	**114.6**
Net book value				
At 31 December 2022	**0.1**	**46.8**	**30.1**	**77.0**

16. Property, plant and equipment continued

Group	Freehold property £m	Leasehold improvements £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2021	0.1	80.6	69.1	149.8
Additions	–	12.3	6.3	18.6
Additions through business combinations	–	–	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
Accumulated depreciation and impairment				
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
Net book value				
At 31 December 2021	0.1	44.5	21.7	66.3

Company	Freehold property £m	Equipment £m	Total £m
Cost			
At 1 January 2022	**0.1**	**8.9**	**9.0**
Additions	**–**	**1.5**	**1.5**
At 31 December 2022	**0.1**	**10.4**	**10.5**
Accumulated depreciation and impairment			
At 1 January 2022	**–**	**5.7**	**5.7**
Charge for the year	**–**	**1.4**	**1.4**
At 31 December 2022	**–**	**7.1**	**7.1**
Net book value			
At 31 December 2022	**0.1**	**3.3**	**3.4**

Company	Freehold property £m	Leasehold improvements £m	Equipment £m	Total £m
Cost				
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
Accumulated depreciation and impairment				
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
Net book value				
At 31 December 2021	0.1	–	3.2	3.3

17. Right-of-use assets

The statement of financial position shows the following amounts relating to right-of-use assets:

Group	Leasehold properties £m	Equipment and motor vehicles £m	Total right-of-use assets £m
Cost			
At 1 January 2022	**338.4**	**10.0**	**348.4**
Additions	**29.2**	**1.7**	**30.9**
Additions through business combinations (Note 18.6)	**2.7**	**-**	**2.7**
Disposals/lease modifications	**(18.6)**	**(3.6)**	**(22.2)**
Exchange movement	**16.9**	**0.4**	**17.3**
At 31 December 2022	**368.6**	**8.5**	**377.1**
Accumulated depreciation and impairment			
At 1 January 2022	**110.4**	**5.4**	**115.8**
Charge for the year	**47.2**	**2.0**	**49.2**
Disposals/lease modifications	**(15.4)**	**(2.8)**	**(18.2)**
Exchange movement	**6.2**	**0.3**	**6.5**
At 31 December 2022	**148.4**	**4.9**	**153.3**
Net book value			
At 31 December 2022	**220.2**	**3.6**	**223.8**

17. Right-of-use assets continued

Group	Leasehold properties £m	Equipment and motor vehicles £m	Total right-of-use assets £m
Cost			
At 1 January 2021	326.0	9.3	335.3
Additions	30.1	1.7	31.8
Additions through business combinations	0.7	–	0.7
Reclassifications from property, plant and equipment	0.7	–	0.7
Disposals/lease modifications	(15.1)	(0.6)	(15.7)
Exchange movement	(4.0)	(0.4)	(4.4)
At 31 December 2021	338.4	10.0	348.4
Accumulated depreciation and impairment			
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/lease modifications	(12.6)	(0.6)	(13.2)
Exchange movement	(1.0)	(0.2)	(1.2)
At 31 December 2021	110.4	5.4	115.8
Net book value			
At 31 December 2021	228.0	4.6	232.6

Company	Right-of-use assets – Leasehold properties £m
Cost	
At 1 January 2022	**64.9**
Additions	**0.7**
Disposal relating to sub-let*	**(9.8)**
At 31 December 2022	**55.8**
Accumulated depreciation and impairment	
At 1 January 2022	**15.5**
Charge for the year	**5.0**
Disposal relating to sub-let*	**(4.7)**
At 31 December 2022	**15.8**
Net book value	
At 31 December 2022	**40.0**

* Upon de-recognition of the right-of-use asset in relation to the sub-let space, a net investment in a sublease has been recognised as an asset on the Company Statement of Financial Position (£8.1m). The difference between this net investment and the carrying value of the right-of-use asset disposed of (£5.1m) has been recognised as a £3.0m gain on disposal in the Company's profit and loss. The lease liability in relation to the head lease is retained in the Company's Statement of Financial Position.

Company	Right-of-use assets – Leasehold properties £m
Cost	
At 1 January 2021	63.9
Reclassifications from property, plant and equipment	0.7
Additions	0.3
At 31 December 2021	64.9
Accumulated depreciation and impairment	
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
Net book value	
At 31 December 2021	49.4

Refer to Note 25 for further information on the Group's leases.

18. Investments and transactions

18.1 Group – Investments in joint ventures and associates

	Joint ventures	Associates		
	Investment £m	Investment £m	Goodwill £m	Total £m
Cost or valuation				
At 1 January 2022	**9.7**	**2.3**	**0.4**	**2.7**
Additions	**0.4**	**–**	**–**	**–**
Disposals	**(0.1)**	**–**	**–**	**–**
Exchange movement	**1.0**	**0.2**	**–**	**0.2**
At 31 December 2022	**11.0**	**2.5**	**0.4**	**2.9**
Share of profit				
At 1 January 2022	**15.5**	**4.9**	**–**	**4.9**
Group's share of profit from continuing operations	**8.8**	**3.3**	**–**	**3.3**
Dividends received	**(7.1)**	**(4.2)**	**–**	**(4.2)**
Exchange movement	**1.3**	**0.6**	**–**	**0.6**
At 31 December 2022	**18.5**	**4.6**	**–**	**4.6**
Total				
At 31 December 2022	**29.5**	**7.1**	**0.4**	**7.5**

18. Investments and transactions continued

18.1 Group – Investments in joint ventures and associates continued

	Joint ventures			Associates			
	Investment £m	Loans £m	Total £m	Investment £m	Loans £m	Goodwill £m	Total £m
Cost or valuation							
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 recognised in the income statement	1.2	–	1.2	2.8	–	–	2.8
Transfer upon subsidiary acquisition	(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
Share of profit							
At 1 January 2021	11.6	–	11.6	6.4	–	–	6.4
Group's share of profit from 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 acquisition	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
Total							
At 31 December 2021	25.2	–	25.2	7.2	–	0.4	7.6

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.

18.2 Group – Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets at FVOCI comprise the following individual equity investments:

	2022 £m	2021 restated* £m
Listed securities		
OnTheMarket plc	**0.8**	1.5
Unlisted securities		
Vucity Ltd	**1.8**	4.4
Income Analytics Ltd	**0.7**	0.7
Daishin GK Canal	**0.7**	0.7
Thirdfort Ltd	**0.3**	–
Home Click Pte Ltd	**0.2**	0.2
EDGE Minami Aoyama	**0.2**	0.2
YOPA Property Ltd	**–**	7.5
Savills Property Services (India) Private Ltd	**–**	0.2
Other smaller investments	**1.0**	1.3
	5.7	6.7

* See Note 2.29 for details of prior period restatement of financial assets at FVOCI.

During the year, the Group has revalued its investments in YOPA Property Ltd and Vucity Ltd in light of current trading performance, and economic conditions, reducing the carrying values by £7.5m and £2.9m respectively. All changes in fair value have been recognised through other comprehensive income. In the prior year, the Group 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.

Equity investments at FVOCI are denominated in the following currencies:

	2022 £m	2021 restated* £m
Sterling	**3.8**	14.6
Japanese yen	**1.0**	1.3
Other	**0.9**	0.8
	5.7	16.7

* See Note 2.29 for details of prior period restatement of financial assets at FVOCI.

Refer to Note 3.8 for information about methods and assumptions used in determining fair value.

18. Investments and transactions continued

18.3 Group – Financial assets at fair value through profit and loss ('FVPL')

	2022 £m	2021 restated* £m
Convertible loans	**15.9**	15.8
Instruments held in investment funds	**20.9**	13.7
	36.8	29.5

Convertible loans 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 the end of 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.

Refer to Note 3.8 for movement analysis of financial assets at FVPL.

At 31 December 2022 the Group held conditional commitments to co-invest in a number of Savills IM funds including, £nil in the Savills IM Japan Value Fund II (2021: £0.7m), £3.7m in the Asia Pacific Income and Growth Fund (2021: £5.0m) over the next three years, £1.8m in Savills IM UK Value Boxes Fund FCP-RAIF over the next two years (2021: £3.6m), £2.0m in DRC ERED Fund IV over the next two years (2021: £nil), £3.2m in VESALF II over the three years (2021: £nil), £2.8m in the Savills IM UK Value Add Residential Fund over the next two years (2021: £nil) and £nil (2021: £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.

18.4 Company – Investments in subsidiaries

	Direct investments in subsidiaries £m	Investments in subsidiaries indirectly owned – share-based payment contribution £m	Investments in EBT £m	Total £m
At 1 January 2021	81.5	67.3	–	148.8
Increase due to IFRS 2 share-based payment contribution to subsidiaries	–	20.4	–	20.4
Increase due to capital contribution to EBT	–	–	36.7	36.7
Decrease due to EBT contributions from subsidiaries	–	(17.8)	–	(17.8)
Decrease due to write-off of investment in EBT upon exercise of options	–	–	(13.1)	(13.1)
At 31 December 2021	81.5	69.9	23.6	175.0
Increase due to IFRS 2 share-based payment contribution to subsidiaries	**–**	**27.5**	**–**	**27.5**
Increase due to capital contribution to EBT	**–**	**–**	**37.3**	**37.3**
Decrease due to EBT contributions from subsidiaries	**–**	**(45.9)**	**–**	**(45.9)**
Decrease due to write-off of investment in EBT upon exercise of options	**–**	**–**	**(17.5)**	**(17.5)**
At 31 December 2022	**81.5**	**51.5**	**43.4**	**176.4**

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.

18.5 Non-controlling interests

Material non-controlling interests

The total non-controlling interest at the end of the year is £37.2m (2021: £29.2m). The majority of non-controlling interests in respect of the Group's subsidiaries where 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 (31 December 2022: £33.7m, 31 December 2021: £28.2m). The profit after tax allocated to the non-controlling interest of the Savills IM Group for the year ended 31 December 2022 was £0.2m (31 December 2021: £nil).

Savills IM Group	31 December 2022 £m	31 December 2021 £m
Non-current assets	**110.0**	90.2
Current assets	**105.3**	77.3
Current liabilities	**(47.0)**	(39.5)
Non-current liabilities	**(33.5)**	(15.3)
Net assets	**134.8**	112.7
Revenue	**112.7**	111.8
Profit after tax	**1.1**	15.8

A reconciliation of non-controlling interest is as follows:

	Savills IM Group net assets £m	Non-controlling interest in Savills IM Group £m	Other non-controlling interests £m	Total non-controlling interest £m
Balance at 1 January 2022	**112.7**	**28.2**	1.0	29.2
Profit for the year	**1.1**	**0.2**	0.2	0.4
Other comprehensive income/(loss):				
Remeasurement of defined benefit pension scheme	**2.1**	**0.5**	–	0.5
Tax on items taken to other comprehensive income	**(0.6)**	**(0.2)**	–	(0.2)
Currency translation differences	**2.3**	**0.6**	–	0.6
Total comprehensive income for the year	**4.9**	**1.1**	0.2	1.3
Employee share option scheme: value of services provided	**3.0**	**0.8**	–	0.8
Dividends	**-**	**-**	(0.4)	(0.4)
Transfer between reserves:				
– Issue of deferred shares	**16.0**	**4.0**	–	4.0
– EBT contributions to Savills plc	**(1.8)**	**(0.4)**	–	(0.4)
Additions through business combinations	**-**	**-**	2.7	2.7
Balance at 31 December 2022	**134.8**	**33.7**	3.5	37.2

Transactions in the year

Acquisitions

During the year the Group acquired 60% of the equity interest in PT CB Advisory, 70% of the equity interest in PT Cakrawala Baswara Cemerlang and 60% of the equity interest in PT Cakrawala Baswara Indonesia. The Group also acquired 60% of the equity interest in Absolute Maintenance Services Pte Limited and Solute Pte Limited and Simply Affordable Homes LLP. See Note 18.6 for further details of the acquisitions and the non-controlling interest recognised in relation to the acquisitions.

Other

In the prior year, the Group disposed of 25% of the shares in the Savills IM Group. A further £0.7m of profit in relation to this transaction has been recognised in retained earnings following finalisation of costs and recycling of foreign exchange reserves to retained earnings. During the year, the Group received the remaining £7.9m of consideration receivable with respect to this transaction and paid a further £0.2m in costs.

18. Investments and transactions continued

18.5 Non-controlling interests continued

Transactions in the previous year

In the prior year, profit of £39.3m was recognised in retained earnings in relation to the disposal of 25% of the shares in the Savills IM Group. The carrying amount of the Savills IM group net assets that was disposed of totalled £28.2m.

18.6 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			
		AMS £m	Pitmore £m	Other £m	Total £m
Non-current assets:	Property, plant and equipment	5.2	–	0.2	**5.4**
	Right-of-use asset	2.2	–	0.5	**2.7**
	Intangible assets	0.2	1.1	2.2	**3.5**
	Financial assets held at FVPL	–	0.1	–	**0.1**
Current assets:	Trade and other receivables	9.5	0.3	0.3	**10.1**
	Cash and cash equivalents	0.3	0.2	0.6	**1.1**
Current liabilities:	Borrowings	(2.8)	–	–	**(2.8)**
	Lease liabilities	(0.6)	–	(0.2)	**(0.8)**
	Contract liabilities	–	–	(0.1)	**(0.1)**
	Income tax liabilities	–	(0.1)	(0.1)	**(0.2)**
	Trade and other payables	(4.9)	(0.1)	(0.4)	**(5.4)**
	Employee benefit obligations	(0.2)	–	–	**(0.2)**
	Provisions	(1.6)	–	–	**(1.6)**
Non-current liabilities:	Borrowings	(0.4)	–	–	**(0.4)**
	Lease liabilities	(1.6)	–	(0.3)	**(1.9)**
	Other payables	(0.2)	–	–	**(0.2)**
	Employee benefit obligations	–	–	(0.1)	**(0.1)**
	Provisions	(1.5)	–	–	**(1.5)**
	Deferred tax liabilities	–	(0.3)	–	**(0.3)**
Net assets		**3.6**	**1.2**	**2.6**	**7.4**
Non-controlling interest share of net assets		(2.6)	–	(0.1)	**(2.7)**
Net assets acquired		**1.0**	**1.2**	**2.5**	**4.7**
Goodwill		6.6	2.2	4.6	**13.4**
Purchase consideration		**7.6**	**3.4**	**7.1**	**18.1**
Consideration satisfied by:					
Cash paid		7.6	3.4	5.0	**16.0**
Deferred consideration < 1 year		–	–	1.8	**1.8**
Loan novation		–	–	0.3	**0.3**
		7.6	**3.4**	**7.1**	**18.1**

Absolute Maintenance Services Pte Limited and Solute Pte Limited ('AMS')

On 31 August 2022, the Group acquired 60% of the equity interest in AMS, a facilities services group in Singapore. The acquisition expands and enhances the property and integrated facilities management platform in the region.

Total acquisition consideration is provisionally determined at £7.6m, all of which was settled on completion.

Acquisition-related costs of £0.1m have been expensed as incurred to the income statement and classified within other operating expenses.

Goodwill of £6.6m has been determined. Goodwill is attributable to the experience and expertise of key staff members and is not expected to be deductible for tax purposes.

The acquired business contributed revenue of £7.3m and profit of £0.6m to the Group for the period from the date of acquisition to 31 December 2022. Had the acquisition been made at the beginning of the financial year, revenue would have been £19.4m and a loss of £2.6m would have been recognised.

The fair value of trade and other receivables is £9.5m, £7.4m of which relates to trade receivables. The gross contractual amount for trade receivables is £7.4m, all of which is expected to be collectible.

Pitmore 1 Limited ('Pitmore')

On 30 July 2022, the Group acquired 100% equity interest in Pitmore, a UK development and build-to-rent ('BTR') specialist. The acquisition will assist the continued expansion of the Savills IM's European Living Platform and is a pivotal part of plans to grow the UK residential and BTR platform.

Total acquisition consideration is provisionally determined at £3.4m, all of which was settled on completion.

In addition to the above, an earn-out is payable in the first quarter of 2029 and is measured against income targets. 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.

Acquisition-related costs of £0.7m have been expensed as incurred to the income statement and classified within other operating expenses.

Goodwill of £2.2m 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 £1.1m of investment management contracts.

The acquired business contributed revenue of £0.6m and a loss of £0.5m to the Group for the period from acquisition to 31 December 2022. Had the acquisition been made at the beginning of the financial year, revenue would have been £1.5m and the loss would have been £0.8m.

The fair value of trade and other receivables is £0.3m, £0.1m of which relates to trade receivables. The gross contractual amount for trade receivables is £0.1m, all of which expected to be collectible.

Other acquisitions

The Group acquired 60% of the UK-based Simply Affordable Homes LLP on 8 September 2022, to continue the expansion of Savills IM's European Living Platform and a UK residential platform; 100% of the equity interest in BrickByte GmbH on 1 June 2022, a technology-enabled workplace services and consulting start up in Germany to further enhance our existing offering and complementary areas of client service in that market; and 100% of SRS Lease Administration LLC on 31 December 2022, a US-based lease administration business, further building out this service in North America. In addition, on 22 June 2022 the Group acquired 60% of the equity interest in PT CB Advisory; 70% of the equity interest in PT Cakrawala Baswara Cemerlang; and 60% of the equity interest in PT Cakrawala Baswara Indonesia, a full service property business in Indonesia, complementing our existing services and supporting further Indonesia expansion. The Group also acquired the trade and assets of Cureoscity Limited on 2 February 2022, a UK web-based management portal to enhance our property management business; James A Baker on 7 September 2022, a UK-based specialist advisor in licensed property to broaden the UK offering in this area; and the trade and assets of a property management company based in Poland on 30 September 2022.

Cash consideration for these transactions amounted to £5.0m. The remainder of the acquisition consideration relates to deferred consideration of £1.8m, payable within one year of the reporting date, and £0.3m of loan novation.

Goodwill of £4.6m 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.

Acquisition-related costs of £0.4m have been expensed as incurred to the income statement and classified within other operating expenses.

The acquired businesses contributed revenue of £1.3m and a loss of £1.8m to the Group for the period from acquisition to 31 December 2022. Had the acquisitions been made at the beginning of the financial year, revenue would have been £6.4m and the loss would have been £1.4m. The impact on the Group's overall revenue and profits is not material.

The fair value of trade and other receivables acquired is £0.3m, £0.2m of which relates to trade receivables. The gross contractual amount for trade receivables is £0.2m, all of which is expected to be collectible.

18. Investments and transactions continued

18.6 Acquisitions of subsidiaries continued

2021 acquisitions

In the year ended 31 December 2021 the Group acquired the remaining 25% equity interest in DRC Capital LLP ('DRC'), 100% of the equity interest in T3 Advisors ('T3'), the remaining 51% of Cluttons Saudi Arabia Company Limited (previous 49% ownership equity accounted for as a joint venture), the remaining 49% economic interest in the Savills Indonesia business (previous 51% economic ownership equity accounted for as a joint venture) and 60% of Merx Holdings (SG) Pte Ltd ('Merx Group').

During the year, the provisional fair values for the above transactions were finalised resulting in a £0.3m decrease in the value of accrued income acquired as part of the acquisition of the remaining 51% of Cluttons Saudi Arabia Company Ltd. This adjustment is considered a measurement period adjustment in accordance with IFRS 3 and as a result the prior period comparatives have been restated by increasing goodwill arising on the acquisition by £0.3m, with a corresponding decrease in trade and other receivables.

There were no changes to the provisional fair values in respect of the other acquisitions as reported in the Group's 2021 Annual Report.

19. Deferred income 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	
	2022 £m	2021 £m	2022 £m	2021 £m
Deferred tax assets				
– Deferred tax asset to be recovered after more than 12 months	**37.6**	33.5	**2.3**	3.2
– Deferred tax asset to be recovered within 12 months	**20.6**	16.5	**0.5**	0.4
	58.2	50.0	**2.8**	3.6
Deferred tax liabilities				
– Deferred tax liability to be recovered after more than 12 months	**(18.3)**	(13.0)	**(0.7)**	(0.3)
– Deferred tax liability to be recovered within 12 months	**(2.9)**	(2.1)	**(0.2)**	–
	(21.2)	(15.1)	**(0.9)**	(0.3)
Deferred tax asset – net	**37.0**	34.9	**1.9**	3.3

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
At 1 January – net asset	**34.9**	37.2	**3.3**	2.5
Amount credited/(charged) to the income statement (Note 12)	**5.6**	8.6	**(0.5)**	0.5
Effect of tax rate change within the income statement (Note 12)	**2.1**	0.5	**–**	–
Tax (charged)/credited to other comprehensive income				
– Defined benefit pension scheme – actuarial gains	**(1.5)**	(4.3)	**–**	(0.2)
– Defined benefit pension scheme – additional contributions	**–**	(0.1)	**–**	–
– Defined benefit pension scheme – effect of UK tax rate change	**(2.4)**	(1.0)	**(0.1)**	(0.1)
Tax charged to reserves				
– Employee benefits	**(3.0)**	0.3	**–**	0.4
– IFRS 16 initial lease recognition released to reserves	**(0.2)**	0.2	**(0.8)**	0.2
Additions through business combinations (Note 18.6)	**(0.4)**	(6.2)	**–**	–
Exchange movement	**1.9**	(0.3)	**–**	–
At 31 December – net asset	**37.0**	34.9	**1.9**	3.3

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 income tax assets of £3.3m (2021: £3.4m) in respect of losses amounting to £15.5m (2021: £15.9m), which can be carried forward indefinitely against future taxable income (2021: which can be carried forward indefinitely against future taxable income).

Deferred tax assets – Group	Accelerated capital allowances £m	Provisions and other* £m	Other employee benefit obligations** £m	Tax losses £m	Retirement benefits £m	Revaluations £m	Share-based payments £m	Total £m
Balance at 1 January 2021	2.5	10.7	13.3	6.1	3.5	0.2	6.5	42.8
Amount credited/(charged) to the income statement (Note 12)	1.0	0.6	2.1	(1.3)	0.1	–	4.7	7.2
Effect of tax rate change within the income statement (Note 12)	–	1.1	–	–	–	–	–	1.1
Amounted charged to other comprehensive income (Note 12)	–	–	–	–	(0.6)	–	–	(0.6)
Amount credited to reserves (Note 12)	–	0.2	–	–		–	0.3	0.5
Transfer to deferred tax liabilities	(0.3)	–	–	–	(0.5)	–	–	(0.8)
Additions through business combinations	–	0.2	–	–	–	–	–	0.2
Exchange movement	–	–	–	(0.2)	(0.2)	–	–	(0.4)
At 31 December 2021	3.2	12.8	15.4	4.6	2.3	0.2	11.5	50.0
Reclassifications from/(to) deferred tax liabilities	**0.3**	**2.4**	**(1.3)**	**–**	**–**	**–**	**–**	**1.4**
Amount (charged)/credited to the income statement (Note 12)	**(1.4)**	**0.9**	**3.9**	**2.4**	**(0.1)**	**–**	**0.8**	**6.5**
Effect of tax rate change within the income statement (Note 12)	**1.0**	**0.2**	**0.9**	**–**	**–**	**–**	**–**	**2.1**
Amount credited to other comprehensive income (Note 12)	**–**	**–**	**–**	**–**	**(0.7)**	**–**	**–**	**(0.7)**
Amount charged to reserves (Note 12)	**–**	**(0.2)**	**–**	**–**	**–**	**–**	**(3.0)**	**(3.2)**
Exchange movement	**–**	**0.7**	**1.1**	**0.3**	**–**	**–**	**–**	**2.1**
At 31 December 2022	**3.1**	**16.8**	**20.0**	**7.3**	**1.5**	**0.2**	**9.3**	**58.2**
Set-off of deferred tax liabilities pursuant to set-off provisions								**(19.6)**
Deferred tax asset at 31 December 2022 in the Statement of Financial Position								**38.6**

19. Deferred income tax continued

Deferred tax liabilities – Group	Accelerated capital allowances £m	Provisions and other* £m	Retirement Benefits £m	Intangible assets £m	Total £m
At 1 January 2021	–	(1.3)	–	(4.3)	(5.6)
Tax (charged)/credited to the income statement (Note 12)	(0.5)	0.7	–	1.2	1.4
Effect of tax rate change within income statement (Note 12)	–	–	–	(0.6)	(0.6)
Tax charged to other comprehensive income	–	–	(3.8)	–	(3.8)
Effect of tax rate change within other comprehensive income (Note 12)	–	–	(1.0)	–	(1.0)
Transfer from deferred tax asset	0.3	–	0.5	–	0.8
Additions through business combinations	–	–	–	(6.4)	(6.4)
Exchange movement	–	–	–	0.1	0.1
At 31 December 2021	(0.2)	(0.6)	(4.3)	(10.0)	(15.1)
Reclassifications from/(to) deferred tax assets	**–**	**–**	**–**	**(1.4)**	**(1.4)**
Tax (charged)/credited to the income statement (Note 12)	**(1.0)**	**(0.1)**	**(0.2)**	**0.4**	**(0.9)**
Tax charged to other comprehensive income	**–**	**–**	**(0.8)**	**–**	**(0.8)**
Effect of tax rate change within other comprehensive income (Note 12)	**–**	**–**	**(2.4)**	**–**	**(2.4)**
Additions through business combinations (Note 18.6)	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Exchange movement	**–**	**(0.1)**	**–**	**(0.2)**	**(0.3)**
At 31 December 2022	**(1.2)**	**(0.8)**	**(7.7)**	**(11.5)**	**(21.2)**
Set-off of deferred tax liabilities pursuant to set-off provisions					**19.6**
Deferred tax liabilities at 31 December 2022 in the Statement of Financial Position					**(1.6)**

Net deferred tax asset	
At 31 December 2022	**39.2**
At 31 December 2021	34.9

* 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.

Deferred tax assets – Company	Accelerated capital allowances £m	Provisions and other* £m	Employee benefits £m	Total £m
Balance at 1 January 2021	0.2	1.1	1.2	2.5
Amount credited to the income statement	–	–	0.8	0.8
Tax (charged)/credited to reserves (Note 12)	–	(0.1)	0.4	0.3
Effect of UK tax rate change within reserves (Note 12)	–	0.3	–	0.3
Transfer to deferred tax liabilities	(0.2)	–	–	(0.2)
At 31 December 2021	–	1.3	2.4	3.7
Amount credited/(charged) to the income statement	**–**	**0.1**	**(0.2)**	**(0.1)**
Tax charged to reserves (Note 12)	**–**	**(0.1)**	**(0.7)**	**(0.8)**
At 31 December 2022	**–**	**1.3**	**1.5**	**2.8**
Set-off of deferred tax liabilities pursuant to set-off provisions				**(0.9)**
Deferred tax asset at 31 December 2022 in the Statement of Financial Position				**1.9**

Deferred tax liabilities – Company	Accelerated capital allowances £m	Retirement Benefits £m	Total £m
Balance at 1 January 2021	–	–	–
Tax charged to the income statement	(0.3)	–	(0.3)
Tax charged to other comprehensive income (Note 12)	–	(0.3)	(0.3)
Transfer from deferred tax asset	0.2	–	0.2
At 31 December 2021	(0.1)	(0.3)	(0.4)
Tax charged to the income statement	**(0.4)**	**(0.1)**	**(0.5)**
At 31 December 2022	**(0.5)**	**(0.4)**	**(0.9)**
Set-off of deferred tax liabilities pursuant to set-off provisions			**0.9**
Deferred tax liabilities at 31 December 2022 in the Statement of Financial Position			**–**

Net deferred tax asset	
At 31 December 2022	**1.9**
At 31 December 2021	3.3

* 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	
	2022 £m	2021 restated* £m	2022 £m	2021 £m
Trade receivables	**502.5**	476.1	**–**	0.1
Less: loss allowance/impairment of receivables provision	**(24.1)**	(30.3)	**–**	–
Trade receivables – net	**478.4**	445.8	**–**	0.1
Amounts owed by subsidiary undertakings	**–**	–	**76.2**	45.7
Other receivables	**57.8**	50.5	**1.5**	0.8
Prepayments	**46.2**	40.5	**3.7**	3.1
Accrued income	**60.7**	65.5	**–**	–
	643.1	602.3	**81.4**	49.7

* See Note 18.6 for details of prior period restatement of goodwill and trade and other receivables in relation to a measurement period adjustment in accordance with IFRS 3.

The carrying value of trade and other receivables is approximate to their fair value.

Group

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.

Other receivables relates primarily to employee loans, rental deposits, money market funds and loans due from other parties. Loans due from other parties include loans of £0.9m (2021: £1.2m) issued to entities that the Group recognise as equity investments held at FVOCI, loans of £0.2m receivable from joint ventures (2021: £0.2m) and loans of £1.7m receivable from associates (2021: £1.5m).

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	
	2022 £m	2021 £m
Sterling	**194.8**	182.8
Euro	**89.2**	94.4
Hong Kong dollar	**49.5**	46.8
US dollar	**59.8**	58.0
Australian dollar	**24.1**	25.1
Chinese renminbi	**44.2**	38.3
Other*	**40.9**	30.7
	502.5	476.1

* 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.

Company

Amounts owed by subsidiary undertakings to the Company include £52.3m of intercompany loans (2021: £15.7m). 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 and repayable on demand. The majority of the intercompany loan balance as at 31 December 2022 attracts an arms-length rate of interest, charged at a market rate determined by the aggregation of average daily SONIA, 12-month IBOR reform published credit adjustment spread and 1.5%. The loans are classified as current as repayment is expected within 12 months of the reporting date. Amounts owed by subsidiary undertakings do not contain material allowances for impairment.

20.2 Impairment of trade and other receivables

Group

With the exception of trade receivables, the other classes within trade and other receivables do not contain material allowances for impairment. Accrued income and contract assets are measured net of lifetime expected credit losses using a provision matrix similar to trade receivables.

With respect to trade receivables, 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 in the current geopolitical and economic environment and the expected loss rates have been reviewed based on their judgement as to the impact 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 4.8% (31 December 2021: 6.4%) following revisions to local expected credit loss calculations to better reflect historical credit loss experiences.

The loss allowance provision for trade receivables as at 31 December 2022 and 31 December 2021 was determined as follows:

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	**0.2%**	**0.2%**	**1.0%**	**4.6%**	**46.9%**	**4.8%**
Gross carrying amount (£m)	**346.2**	**49.3**	**30.3**	**30.4**	**46.3**	**502.5**
Loss allowance provision (£m)	**(0.6)**	**(0.1)**	**(0.3)**	**(1.4)**	**(21.7)**	**(24.1)**

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.6%	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)

The loss allowance provision for trade receivables as at 31 December reconciles to the opening loss allowance provision as follows:

	2022 £m	2021 £m
At 1 January	**(30.3)**	(29.9)
Decrease/(increase) in loss allowance recognised in the income statement during the period	**2.1**	(4.0)
Receivables written off during the year as uncollectible	**4.3**	3.2
Transfers	**1.2**	–
Foreign exchange	**(1.4)**	0.4
At 31 December	**(24.1)**	(30.3)

A 1% increase in the expected loss rate in each ageing category would increase the loss allowance provision by £5.0m.

Company

Trade and other receivables do not contain material allowances for impairment.

20. Trade and other receivables continued

20.3 Trade and other receivables – non-current

	Group		Company	
	2022 £m	2021 restated* £m	2022 £m	2021 £m
Trade receivables	**6.5**	8.6	**–**	–
Other receivables	**6.3**	3.1	**–**	–
Other assets	**24.7**	13.7	**–**	–
Net investment in sub lease	**–**	–	**7.1**	–
Amounts owed by subsidiary undertakings	**–**	–	**–**	52.3
	37.5	25.4	**7.1**	52.3

* See Note 2.29 for details of prior period restatements of non-current trade and other receivables.

The carrying value of the above receivables are approximate to their fair value.

Group

Other assets relates to signing-on bonuses that are amortised to the income statement over the relevant contractual claw-back period.

Other receivables includes loans of £1.8m issued to entities that the Group recognises as financial assets held at FVOCI (2021: £1.0m) and insurance receivable assets of £3.7m (2021: £1.4m).

Company

Intercompany loans in the prior year were unsecured, repayable on demand and attracted an arms-length rate of interest. Intercompany loans were repayable on demand, with interest charged at a market rate of 12-month LIBOR plus 1.5%. The loans were classified as non-current as repayment was not expected within 12 months of the reporting date. Amounts owed by subsidiary undertakings did not contain material allowances for impairment. This loan has been classified as a current receivable as at 31 December 2022, see Note 20.1.

21. Cash and cash equivalents

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash at bank and in hand	**556.7**	519.4	**93.6**	102.2
Short-term bank deposits	**112.4**	170.3	**–**	–
	669.1	689.7	**93.6**	102.2

The carrying value of cash and cash equivalents approximates their fair value.

The effective interest rate on short-term bank deposits as at 31 December 2022 was 3.97% (2021: 0.27%); these deposits have an average maturity of 25 days (2021: 41 days).

Cash subject to restrictions in Asia Pacific amounts to £25.6m (2021: £43.2m) which is cash pledged to banks in relation to property management contracts and cash remittance restrictions in certain countries. These amounts are consolidated within the Group's cash and cash equivalents.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Sterling	**331.3**	382.9	**93.5**	102.2
Hong Kong dollar	**112.3**	119.0	**–**	–
Euro	**80.2**	57.9	**0.1**	–
Chinese renminbi	**36.9**	45.4	**–**	–
US dollar	**13.8**	15.7	**–**	–
Japanese yen	**22.9**	9.1	**–**	–
Australian dollar	**10.6**	12.9	**–**	–
South Korean won	**11.1**	7.6	**–**	–
Singapore dollar	**13.4**	9.3	**–**	–
Other currencies*	**36.6**	29.9	**–**	–
	669.1	689.7	**93.6**	102.2

* Other currencies include United Arab Emirates dirham, Omani rial, Egyptian pound, Saudi Riyal, Bahrain Dinar, Canadian dollar, Czech koruna, New Taiwan dollar, Macau pataca, Thai baht, Vietnamese dong, New Zealand dollar, Indonesian rupiah, Philippine peso, Danish krone, Polish zloty and Swedish krona.

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 2022, the notional cash pooling arrangement included cash balances of £205.0m presented in cash and cash equivalents (December 2021: £201.5m) and overdrafts of £202.0m (31 December 2021: £198.5m) presented in current liabilities. This represents as at 31 December 2022 surplus pooled credit cash balances of £3.0m (31 December 2021: surplus pooled credit cash £3.0m).

For the purpose of the Statement of Cash Flows, cash and cash equivalents net of overdrafts comprise the following:

	31 December 2022 £m	31 December 2021 £m
Cash and cash equivalents (see Note 21)	**669.1**	689.7
Overdrafts in notional pooling arrangement	**(202.0)**	(198.5)
Bank overdrafts (see Note 24)	**(2.8)**	(1.2)
	464.3	490.0

23. Trade and other payables

23.1 Trade and other payables – current

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 restated* £m
Deferred consideration (Note 23.3)	**2.3**	3.4	**–**	–
Trade payables	**108.9**	118.5	**1.1**	9.6
Amounts owed to subsidiary undertakings	**–**	–	**–**	27.9
Other taxation and social security	**64.8**	57.7	**1.2**	1.4
Other payables	**67.1**	44.0	**–**	–
Accruals	**501.2**	514.9	**12.6**	10.9
	744.3	738.5	**14.9**	49.8

* See Note 2.29 for details of prior period restatement of the Company's trade and other payables.

The carrying value of trade and other payables is approximate to their fair value.

23. Trade and other payables continued

23.1 Trade and other payables – current continued

Group

The Group's accruals include bonus and commission accruals of £337.9m (2021: £372.1m) and accruals relating to deferred and contingent business acquisition payments that are linked to employment conditions of £5.1m (2021: £2.9m). The Group's other payables includes amounts owed to employees with respect to commissions of £28.4m (2021: £17.1m) and amounts owed to clients with respect to cash held on their behalf of £26.3m (2021: £15.8m).

Company

Amounts due to subsidiary undertakings are unsecured, interest-free and repayable on demand.

The Company's accruals include bonus and commission accruals of £9.8m (2021: £9.5m).

23.2 Other payables – non-current

	2022 £m	2021 £m
Deferred consideration (Note 23.4)	**0.8**	2.4
Accruals – relating to deferred and contingent business acquisition payments linked to employment conditions	**18.0**	13.5
Other payables	**3.1**	4.1
	21.9	20.0

The carrying value of the above payables are approximate to their fair value.

23.3 Deferred consideration – current

	2022			2021		
	Contingent £m	Non-contingent £m	Total £m	Contingent £m	Non-contingent £m	Total £m
At 1 January	**–**	**3.4**	**3.4**	2.9	8.6	11.5
Reclassification to accruals	**–**	**–**	**–**	–	(4.8)	(4.8)
Reclassification from non-current deferred consideration (Note 23.4)	**1.7**	**0.2**	**1.9**	–	2.3	2.3
Additions through business combinations (Note 18.6)	**–**	**1.8**	**1.8**	–	0.4	0.4
Interest unwind	**–**	**0.1**	**0.1**	–	0.2	0.2
Deferred consideration paid	**–**	**(3.3)**	**(3.3)**	(2.9)	(3.0)	(5.9)
Released to the income statement	**(1.6)**	**–**	**(1.6)**	–	–	–
Exchange movement	**(0.1)**	**0.1**	**–**	–	(0.3)	(0.3)
At 31 December	**–**	**2.3**	**2.3**	–	3.4	3.4

23.4 Deferred consideration – non-current

	2022			2021		
	Contingent £m	Non-contingent £m	Total £m	Contingent £m	Non-contingent £m	Total £m
At 1 January	**1.5**	**0.9**	**2.4**	1.4	5.1	6.5
Reclassification to accruals	**–**	**–**	**–**	–	(1.9)	(1.9)
Reclassification to current deferred consideration (Note 23.3)	**(1.7)**	**(0.2)**	**(1.9)**	–	(2.3)	(2.3)
Interest unwind on discounted deferred consideration	**–**	**–**	**–**	0.1	–	0.1
Exchange movement	**0.2**	**0.1**	**0.3**	–	–	–
At 31 December	**–**	**0.8**	**0.8**	1.5	0.9	2.4

24. Borrowings

	2022 £m	2021 £m
Current		
Bank overdrafts	**2.8**	1.2
Unsecured bank loans due within one year or on demand	**4.0**	0.9
Loan notes due within one year or on demand	**3.8**	–
	10.6	2.1
Non-current		
Unsecured bank loans	**0.5**	–
Loan notes	**150.0**	150.0
Transaction costs (issuance of loan notes and RCF arrangement fees)	**(1.4)**	(1.6)
	149.1	148.4
	159.7	150.5

The Company does not have any borrowings as at 31 December 2022 and 31 December 2021.

The Group holds a £360.0m multi-currency revolving credit facility ('RCF'), which includes a £90.0m accordion facility. In June 2022 the Group extended the maturity date of the RCF by a further year to June 2026. As at 31 December 2022 none (2021: none) of the RCF was drawn.

The unsecured bank loans reflect a £0.9m working capital loan in Thailand, which is repayable on demand and denominated in Thailand baht (2021: £0.7m), a £0.3m working capital loan in Indonesia which is repayable on demand and denominated in Indonesian rupiah (2021: £0.2m) and £3.3m of loans in Singapore, denominated in Singapore dollar (2021: £nil). Of the loans in Singapore, £2.3m relates to property loans (£1.9m repayable within one year and £0.4m repayable in 2025), a £0.6m factoring facility maturing within one year and a £0.3m bridging loan expiring within one year. The remaining £0.1m of loans in Singapore are bank loans maturing between 2023 and 2024.

The loan notes due within one year or on demand reflects working capital loans in Singapore, which are repayable within one year or on demand and denominated in Singapore dollars. These loans are payable to a non-controlling interest holder in one of the Group's subsidiaries.

Non-current loan notes reflect the £150.0m of long-term debt held by the Group 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	
	2022 £m	2021 £m
Opening amount as at 1 January	**150.5**	160.6
Additional borrowings, net of transaction costs paid (including overdraft movement)*	**10.8**	26.4
Repayments of borrowings (including overdraft movement)*	**(5.6)**	(38.3)
Addition through business combination (Note 18.6)	**3.2**	1.6
Amortisation of transaction costs	**0.6**	0.5
Foreign exchange	**0.2**	(0.3)
Closing amount as at 31 December	**159.7**	150.5

* 2022 includes a £1.5m increase in overdraft balances and £0.3m of transaction costs paid within additional borrowings. 2021 includes £0.1m decrease in overdraft balances within repayments of borrowings and £0.5m of transaction costs paid within additional borrowings.

24. Borrowings continued

The carrying value of the Group's borrowings exposed to interest rate changes at the reporting date is:

	Group	
	2022 £m	2021 £m
Less than 1 year	**7.7**	2.1
	7.7	2.1

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	
	2022 %	2021 %
Bank overdrafts	**4.38**	6.45
Bank loans	**3.72**	4.84
Loan notes	**3.16**	3.16

The carrying amounts of borrowings are materially 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 2022 is £131.5m (31 December 2021: £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	
	2022 £m	2021 £m
Sterling	**151.2**	148.4
Singapore dollar	**7.1**	–
Other	**1.4**	2.1
	159.7	150.5

The Group has the following undrawn borrowing facilities:

	Group			
	2022		2021	
	Fixed £m	Floating £m	Total £m	Floating £m
Expiring within 1 year or on demand	**1.1**	**64.9**	66.0	61.2
Expiring between 1 and 5 years	**0.2**	**360.0**	360.2	361.0
	1.3	**424.9**	426.2	422.2

25. Lease liabilities

The statement of financial position shows the following amount relating to lease liabilities:

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
At 1 January	**285.0**	**304.2**	64.5	70.1
Additions – new leases	**31.7**	**31.9**	–	–
Additions through business combinations (Note 18.6)	**2.7**	**0.7**	0.7	–
Disposal of leases	**(4.4)**	**(1.5)**	–	–
Repayments of lease liabilities	**(60.5)**	**(56.1)**	(7.7)	(7.8)
Unwinding of discount	**9.0**	**8.9**	2.0	2.2
Exchange movement	**14.1**	**(3.1)**	–	–
Closing amount as at 31 December	**277.6**	**285.0**	58.8	64.5
Current	**53.2**	**48.0**	5.2	5.7
Non-current	**224.4**	**237.0**	53.6	58.8

For the Group, cash outflows with respect to leases, which includes short-term, low-value and variable lease payments, totalled £62.8m (2021: £56.8m). 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.

For the Company, cash outflows with respect to leases, which includes short-term lease payments, totalled £8.0m (2021: £7.8m).

26. Provisions

26.1 Provisions

	Professional indemnity claims £m	Dilapidation provisions £m	Restructuring provision £m	Other provisions £m	Group total £m	Company £m
At 1 January 2022	**16.5**	**9.7**	**0.3**	**2.7**	**29.2**	**1.6**
Additions through business combinations (Note 18.6)	**-**	**-**	**-**	**3.0**	**3.0**	**-**
Provided during the year	**2.6**	**2.4**	**-**	**2.8**	**7.8**	**0.8**
Utilised during the year	**(0.7)**	**(0.1)**	**-**	**(1.1)**	**(1.9)**	**-**
Released during the year	**(5.9)**	**(1.3)**	**-**	**(1.3)**	**(8.5)**	**-**
Exchange movement	**-**	**0.2**	**-**	**-**	**0.2**	**-**
Closing amount as at 31 December 2022	**12.5**	**10.9**	**0.3**	**6.1**	**29.8**	**2.4**
Current	**1.6**	**2.6**	**0.3**	**4.7**	**9.2**	**-**
Non-current	**10.9**	**8.3**	**-**	**1.4**	**20.6**	**2.4**

2021	Professional indemnity claims £m	Dilapidation provisions £m	Restructuring provision £m	Other provisions £m	Group total £m	Company £m
Current	4.4	1.8	0.3	2.7	9.2	–
Non-current	12.1	7.9	–	–	20.0	1.6
Total	16.5	9.7	0.3	2.7	29.2	1.6

(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.

26. Provisions continued

26.1 Provisions continued

(a) Professional indemnity claims continued

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	2022 £m	2021 £m
Provisions – current	**1.6**	4.4
Provisions – non-current	**10.9**	12.1
Trade and other receivables – non-current	**(3.7)**	(1.4)
Total	**8.8**	15.1

(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 15 years.

(c) Restructuring provision

This provision comprises primarily termination payments to employees affected by restructuring.

(d) Other provisions

Other provisions includes 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. Other provisions also includes provisions for loss-making contracts in Singapore, with the provision based on management's estimated losses over the length of the contract. The non-current portion of these provisions is expected to be utilised within the next two to five years.

26.2 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 £m
At 1 January 2022	**37.2**
Provided during the year	**8.8**
Additions through business combinations (Note 18.6)	**0.3**
Actuarial gain on employee benefit schemes	**(0.2)**
Utilised during the year	**(5.7)**
Exchange movement	**2.5**
At 31 December 2022	**42.9**

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 £0.2m of employee benefit obligations as at 31 December 2022 (2021: £0.3m), relating to holiday pay and long service leave.

The above employee benefit obligations have been analysed between current and non-current as follows:

	Group	
	2022 £m	2021 £m
Current	**17.7**	16.9
Non-current	**25.2**	20.3
	42.9	37.2

27. Share capital and premium – Group and Company

Authorised and allotted	2022 Number of shares*	2021 Number of shares*	2022 £m	2021 £m
Ordinary shares of 2.5p each:				
Authorised	**202,000,000**	202,000,000	**5.1**	5.1
Issued, called up and fully paid	**144,353,048**	144,203,211	**3.6**	3.6

Movement in issued, called up and fully paid share capital:

	2022			2021		
	Number of shares*	Share capital £m	Share premium £m	Number of shares*	Share capital £m	Share premium £m
At 1 January	**144,203,211**	**3.6**	**104.4**	143,065,222	3.6	97.2
Issued to direct participants on exercise of options under the Sharesave Scheme	**68,739**	**–**	**0.5**	1,137,989	–	7.2
Issued to direct participants under the Performance Share Plan	**81,098**	**–**	**–**	–	–	–
At 31 December	**144,353,048**	**3.6**	**104.9**	144,203,211	3.6	104.4

* 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.

At the Annual General Meeting ('AGM') held on 11 May 2022, the Shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 14,423,136 of its own ordinary shares (AGM held on 12 May 2021: 14,307,170). Such authority remains valid until the conclusion of the next AGM or 10 August 2023, whichever is the earlier.

As at 31 December 2022, the EBT held 6,780,308 shares (2021: 4,644,019 shares) and the Rabbi Trust held 1,914,869 shares (2021: 1,440,484). These shares are held by the Group 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. A reconciliation of the movement in treasury shares for the year ended 31 December is shown below:

Number of treasury shares	31 December 2022	31 December 2021
At 1 January	**6,084,503**	4,580,002
Shares acquired	**4,894,511**	3,670,798
Shares reissued	**(2,283,837)**	(2,166,297)
At 31 December	**8,695,177**	6,084,503

28. 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 £30.4m in 2022 (2021: £23.7m). Of the total share-based payments charge, £0.2m (2021: £0.4m) relates to the Sharesave, £11.1m (2021: £9.7m) relates to DSP schemes and £18.5m (2021: £13.0m) relates to DSBP schemes and £0.6m (2021: £0.6m) relates to PSP schemes.

The Company recognised total expenses relating to equity-settled share-based payment transactions of £2.9m in 2022 (2021: £3.3m). Of the total share-based payments charge, £2.3m (2021: £2.5m) relates to DSBP schemes and £0.6m (2021: £0.8m) relates to PSP schemes.

Refer to the Remuneration Report for details of the various schemes, pages 114 to 134.

28.1 Movements in share schemes

2022 number of awards ('000)	Sharesave awards	PSP awards	DSP awards	DSBP awards
Outstanding at 1 January	**102**	**635**	**3,304**	**3,926**
Granted	**2,304**	**122**	**1,606**	**2,714**
Exercised	**(69)**	**(71)**	**(1,107)**	**(1,034)**
Cancelled	**(12)**	**–**	**–**	**–**
Forfeited/lapsed	**(35)**	**(143)**	**(121)**	**(86)**
Outstanding at 31 December	**2,290**	**543**	**3,682**	**5,520**
Exercisable at 31 December				
Weighted average exercise price for awards outstanding at the beginning of the year, exercised in the year and forfeited/lapsed in the year (pence)	**640.0**	**–**	**–**	**–**
Weighted average exercise price for awards granted and outstanding at end of the year (pence)	**757.0**	**–**	**–**	**–**
Weighted average remaining contractual life (years)	**2.8**	**2.7**	**1.7**	**2.0**
Weighted average share price at the date of exercise for awards exercised in the year (pence)	**1,214.0**	**1,095.3**	**1,053.0**	**1,082.0**

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 the beginning of the year, exercised in the year, forfeited/lapsed in the year and outstanding at the 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

28.2 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 and Sharesave schemes.

The key inputs to determine the fair value of the awards granted under the PSP scheme during 2022 are shown below.

Performance Share Plan: Awards in the year ended 31 December 2022	**20 April 2022**
Share price at grant date (pence)	**1,084.0**
Risk-free rate	**1.7%**
Volatility of Savills plc share price	**37% per annum**
Employee turnover	**Zero**

The key inputs to determine the fair value of the awards granted under the Sharesave scheme during 2022 are shown below.

Sharesave Plan: Awards in the year ended 31 December 2022	**29 September 2022**
Share price at grant date (pence)	**763.5**
Risk-free rate	**4.4%**
Volatility of Savills plc share price	**39% per annum**
Allowance for pre-vesting cancellations	**5.7% over the vesting period**
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**
DSBP 2022	20 April 2022	3 – 4 years	1.095.0
DSP 2022	20 April 2022	2.4 – 4 years	1.095.0
DSP 2022	20 April 2022	1 – 5 years	1,095.0
PSP 2022 (EPS/ROCE)	20 April 2022	5 years	1,081.5
PSP 2022 (TSR)	20 April 2022	5 years	362.0
DSP 2022	3 May 2022	1 – 5 years	1,083.0
DSP 2022	25 May 2022	1 – 5 years	1,080.0
DSBP 2022	30 June 2022	3 years	1,109.0
DSP 2022	15 August 2022	0.4 – 2.4 years	1,059.0
DSP 2022	5 September 2022	4.5 years	927.5
DSP 2022	15 September 2022	3 – 4 years	923.0
DSBP 2022	15 September 2022	3 – 4 years	923.0
Sharesave 2022	29 September 2022	3 years	180.2
DSP 2022	30 September 2022	1 – 5 years	763.5
DSP 2022	12 October 2022	1 – 5 years	788.5
Sharesave 2022	1 December 2022	3 years	320.4

29. 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 28 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.

	Attributable to owners of the parent								
	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption and capital reserve £m	Merger relief reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2022	**48.3**	**(68.8)**	**560.5**	**540.0**	**2.0**	**34.9**	**51.6**	**(12.3)**	**76.2**
Profit attributable to owners of the Company	**–**	**–**	**119.4**	**119.4**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income/(loss)	**–**	**–**	**2.4**	**2.4**	**0.2**	**–**	**47.3**	**(10.9)**	**36.6**
Employee share option scheme:									
– Value of services provided	**29.6**	**–**	**–**	**29.6**	**–**	**–**	**–**	**–**	**–**
– Tax on employee share option schemes	**(2.6)**	**–**	**–**	**(2.6)**	**–**	**–**	**–**	**–**	**–**
– Exercise of options	**(21.0)**	**25.9**	**(4.9)**	**–**	**–**	**–**	**–**	**–**	**–**
– Exercise of options: tax on employee share option schemes	**(2.6)**	**–**	**2.6**	**–**	**–**	**–**	**–**	**–**	**–**
Tax on items taken to reserves	**–**	**–**	**0.3**	**0.3**					
Purchase of treasury shares	**–**	**(49.0)**	**–**	**(49.0)**	**–**	**–**	**–**	**–**	**–**
Dividends	**–**	**–**	**(85.5)**	**(85.5)**	**–**	**–**	**–**	**–**	**–**
Transfer between reserves	**–**	**–**	**(4.0)**	**(4.0)**	**–**	**–**	**–**	**0.4**	**0.4**
Fair value of derivative financial instrument	**–**	**–**	**(4.5)**	**(4.5)**	**–**	**–**	**–**	**–**	**–**
Transactions with non-controlling interests	**–**	**–**	**0.7**	**0.7**	**–**	**–**	**(0.4)**	**–**	**(0.4)**
Balance at 31 December 2022	**51.7**	**(91.9)**	**587.0**	**546.8**	**2.2**	**34.9**	**98.5**	**(22.8)**	**112.8**

* Included within profit and loss account is tax on items taken directly to equity (Note 12) as disclosed above.

	Attributable to owners of the parent								
	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption and capital reserve £m	Merger relief reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2021	39.8	(37.9)	388.2	390.1	2.2	34.9	60.6	(7.7)	90.0
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)
Balance at 31 December 2021	48.3	(68.8)	560.5	540.0	2.0	34.9	51.6	(12.3)	76.2

* Included within profit and loss account is tax on items taken directly to equity (Note 12) as disclosed above.

30. 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.

31. Cash generated from operations

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Profit for the year	**119.8**	146.7	**78.8**	42.5
Adjustments for:				
Income tax (Note 12)	**34.1**	36.4	**(2.3)**	(3.0)
Depreciation (Note 16 and 17)	**65.8**	63.4	**6.4**	6.7
Amortisation of intangible assets (Note 15)	**16.9**	14.2	**2.0**	2.6
Impairment of goodwill and intangible assets arising from business combinations (Note 15)	**–**	5.2	**–**	–
Fair value gain on joint ventures and associates (Note 18.1)	**–**	(4.0)	**–**	–
Fair value (gain)/loss on derivative financial instrument	**(0.1)**	1.8	**–**	–
Loss/(gain) on disposal of property, plant and equipment, intangible assets and leases	**1.1**	0.9	**(3.0)**	–
Impairment of property, plant and equipment	**0.8**	–	**–**	–
Gain on disposal of joint ventures and associates	**–**	(0.4)	**–**	–
Net finance cost (Note 11)	**4.3**	13.4	**–**	0.9
Share of post-tax profit from joint ventures and associates (Note 18.1)	**(12.1)**	(12.6)	**–**	–
Dividends from other parties	**(0.2)**	–	**–**	–
Increase/(decrease) in employee and retirement obligations	**2.6**	6.7	**(0.1)**	–
Exchange movement and fair value movements on financial instruments in operating activities	**0.6**	(2.5)	**–**	–
(Decrease)/increase in provisions	**(4.7)**	5.4	**–**	–
Dividend income from subsidiary	**–**	–	**(79.5)**	(56.5)
Non-operational income – excess distribution from subsidiary with respect to share-based payment funding	**–**	–	**(9.8)**	–
Charge for share-based compensation (Note 28)	**30.4**	23.7	**2.9**	3.3
Operating cash flows before movements in working capital	**259.3**	298.3	**(4.6)**	(3.5)
(Increase)/decrease in trade and other receivables and contract assets	**(7.3)**	(90.1)	**6.1**	(2.1)
(Decrease)/increase in trade and other payables and contract liabilities	**(41.1)**	140.1	**(8.3)**	14.7
Cash generated from/(used in) operations	**210.9**	348.3	**(6.8)**	9.1

Foreign exchange movements resulted in a £37.3m increase in current and non-current trade and other receivables (2021: £0.3m increase) and a £43.8m increase in current and non-current trade and other payables (2021: £5.9m increase).

32. Analysis of liabilities arising from financing activities

Group 2022	At 1 January £m	Cash flows £m	Non-cash movements recognised in the income statement £m	Other non-cash movements £m	Movements through business combinations and disposals £m	Exchange movement £m	At 31 December £m
Bank loans	**(0.9)**	**(0.3)**	**-**	**-**	**(3.2)**	**(0.1)**	**(4.5)**
Loan notes	**(150.0)**	**(3.7)**	**-**	**-**	**-**	**-**	**(153.7)**
Transaction costs	**1.6**	**0.4**	**(0.6)**	**-**	**-**	**-**	**1.4**
Lease liabilities	**(285.0)**	**60.5**	**(9.0)**	**(27.3)**	**(2.7)**	**(14.1)**	**(277.6)**
Liabilities arising from financing activities	**(434.3)**	**56.9**	**(9.6)**	**(27.3)**	**(5.9)**	**(14.2)**	**(434.4)**

Group 2021	At 1 January £m	Cash flows £m	Non-cash movements recognised in the income statement £m	Other non-cash movements £m	Movements through business combinations and disposals £m	Exchange movement £m	At 31 December £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)
Liabilities arising from financing activities	(464.7)	67.9	(9.4)	(30.4)	(1.1)	3.4	(434.3)

Non-cash movements recognised in the income statement represent amortisation of transaction costs and unwinding of discount on lease liabilities. Other non-cash movements to lease liabilities represent new leases and disposal of leases.

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 (2022: £51.4m, 2021: £47.2m). The part of the lease payment that represents the 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 (2022: £9.0m, 2021: £8.9m).

Company 2022	At 1 January £m	Cash flows £m	Non-cash movements recognised in the income statement £m	At 31 December £m
Lease liabilities	**(64.5)**	**7.7**	**(2.0)**	**(58.8)**
Liabilities arising from financing activities	**(64.5)**	**7.7**	**(2.0)**	**(58.8)**

Company 2021	At 1 January £m	Cash flows £m	Non-cash movements recognised in the income statement £m	At 31 December £m
Lease liabilities	(70.1)	7.8	(2.2)	(64.5)
Liabilities arising from financing activities	(70.1)	7.8	(2.2)	(64.5)

32. Analysis of liabilities arising from financing activities continued

Non-cash movements recognised in the income statement represent amortisation of transaction costs and unwinding of discount on lease liabilities.

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 (2022: £5.7m, 2021: £5.6m). The part of the lease payment that represents the 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 (2022: £2.0m, 2021: £2.2m).

The Company does not have any borrowings as at 31 December 2022 and 31 December 2021.

33. 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) Transactions with associates and joint ventures

There were no material transactions with associates and joint ventures in the year (2021: no material transactions), with the exception of transactions and balances disclosed in Notes 18.1, 20.1 and 20.3.

(c) Transactions with members of the Board

A director of the Board used the services of the Group to sell a property and purchase a property during 2022. These services were provided at an arm's length basis, the value of which is not material to the financial statements of the Group. No amounts remain outstanding as at 31 December 2022 with respect to these transactions.

(d) Company related party transactions

The Company provided corporate function services to its subsidiaries at an arm's length value of £31.0m (2021: £28.5m).

Dividends of £79.5m from subsidiaries were recognised during the year (2021: £56.5m). The Company received distributions from its subsidiaries with respect to the funding of the EBT in excess of the contribution made by the Company to date with respect to the IFRS 2 share based payment contribution to subsidiaries, this excess of £9.8m has been recognised within profit and loss during the year (2021: £nil).

Amounts outstanding to and from subsidiaries as at 31 December 2022 are disclosed in Notes 20 and 23.

34. Post balance sheet events

There have been no 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.

35. 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 2022, are disclosed below. Unless otherwise stated, all subsidiary undertakings are consolidated into the Group financial statements and share capital wholly comprises ordinary shares which are indirectly held by the Company.

Fully-owned subsidiary		Country of incorporation	Registered office
Incoll Group Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Incoll Management Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Moores Cost Consulting Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (ACT) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Holdings Pty Ltd	(ii)	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (NSW) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (QLD) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (SA) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (TAS) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (VIC) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (WA) Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Capital Advisory Pty Ltd		Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills 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
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

35. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Property Services (Tianjin) Company Ltd	China	Unit 4607, Tianjin World Financial Center, No.2 Dagu North Road, Xiaobailou Street, Heping District, Tianjin
Savills Property Services (Wuhan) Company Ltd	China	Unit 08-10, 27th Floor, CITIC PACIFIC Mansion, No.1627 Zhongshan Avenue, Jiang'an District
Savills Property Services (Zhuhai) Company Ltd	China	Room 2204, 22/F, Tower B, China Overseas Building, Midtown, No. 2021 Jiuzhou West Avenue, Zhuhai
Savills Corporate Appraisal & Advisory 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
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
BRICKBYTE GmbH	Germany	Rosental 4, 80331 München
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
Savills Facility Management Deutschland GmbH	Germany	Bonner Straße 209, 50968 Köln
Martel Maides Limited	Guernsey	Royal Terrace, Glategny Esplanade, St Peter Port, GY1 2HN
Parkes & Associates Limited	Guernsey	First Floor, Harbour Court, Les Amballes, St Peter Port, GY1 1WU
Savills Channel Islands Limited	Guernsey	Royal Terrace, Glategny Esplanade, St Peter Port, 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

Fully-owned subsidiary	Country of incorporation	Registered office
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
Savills IT Solutions 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
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

35. Group – Investments continued

Fully-owned subsidiary		Country of incorporation	Registered office
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
Savills Valuation and Professional Services (China) Ltd		Hong Kong	Room 1208, 1111 King's Road, Taikoo Shing
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
PT Savills Consultants Indonesia		Indonesia	Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270
Actium	(ii)	Ireland	33 Molesworth Street, Dublin 2
Anateo Ltd	(ii)	Ireland	33 Molesworth Street, Dublin 2
Savills Advisory Services (Ireland) Limited		Ireland	33 Molesworth Street, Dublin 2
Savills Commercial (Ireland) Limited	(ii)	Ireland	33 Molesworth Street, Dublin 2
Savills Management Resource Ireland Ltd		Ireland	33 Molesworth Street, Dublin 2
Savills Residential (Ireland) Ltd		Ireland	33 Molesworth Street, Dublin 2
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
1992 EBT Holdings Ltd	(vi)	Jersey	50 La Colomberie, St. Helier, JE2 4QB, Jersey
DRC European Real Estate Debt Fund IV (SLI) L.P.		Jersey	4th Floor, Ensign House, 29 Seaton Place, St. Helier, JE2 3QL
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

Fully-owned subsidiary		Country of incorporation	Registered office
Savills (Myanmar) Ltd		Myanmar	No. 8, Unit 8-A, Centerpoint Towers, No. 65, Corner of Sule Pagoda Road & Merchant Street, Kyauktada Township, Yangon
Savills Asset and Property Management BV		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Agency B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Building & Project Consultancy B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Consultancy B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Holdings B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Investments B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Nederland Holdings BV		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Retail B.V.		Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills (NZ) Ltd		New Zealand	Level 6, 41 Shortland Street, Auckland Central, Auckland, 1010
FPD Management Services Philippines Inc.		Philippines	12/F., Times Plaza Building, United Nations Avenue corner Taft Avenue, Ermita, Manila 1000
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 – Mediaçao Imobiliaria 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 Diseno y Construccion Barcelona, SAU		Spain	Avda. Diagonal 609-615, Barcelona
Savills Arquitectura SAU		Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Barcelona SAU		Spain	Avda. Diagonal 609-615, Barcelona
Savills Consultores Real Estate, SAU		Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Corporate Finance, SAU		Spain	Paseo de la Castellana, 81 28046 Madrid

35. Group – Investments continued

Fully-owned subsidiary		Country of incorporation	Registered office
Savills RE Spain SAU		Spain	Paseo de la Castellana, 81 28046 Madrid
Savills 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
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
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, W1G 0JD
Currell Commercial Limited		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

Fully-owned subsidiary		Country of incorporation	Registered office
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 (NI) Limited		United Kingdom	2nd Floor, Longbridge House, 16-24 Waring Street, Belfast, BT1 2DX
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
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 Resources Northern Ireland Ltd		United Kingdom	2nd Floor, Longbridge House, 16-24 Waring Street, Belfast, 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

35. Group – Investments continued

Fully-owned subsidiary		Country of incorporation	Registered office
Kelly, Legan & Gerard Inc.		United States	398 Park Avenue – 11th FL, New York, NY 10022
Savills Dallas Lease Administration LLC		United States	15660 N Dallas Pkway, Ste 1200 Dallas, TX 75248
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, United Kingdom
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 Reallty Advisors West Corp		United States	399 Park Avenue – 11th FL, New York, NY 10022
T3 Reallty 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	21/F, Tòa Tây- Lotte Center Hanoi, 54 Lieu Giai Street, Cong Vi Ward, Ba Dinh 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

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
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
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 Egypt	55	Egypt	Building 17, Street 210, Maadi, Cairo
Savills Investment Management SAS	75	France	54–56 Avenue Hoche, 75008 Paris
Savills SA	99.97	France	21 Boulevard Haussmann 75009, Paris
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 Beteilugungs 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	67.43	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
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
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
Savills The Vision Property Management Limited	60	Hong Kong	Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing
PT Cakrawala Baswara Cemerlang	70	Indonesia	Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270
PT Cakrawala Baswara Indonesia	60	Indonesia	Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270
PT CB Advisory	60	Indonesia	Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270
Savills Investment Management SGR S.p.A	75	Italy	Via San Paolo 7, 20121 Milan

35. Group – Investments continued

Subsidiaries of which the Group owns less than 100%		% owned	Country of incorporation	Registered office
JVF GP GK		68.16	Japan	c/o Akasaka International Accounting Office 2-10-5 Akasaka, Minato-ku, Tokyo
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
DRC European Real Estate Debt Fund III (SLI GP) Ltd		75	Jersey	The Forum, 4 Grenville Street, St Helier, JE2 4UF
DRC European Real Estate Debt Fund IV (GP) Ltd		75	Jersey	The Forum, 4 Grenville Street, St Helier, JE2 4UF
DRC Evergreen Whole Loan (GP) Ltd		75	Jersey	The Forum, 4 Grenville Street, St Helier, JE2 4UF
DRC UK Whole Loan Fund II (GP) Ltd		75	Jersey	The Forum, 4 Grenville Street, St Helier, JE2 4UF
European Real Estate Senior Debt 4 (GP) Ltd		75	Jersey	The Forum, 4 Grenville Street, St Helier, JE2 4UF
European Real Estate Senior Debt Fund (GP 7) Ltd		75	Jersey	IFC 5, St Helier, JE1 1ST
Prime London Residential Development Jersey GP Limited		75	Jersey	3rd Floor Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Prime London Residential Development Jersey II GP Limited		75	Jersey	3rd Floor Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Savills IM Single Asset Vehicle Fund ICC		75	Jersey	3rd Floor, Liberation House, Castle Street, St Helier, Channel Islands JE1 2LH
Savills Investment Management (Jersey) Limited		75	Jersey	3rd Floor, Walker House, 28-34 Hill St, St Helier, JE4 8PN
DRC European Real Estate Debt Fund IV (GP II) Sarl		75	Luxembourg	6H Route de Treves, Senningerberg L-2633
European Real Estate Senior Debt 5 (GP) Sarl		75	Luxembourg	Airport Center Luxembourg 5, Heienhaff, L-1736 Senningerberg
European Real Estate Senior Debt 6 (GP) Sarl		75	Luxembourg	Airport Center Luxembourg 5, Heienhaff, L-1736 Senningerberg
European Real Estate Senior Debt 8 Sarl		75	Luxembourg	6H Route de Treves, Senningerberg L-2633
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.		67.43	Luxembourg	10, rue C.M. Spoo
Merx Macau Limited		60	Macau	Avenida da Praia Grande, nº 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
Savills (Johor) 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 (KL) Sdn Bhd	(ii)	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
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
Absolute Maintenance Services Pte Ltd		60	Singapore	13 Kaki Bukit Place Absolute Maintenance Building S416191
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
Solute Pte Ltd		60	Singapore	13 Kaki Bukit Place Absolute Maintenance Building S416191
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, SW1Y 6BN
GTOF Co-Investment GP LLP		75	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD
Liverpool ONE Management Company Ltd		50	United Kingdom	33 Margaret Street, London, W1G 0JD
Pitmore (1) Ltd		75	United Kingdom	33 Margaret Street, London, W1G 0JD

35. Group – Investments continued

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
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, W1G 0JD
Prime London Residential Development II GP LLP	75	United Kingdom	33 Margaret Street, London, W1G 0JD
SAH Investments Holdings Ltd	45	United Kingdom	33 Margaret Street, London, W1G 0JD
SAH Limited Partnership	45	United Kingdom	33 Margaret Street, London, 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, 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, W1G 0JD
Savills IM Investco Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Investments Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM JVF II Co-Investment GP LLP	75	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Savills IM JVF II Co-Investment LP	75	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, 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, EH12 5HD
Savills IM UK One Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM UK Property Ventures No.1 GP Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM UK Two Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management (UK) Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management LLP	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management Overseas Holdings Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.2 GP Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.2 JV GP Limited	75	United Kingdom	33 Margaret Street, London, W1G 0JD
Simply Affordable Homes GP LLP	45	United Kingdom	33 Margaret Street, London, W1G 0JD
Simply Affordable Homes LLP	45	United Kingdom	33 Margaret Street, London, W1G 0JD
Simply Affordable Homes RP Ltd	45	United Kingdom	33 Margaret Street, London, W1G 0JD

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
Stratland Management Limited	75	United Kingdom	33 Margaret Street, London, 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 FPDSavills Property Management Company Ltd	51	China	Building No1, 3rd Floor, No.400, Fangchun Rd, Pudong District, Shanghai
Zhuhai Hengqin Savills Assets Operation Management Company Ltd	51	China	Room 105-1460, No. 6 Baohua road, Hengqin new area, Zhuhai
Beijing Baiwang Savills Real Estate Company Ltd	49	China	Room 501, 5F, Block 2, No. 2 South Yongjie Rd., Haidian District, Beijing
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
Foshan Meizhi & Savills Property Management Co., Ltd	40	China	Unit 2404, Building No.4, Midea Fortune Plaza, 1 Chende Road, Shunde District, Foshan
Gohigh Savills (Shanghai) Property Management Company Ltd	49	China	Room 203D, 2/F, No. 21, Lane 596, Middle Yanan Road, Jingan District, Shanghai
Guangzhou Nansi & Savills Property Management Co Ltd	49	China	Room 1304, Feng Ze Dong Road No.106, Nan Sha Area, Guang Zhou PRC
Shanghai Qihui Savills Property Services Company Ltd	49	China	Rm 548, 9F, No. 583 Lingmu Rd., Xuhui District, Shanghai
Beijing Haizhi Savills Property Management Company Ltd	30	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
Shanghai Kuntin Savills Property Management Company Ltd.	40	China	Room 252, 2F, No. 309 Meilong Rd, Xuhui District, Shanghai
Shanghai Dobe Savills Property Management Company Ltd.	35	China	Room 111, 1F, Building 11, No. 2447 Jiaotong Rd, Putuo District, Shanghai
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 Yintai Savills Property Management Company Limited	33	China	Unit402C, 401, 4/F, Building 3, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing
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

35. Group – Investments continued

Joint Ventures	% owned	Country of incorporation	Registered office
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 Shu Du 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
Shanghai South Hongqiao & 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
Xi'an Qujiang 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
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
Savills Germany Residential GmbH		40	Germany	Friedrichstrabe 95, 10117 Berlin
QF Savills Property Management Limited		50	Hong Kong	Rooms 805-813, 8/F, 1111 King's Road, Taikoo Shing
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
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
Hengli Savills Property Management Limited		49	Hong Kong	Unit 1806-08, Tower Two, Lippo Centre, 89 Queensway
Cordea Nichani India Advisers Private Limited		18.75	India	Ground Floor Front, 19 Kumarakrupa Road, Bangalore 560001
Huttons (M) Sdn Bhd		40.5	Malaysia	No. 271, (Room A), Jalan Maarof, Bangsar, 59000 Kuala Lumpur
LCA Core Sdn. Bhd.		40	Malaysia	18-2, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor
Lucia Sdn Bhd		40	Malaysia	18-2, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor
Rootcorp Ranganatha Limited		18.75	Mauritius	4th Floor, Raffles Tower, 19 Cybercity, Ebene
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

35. Group – Investments continued

Fully-owned entity		Country of incorporation	Registered office
Liffey Valley Management Ltd	(v)	Ireland	33 Molesworth Street, Dublin 2
Mahon Point Management Ltd	(v)	Ireland	33 Molesworth Street, Dublin 2
White Water (Newbridge) Limited	(v)	Ireland	33 Molesworth Street, Dublin 2
White Water Management Limited	(v)	Ireland	33 Molesworth Street, Dublin 2
White Water Residential DAC (Designated Activity Company)	(v)	Ireland	33 Molesworth Street, Dublin 2

(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 they 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 into account representation on the board of directors, ability to participate/direct policy making processes and the rights to variable returns from the investee.

Appendices

Constant currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the current year results are retranslated using the prior year exchange rates. This eliminates the effect of exchange from the year-on-year comparison of results.

The constant currency effect on revenue, reported profit and underlying profit is summarised below:

	2022 £m	2022 Constant currency effect £m	2022 at Constant currency £m
Revenue	**2,298.3**	**69.4**	**2,228.9**
Profit before tax	**153.9**	**1.5**	**152.4**
Underlying profit before tax	**164.6**	**1.7**	**162.9**

The Group's segmental results for the current year are presented below in constant currency:

2022 at Constant Currency	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	**118.9**	**202.0**	**278.7**	**53.3**	**–**	**652.9**
United Kingdom – residential	**208.3**	**46.4**	**48.7**	**–**	**–**	**303.4**
Total United Kingdom	**327.2**	**248.4**	**327.4**	**53.3**	**–**	**956.3**
CEME	**131.0**	**44.3**	**109.8**	**52.3**	**–**	**337.4**
Asia Pacific – commercial	**142.1**	**82.9**	**374.6**	**7.8**	**–**	**607.4**
Asia Pacific – residential	**22.7**	**–**	**–**	**–**	**–**	**22.7**
Total Asia Pacific	**164.8**	**82.9**	**374.6**	**7.8**	**–**	**630.1**
North America	**274.5**	**30.6**	**–**	**–**	**–**	**305.1**
Revenue	**897.5**	**406.2**	**811.8**	**113.4**	**–**	**2,228.9**
Underlying profit/(loss) before tax						
United Kingdom – commercial	**20.4**	**21.8**	**21.2**	**8.7**	**(16.3)**	**55.8**
United Kingdom – residential	**35.1**	**6.2**	**4.7**	**–**	**–**	**46.0**
Total United Kingdom	**55.5**	**28.0**	**25.9**	**8.7**	**(16.3)**	**101.8**
CEME	**(2.7)**	**4.8**	**3.4**	**12.0**	**–**	**17.5**
Asia Pacific – commercial	**13.7**	**2.9**	**19.4**	**0.7**	**–**	**36.7**
Asia Pacific – residential	**3.2**	**–**	**–**	**–**	**–**	**3.2**
Total Asia Pacific	**16.9**	**2.9**	**19.4**	**0.7**	**–**	**39.9**
North America	**2.0**	**1.7**	**–**	**–**	**–**	**3.7**
Underlying profit/(loss) before tax	**71.7**	**37.4**	**48.7**	**21.4**	**(16.3)**	**162.9**

Constant currency continued

The constant currency effect on the Group's segmental results for the current year is presented below:

2022 – Constant Currency Effect	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	–	–	–	–	–	–
United Kingdom – residential	–	–	–	–	–	–
Total United Kingdom	–	–	–	–	–	–
CEME	(1.2)	0.1	(0.6)	(0.6)	–	(2.3)
Asia Pacific – commercial	3.2	4.4	30.3	–	–	37.9
Asia Pacific – residential	1.6	–	–	–	–	1.6
Total Asia Pacific	4.8	4.4	30.3	–	–	39.5
North America	29.0	3.2	–	–	–	32.2
Revenue	32.6	7.7	29.7	(0.6)	–	69.4
Underlying profit/(loss) before tax						
United Kingdom – commercial	–	–	–	–	–	–
United Kingdom – residential	–	–	–	–	–	–
Total United Kingdom	–	–	–	–	–	–
CEME	–	0.1	(0.1)	(0.2)	–	(0.2)
Asia Pacific – commercial	(0.3)	–	1.6	–	–	1.3
Asia Pacific – residential	0.2	–	–	–	–	0.2
Total Asia Pacific	(0.1)	–	1.6	–	–	1.5
North America	0.3	0.1	–	–	–	0.4
Underlying profit/(loss) before tax	0.2	0.2	1.5	(0.2)	–	1.7

Shareholder information

Key dates for 2023

Annual General Meeting	17 May 2023
Financial half year end	30 June 2023
Announcement of half year results	10 August 2023

Website

Visit our investor relations website www.savills.com for full up-to-date investor relations information, including the latest share price, recent Annual and Half Year Reports, results presentations and financial news.

Shareholder enquiries

For Shareholder enquiries please contact our Registrars, Equiniti (see below). For general enquiries please call our Shareholder Services helpline on: 0371 384 2018 (overseas holders need to call +44 (0) 371 384 2018. Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding bank holidays). For further administrative queries in respect of your shareholding, please access our Registrars' website at www.shareview.co.uk.

Electronic communications

If you would prefer to receive Shareholder communications electronically in future, including your Annual and Half Year Reports and notices of meetings, please visit our Registrars' website, www.shareview.co.uk and follow the link to 'Register for e-communications' under the Shareholder Services section.

Half Year Report

Like many other listed public companies, we no longer circulate printed Half Year Reports to Shareholders. Rather, half year results' statements are published on the Company's website. We believe that this is of benefit to those Shareholders who do not wish to be burdened with such paper documents, and to the Company, as it is consistent with our target of saving printing and distribution costs.

Professional advisers and service providers

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Cautionary note regarding forward-looking statements

Certain statements included in this Annual Report are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations. Forward-looking statements can be identified by the use of relevant terminology including the words: 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'forecasts', 'plans', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to:

- global economic business conditions;
- monetary and interest rate policies;
- foreign currency exchange rates;
- equity and property prices;
- the impact of competition, inflation;
- changes to regulations, taxes;
- changes to consumer saving and spending habits; and
- our success in managing the above factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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