

Savills plc

2018 Annual Report & Accounts



Our vision

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

Group highlights

£1,761m

Revenue

(2017: £1,600m)

54%

Breadth of service

(non-transactional)

(2017: 53%)

£77.2m

Statutory profit after tax

(2017: £81.1m)

56.2p

Statutory earnings per share

(2017: 58.8p)

£143.7m

Underlying profit*

(2017: £140.5m)

£112.3m

Operating cash generation

(2017: £111.7m)

8.2%

Underlying profit margin*

(2017: 8.8%)

2.0bn

Property under management

(sq. ft.)

(2017: 1.9bn)

77.8p

Underlying earnings per share*

(2017: 75.8p)

€18.2bn

Assets under management

(2017: €16.5bn)

6.2%

Statutory pre-tax profit margin

(2017: 7.0%)

62%

Geographical spread

(% non-UK)

(2017: 61%)

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

Savills at a glance

Savills is a global real estate services provider listed on the London Stock Exchange. We have an international network of over 650 offices and associates and circa 37,000 staff throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

North America	United Kingdom	Europe & the Middle east	Asia Pacific
Revenue £264.5m (2017: £224.8m)	Revenue £662.4m (2017: £627.1m)	Revenue £247.0m (2017: £182.4m)	Revenue £587.5m (2017: £565.7m)
Offices 31 (2017: 30)	Offices 135 (2017: 124)	Offices 52 (2017: 45)	Offices 67 (2017: 67)
Employees 788 (2017: 775)	Employees 5,955 (2017: 5,554)	Employees 1,752 (2017: 1,206)	Employees 28,486 (2017: 26,894)

Our Services

Transaction Advisory

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

Consultancy

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

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.

Investment Management

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

Chairman's statement

"Savills delivered a resilient performance in the face of some challenging market conditions, reflecting our geographic diversity, breadth of operations and recent business investment activity"

Results

The Group's revenue improved by 10% to £1.76bn (2017: £1.6bn) and underlying profit for the year increased by 2% to £143.7m (2017: £140.5m). The Group's statutory profit before tax decreased by 3% to £109.4m (2017: £112.4m).

Overview

As a result of a robust second half of the year, Savills delivered both revenue and underlying profit growth in 2018. In addition to maintaining or growing our share of transactional markets, the performance of our less transactional business lines was key to this performance. This was achieved against a backdrop of heightened uncertainty as Brexit, US trade policy and higher long-term treasury yields, particularly in the benchmark US 10 year Treasury Bond, began to have a discernible impact on investor sentiment in a number of our key markets. Currency movements had a negative impact on the Group, decreasing revenue by £20.7m, underlying profit by £1.3m and statutory profit before tax by £0.5m.

Our Transaction Advisory revenue grew by 9%, our Consultancy business revenue by 8% and our Property Management revenue by 14%. The UK delivered a resilient performance in the Commercial Transaction businesses in an environment of relatively robust occupier demand and continued strong investment interest, particularly from the Asia Pacific region, albeit in a softer market in terms of volume traded compared with 2017. Our Residential business continued to perform well in challenging conditions. Our Asia Pacific and Europe & Middle Eastern transactional businesses performed as anticipated, with particularly strong results from Hong Kong, Singapore, South Korea, Ireland and Germany. In addition we benefited from an encouraging maiden year performance from Savills Aguirre Newman in Spain. In the US, we delivered significant growth in the Occupier Service business (including tenant representation brokerage). This led to an improved US performance overall for the year, even after the continued costs of investment in the business, including significant investment in our central office platform and the net costs of the capital markets team in New York. Finally, Savills Investment Management successfully mitigated the expected significant decline in activity relating to disposals from liquidating the SEB German Open-Ended Funds. The business launched a number of new products, raising significant new capital, increasing its Assets Under Management ('AUM') to £16.4bn (2017: £14.6bn) and achieving a result in line with our expectations for the year.

The reduction in transaction fees in the Investment Management business and growth in our lower margin but stable Property Management business, together with our investment activities in a number of markets restricted the underlying profit margin to 8.2% (2017: 8.8%).

In addition to the aforementioned factors impacting the underlying profit margin, higher acquisition-related charges, lower profits on disposal of investments and a one-off charge in relation to the impact of equalising Guaranteed Minimum Pension ('GMP') on the UK defined benefit pension plan also affected the statutory pre-tax profit margin during the year, which declined to 6.2% (2017: 7.0%).

Business development

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

In May 2018, we expanded our platform into a new region through the acquisition of Cluttons Middle East, which is being integrated in to the Europe & Middle East business. In addition, the integration of Aguirre Newman in Spain, acquired in December 2017, continues to proceed as planned alongside the continued investment in our new business in the Czech Republic, which now provides a full service offering to commercial clients.

In the UK, we acquired Broadgate Estates' third party property management portfolio from British Land and made a number of incremental acquisitions to complement our existing UK business. These acquisitions included a property agency in Guernsey creating Savills first residential presence in this region (Martel Maides), a property services company in East London (Currell), and a planning and development consultancy business based in London (Porta Planning).

In Asia Pacific, we made some significant hires into our valuation teams in Thailand and Singapore. We continued to expand throughout Australia and in China, where we opened three new offices and recruited circa 50 professionals to facilitate our continued long-term expansion in this market. During the year we commenced a long-term commitment to the start-up of Savills India, which opened for business in October with offices in Delhi, Mumbai and Bangalore focusing on project management, commercial leasing, occupier services, capital markets brokerage and valuation services.

In North America, we continued to expand our occupier-focused business lines through both recruitment and investment in technology.

Finally, the Savills Investment Management business acquired a 25% interest in DRC Capital LLP ('DRC'), a leading European manager of real estate debt funds, with the option to purchase the remaining 75% of DRC in 2021; this transaction provided an exciting opportunity to add real estate debt to our portfolio of real estate investment products.

Emerging technology continues to be a focal area in the real estate industry and also for our business. We have continued to invest in our own technology platform in order both to deliver innovative solutions to our clients through data analysis and insight and to drive internal efficiencies. Examples of this include our award winning Knowledge Cubed platform, deployed to our occupier services clients across all regions which has been recognised for its innovation by both the Financial Times and CoreNet (the occupier Services industry body in the US). We continued the roll out of Workthere.com, our advisory service to corporates seeking flexible office or co-working space. With New York going live in January 2019, we have now launched Workthere in eight countries and seen significant uptake from both tenants and the serviced office providers.

In addition, we continue to review and support a number of investment opportunities in the field of emerging technology and our proprietary investment arm, Grosvenor Hill Ventures ('GHV'), has made further investments in these promising technology opportunities during the year. Our largest investment to date is in YOPA, the digital hybrid residential UK estate agent, which has grown to become the sixth largest UK estate agent. During the year GHV made a small additional investment in YOPA to support this growth and also in VuCity, which is a digital city modelling platform, initially focused on optimising development and planning applications for developers, architects, planners and Local Authorities.

Board

Jeremy Helsby retired as Group Chief Executive at the end of 2018 after a 39 year career at Savills, 11 of them as Group Chief Executive. Under Jeremy's leadership Savills has become a leading global real estate advisor and successfully both internationalised and diversified the business. On behalf of the Group as a whole, I thank Jeremy for all that he has done for Savills over many years and we are delighted that he continues to consult for us in respect of the development of the US business in 2019.

Mark Ridley succeeded Jeremy as Chief Executive on 1 January 2019, having joined the Board as Deputy Group Chief Executive in May 2018. Mark has been with Savills for 22 years, latterly in the role of CEO UK, Europe and the Middle East. The Board and I very much look forward to working with him through the next phase of the development of the Savills business worldwide.

The Board announced in September 2018 that Charles McVeigh, who has served on the Board since 2000, will retire at the conclusion of the Company's AGM in May 2019. I thank him for his enormous contribution to the Board over so many years. Liz Hewitt, who has been on the Board since 2014, will also retire at the conclusion of the Company's AGM in May 2019. I would like to thank Liz for her contribution to the Group and, in particular in Chairing the Audit Committee.

During the year, we reviewed the composition of the Board. Following this review, Stacey Cartwright and Florence Tondu-Mélodie were appointed as additional independent Non-Executive Directors in October 2018. Stacey Cartwright will succeed Liz Hewitt as Chairman of the Audit Committee at the conclusion of the 2019 AGM.

Dividends

An initial interim dividend of 4.8p per share (2017: 4.65p) amounting to £6.6m was paid on 3 October 2018, and a final ordinary dividend of 10.8p (2017: 10.45p) is recommended, making the ordinary dividend 15.6p for the year (2017: 15.1p). In addition, a supplemental interim dividend of 15.6p (2017: 15.1p) 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 31.2p per share, representing an increase of 3% on the 2017 aggregate dividend of 30.2p. The final ordinary dividend of 10.8p per ordinary share will, subject to shareholders' approval at the AGM on 8 May 2019, be paid alongside the supplemental interim dividend of 15.6p per share on 13 May 2019 to shareholders on the register at 12 April 2019.

People

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

Outlook

We have made a solid start to 2019 however, the year ahead is overshadowed by macro-economic and political uncertainties across the world. It is difficult accurately to predict the impact of these issues on corporate expansionary activity and investor demand for real estate. At this stage, we expect to see declines in transaction volumes in a number of markets and growth in our less transactional business lines; accordingly we retain our expectations for the Group's performance in 2019.

Nicholas Ferguson CBE
Chairman

Our business explained

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

Our resources and relationships

Outstanding people

Local knowledge
Entrepreneurial approach

Intellectual property

Market intelligence
Brand and reputation

Long-term client relationships

Client care programmes
High quality service

Financial

Prudent capital structure
Strong cash generation

Our business model

Defensive, scale business

Investment management
4%

Consultancy
17%

Property and facilities management
33%

Cyclical high-margin businesses

Commercial transactions
36%

Residential transactions
10%

Underpinned by:

Our values

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

Governance

Board oversight
High standards of governance

Disciplined approach to risk

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

Our value creation

Shareholders

Dividends

31.2p

Underlying profit

£143.7m

Underlying earnings per share

77.8p

People

Developing talent

Employee engagement

Inclusion and diversity

Clients

High quality service

Client relationship

Client care

Client relationship management team

Community

Reducing environmental impact

Carbon emission reduction

Community investment

Community engagement programmes

We have built our brand and reputation on the quality of our people, relationships, resources and processes. Savills has a strong and well embedded culture, founded on an entrepreneurial approach and underpinned by our values and operational standards. All that we do is underpinned by strong governance, a disciplined approach to risk management and high standards of responsibility, which supports the sustainable development of our business. More detail of our governance structure, policies and practices can be found later in this Annual Report on pages 40 to 88.

We are committed to delivering a high quality service and creating long-term relationships with our clients. Because of our personal approach to business, our people are fundamental to our business and we encourage an open and supportive culture in which every individual is respected. We strive to provide an environment in which our people can flourish and succeed. This allows us to recruit, motivate and retain talented people and build on our status as an employer of choice.

We work hard to ensure that our people enjoy working at Savills, promoting their personal and professional development. We encourage them to develop their careers within the Group, nurturing the entrepreneurs and leaders of the future to share in the success of the business.

We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives; they give us a unique perspective of the markets in which we operate and connect our clients with real estate opportunities and market intelligence. To be the real estate adviser of choice in our markets, and deliver superior financial performance, we aim to employ people of the highest quality supporting the delivery of the highest standards of client service. By choosing Savills, our clients have access to over 37,000 staff with a broad range of experience, skills and local knowledge, based in offices in key real estate locations across the globe and benefit from our extensive market research material.

Market insights

UK Commercial

Investment turnover in the UK commercial property market in 2018 was 5.3% down on 2017. However, the turnover of £62.1bn last year is still 1% above the five year average, and means that 2018 was the fourth strongest year since 2000.

43% of last year's acquisitions were by non-domestic investors, with this proportion rising to 73% in the central London market. The single most active source of capital was once again the Asia Pacific region, whose investors put £10.7bn into the UK market last year, much of which went to London. 2018 also saw a rise in domestic investor activity, both in the Core and Value-add segments of the market.

All of the three main commercial property sectors saw a year-on-year decline in investment activity, with the most significant fall being in the retail sector where activity fell 30%. The only sectors that saw a year-on-year rise in 2018 were leisure and alternatives, which were up 9.7% and 8.7% respectively. These sectors were boosted by a continuing demand for longer term secure income streams.

Occupational demand improved year on year in the office markets both inside and outside London, with take-up across the UK 0.4% up on 2017, reaching its second highest ever level of 22.7m sq. ft. Take-up also remained strong in the logistics sector, with 34.7m sq. ft. leased last year, a 34% rise on 2017.

Case Study

Office Leasing

Savills is the long standing office leasing agents at King's Cross, where leasing activity in 2018 included the 611,000 pre-letting of three buildings to Facebook. This was the largest office letting in the UK in 2018. Savills also advised the King's Cross Central Limited Partnership in the pre-letting of Nike of approximately 65,000 sq. ft. for their new London office.

Spotlight on UK residential

UK house buyers remained cautious in 2018, given uncertainty over the impact of Brexit upon future household finances. Consequently mainstream house price growth remained weak, particularly in London and the South East.

By contrast, the Government's continued focus on increasing housing delivery, meant welcome support for an increasing range of players in the housing industry. Among other things that included additional funding to unlock development sites, an extension of Help to Buy until 2023 and a series of strategic partnerships with various Housing Associations. That resulted in an active, if increasingly price sensitive, development land market.

Conditions in the prime housing markets remained challenging, though there was a noticeable narrowing in relative price expectations of buyers and sellers over the course of the year. Consequently transaction levels remained steady even though prices fell by -3.0% on average in the prime markets of London and by -0.9% beyond the capital.

Case Study

Transaction Advisory

Hexton Manor

The Hexton Manor Estate is an exceptional residential, agricultural and sporting estate within the Chilterns Area of Outstanding Natural Beauty and was sold by Savills in the autumn 2018, with a guide price of £19m.

US

The US economy continued to expand at a robust pace, with real GDP rising by 2.9% in 2018 versus 2.2% in 2017. Fiscal stimulus from the Tax Cut and Jobs Act of 2017 underpinned growth in the corporate sector, with the labour market continuing to show positive momentum.

Consistent with the strength in hiring, office leasing volumes increased in 2017. Particularly strong markets included Dallas/Ft. Worth, New York, San Francisco and Washington D.C., each of which saw net absorption of Class A space in excess of 4 thousand square foot. Nationally, growth in asking rents softened from 2017's pace, although markets including Atlanta and Charlotte each saw asking rents for Class A space rise by more than 5%.

Investment sales activity also increased, reversing a string of declining volumes in 2016 and 2017. Activity was fuelled by strong cross-border investment. Despite four increases in the central bank policy rate, yields on 10-year interest rates ended the year lower than they began, which supported broad-based gains in investment sales volume. Sales activity in office, hotel and the multi-family sectors all increased, with notable strength in both the industrial and retail segments. New York City continued to attract the bulk of investment, followed by Los Angeles and Dallas.

Case Study

The first major law firm to relocate out of NW DC, Williams & Connolly moved into its current primary location at 725 12th Street in 1992. The building sits on top of Metro Center and the business core of the city has filled in around it over the last three decades. W&C is currently in two locations: 725 12th Street, NW and 1120 G Street, NW. W&C leadership was open to considering non-traditional locations – and not just consider “fringe” locations for negotiating leverage purposes. The real estate committee reflected that the firm had been an East End pioneer in 1992 and, given its national practice (as opposed to DC-centric) it was willing to be pioneering again, provided the location addressed two priorities: Access to National Airport and the ability to consolidate their entire staff into one location.

In order for Williams & Connolly to consider the Wharf, the developer agreed to redesign the building from scratch around the firm’s ideal floorplate in order to maximize efficiency. Getting comfortable with the location meant commissioning a complete and independent traffic study, comparing the Wharf with 725 12th Street and a more traditional NW relocation options, taking into account attorney and staff residences and various commuting methods. In addition, a parking consultant was added to the team to devise a parking scheme that works for both the law firm and the mixed use, high traffic shared nature of the project garage. New Space Highlights: Consolidation of entire firm into one building; dedicated parking “nest” within the project garage; exclusive use of entire tower with expansion rights in adjacent tower; exclusive lobby; penthouse multipurpose room with 360-degree views of Washington, DC that can accommodate the entire firm.

European overview

After a strong start to last year, the Eurozone's economy lost momentum in the second half of 2018. GDP was expected to have expanded a seasonally-adjusted 0.3% quarter-on-quarter during Q4, a slight improvement from Q3's 0.2% increase but notably below the 0.7% growth seen throughout 2017.

Annual office take-up across the 24 European markets that Savills monitor was in the region of 13m sq m, 3.3% down compared to 2017, but still 14% above the past six year average. The most dynamic markets were Dublin (25% yoy), Lisbon (20.3%) and Bucharest (12%), followed closely by Milan (11.8%) and Barcelona (11.3%). Employment creation and demand for well-designed and well-located offices have been driving the activity. The average vacancy rate was at 5.7% in Q4 2018, down from 6.7% at the end of 2017. Paris CBD (1.4%) and Berlin (1.5%) have almost no available office space, Munich follows with 2.4% vacancy rate and Cologne and Stockholm are also amongst five cities with the lowest availability at 3.9% and 4.0% respectively.

E-commerce is growing up at a faster pace than overall retail sales, hence becoming a major driver in the retail sector. Over the past five years, the overall online retail sales increased by 21% pa on average. At the same time overall retail sales increased by 2.5% pa on average.

Rising trade volumes and expanding e-commerce are driving demand for logistics space. Globalised supply chains and rapidly changing retail patterns force logistics occupiers to adapt their property requirements in order to serve customers across different geographies and this explains why most development activity remains focused on build-to-suit logistics facilities. The lack of suitable supply readily available on the market is putting upward pressure on rents. Prime warehousing rents are on average 1.7% higher in Q4 2018 compared to 12 months ago. The highest rises occurred in Brussels (9.1%), London M4 Heathrow (6.5%) and Krakow (5%).

During 2018, European commercial investment transactions reached €241bn, as geopolitical concerns were brushed aside to leave volumes 3% above the five year average. Resilient demand for offices (47% of total) and the growth of the alternatives sector (21%) fuelled investment volumes during 2018. Industrial investment volumes reached €32bn last year, accounting for 14% of the total investment volume. This was the second highest level of investment on record, after 2017.

Case Study

Spain

Savills Aguirre Newman advised client, Thor Equities, on the acquisition of Gran Via 30 in Madrid. The asset comprises a flagship retail store alongside residential provision and was purchased for €75m.

Investment Management

147 private equity real estate funds raised total capital of \$104bn in 2017, a drop from the \$127bn raised in 2017. However, the average amount raised in final closings by private closed ended funds rose from \$533m in 2017 to \$711m. The fall in number of closed ended private funds is the sixth straight year of declines, from a high of 339 funds closing in 2013. However, this fall in number of closed funds is not matched by a fall in private equity dry powder, with Preqin reporting that there is \$295bn dry powder available versus \$249bn 12 months prior. 45% of funds closed above target, the largest proportion recorded by Preqin in five years. There are 674 real estate funds currently in the market seeking a total of \$250bn, up from 12 months ago.

22% of the sector-specific funds that closed in 2018 were focused on industrial, and these funds accounted for 43% of capital raised for sector-specific funds. Asia-Pacific was also popular with investors, as fundraising for APAC funds totalled \$17bn, the highest mark since 2014 and significantly up from the \$10.5bn in 2017. North America remained the favourite region for investors, accounting for over 40% of all investment.

Value-added and Opportunistic funds accounted for the majority of capital raised, totalling \$79bn, with Core and Core-plus accounting for just \$6.1bn, a sharp drop from 2017. Debt funds, meanwhile, raised \$26bn.

Case Study

SIM McArthurGlen Designer Outlet, France

Investors increasingly seek the ability to invest in real estate in different ways, including through direct and indirect means as well as through funds or purpose-built vehicles. The off-market acquisition of two French McArthurGlen designer outlet centres in Troyes and Roubaix for a price approaching c. €300m exemplified this trend. The properties were acquired on behalf of a club of investors managed by a leading German Multi Manager, and were additionally funded with commitments from existing Savills IM funds. The assets were acquired from real estate funds managed by Ares Management Corporation and McArthurGlen and the deal was a testament to the strength and breadth of Savills IM's operational platform. It necessitated the creation of co-investment acquisition structures (in the form of a new Spezialfonds and OPPCI) under challenging timescales, as well the placement of significant debt and ongoing fund management through teams across the UK, France and Germany. The manner of the structuring and acquisition also afforded the two in-house vehicles the ability to gain exposure to significant assets that would otherwise have been out of reach.

Asia Pacific

Commercial property volumes in 2018 registered just 2% below 2017's record high according to Real Capital Analytics data, with outperforming markets including South Korea and Hong Kong where both domestic and cross-border deal flows helped to boost demand. Hong Kong's stellar performance was once again due to inflows of PRC funds which were most marked in the first half of the year. Of the major real estate asset classes, the industrial market had a red-letter year in 2018 with volumes up by 15% year-on-year and yields hardening to new lows. Demand for offices and prime retail malls held up well despite the challenges which began to weigh more heavily in the second half of the year.

In contrast to the region overall, China recorded its slowest year since 2014 as headwinds gained strength. A highly leveraged corporate sector facing tighter credit regulation, slower economic growth and trade tensions with the US all contributed to more muted activity levels. Japan also posted a disappointing year with volumes hit by record pricing and a pull back in domestic interest. Generally, even active Asia-Pacific investment markets ended the year on a subdued note as rising interest rates, trade tensions and volatile stock markets challenged historically high valuations and record low commercial cap rates.

Case Study

Centropolis

Savills advised CTCORE on the forward disposition of South Korea's largest ever single office transaction following an extensive international marketing campaign. This flagship CBD development, comprises two 26-storey towers of premium office space and extending to 141,475 sq m (GFA), was transacted for in excess of USD 1 billion.

Key Performance Indicators

Financial KPIs

£1,761.4m

Revenue

The measure

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

The target

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

£112.3m

Cash generation

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.

£143.7m

Underlying profit

The measure

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

The target

To deliver sustainable growth in underlying profit.

8.2%

Underlying profit margin

The measure

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

The target

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

77.8p

Underlying earnings per share

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.

£77.2m

Statutory profit after tax

The measure

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

The target

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

56.2p

Statutory earnings per share

The measure

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

The target

To deliver long-term growth in statutory EPS to enhance shareholder value.

Non-Financial KPIs

53.8%

Breadth of service offering

(% non-transactional income)

The measure

Revenue by type of business.

The target

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

62.4%

Geographical spread

(% non-UK)

The measure

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

The target

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

2,025.6

Property under management

(million sq. ft.)

The measure

Total square footage property under management.

The target

To progressively increase the global square footage under management.

€18.2bn

Assets under management

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

Key operating highlights

The diversity of the Group, both geographically and in our service offering, the resilience of our residential businesses and the integration of recent acquisitions delivered growth in both revenue and underlying profits in 2018.

- Transaction Advisory revenues up 9%. Further growth from our less-transactional services with Property and Facilities Management revenue up 14% and Consultancy revenue up 8%
- Strong growth from Europe & the Middle East, both organic and through the integration of Aguirre Newman in Spain and the acquisition of Cluttons Middle East in May 2018
- North America delivered significant growth in the occupier-focused business with revenue up 18% and underlying profit up 64%
- Savills Investment Management successfully mitigated the expected significant decline in activity relating to disposals from liquidating the SEB Open-Ended Funds, raising £2.4bn in new funds, with AUM up 12% to £16.4bn.

Overall the Group increased underlying profit by 2% to £143.7m (2017: £140.5m).

On a statutory basis, profit before tax decreased 3% to £109.4m (2017: £112.4m).

Our Strategy

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:

- Commitment to clients by delivering the highest standards of client service
- Business diversification
- Maintenance of our financial strength
- Geographical diversification
- Strength in both residential and commercial property

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		
	2018	2017	% growth	2018	2017	% growth
UK	662.4	626.0	6	76.8	76.5	—
Asia Pacific	587.5	565.7	4	54.9	55.6	(1)
Europe & the Middle East	247.0	182.4	35	12.9	11.2	15
North America	264.5	224.8	18	12.8	7.8	64
Unallocated	—	1.1	n/a	(13.7)	(10.6)	n/a
Total	1,761.4	1,600.0	10	143.7	140.5	2

On a constant currency* basis Group revenue grew by 11% to £1,782.1m, underlying profit grew by 3% to £145.0m and statutory profit before tax declined by 3% to £108.9m. Our Asia Pacific business represented 33% of Group revenue (2017: 35%) and our overseas businesses as a whole represented 62% of Group revenue (2017: 61%). Our performance by service line is set out below:

	Revenue £m			Underlying profit/(loss) £m		
	2018	2017	% growth	2018	2017	% growth
Transaction Advisory	813.5	746.2	9	81.1	81.5	—

Property and Facilities Management	586.8	513.1	14	32.2	25.3	27
Consultancy	294.4	273.1	8	33.1	31.0	7
Investment Management	66.7	66.5	–	11.0	13.3	(17)
Unallocated	–	1.1	n/a	(13.7)	(10.6)	n/a
Total	1,761.4	1,600.0	10	143.7	140.5	2

Overall, our Commercial and Residential Transaction Advisory business revenues together represented 46% of Group revenue (2017: 47%). Of this, the Residential Transaction Advisory business represented 10% of Group revenue (2017: 11%). Our Property and Facilities Management businesses continued to perform well, growing overall revenue by 14% and represented 33% of Group revenue (2017: 32%). Our Consultancy businesses represented 17% of revenue (2017: 17%) where improved performances within the UK were bolstered by recent acquisitions in the Europe & Middle East business. Revenues were flat in the Investment Management business, reflecting the anticipated decline in activity relating to disposals from the liquidating SEB German Open Ended funds, which was mitigated by the effect of new funds raised and invested during the period. Investment Management revenue represented 4% of Group revenue in the year (2017: 4%).

People

The Savills Group won a number of awards during the year throughout all our regions including Global Real Estate Adviser of the Year at the 2018 Estates Gazette Awards. The UK business won a number of national awards including Residential Real Estate Adviser of the Year at the 2018 Estates Gazette Awards, Agent of the Year Award at the Property Week Student Accommodation Awards, Residential Consultancy Practice of the Year at the 2018 Property Week RESI Awards, Industrial Agency Team of the Year at the Property Week Awards 2018 for the second year running, we were the Times Graduate Employer of Choice in property for the 12th consecutive year and No.1 UK Real Estate Super brand, also for the 12th consecutive year. Savills was also awarded European Broker of the Year at the Property Investor Europe (PIE) awards for the second year in a row. In Hong Kong, Savills again won Best Deal of the Year for the en bloc sale of 8 Bay East at the RICS Hong Kong Awards (joint with Wheelock Properties and Cushman & Wakefield); Savills also won Residential Team of the Year and the Certificate of Excellence for Property Team of the Year at the RICS Hong Kong Awards. Savills China was awarded Best Real Estate Agency (5–20 Offices) and Property Consultancy in China at the Asia Pacific Property Awards 2018–2019. These awards are a testament to the strength of our people and I thank them all for their continued commitment, loyalty and unfailing client focus.

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

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

Transaction Advisory

Overall, our Transaction Advisory revenues grew 9% (11% in constant currency) to £813.5m (2017: £746.2m), this was achieved against a backdrop of heightened uncertainty in a number of our key markets and demonstrated both the importance of having a breadth of transactional business around the world, and our strong market position in many real estate transactional markets and sectors.

Excluding the benefit of recent acquisition activity in the Europe & Middle East business, organic revenue growth year-on-year in the business was 6%. Of particular note was the very strong performance of our team in the US with significant growth in the Occupier Service business (including tenant representation brokerage).

Underlying profits however were down marginally at £81.1m (2017: £81.5m), with a reduced underlying profit margin of 10% (2017: 10.9%), impacted by both the mix of activity across the globe and ongoing business development costs throughout Europe and the US.

Asia Pacific Commercial

Revenue of the Asia Pacific Commercial Transaction business decreased by 5% to £160.1m (2017: £168.4m), a 2% decrease in constant currency. In a year when many markets saw a reduction in the volume of real estate traded, Savills Asia Pacific showed the strength of its market position, advising on six of the ten largest intermediated transactions in the region (source: Real Capital Analytics). There was strong revenue growth in Hong Kong (up 21%) and South Korea (up 70%); however this was offset by reduced revenue in Japan, Australia and Mainland China. In Japan, there was a significant slowdown in investment activity alongside reduced leasing revenues. In Australia, capital market revenues declined as a result of a slowdown in the second half of the year with fewer Asian buyers and tighter lending controls, which led to lower volumes and longer transactional timescales. In Mainland China,

investment volumes were down as the Government tightened restrictions on land usage, particularly in respect of city-centre redevelopment.

The impact of the geographical mix of revenues alongside investment costs in new offices and teams in Mainland China and Japan, is reflected in a 21% decrease in underlying profit to £21.2m (2017: £26.9m). This represented a 19% decrease in constant currency.

UK Commercial

Revenue from UK commercial transactions decreased 3% to £98.4m (2017: £101.6m). This reflected a significant improvement during the second half of the year.

Most commercial leasing and investment sub-markets continued to perform better than anticipated in 2018, as both occupiers and investors continued to transact, the latter supported by the relative value obtainable in the UK compared with a number of European real estate markets. The weakest commercial property sector in 2018 was the retail sector, where a combination of structural and Brexit-related impacts continued to affect retailer performance and investor confidence. Sharp falls in investment turnover in the retail sector contributed to a 5% year-on-year fall in commercial property investment activity across the UK last year, with the overall volume falling to £62bn. Non-domestic investors remained important to the UK commercial property market in 2018, accounting for 43% of all of the purchases of commercial property investments last year, and 73% of London office investments. In both cases this proportion was slightly down from its peak as domestic investors were more acquisitive in 2018 than they had been since the Brexit referendum.

Generally, investors remained heavily biased towards asset classes that offer comparative income security, and this meant that offices, logistics and alternative asset classes remained the most popular segments of the market in 2018.

Similar sectoral trends were prevalent in the occupational markets, with office leasing activity in central London 1% up year-on-year and 25% up in the wider South East market. Take-up in the national logistics market was up 45% year-on-year, reaching 34.1m sq. ft. in 2018. Several regions including Yorkshire and Humberside, the North West, the East Midlands and the South East saw a record level of logistics leasing activity last year.

The retail sector remains highly polarised, with strong markets such as central London continuing to out-perform the rest. Indeed, 2018 saw a 66% increase in the number of new openings by international retailers/brands in London.

Overall this reduced market activity led to a 9% decrease in underlying profit to £15.7m (2017: £17.2m), with underlying profit margin falling slightly to 16% (2017: 16.9%).

North America

During the year, we delivered significant growth in the US Occupier Service business (including tenant representation brokerage). Our North American revenue grew by 18% to £264.5m (2017: £224.8m). In constant currency this equated to a year-on-year increase of 21%. Savills Studley transaction volume was 11% higher than the previous year, alongside an increase in larger more complex transactions, for which this business is noted. The pipeline for activity in 2019 is robust.

Strong performances were evident throughout the majority of cities and regions in the business, in particular Washington D.C., Southern California, New York, Atlanta and Denver. The investment in the Capital Markets team in New York in 2017 began to deliver fee income with a stronger pipeline for the coming year, however the ongoing cost of investment in this team continued adversely to affect underlying profits.

North American underlying profit increased by 64% to £12.9m (2017: £7.8m), a 69% increase in constant currency. With underlying profit margin improving to 4.8% (2017: 3.5%), even after the continued costs of investment in the business including significant investment in management and in our central office platform.

Europe & the Middle East

In Europe & the Middle East Commercial Transaction fee income grew by 45% (43% in constant currency) to £113.1m (2017: £78.2m). The December 2017 acquisition of Aguirre Newman in Spain, alongside the Cluttons Middle East acquisition in May 2018, contributed significantly to this performance. On an organic basis, revenue grew by 20%, with particularly strong results from investment teams in Ireland and Germany alongside significant contributions from Belgium, Sweden and the Czech Republic.

The significant revenue growth delivered underlying profit of £5.4m (2017: £4.5m) for the Europe & Middle Eastern transactional business and an underlying profit margin of 4.8% (2017: 5.8%). Underlying profit margins continue to be affected by ongoing investment in the business, including in Sweden, where a new, class-leading investment team was recruited, the Netherlands, where an office was opened in Utrecht, and Poland, where further investment was made in our Logistics capabilities to cover both investment and leasing.

UK Residential

Our UK Residential business continued to perform well, growing market share in challenging conditions. This was reflected in revenue growth of 2% to £131.5m (2017: £128.9m).

In the second-hand estate agency business, our exchanges were up 1%, offsetting a 2% fall in average sales value. Our Prime Central London residential business performed well with the number of properties exchanged growing by 4% despite average values transacted declining by 4%. Of particular note was the substantial increase in transactions with capital values in excess of £15m, which increased by 43% year-on-year.

Outside the capital, which represents 54% of Savills second hand agency residential revenue, the number of exchanges and capital values transacted were both flat year-on-year, with strong performances in the North, Scotland and the Cotswolds offset by weaker markets elsewhere.

In the new homes business, revenue was consistent with 2017, which represented a robust performance in the prevailing market conditions. Average transaction values and the number of exchanges in 2018 both increased by 2%.

The Residential Capital Markets business had a strong year, supported by continued investor interest in the Private Rented Sector (PRS), growing revenue and profits by 15% and 22% respectively.

Overall, the UK Residential Transaction Advisory business showed resilience in challenging markets recording a 6% decrease in underlying profits to £17.6m (2017: £18.7m), with underlying profit margin down to 13.4% (2017: 14.5%).

Asia Pacific Residential

The Residential Transaction Advisory business in Asia is focused primarily on new development, secondary sales and leasing of prime properties in selected markets. It excludes mixed use developments, which are accounted for within the Commercial Transaction Advisory business. Overall, the Asia Pacific Residential business increased revenues by 4% to £45.9m (2017: £44.3m) which represented a 6% increase in constant currency. This was principally driven by a large residential project in Hong Kong and good performances in Mainland China, Thailand and Vietnam. These were partially offset by lower revenues in Australia, Singapore and Taipei. These performances reflect a slowing down in the Australian residential property market, which was exacerbated by government restrictions over foreign ownership of assets, government cooling measures in Taipei and the introduction of a new stamp duty on residential properties in Singapore, which was imposed in Q3 2018.

The net effect of all these factors, alongside an improved profit share from our Singaporean associate Huttons, resulted in a 30% increase in underlying profit to £8.3m (2017: £6.4m), 31% in constant currency.

Property and Facilities Management

Our Property and Facilities Management businesses continued to perform well, growing revenue by 14% (16% in constant currency) to £586.6m (2017: £513.1m). Savills total area under management increased by 4% to 2.03bn sq. ft. (2017: 1.95bn sq. ft.), driven by the Cluttons Middle East acquisition and the UK 'Broadgate Estates' contracts acquired during the year alongside organic growth. Underlying profit increased by 27% to £32.2m (2017: £25.3m), 29% in constant currency.

Asia Pacific

The Asia Pacific region grew revenue by 9% (12% in constant currency) to £327.0m (2017: £300.9m). The Property and Facilities Management business is a significant strength in the region, representing 56% of Savills Asia Pacific revenue and complementing our Transaction Advisory businesses. The total square footage under management in the region was up 2% to approximately 1.51bn sq. ft. (2017: approximately 1.49bn sq. ft.). The Asia Pacific result was driven by improved performances across the region including significant contract wins in Hong Kong/Macau (eg Macau Zhuhai Bridge), Mainland China (eg Guangzhou Airport) and Vietnam (eg Sunview Town). In Australia, profits improved on lower revenues through the termination of certain historical loss-making contracts. Overall the business grew revenue by 12% in local currency and the underlying profit of the Asia Pacific Property Management business grew 25% (27% in constant currency) to £19.2m (2017: £15.4m).

UK

Our UK Property Management teams, comprising Commercial, Residential and Rural, grew revenue by 15% to £190.9m (2017: £165.8m). This includes the impact of the Broadgate Estates' third party property management portfolio acquired from British Land during the year, contributing £6.0m of revenue growth. This acquisition brought Savills an acknowledged leader in the 'High Rise' sector focused on trophy office buildings. Organic growth was 11%, reflecting a 9% increase in area under management in the UK to approximately 384m sq. ft. (2017: 353m sq. ft.). Underlying profit for the UK Property Management business grew 11% to £13.0m (2017: £11.7m). Underlying profit margin decreased to 6.8% (2017: 7.1%), reflecting the impact of investment in the platform.

Europe & the Middle East

In Europe & the Middle East revenue grew by 48% (48% in constant currency) to £68.9m (2017: £46.4m), with recent acquisition activity contributing to this significant growth (full year impact of Aguirre Newman and Larry Smith and the acquisition of Cluttons Middle East in May 2018). Organic revenue growth in this business was 6%, reflecting a full

year of the new team in the Czech Republic and stronger performances in Sweden and France. By the year end the total area under management had increased by 73% to 131.9m sq. ft. (2017: 106.9m sq. ft.), with Cluttons Middle East contributing 18.6m sq. ft. The net effect of these factors resulted in a break-even position for the business (2017: loss £1.8m).

Consultancy

Global Consultancy revenue increased by 8% to £294.4m (2017: £273.1m) and underlying profit grew by 7% to £33.1m (2017: £31.0m). Currency movements had a negligible impact on results in the Consultancy business.

UK

Consultancy service revenue in the UK was up 5% at £215.9m (2017: £204.9m), reflecting strong performances in the planning, development, building consultancy and housing teams. In the Planning business, the effect of recent team recruitment in London, Heritage, Newcastle and the broad education sector contributed significant growth. In addition the National Hotels, Leisure and Trading Consultancy significantly increased revenue and profits during the year. This growth was partially offset by a decline in activities in Rural and Energy Consultancy in challenging pre-Brexit markets. Overall underlying profit from the UK Consultancy business increased by 8% to £25.8m (2017: £23.9m), reflecting revenue growth and some efficiency gains which helped to increase the underlying profit margin of 12% (2017: 11.7%).

Asia Pacific

Revenue in the Asia Pacific Consultancy business decreased by 1% to £45.1m (2017: £45.7m), 2% increase in constant currency. A strong revenue performance in China alongside steady growth in the majority of the region was offset by reduced revenues in Hong Kong, which are primarily valuation related and had benefited from a significant assignment in the previous year. In addition the impact of team recruitment in mainland China, Thailand and Singapore affected underlying profit which decreased by 16% to £4.3m (2017: £5.1m), 14% on constant currency basis.

Europe & the Middle East

Our Europe & Middle Eastern Consultancy business, which principally comprises valuation and underwriting advisory services, increased revenue by 48% (47% in constant currency) to £33.4m (2017: £22.5m). Acquisition activity has contributed significantly to this alongside organic revenue growth of 10%, with strong performances throughout the region, in particular Germany and Spain, the latter growing significantly as a result of the breadth of consultancy services acquired with the 2017 acquisition of Aguirre Newman. Underlying profit increased by 50% to £3.0m (2017: £2.0m), reflecting revenue growth and a consistent underlying profit margin of 9% (2017: 8.9%).

Investment Management

Savills Investment Management successfully navigated the expected decline in activity relating to disposals from the liquidating SEB German Open Ended Funds, with revenue in line with the prior year at £66.7m (2017: £66.5m). The business generated an underlying profit of £11.0m (2017: £13.3m). £2.4bn (2017: £1.9bn) of new capital was raised in the year and transactions of approximately £3.8bn (2017: £4.8bn) were executed on behalf of investors, with acquisitions exceeding disposals (£2.8bn versus £1.0bn) for the first time in three years. These factors, together with strong fund performance and the full integration of Zaphir in Spain (the investment management business acquired through the Savills acquisition of Aguirre Newman at the end of 2017), led to an increase in Assets under Management ('AUM') to £16.4bn (2017: £14.6bn).

Investment performance continued strongly with the majority of our Fund products continuing to exceed their benchmarks over a five year term.

Savills Investment Management also entered the real estate debt market with the acquisition of an initial 25% stake in DRC Capital LLP, a leading European real estate debt investment manager, with an option to buy the remaining 75% in 2021.

Mark Ridley

Group Chief Executive

Chief Financial Officer's review

Underlying profit margin

Underlying profit margin decreased to 8.2% (2017: 8.8%), reflecting business mix, the expected reduction in transaction fees in the Investment Management business and the cost of business development in a number of regions. In terms of business mix, the reduction in activity in some of higher margin commercial transaction markets was mitigated by growth in the lower margin Property Management business globally.

Taxation

The tax charge for the year increased to £32.2m (2017: £31.3m), reflecting an effective tax rate on statutory profit before tax of 29.4% (2017: 27.8%). The increased effective tax rate is primarily due to the effect of higher foreign tax rates. In both years, the Group's effective reported tax rate is higher than the UK effective rate of tax of 19% (2017: 19.25%), reflecting the effect of higher foreign rates of tax and permanently disallowed charges, including non-deductible acquisition costs.

The underlying effective tax rate at 25.7% (2017: 25.8%) remains broadly in line with the prior year.

Restructuring and acquisition-related costs

During the year the Group recognised a total of £29.1m in restructuring and acquisition-related costs (2019: £27.0m). These comprised an aggregate restructuring charge of £8.4m primarily in relation to the integration of Aguirre Newman and Cluttons Middle East (2017: £7.7m) and acquisition-related costs of £20.7m (2017: £21.3m). These costs consist of £3.3m (2017: £2.1m) of transaction related costs and £2.2m in respect of Savills Investment Management's 2014 acquisition of Merchant Capital (2017: £1.4m). In addition, there was a £14.2m (2017: £17.2m) charge for future consideration payments which are subject to a future service condition. The largest component of this charge relates to the 2018 acquisition of Aguirre Newman.

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

Earnings per share

Basic earnings per share decreased 4% to 56.2p (2017: 58.8p), reflecting a 5% decrease in statutory profit after tax. Adjusted on a consistent basis for exceptional pension charges, restructuring, acquisition-related costs, impairment charges, profits and losses on disposals, certain share-based payment adjustments and amortisation of acquired intangible assets (excluding software), underlying basic earnings per share increased by 3% to 77.8p (2017: 75.8p).

Fully diluted earnings per share decreased by 5% to 54.6p (2017: 57.5p). The underlying fully diluted earnings per share increased by 2% to 75.6p (2017: 74.1p).

Cash resources, borrowings and liquidity

Gross cash and cash equivalents at year end increased 7% to £223.9m (2017: £208.8m). This primarily reflected the profits made in the period and currency gains on cash balances held in non-sterling currencies, partially off-set by cash out-flows associated with investment activities.

Gross borrowings at year end increased to £150.0m (2017: £110.2m). These principally comprise £150.0m of 7, 10 and 12 year private placement fixed rate notes which were issued in June 2018. The implementation of IFRS 16 ('Leases') will have an impact on the Group Statement of Financial Position and Income Statement from 2019. An analysis of the impact is set out in Note 2.26 to the financial statements.

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 £112.3m (2017: £111.7m) reflecting the Group's 2% increase in underlying profits. With a large proportion of the Group's revenue being transactional in nature, the Board's strategy is to maintain low levels of gearing, but retain sufficient credit facilities to enable it to meet cash requirements during the year and finance the majority of business development opportunities as they arise. In addition to the £150.0m of private placement fixed rate notes, the Group has a £360.0m multi-currency revolving credit facility ('RCF'), which expires on 15 December 2020, and was undrawn at the year end. At the year end, net cash was £73.9m (2017: £98.6m).

Capital and shareholders' interests

During the year 0.2m shares (2017: 0.2m) were issued to participants under the Performance Share Plan and 0.8m (2017: nil) new shares were issued to participants on exercise of options under the UK SAYE Scheme. In the prior year, 1.9m new shares were also issued in the final instalment of deferred consideration for the acquisition of Studley. The total number of ordinary shares in issue at 31 December 2018 was 142.9m (2017: 141.9m).

Savills Pension Scheme

The funding level of the defined benefit Savills Pension Scheme in the UK, which is closed to future service-based accrual, improved during the year primarily as a result of an increase in the yield on AA-rated corporate bonds, reducing the value of the liabilities, together with the Company's contributions made during the year. During the year the Group incurred an additional exceptional charge of £3.1m (2017: £nil) in respect of the equalisation of the Guaranteed Minimum Pension ('GMP') on the UK defined benefit pension plan. This plan was in a surplus position of £2.8m at the year-end (2017: £19.5m liability).

Net assets

Net assets as at 31 December 2018 were £505.0m (2017: £441.7m). This movement reflects the Group's profitable trading performance and the effect of acquisitions, alongside actuarial gains on the UK defined benefit pension plan.

Key performance indicators ('KPIs')

The Group uses a number of KPIs to measure its performance and review the impact of management strategies. These KPIs are detailed under the Key Performance Indicators section on pages 14 and 15. The Group continues to review the mix of KPIs to ensure that these best measure its performance against its strategic objectives, in both financial and non-financial areas.

Financial policies and risk management

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

Treasury policies and objectives

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

Interest rate risk

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

Liquidity risk

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

Foreign currency

The Group operates internationally and is exposed to foreign exchange risks. As both revenue and costs in each location are generally denominated in the same currency, transaction related risks are relatively low and generally associated with intra group activities. Consequently, the overriding foreign currency risk relates to the translation of overseas profits and losses into sterling on consolidation. The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature. The net impact of foreign exchange rate movements represented a £20.7m decrease in revenue (2017: £48.4m increase) and a decrease of £1.3m in underlying profit (2017: £3.9m increase). Refer to Note 3.2 to the financial statements for further information on foreign exchange risk.

Simon Shaw

Group Chief Financial Officer

Risks and uncertainties facing the business

The Board is responsible for the Group's system of risk management and internal control. Risk management is recognised as an integral part of the Group's activities.

Identifying and managing our risks

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

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

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

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

The following chart summarises our business risk management structure.

PLC BOARD		Review and confirmation Review and confirmation by the Board.
PLC AUDIT COMMITTEE		
GROUP EXECUTIVE BOARD		
GROUP RISK COMMITTEE		
EXECUTIVE COMMITTEES		
GROUP RISK		Process Risks and mitigation reviewed by Audit Committee after validation by the Group Risk Committee and Executive Boards/Committees.
Heads of group functions	Heads of operating companies	
Key risks: Heads of Group functions identify the key risks and develop mitigation actions	Key risks: Heads of operating companies create a register of their top risks and mitigation actions	Ongoing review and control There is ongoing review of the risks and the controls in place to mitigate these risks.
		Review and assessment Group Director of Risk & Assurance consolidates the operating companies, functional and Group risks to compile the Group's key risks. Any significant programme/project risks are also considered.

Roles and responsibilities

The Board continuously reviews the Group's key risks and is supported in the discharge of this responsibility by various committees, specifically the Audit Committee and the Group Risk Committee.

The risk management roles and responsibilities of the Board, its Committees, and business management are set out below, and all of these responsibilities have been met during the year.

1. Board

Responsibilities

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

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

Actions

- Receive regular reports on Internal and External Audit and other assurance activities

- Receive regular risk updates from the businesses
- Determine the nature and extent of the principal Group risks and assess the effectiveness of mitigating actions
- Annually review the effectiveness of risk management and internal control systems
- Approve the Group risk management policy

2. Group Executive Board

Responsibilities

- Strategic leadership of the Group's operations
- Ensure that the Group's risk management and other policies are implemented and embedded
- Monitor that appropriate actions are taken to manage strategic risks and key risks arising within the risk appetite of the Board
- Consider emerging risks in the context of the Group's strategic objectives
- Approve Group Policies
- Monthly/quarterly finance and performance reviews
- Group Risk Committee
- Monitor the application of risk appetite and the effectiveness of risk management processes. The Group Risk Committee and Board also consider the Group's overall risk appetite in the context of the negative impact that the Group can sustain before it risks the Group's continued ability to trade

Actions

- Review of risk management and assurance activities and processes

3. Subsidiary Executive Committees' Responsibilities

Responsibilities

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

Actions

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

4. Heads of the Group functions and operating companies

Responsibilities

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

Actions

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

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

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

Principal risks

The Directors have carried out a robust assessment of the principal risks facing the Company – including those that would threaten its business model, future performance, solvency or liquidity. Our consideration of the key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigations in place, is set out below. There may be other risks and uncertainties besides those listed below which may also adversely affect the Group and its performance. More detail can be found in the Audit Committee Report on pages 57 to 62.

In summary, our principal risks are:

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

	Risk	Description	Mitigation
1	Country/macro-economic risks, particularly the impacts of Brexit in the UK and/or a global economic downturn Change from 2017 Increase Strategic objective: Geographic diversification/ Financial strength	Global market conditions are currently volatile, with economic uncertainty in some sectors and markets, particularly the UK pending the outcomes of Brexit and Asia in the light of US/China tariffs. Group earnings and/or our financial condition could be adversely affected by these and other macro-economic uncertainties. Savills operates in a number of countries where the transactional business is the largest component and thereby increases the level of economic risk. There is a currency risk from operating in a large number of countries.	The strength of Savills business and brand and the focus on client service. Our strategy of diversifying our service offering and geographic spread mitigates the impact on the business of economic downturns and weak market conditions in specific geographies, but these factors cannot entirely mitigate the overall risk to earnings. To manage these risks, we continually focus on our cost base and seek to improve operational efficiencies. Contingency plans are in place to enable us to respond quickly to market information and economic trends. Continual monitoring of market conditions and market changes against our Group strategy, supported by the reforecasting and reporting in all of our businesses, are key to our ability to respond rapidly to changes in our operating environment. The actual impacts of Brexit remain unclear, but we are monitoring developments closely; Impact assessments covering a range of risks such as HR matters, purchases of goods from the EU, the imposition of withholding taxes by EU countries and VAT changes have been carried out and appropriate plans put in place where required. Certain changes may present business opportunities for Savills. Our exposure to countries with economies which are currently weak is balanced by our business in more stable markets. When considering new market entry we undertake due diligence including the impact assessment of political and economic issues in that particular country. We manage currency risk in local operations through natural hedging and matching revenue and costs in the same currency.
2	Achieving the right market positioning in response to the needs of our clients Change from 2017 No change Strategic objective: Business diversification/Strength in Residential and Commercial markets/Geographical diversification/Commitment to clients	The markets in which we operate are highly competitive. Competition could lead to a reduction in market share and/or a decline in revenue. Our focus is on retaining existing clients as well as engaging with new clients. Our service offering continuously evolves and improves to meet the changing needs of our clients.	To remain competitive in all markets, we continue to promote and differentiate our strengths whilst focusing on providing the quality of service that our clients require. We continue to invest in the development of client relationships globally and associated systems/digital technology to support our client service offering.
3	Recruitment and retention of high-calibre staff Change from 2017 No change Strategic objective: Financial strength/Commitment to clients	We recognise that the future success of our business is dependent on attracting, developing, motivating and retaining people of the highest quality.	We continue to invest in the development of our people and our training and development programmes across the businesses. Our partnership style culture and profit-sharing approach to remuneration is combined with selective use of share-based and other rewards to incentivise and retain our best people for the long-term benefit of the Group.
	Risk	Description	Mitigation
4	Reputational and brand risk Change from 2017 No change Strategic objective: Strength in Residential and Commercial markets/Commitment to clients	Savills is a strong brand with an excellent reputation in the markets in which we operate. The Group's reputation could be damaged as a result of negative media coverage. We recognise the need to maintain this reputation by ensuring the quality of the service we provide.	We recognise that our brand strength is vital to maintaining market share in established and new markets. A brand management programme is in place to ensure the brand's positioning and identity is clearly and consistently promoted. Our social media policy is supported by guidance and training as well as ongoing monitoring. All external statements have to be appropriately approved. We recognise that the quality of the service we offer is vital to maintaining the brand. We have in place policies, controls and processes to monitor the quality of our client service to support our programme of continuous improvement. The Group has well established corporate social responsibility programmes.

5	Legal risk Change from 2017 No change Strategic objective: Financial strength/Commitment to clients	Failure to fulfil our legal or contractual obligations to clients could subject the Group to action and/or claims from clients. The adverse outcome of such actions/claims could negatively impact our reputation, financial condition and/or the results of our businesses. For example: in accepting client engagements, Group companies may be subject to duty of care obligations. Failure to satisfy these obligations could result in claims being made against the relevant operating Company in our Property Management business, we may be responsible for appointing third party contractors that provide construction and engineering services. Failure to discharge these responsibilities in accordance with our obligations could result in claims being made against the operating companies in our valuation consultancy businesses, we can be subject to claims alleging the over-valuation of properties.	The Group has a range of policies in place including client acceptance, legal and regulatory compliance, procurement, contractor management and valuation. We have Best Practice groups, policies, procedures and training which are designed to deliver the relevant contractual obligations and thereby mitigate against the risk of such actions/claims being made and where such claims occur, to limit liability, particularly in relation to consultancy services such as valuations. Such policies are regularly reviewed. The Group maintains professional indemnity insurance to respond to and mitigate the Group's financial exposure to such claims. As described below, our strong emphasis on appropriate business conduct by all our employees, contractors and associates further mitigates this risk.
6	Failure or significant interruption to our IT systems causing disruption to client service Change from 2017 No change Strategic objective: Financial strength/Commitment to clients	Major failures in our IT systems may result in client service being interrupted or data being lost/corrupted causing damage to our reputation and consequential client and/or revenue loss. There is a risk that an attack on our infrastructure by a malicious individual or group could be successful and impact the availability of critical systems.	Specific back-up and resilience requirements are built into our systems. Our critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful attack. Our data centres are accredited to international information security standards. Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated. We are continuously reviewing our resilience to cyber security attacks due to the constant threat.

	Risk	Description	Mitigation
7	Business conduct Change from 2017 No change Strategic objective: Business diversification/Geographical diversification/Commitment to clients	We operate in international markets that may present business conduct-related risks involving, for example, fraud, bribery or corruption. Failure by the Group and its employees to observe the highest standards of integrity and conduct in dealing with clients, suppliers and other stakeholders could result in civil and/or criminal penalties, regulatory sanction, debarring and/or reputational damage.	We have programmes to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement. We have a zero tolerance approach to breaches of our Code of Conduct.
8	Changes in the regulatory environment Change from 2017 Increase Strategic objective: Commitment to clients	We are required to meet a broad range of regulatory compliance requirements in each of the markets in which we operate. For example: Some of our operations have regulatory licences In the UK, the Financial Conduct Authority ('FCA') regulates the conduct of Savills Capital Advisors and, both generally and in relation to the Alternative Investment Fund Managers Directive, Savills Investment Management, and the insurance intermediary services provided to clients by Savills UK; our businesses are regulated by The Royal Institution of Chartered Surveyors ('RICS') Savills Investment Management entities are variously regulated by the Bank of Italy, FCA in Japan, BaFin in Germany and CSSF in Luxembourg Various countries, corporate entities and individuals are subject to financial sanctions, which require continuous monitoring in response to global events. Failure to satisfy regulatory compliance requirements may result in fines being imposed, adverse publicity, brand/reputation damage and ultimately the withdrawal of regulatory approvals. We also have a number of key statutory obligations including the protection of the health, safety and welfare of our staff and others affected by our activities. Environmental reporting requirements place data-gathering responsibilities on our business in common with other listed companies. Our current priorities are on achieving readiness for the Senior Managers and Certification Regime.	Our Group Policy Framework, which sets out our standards for professional, regulatory, statutory compliance and business conduct, is reviewed regularly. To support this Framework each business has its own regulatory and statutory compliance resources who monitor regulatory developments and maintain the internal processes and controls required to fulfil our compliance obligations. Our compliance environment, at all levels, is subject to regular review by internal audit and external assurance providers.
9	Acquisition/integration risk Change from 2017 No change Strategic objective: Business diversification/Geographical diversification/Strength in Residential and Commercial markets/Financial strength	The structuring and integration of acquisitions is critical to realising the benefits sought. People, systems and processes are key components.	We apply the Group acquisitions policy and procedures and use professional advisers in the due diligence process, and allocate responsibility and accountability to individuals for integration. Post-acquisition reporting keeps the Board aware of progress against plan.

Viability Statement

The UK Corporate Governance Code (the 'Code') requires the Company to issue a viability statement stating whether the Board believes that the Group is able to continue to operate and meet its liabilities, taking into account its current position and principal risks. In accordance with the Code, the Directors have assessed the viability of the Company over a three year period to 31 December 2021, taking account of the Group's current position and prospects, the Group's strategic plan, and the Group's principal risks and the management of those risks, as detailed in the Strategic

Report on pages 4 to 39. This longer-term assessment supports the Board's statements on both viability. Additionally the Directors are satisfied that the adoption on going concern is appropriate as set out on page 56.

Period for Assessment

The Directors have concluded that the three-year period is appropriate for this assessment being consistent with the period covered by the Group's strategic plan and the cyclical nature of property markets.

In assessing viability the Directors considered a number of factors including the resilience of the Group, taking account of its current position and prospects, the Group's strategic plan, the principal risks and uncertainties facing the business and the Board's risk appetite as detailed in the Strategic Report on pages 4 to 39. The strategy and associated principal risks which underpin the Group's three-year plan, are reviewed by the Directors at least annually. The Directors also satisfied themselves that they have the evidence necessary to support the statement in terms of the effectiveness of the internal control environment in place to mitigate risk.

The assessment process and key assumptions

Sensitivity analysis was undertaken on the three year plan, including financing projections, to flex the financial forecasts under a variety of scenarios, which involve applying different assumptions to the underlying forecast both individually and in aggregate. These scenarios assess the potential impact from several macro-economic risks, including Brexit in the UK and 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 be able to withstand the impact of such scenarios over the period of the financial forecast.

Performance against the three year plan is monitored on an ongoing basis, including regular Board briefings provided by the Heads of the Principal Businesses on the progress made by those businesses. These reviews consider both the market opportunity and the associated risks. These risks are considered within the Board's risk appetite framework.

Confirmation of longer-term viability

Based on the assessment explained above and in accordance with the provisions of 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 2021.

The Directors also considered it appropriate to prepare the financial statements on the going concern basis as explained in Note 2.1 to the accounts.

Non financial information

Savills is committed to being a good corporate citizen in all aspects of its operations and activities. The Company, therefore, holds itself accountable for its social, environmental and economic impacts on the people and places where it does business. All of our businesses are required to comply with local legal standards as an absolute minimum.

We 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 aim to foster a positive approach towards corporate responsibility as an integral part of our day-to-day activities.

We focus on those key areas where we believe we can make a difference and our localised approach provides the flexibility required to have meaning and impact at a local level. At Savills, we learn through experience and we actively encourage our businesses to share their experiences and develop best practice to ensure that we continue to improve as an organisation.

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 new requirements.

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

Our Clients

Our clients expect us to consistently deliver the highest standards of client care through professional, motivated and high calibre people. Therefore, encouraging our people to create and nurture strong long-term relationships with our clients is fundamental to our client care strategy and we are committed to ensuring that our people have the right tools, training and motivation to deliver an exceptional and personal client experience which is tailored to our clients' requirements and needs. We do this by ensuring we have specialist teams who can deliver the best quality and timely advice throughout the property life-cycle, and who can at the same time work collaboratively within a client relationship team to ensure our clients also receive a joined up and consistent service.

To support greater collaboration among client relationship teams, we launched a new internal collaboration platform in 2018, allowing and encouraging Savills client teams to share information in an efficient manner across teams and borders. We are also continuing the implementation of our CRM platform in Europe. Our goal is to ensure greater visibility of client intelligence and increased collaboration among client relationship teams across the UK and EMEA regions.

As part of the client relationship management (CRM) programme, it is the responsibility of our dedicated client relationship leads to gain a deep understanding of our clients' businesses through regular dialogue and to share this knowledge with the wider client relationship teams. We also commission independent client reviews to better understand client satisfaction. This enables us to understand where we have met or exceeded expectations as well as areas in which we can do better. Ultimately this approach provides a complete insight into our clients' priorities so we can refine the Savills client experience through our approaches and make the appropriate skills, expertise and resources available. It also means we can better service our clients' needs and be more proactive in offering solutions which may involve other specialist teams in the business.

As we build upon our client relationship management programme we are committed to continually evolving and improving. A key area for 2018 and going forward is the focus on the next generation of client relationship leads, encouraging engagement with the fundamentals of CRM and the importance of developing their own long-term relationships.

Our People

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

Employee engagement

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

Developing talent

We firmly believe in the value of developing future talent from within the Group and we want people to grow their careers at Savills. We work hard to help nurture the entrepreneurs and leaders of the future.

We continue to invest significantly in the development of all our people, for whom we recognise that career development and progression is very important.

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

For example, in the UK, the format of our training varies from one-hour masterclasses, webinars, and video content, to two-day pitching courses and management and leadership workshops. We encourage and support all our staff to complete their CPD and all our internal courses/programmes have CPD points associated with them. All of this is supported by a dedicated training team, who offer individual career development advice and a dedicated page on the Company intranet which pulls together all the information our people need to plan their personal development. In order to manage individual development and ongoing learning, we have launched a Learning Management System (LMS) in the UK. The LMS is mobile compatible, allows individuals to track and manage their development, watch video podcasts and download course materials.

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

We have also extended our CPD programme across the US.

Our graduates are our future leaders.

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

We look for graduates with entrepreneurial flair and diverse skills.

In the UK

- In 2018 ranked 83 in the Times Top 100 Graduate Employers
- Ranked No.1 in Rate my Placement for our summer scheme programme.

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

In 2018, in Asia Pacific, we ran our first Inspire course, a two-year course for our next generation leaders of the business. The programme is split into four, three day workshops spread over the two year period. A key part of the programme is for the candidate spending time with the Asia Pacific Executive Committee to discuss strategic intent and present ideas for growth. Each candidate is assigned a lifetime mentor from within the business to help guide and support them through the programme and beyond.

Inclusion and Diversity

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

As an organisation committed to diversity in its workforce, we will continue to strengthen our policies, processes and practices to develop our diversity and inclusion plans within the Group's markets and geographies, in alignment with our corporate goals. We will continue to endeavour to improve the representation of women at Board and senior levels within the organisation and to sustain an inclusive culture in which all talent can thrive.

We believe that we have created a culture in which those skills, experience and perspectives are nurtured and encouraged. As an example of our commitment to diversity, in the UK we are focused on increasing the diversity of our business in order to reflect the needs of our clients and have achieved the RICS Equality Mark. We are fully engaged in a diversity programme 'Changing the Face of Property' which focuses on improving diversity across social and economic background, disability, LGBT, age and gender. We have also improved our maternity policy, introduced mentoring and coaching for women and held a number of events with clients and keynote speakers. In addition, we proactively review our promotions to ensure that the numbers going forward for promotion, by gender, are in line with

the make-up of the division. For the LGBT network, we have held a number of events, participated in the London Pride March and we are now listed on the Stonewall Diversity Index.

We believe that creating an inclusive and diverse culture supports the attraction and retention of talented people and supports effective performance. We respect our people for who they are, their knowledge, skills and experience as individuals and as valued members of the Savills team. We work together to bring out the best in each other and to sustain the strong working relationship ethic that has nurtured our 'can do' attitude. As at 31 December 2018 our total global workforce of 38,367 colleagues comprised 20,982 males and 17,385 females. Of these, 213 were senior executives (186 males, 27 females) comprising members of the Group Executive Board and Board members of the corporate entities whose financial information is incorporated in the Group's 2017 consolidated accounts in this Annual Report. During the year, the Company's Board of Directors comprised nine members – six males and three female.

The UK Government has introduced legislation that will require employers with 250 or more UK employees to disclose information on their gender pay gap. The gender pay picture for Savills UK, calculated in accordance with the published requirements has been published on the Savills UK's website. We are pleased to see that in 2018 our gender pay gap has reduced.

UK – Savills Diversity Group

Our Diversity Group in the UK is now in its fourth year. The objective is to highlight the diversity of our business and ensure that we are communicating clearly and effectively about our people and our clients. We are continuing with a number of significant activities for our Diversity group including the 'unconscious bias' training led by the UK Executive Committee, which is now part of all development programmes including Company induction. Wellbeing and mental health also continue to be key areas of focus.

Other established initiatives we continue to be involved in include:

Savills with schools

Our current graduates attend a local state secondary school to deliver presentations about careers in property. This highlights the variety of roles in real estate as well as opportunities for students to engage on an individual basis. We also launched a programme for our main city offices to partner with a local state school to provide a long-term partnership and offer work experience. We hope that this will lead to an increased awareness of property as a career and a potential source of future apprenticeship applicants.

Changing the Face of Property (CTFOP)

We continue to be a member of the CTFOP group, a collaboration of employers, governing bodies and education providers who work together to raise awareness of the industry, and drive equality. We attend the Skills London as well as a number of career fairs, and supported the Trailblazer Apprenticeship scheme with RICS. We also ran a number of internal diversity events for our Gender and LGBT groups. We also participated in the London Pride March with the rest of the CTFOP companies.

Careers in property

Savills Graduate team collate a guide to the real estate industry, looking at careers in the industry from governing bodies, educational institutions and employers to provide candidates with a comprehensive guide to joining the industry. This is currently shared with all UK university careers services in the UK. We also support the Property Needs You and Urban Plan campaigns in schools.

Apprenticeships

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

Culture

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.

We recognise our responsibility as a global corporate citizen and we are committed to doing the right thing in the right way and this is reflected in the Savills Code of Conduct. The Code, which underpins our social, ethical and environmental commitments, clearly sets out the standards of behaviour that we expect our employees to demonstrate and adhere to in their day to day working life at Savills. As an absolute minimum, our people policies comply with local legislation in the jurisdictions in which we operate. We fully support the principles of UN Global Compact, the UN Declaration of Human Rights and the International Labour Organization's (ILO) Core Conventions. Any breaches of our Code of Conduct may be reported in accordance with the Company's whistle-blowing procedure.

The Modern Slavery Act came into force in 2015. We believe the risk of slavery or human trafficking in the recruitment and engagement of our employees is low. To ensure it remains low, we have provided training on modern slavery for

our HR team and taken steps to make sure our staff and supply chain partners are aware of the Act and its requirements. Our current Modern Slavery and Human Trafficking Statement is available on the Savills website.

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

Environment

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

Across our global business Savills is committed to reducing the impact that our operations have on the natural environment and to minimising the risk of injury and ill health to staff and others who are affected by our businesses by providing safe and healthy working environments. This includes measuring and being accountable for our global environmental actions. By actively seeking to reduce our environmental impact, we are able to achieve increased operational efficiencies and savings, both internally and for our clients.

A practical example is our responsible approach to energy efficiency initiatives. Within the UK, we procure certified renewable (green tariff) energy where feasible and within our operational control. In addition, Savills has piloted shortening IT run times within some of our office space, the positive results of which are now being reviewed for possible roll-out as a wider initiative. Savills have commissioned several energy efficiency audits to be undertaken during the year ahead to further this agenda across selected properties which consume significant energy. Globally we also have a policy to consider the sustainability credentials of the space we let and aim to occupy energy efficient spaces, which support the health and wellbeing of our people where at all possible.

Our Hong Kong offices have undertaken several initiatives this year regarding their office waste and have been awarded the Wastewise Certificate Excellence Level Label; and received a bronze award from the environmental protection department for their recycling initiatives regarding Electrical and Electronic Equipment. The UK offices have also increased their average recycling levels and have set a new target of 70% recycling, for the offices where they have control of waste.

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 for the financial year to 31 December 2018.

Methodology

We report our GHG Emissions using the revised edition of the GHG Protocol Corporate Accounting and Reporting Standard. Our GHG emissions reporting boundary is based on the operational control approach. Reported Scope 1 emissions relate to emissions from business travel by company owned or leased vehicles and the combustion of fuels within our occupied offices. Scope 2 emissions are reported using both market-based and location-based methodologies and relate to electricity use in our occupied offices.

To coordinate the global collection of GHG emissions data, a network of Environmental Reporting Nominees (ERN) has been established, reporting to the Group Legal Director & Company Secretary. Specialist third party verified environmental reporting software has been adopted to manage data quality review and verification process.

This year we have continued our efforts to track and reduce our carbon impact. The 2018 data-set has benefited from an increase in our reporting coverage from our subsidiary offices by 8%, reporting for the first time from Indonesia, Luxembourg, Malaysia, Portugal, South Korea and our offices in Middle East. The data thus now covers 262 offices, compared to 242 locations in 2017.

During the last six years, our GHG emissions data coverage has increased significantly resulting in an increasingly accurate reflection of the GHG emissions associated with our operational activity. We have therefore made a decision to update our reporting baseline year from 2013 to 2016 to enable a more meaningful year-on-year comparison and to track our performance against a new 2016 companywide emissions target (see below).

Through the ERN network, reported greenhouse gas emissions have been collated using actual activity data wherever possible. In those instances where activity data was not found to be wholly reliable or readily available, we have calculated the relevant emissions by using a range of standard carbon accounting measures, including extrapolating data and use of comparator indicator based estimation (floor area). To allow easier comparison between reporting locations and year on year results, a standardised per capita intensity ratio has also been applied. This emissions

intensity ratio relates to Scope 1 and 2 location-based emissions per average number of full-time equivalent office-based employees. It is normalised to take into account office moves during the year.

Performance

Savills is confident in making continued steady reductions to our corporate environmental footprint in the coming years. To that end, the Group Executive Board, in October 2017, resolved to adopt a global objective of a 5% total global reduction target over a three year period, calculated against 2016 reported GHG emissions figures, normalised by utilising the Full Time Equivalent (FTE) year average employee numbers. Applying this performance indicator, the emissions intensity for 2018 is 17% lower than the equivalent during the baseline year. The year on year reduction between 2018 and 2017 was 10%.

Our total quantity of reported aggregate Scope 1 and 2 emissions increased by 4% in 2018, reflecting the greater overall data coverage and an increase in the number of office-based staff overall. Looked at separately, when comparing to 2017 our Scope 1 emissions for 2018 decreased by 13%, predominately due to changes in the management of our business operations and reduction in business travel by company owner or leased vehicles. However, Scope 2 emissions increased by 11%, mostly due to more offices reporting data during 2018. Our decision to switch all UK direct electricity supplies to certified renewable energy has resulted in a decrease in the UK market-based Scope 2 emissions figure by 876 tonnes CO₂e, yet this decrease has been outweighed to some extent as the residual emissions for other global regions, which were higher. The full impact of the UK switch to procure energy on a certified renewable tariff will be accounted for in 2019.

tCO₂e

	2018	% change vs 2016	2017	2016 baseline
Global GHG Emissions ¹				
Scope 1 (Direct)	2,162	-14%	2,479	2,518
Scope 2 (Indirect, location-based)	6,697	+4%	6,050	6,450
Total Scope 1 and 2 ³	8,858	-1%	8,530	8,968
Scope 2 (Indirect, market-based)	6,299	–	nr	nr
Office-based employees (FTE yr. av. adjusted)	9,970	+20%	8,621	8,342
GHG Intensity Ratio ²³⁴	0.89	-17%	0.99	1.08

MWh

	2018	% change vs 2016	2017	2016 baseline
Global Energy Use				
Total energy use	27,079	–	nr	nr

Notes

1. Emissions factors based on Defra/DECC Guidelines 2018 and other globally recognised methodologies.
2. Total Scope 1 and 2 emissions, divide by total full-time equivalent office-based employees year average.
3. Total Scope 1 and 2 emissions and GHG Intensity ratio calculated using location-based Scope 2 emissions.
4. The office-based employee year average calculation has been restated for 2016 and 2017.

Social Matters

Our offices and our people are actively involved in their communities through our support of charitable causes and other social and business organisations, including making financial, in kind and time contributions.

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

*The FTSE Group confirms that Savills plc has been independently assessed according to the FTSE4 Good criteria, and has satisfied the requirements to remain a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

Chairman's introduction

The Main Principles of the Code provide the framework for the reporting model which we have continued to use this year (our reporting format will change next year, when we will report in accordance with the 2018 UK Corporate Governance Code).

Our approach to:

- Leadership is set out on pages 49 to 52
- Effectiveness is described on pages 53 to 55
- Relations with shareholders are described on page 56
- Accountability is described on pages 56 to 62.

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 our broader stakeholder group. This includes encouraging open discussion and constructive challenge. We set out our governance framework in this report and explain how robust and effective corporate governance practices enable the Group to deliver its strategy and create long-term shareholder value. Further information on our strategy and business model can be found on pages 4 to 39.

We recognise fully that at the heart of every successful organisation is a strong and healthy culture supported by a robust governance structure. As custodian of Savills culture the Board demands openness and transparency to maintain an environment in which honesty, integrity and fairness are valued and practised by our people every day. The Board's behaviour and the values it demonstrates set the tone to guide our people's approach and ensure that we live by and demonstrate the right values which in turn enable our entrepreneurial approach coupled with prudent management to deliver long-term success for the Group and its stakeholders. Our Code of Conduct is readily accessible in all local languages to all staff to support their day to day decision making. We demand the highest professional standards from all of our people all of the time and we have a zero tolerance approach to breaches of the Code of Conduct.

Ensuring that we do the right thing in the right way requires the right leadership and it is a fundamental part of my role as Chairman to ensure that the Board has the right blend of skills and experience. As an international business, we benefit from our Non-Executive Directors' knowledge of and involvement with other businesses in Hong Kong and China, Europe and the US. All of the Non-Executive Directors are considered by the Board to be independent, including Charles McVeigh, notwithstanding his long service, meaning that at least half of the Board members throughout the year were independent Non-Executive Directors (excluding me, as Chairman). The details of their skills and experience are, along with those of the other Board members, set out on pages 42 and 45.

In accordance with the Code, all of the Directors, with the exception of Liz Hewitt and Charles McVeigh who have announced their intentions to retire from the Board at the conclusion of the 2019 AGM, will stand for re-election at the 2019 AGM on 8 May 2019. The Board also reviews Non-Executive Director independence on an annual basis and takes into account the individual's experience, their behaviour at Board meetings and their contribution to unbiased and independent debate. The Board considers that all of the Non-Executive Directors bring considerable management expertise and strong independent oversight.

The Board is committed to a culture that attracts and retains talented people to deliver outstanding performance and further enhance the success of the Group. The Board recognises the benefits of having diversity across all areas of the Group. We aim to be truly representative of all sections of society and for each employee to feel respected and able to give their best. The Company's policy on diversity applies across all levels of the Group and further details of the policy can be found in the Strategic Report on pages 4 to 39.

The Board is collectively responsible for the long-term success of the Group and how it is directed and controlled, so we test the Board effectiveness and performance annually through a formal evaluation. This year's evaluation was 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 2019 are set out on page 55. 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.

During the year, the Nomination & Governance Committee and the Board agreed that it would be appropriate to appoint additional Non-Executive Directors to further expand the range of skills, experience and knowledge available to the Board. I am pleased to report that, following an extensive search process supported by an independent specialist search firm (as set out in detail in the Nomination & Governance Committee Report on pages 53 to 55), on 1 October 2018 Stacey Cartwright and Florence Tondou-Mélique were appointed as additional independent Non-

Executive Directors. Both Stacey and Florence have extensive experience which will complement and further enhance the wide-ranging skills and experience of the Board and its Committees. Stacey will succeed Liz Hewitt as Chairman of the Audit Committee from the conclusion of the 2019 AGM.

The Board announced in September 2018 that Charles McVeigh, who has served on the Board since 2000, would retire at the conclusion on the Company's AGM in May 2019. I thank him for his enormous contribution to the Board over many years. Liz Hewitt, who has been on the Board since 2014, will also retire at the conclusion of the Company's AGM in May 2019. I would like to thank Liz for her considerable contribution to the Group and, in particular in Chairing the Audit Committee since 2015.

As announced in January 2018, Mark Ridley, formerly CEO of Savills UK and Europe, became an Executive Director on 1 May 2018 joining the Board initially as Deputy Group Chief Executive and then succeeding Jeremy Helsby upon the latter's retirement as Group Chief Executive

Officer effective 1 January 2019 after a 39 year career at Savills, 11 of them as Group Chief Executive. I would like to thank Jeremy for his enormous contribution to Savills over many years.

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 57 to 62 sets out in more detail the systems of risk management and internal control. Details of our principal risks and uncertainties can be found on pages 24 to 28.

The 2018 Remuneration Report (pages 66 to 84) provides a summary of the Policy approved by shareholders at the 2017 AGM and a detailed review of the Remuneration Committee's activities, and bonus and share scheme performance, in 2018.

We believe that engaging with our shareholders and encouraging an open, meaningful dialogue between shareholders and the Company is vital to ensuring mutual understanding. We are in regular contact with our major shareholders and potential shareholders through a regular, scheduled programme of meetings as part of our continuing commitment to this open and transparent dialogue. You can read more about shareholder engagement on page 56 and in the meantime, my fellow Directors and I look forward to continued dialogue and meeting with shareholders at our AGM in May when I will be happy to answer any further questions.

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

Nicholas Ferguson CBE
Chairman of Savills plc
13 March 2019

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 was 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. He is 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



Mark Ridley

Group Chief Executive (with effect from 1 January 2019)

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

Appointment to the Board

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

Background and relevant experience

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

Other appointments

None.

Committee Membership

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.

Charles McVeigh

Independent Non-Executive Director

Appointment to the Board

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

Background and relevant experience

Formerly, he was Co-Chairman of Citigroup's European Investment Bank and served on the Boards of Witan Investment Company plc, Clearstream, the London Stock Exchange, LIFFE, British American Business Inc., and Rubicon Fund Management and was a member of both the Development Board and Advisory Council of the Prince's Trust, he was also a Non-Executive Director of Petropavlovsk plc until mid 2015 and is a former Board member of EFG-Hermes. He was appointed by the Bank of England to serve on the City Capital Markets Committee and the Legal Risk Review Committee and was a member of the Fulbright Commission.

Other appointments

A Senior Advisor to the private bank of Citigroup, Charles is also a Trustee of the Landmark Trust.

Committee Membership

None.

Jeremy Helsby

Group Chief Executive (to 31 December 2018)

Tim Freshwater

Independent Non-Executive Director

Senior Independent Director

Appointment to the Board

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

Background and relevant experience

Tim is a Director of Goldman Sachs Asia Bank Limited and was formerly Chairman of Corporate Finance for Goldman Sachs (Asia). Before joining Goldman Sachs, Tim worked at Jardine Fleming, becoming Group Chairman in 1999, and was a partner at Slaughter and May from 1975 to 1996. Tim has been resident in Hong Kong for over 30 of the last 40 years.

Other appointments

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

Committee Membership

Liz Hewitt

Independent Non-Executive Director and Chair of the Audit Committee

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Non-Executive Director of Melrose Industries PLC and Novo Nordisk A/S. External member of the House of Lords Commission.

Committee Membership

Rupert Robson

Independent Non-Executive Director and Chair of the Remuneration Committee

Appointment to the Board

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

Background and relevant experience

Rupert has held a number of senior roles in financial institutions, most recently Chairman of Charles Taylor plc and EMF Capital Partners and Non-Executive Director of London Metal Exchange Holdings Limited, Tenet Group Limited and OJSC Nomos Bank. Prior to that he was Global Head, Financial Institutions Group, Corporate Investment Banking and Markets at HSBC and Head of European Insurance, Investment Banking at Citigroup Global Markets.

Other appointments

Chairman of TP ICAP plc and Sanne Group plc.

Committee Membership

Stacey Cartwright

Independent Non-Executive Director

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 Executive Vice President and CFO of Burberry Group plc. She previously served as CFO of Egg plc and spent her early career in a number of finance roles at Granada Group PLC. She was a Non-Executive Director at GlaxoSmithKline PLC from 2011 to 2016. She qualified as a Chartered Accountant with Price Waterhouse.

Other appointments

Senior Independent Non-Executive Director of the English Football Association.

Committee Membership

Florence Tondu-Mélique

Independent Non-Executive Director

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Non-Executive Director of the French-American Foundation.

Committee Membership

Group Executive Board

Mark Ridley

Group Chief Executive (effective 1 January 2019)
Deputy Group Chief Executive (from 1 May 2018 to 31 December 2018)

Simon Shaw

Group Chief Financial Officer

James Sparrow

Chief Executive Officer UK & EMEA

Appointment to the Group Executive Board

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

Background and relevant experience

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

Chris Lee

Group Legal Director and 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 ultimate responsibility for legal, regulatory 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.

Other appointments

None.

Raymond Lee

Chief Executive Hong Kong, Macau and Greater China

Appointment to the Group Executive Board

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

Background and relevant experience

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

Other appointments

None.

Simon Hope

Global Head of Capital Markets

Appointment to the Group Executive Board

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

Background and relevant experience

He joined Savills in September 1986 and he is Head of our Global Capital Markets business. He is also a member of the Board of the Charities Property Fund, Chairman of Tilstone LLP, co-founder and non-executive of the Warehouse REIT, Chair of Racing Homes and Trustee of Racing Welfare.

Mitchell Steir

Chairman and CEO – Savills North America

Appointment to the Group Executive Board

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

Background and relevant experience

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

Other appointments

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

Mitchell Rudin

(alternate to Mitchell Steir) President – Savills North America

Appointment to the Group Executive Board

Mitch was appointed as an alternate to Mitch Steir on the Group Executive Board with effect from 1 January 2019.

Background and relevant experience

He joined Savills Studley, Inc. in October 2018 and became president with effect from 1 January 2019.

Other appointments

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

Christian Mancini

Chief Executive Officer Asia Pacific (ex-Greater China)

Appointment to the Group Executive Board

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

Background and relevant experience

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

Other appointments

None.

Compliance with the 2016 UK Corporate Governance Code

The UK Corporate Governance Code 2016 (the 'Code' is the standard against which we measured ourselves in 2018. A copy of the Code is available from the Financial Reporting Council's website at www.frc.org.uk. We are pleased to confirm that we complied with all of the provisions set out in the Code for the period under review. Further information about how the Board complies with the Main Principles can be found below and is also set out on pages 63 to 65 of this Annual Report.

Leadership

Explains the governance framework and the roles of the Board and its Directors.

- The Group's current corporate governance structure
- The role of the Board and its Committees
- How the Board operates
- Board activities during the year

Effectiveness

Sets out the key processes which ensure that the Board and its Committees can operate effectively.

- The Board's composition and independence
- Board induction and development
- Board and Committee performance evaluation
- Nomination & Governance Committee report

Accountability

Explains the role of the Board and the Audit Committee in ensuring the integrity of the financial statements and maintaining effective systems of internal controls.

- Internal controls and risk management
- Going concern
- Dialogue with Shareholders
- Audit Committee report

Relations with Shareholders

Provides an overview of activities undertaken to maintain an open dialogue with shareholders.

Remuneration

Describes the Company's remuneration arrangements in respect of its Directors, and how these have been implemented in 2018.

- Statement by Remuneration Committee Chair
- Remuneration Committee report

Leadership

Our governance framework

Board (Chairman, two Executive Directors and (with effect from 1 October 2018) six Non-Executive Directors). Mark Ridley was a third Executive Director from 1 May 2018.			
- Has primary responsibility for providing entrepreneurial leadership - Oversees the overall strategic development of the Group - Sets the Group's values and standards - Ensures that the Group's businesses act ethically and that obligations to Shareholders are understood and met - Delegates the management of the day-to-day operation of the business to the Group Chief Executive, supported by the Group Executive Board subject to appropriate risk parameters		Matters reserved to the Board The Board has adopted a formal schedule of matters specifically reserved to it for decision-making. A full schedule of matters reserved for the Board's decision along with the Terms of Reference of the Board's principal Committees can be found on the Company's website at http://ir.savills.com/company-information/corporate-governance	
Audit Committee - Responsible for assisting the Board in fulfilling its financial and risk responsibilities, and in particular for ensuring that the financial statements are fair, balanced and understandable - Oversees financial reporting, internal control, risk management and reviews the work of the Internal and External Auditors - Advises the Board on the appointment of the External Auditors Chair: Liz Hewitt Number of meetings in the year: 4	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 with effect from 1 January 2019, Group Executive Board members Chair: Rupert Robson Number of meeting in the year: 4	Nomination & Governance Committee - Responsible for size, structure and composition of the Board - Reviewing and progressing appointments to the Board - Responsible for succession planning to ensure that the Board is refreshed progressively such that the balance of skills and experience available to the Board remains appropriate to the needs of the business - Makes recommendations to the Board on the membership of the principal Committees of the Board - Monitoring of the Company's compliance with applicable codes and other requirements of Corporate Governance Chair: Nicholas Ferguson Number of meetings in the year: 2	Group Chief Executive - Responsible for the day-to-day management of the Group Group Executive Board - Key executive management committee of the Group - Responsible for the day-to-day management of the Group - Oversees the development and implementation of strategy, capital expenditure, and investment budgets, for the ongoing review and control of Group risks, reporting on these areas to the Board for approval - Implements Group policy - Monitors financial and operational performance of the Group and other specific matters delegated to it by the Board Chair: Group Chief Executive Composition: Group Chief Financial Officer, the Heads of the Principal Businesses, the Global Head of Capital Markets and the Group Legal Director & Company Secretary
CR Steering Group		Executive Committees	
		Group Risk Committee	

• Co-ordinates Corporate Responsibility ('CR') activity to deliver Savills agreed goals • Oversees Savills CR Strategy for the Group globally and recommending changes to it when appropriate • Monitors Group-wide CR progress and performance and identifying to the Group Executive Board areas where action needs to be taken • Ensures that key CR responsibilities and achievements are communicated to all staff globally and externally to interested parties • Gathers and records information about all existing CR programmes and initiatives taking place within the Group • Helps to determine indicators and measures that will be used to ascertain performance against prioritised CR impact areas • Helps to identify on any external indices, initiatives, codes and standards for Savills to use or adopt to help validate CR performance ◦ Responsible for overseeing preparation of the non financial information section of the Annual Report	• Lead each Principal Business • Responsible for the day-to- day management of the relevant Principal Business • Oversees the development and implementation of strategy, capital expenditure, and investment budgets for the ongoing review and control of Group risks, reporting on these areas to the Group Executive Board and, as necessary, the Board for approval • Implements Group policy ◦ Monitors financial and operational performance of the relevant Principal Business and other specific matters delegated to it by the Group Executive Board	• 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
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Attendance at Board and Committee meetings

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

	Board meetings attended	Meetings eligible to attend	Audit Committee meetings attended	Meetings eligible to attend	Nomination & Governance Committee meetings attended	Meetings eligible to attend	Remuneration Committee meetings attended	Meetings eligible to attend
Non-Executive Directors								
Nicholas Ferguson ¹	7 ¹	8	— ²	— ²	2	2	— ³	— ³
Stacey Cartwright (appointed 1 October 2018)	3	3	1	1	0	0	1	1
Tim Freshwater	8	8	4	4	2	2	4	4
Liz Hewitt	7	8	4	4	2	2	3	4
Rupert Robson	8	8	4	4	2	2	4	4
Charles McVeigh	7	8	—	—	—	—	—	—
Florence Tondou-Mélique (appointed 1 October 2018)	3	3	1	1	0	0	1	1
Executive Directors								
Jeremy Helsby ⁴ (retired 31 December 2018)	7	8	— ⁵	— ⁵	2	2		
Simon Shaw ⁴	8	8	— ⁶	— ⁶				
Mark Ridley ⁴ (appointed Deputy Group Chief Executive 1 May 2018)	6	6	— ⁷	— ⁷				

1. For one Board meeting, the Chairman was absent attending a close family funeral.
2. The Chairman attended two Audit Committee meetings by invitation.
3. The Chairman attended three Remuneration Committee meetings by invitation.
4. Members of the Group Executive Board.
5. The Group Chief Executive attended three Audit Committee meetings by invitation.
6. The Group Chief Financial Officer attended four Audit Committee meetings by invitation.
7. The Deputy Group Chief Executive attended one Audit Committee meetings by invitation.

Division of Responsibilities

The roles of Chairman and Group Chief Executive are distinct and separate and their roles and responsibilities are clearly established. The Chairman leads the Board and has particular responsibility for the effectiveness of the Group's governance. In promoting a culture of openness he ensures the effective engagement and contribution of all Executive and Non-Executive Directors. To help ensure a proper dialogue with all Directors, the Chairman meets periodically with the Directors individually and the Non-Executive Directors as a group (and without the Executive Directors).

The Group Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated by the Board. There are a number of areas where the Board has delegated specific responsibility to management, including responsibility for the operational management of the Group's businesses as well as reviewing strategic issues and risk matters in advance of these being considered by the Board and/or its Committees.

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

The Board considers that throughout the year the Company was in full compliance with the Code.

Time commitment and conflicts

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

The Companies Act 2006 places a duty on each Director to avoid a situation in which he or she has or can have a direct or indirect interest which conflicts or may conflict with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the other Directors in accordance with the Company's Articles of Association. The Board has adopted a set of guiding principles on managing conflicts and approved a process for identifying current and future actual and potential conflicts of interest. The Board, or the Nomination & Governance Committee on its behalf, reviews actual and situational conflicts of interest at least annually and as necessary if and when a new potential situational conflict is identified or a potential conflict situation materialises. During 2018, the actual and situational conflicts of interest that were identified by each Director were subsequently authorised by the Board, subject to appropriate conditions in accordance with the guiding principles. Procedures adopted to deal with conflicts of interest continue to operate effectively and the Board's authorisation powers continue to be exercised properly in accordance with the Company's Articles of Association.

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 2018 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.

Board Activity

Meetings

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

Regular attendance at Board meetings by the Heads of Principal Businesses on matters of significance ensure that the Board has the opportunity to discuss business risks and opportunities with leaders from across the Group. The Group Legal Director & Company Secretary provides the Board with updates and reports covering legal developments and regulatory changes. The Chairman, together with the Group Legal Director & Company Secretary, ensures that the Directors receive management information, including financial, operating and strategic reports, in advance of Board meetings.

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

What the Board did this year

The Board has formally adopted a schedule of matters reserved to it for decision. A full schedule of matters reserved for the Board's decision along with the Terms of Reference of the Board's principal Committees can be found on the Company's website at <http://ir.savills.com/company-information/corporate-governance>

In 2018, the Board additionally undertook evaluations of a number of acquisitions including Cluttons Middle East, Currell Group Limited and the third party property management business of Broadgate Estates, as well as taking of an initial 25% equity stake in DRC Capital LLP (with the option to increase this interest to 100% in 2021), growth plans across the Group, the planned expansion of the Group's Indian business into a full service platform, reviewed the Group's funding facilities and agreed a new long-term fixed rate £150m borrowing facility, whilst maintaining an overview of regulatory and compliance developments globally. One of the Board's meetings during the year was specifically devoted to the review of the Group's strategy and reconfirmation of this in the light of Mark Ridley's vision for the Group's future growth and development. A further Board meeting was held at the offices of the Group's Spanish business, which provided Board members with the opportunity to meet with senior individuals from the Spanish business to review the successful integration of Savills Spain and the Aguirre Newman business acquired in December 2017 and the future growth strategy for the combined business.

The key areas of Board activity during the year are set out below:

Leadership and people	Oversaw the implementation of the Group CEO succession plan, and the implementation of consequential senior management changes in the UK and Europe Oversaw the change of leadership in Savills Investment Management Reviewed the composition and performance of the Board and its Committees
Strategy	Reconfirmed the Group's strategy, in the light of Mark Ridley's vision for the Group's future growth and development Reviewed the Group's target delivery and achievement of goals Considered and approved significant acquisitions completed during the year, including the acquisitions of Cluttons Middle East, an initial 25% interest in DRC Capital LLP,

	Currell Group Limited and the third party property management business of Broadgate Estates Reviewed the progress made in implementing Group's Technology Strategy, including cyber strategy, and approved investments in two technology start-ups (one in Singapore and one in the UK) which are focussed on developing software which would enhance the Group's client offering Considered and approved the Group's Going Concern and Viability Statements
Internal control and risk management	Reviewed and confirmed the principal risks facing the Group which are described in detail on pages 24 to 28 Reviewed the Group's risk register and the effectiveness of the systems of internal control and risk management Received updates on the risk and internal control environments within the Group's Asia Pacific, European and UK and Investment Management businesses
Governance	Noted developments in legal and regulatory matters globally, and the revisions to the Group's established processes to reflect such developments, in particular the introduction GDPR across Europe Oversaw the performance of the Board and its principal Committees and that of individual Directors to ensure that they continued to be effective in support of Group strategy, policy and practice
Financial performance	Reviewed business performance, profit delivery and cash management performance, and in each case, assessed performance in these areas against the Group's strategy, objectives, business plans and budgets to ensure that the financial resources generated by the Group's businesses were applied to the creation of additional value, costs were controlled and that resources can be made available at the appropriate time to realise business opportunities Approved annual and half year results and trading updates, and accounting policies so as to ensure that communication with the Group's Shareholders is fair, balanced and understandable; and, subject to shareholder approval, the appointment and the remuneration of the External Auditors Considered the Group's capital structure, financing and funding, and secured a new £150m fixed interest rate borrowing facility, Considered and approved the dividend policy and interim and supplemental dividends and recommended final dividends appropriate to the Group's financial position and reflect the performance and prospects of the Group and give the Group the ability to continue to attract inward investment

Effectiveness

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.

Committee Members	Key Objectives	Key Responsibilities
Nicholas Ferguson (Chair*) Stacey Cartwright Tim Freshwater Liz Hewitt Rupert Robson Florence Tondou-Mélique Jeremy Helsby (Executive Director) (retired effective 31 December 2018) Mark Ridley (Executive Director) (with effect from 1 May 2018). * save in circumstances where the Chairman's succession is considered.	The primary objectives of the Committee are: - to review the size and composition of the Board and its key Committees and to plan for the Board's progressive refreshing, with regard to balance and structure - to monitor of the Company's compliance with applicable codes and other requirements of Corporate Governance including the new 2018 Corporate Governance Code	- responsible for size, structure and composition of the Board - reviewing and progressing appointments to the Board - responsible for succession planning to ensure that the Board is refreshed progressively such that the balance of skills and experience available to the Board remains appropriate to the needs of the business - makes recommendations to the Board on the membership of the principal Committees of the Board - 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 www.savills.com .

Changes to the Board and Committees

During the year to 31 December 2018 and since the year end, there were the following changes to the Board:

- Mark Ridley joined the Board as Deputy Group Chief Executive on 1 May 2018, and was appointed Group Chief Executive Officer on 1 January 2019
- Jeremy Helsby retired from the Board as Group Chief Executive Officer on 31 December 2018
- Stacey Cartwright was appointed Non-Executive Director and Member of the Audit, Remuneration and Nomination & Governance Committees on 1 October 2018
- Florence Tondou-Mélique was appointed Non-Executive Director and Member of the Audit, Remuneration and Nomination & Governance Committees on 1 October 2018
- Liz Hewitt and Charles McVeigh will retire from the Board at the conclusion of the 2019 AGM.

Assessment of the Independence of Non-Executive Directors

The Chairman is committed to ensuring the Board comprises a majority of independent Non-Executive Directors who objectively challenge management, balanced against the need to ensure continuity in the Board. On an annual basis, the Board reviews the independence of its Non-Executive Directors, particularly those with long service. The Non-Executive Directors are responsible for bringing independent and objective judgement and scrutiny to matters before the Board and its Committees. The Board considers that all of the Non-Executive Directors bring considerable expertise, strong independent oversight and are Independent Non-Executive Directors, being independent of management and having no business or other relationship which could interfere materially with the exercise of their judgement. In particular, notwithstanding his long service on the Board, the Board continues to consider that Charles McVeigh remains entirely independent in character and judgement. His experience provides valuable insight, knowledge and continuity.

Committee meetings

The Committee met twice during 2018 and each meeting had full attendance. Members of the Committee also attend the Company's AGM at which there is an opportunity to meet with Shareholders. Any other Director, the Group Legal Director & Company Secretary or an external advisor may be invited by the Committee to attend the meetings from time to time, as appropriate.

Board composition and balance

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.

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

The Committee's Agenda this year

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:

- oversaw Mark Ridley's succession as Group CEO effective 1 January 2019
- 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 the proposed reappointment of the Non-Executive Directors, before making a recommendation to the Board that each Non-Executive be proposed to shareholders for re-election at the 2019 AGM
- considered and authorised the Directors' actual and potential conflict of interests
- led the process which led to the appointments of Stacey Cartwright and Florence Tondou-Mélèque to the Board
- monitored progress in the search for a new CEO of Savills Investment Management

In consultation with the Chairmen of the Board Committees, the Nomination & Governance 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.

Recruitment of two new NEDs

The Board recognises the benefit of progressively refreshing its membership and therefore commenced the search for two additional independent Non-Executive Directors in 2018. The Committee led the process which led to the appointments of Stacey Cartwright and Florence Tondou-Mélèque to the Board. In this search the Board was conscious of its objective of further strengthening diversity at Board level. The Committee assessed the balance of skills, knowledge, independence, experience and diversity of the Board and, in view of this assessment, a description of the role and competencies needed was agreed, with a view to appointing the best qualified individuals for the role. Odgers Berndtson was selected to lead the search due to its specialist knowledge of recruiting at Board level. Odgers Berndtson has no other connection with the Group and is a signatory to the Voluntary Code of Conduct of Executive Search Firms.

Odgers Berndtson provided a long list of potential candidates and first stage interviews were led by the Chair of the Committee. In making the recommendation to the Board on the proposed appointments, the Nomination & Governance Committee specifically considered the expected time commitment of the proposed Non-Executive Directors and other commitments they already had. A final shortlist of candidates was selected for final stage interviews with the Committee members, including the Group CEO and Deputy Group CEO. The Committee was unanimous in their recommendation to the Board that Stacey Cartwright and Florence Tondou-Mélèque be appointed as additional independent Non-Executive Directors, and was delighted to welcome Stacey and Florence to the Board on 1 October 2018.

Details of the different stages of the appointment process that the Committee followed in relation to the appointment process of Stacey Cartwright and Florence Tondou-Mélèque as below:

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

Stacey Cartwright's biography
See page 45

Florence Tondou-Mélèque's biography
See page 45

Savills Investment Management CEO recruitment

During 2018, the Committee confirmed the process to identify and appoint a new Group Chief Executive Officer of Savills Investment Management. This process included internal and external candidates. Korn Ferry was selected as executive search providers. Korn Ferry has no other connection with the Group and is a signatory to the Voluntary Code of Conduct of Executive Search Firms.

Succession planning

We recognise the importance of planning for the future and of having succession plans in place which introduce new skills and perspectives to the Board and which complement the experience of the existing Board members. The Committee 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. 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 42 and 45.

Diversity Policy

We continue to make good progress in terms of diversity. We have noted the recommendation in the Hampton Alexander Review published in 2016 that a target of 33% female Board representation be achieved by FTSE 350 companies by 2020, and also the recommendations of the Parker Review Committee published in October 2017 relating to ethnic diversity on Boards.

We fully agree with the spirit and aspirations of the Davies Report to increase the number of women on company Boards. All appointments to the Board are made on merit and within this context, whilst having regard to the recommendations of the Davies Report and the Parker Review Committee, the Board continues to view diversity in the widest sense, with a view to appointing the best-placed individual for the role. Appointing the best people to the Board is critical to the success of the Company and our focus remains on attracting the right talent and skills irrespective of gender or diversity. The additions of Stacey Cartwright and Florence Tondou-Mélique to the Board has increased the percentage of women on the Board to 33%. Diversity is more than just gender based and the Board will continue to focus on this important issue in the wider context.

Board Evaluation

In accordance with the provisions of the Code, we conduct an external independent evaluation of the effectiveness and performance of the Board and its principal Committees at least every three years. This year the annual evaluation was carried out internally, led by the Senior Independent Director supported by the Legal Director and Company Secretary. Next year the Board will again engage an independent external facilitator to undertake the evaluation.

The evaluation carried out this year involved every 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 feedback obtained was collated into a report which was discussed fully by the Board.

The evaluation showed that the Board and its Committees continue to operate effectively without any significant areas of concern. However, a number of recommendations arising from the suggestions and comments of Directors were agreed to improve further the effectiveness and efficiency of the Board process. These included the key skill sets appropriate to potential new Directors and further improving interaction between Directors and management.

Board Induction and development

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

Access to Appropriate Information

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.

Governance

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

Nicholas Ferguson CBE

Chairman of the Nomination & Governance Committee
13 March 2019

Accountability

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

The principal risks and uncertainties faced by the Group and the associated mitigating actions for these are set out on pages 24 to 28.

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 risks and uncertainties set out on pages 24 to 28, 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.

Going concern

The Group's business activities, together with the factors considered likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 39. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on page 23. In addition, Note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources, including a £360m committed revolving credit facility that extends to December 2020. The Group has a broad geographic presence, service offering and extensive client spread ensuring that the Group is not over-dependent on one geography, service line or client. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

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

Dialogue with Shareholders

In accordance with the Code, the Board recognises the importance of clear communication and proactive engagement with our Shareholders. The Group Chief Executive and Group Chief Financial Officer have primary responsibility for investor relations and lead a regular programme of meetings and presentations with analysts and investors. This includes presentations following the publication of the Company's full and half year results. This programme maintains a continuous two-way dialogue between the Company and Shareholders, and helps to ensure that the Board is aware of Shareholders' views on a timely basis. The full Board is kept informed of any issues raised at these meetings and the views of Shareholder on a regular basis to ensure that they understand the views of Shareholders. The Board also normally receives feedback twice each year from its corporate brokers on investors' and the market's perceptions of the Company. The Chairman and Tim Freshwater as the Senior Independent Director are also available to meet Shareholders if so required.

The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the whole Board is available before the meeting, in particular, for shareholders to meet new Directors. The Chairman of each of the Audit, Nomination & Governance and Remuneration Committees is available at the Annual General Meeting to answer questions. Directors are available before and during the meeting to answer questions from Shareholders and to meet Directors following the conclusion of the formal part of the meeting. The level and manner of voting of proxies lodged on each resolution at the AGM is declared at the meeting and published on the Company's website. The notice of the AGM is sent out at least 20 working days before the meeting and at least 1 working days notice is given before other general meetings.

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

Details of the resolutions to be proposed at the Annual General Meeting on 8 May 2019 can be found in the Notice of Meeting which accompanies this Report and Accounts. The Group's website includes a specific investor relations section containing all RNS announcements, share price information and annual reports available for download. The Company has taken advantage of the provisions within the Companies Act 2006 which allow communications with Shareholders to be made electronically where Shareholders have not requested hard copy documentation. Details of the information available to Shareholders can be found on page 172.

Audit Committee report

“As Chair of the Audit Committee (the ‘Committee’), I am pleased to present the Audit Committee’s report for the financial year ended 31 December 2018.”

The aim of this report is to explain the work undertaken by the Committee during the year and how it has met the disclosure requirements as set out in the 2016 Corporate Governance Code (the ‘Code’). The key matters considered in the year are set out on pages 59 and 60. The report provides an overview of the significant issues that the Audit Committee assessed and details the Committee’s major considerations and activities during the 2018 financial year in ensuring that the Company’s governance processes remain appropriate, robust, of a high standard and are rigorously applied.

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

In 2018, the Committee focused on the effectiveness of the Group’s internal controls and reviewed the principal risks, to ensure the alignment of these with the Company’s strategic objectives. It monitored the effectiveness of the control environment through the review of reports from Internal Audit, management and the External Auditor and ensured the quality of the Company’s financial reporting by reviewing the 2018 Half Year Financial Statements and 2018 Report and Accounts. The Committee considered, with management and the External Auditor, the adoption of the new accounting standards IFRS 9 ‘Financial Statements’, IFRS 15 ‘Revenue from contracts with customers’ (effective for the 2018 financial year) and IFRS 16 ‘Leases’ in relation to its expected impact in future (effective for 2019 financial year) and approved the disclosures of these accounting policies and practices in the notes to the Financial Statements.

The Committee also considered the processes supporting the assessment of the Group’s longer-term solvency and liquidity in support of the viability statement. Looking ahead, the Committee will continue to monitor changes in regulation and continue to focus on the audit, assurance and risk processes within the Principal Businesses. The Committee considered its compliance with the Code and the FRC Guidance on Audit Committees. The Committee believes that it has addressed both the spirit and the requirements of both.

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

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

I will be retiring from the Board and Chair of the Audit Committee at the next AGM on 8 May 2019. I would like to thank my fellow Audit Committee members for their support during my time chairing the Committee. I am delighted to confirm that Stacey Cartwright, who was appointed to the Board on 1 October 2018, will, subject to her re-election by Shareholders at the next AGM, be appointed Audit Committee Chair with effect from 8 May 2019.

The Committee noted the unqualified opinion from the External Auditor on the 2018 Annual Report.

Liz Hewitt
Chair of the Audit Committee

Role of the Committee

The Committee is authorised to investigate any matter within its Terms of Reference (a copy of which can be found in the governance section of the Company's website at <http://ir.savills.com/company-information/corporate-governance>). The Terms of Reference were reviewed and updated in June 2017.

The Committee has access to the services of the Group Legal Director & Company Secretary and, where necessary, the authority to obtain external legal or other independent professional advice to fulfil its duties.

The Committee's key role is to assist the Board in discharging its duties and responsibilities for financial reporting, internal control, the effectiveness of the risk management process and in making recommendations to the Board on the appointment of the External Auditor.

The Committee is responsible for the scope and results of the External Audit work, its cost effectiveness and for ensuring the independence and objectivity of the External Auditor.

The Committee is also responsible for reviewing the Group's whistle-blowing arrangements as they relate to matters of financial integrity, including ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of alleged financial improprieties and for ensuring that appropriate follow-up actions are taken.

Composition

The Committee is a fundamental element of the Company's governance framework. The Committee is chaired by Liz Hewitt. Five Independent Non-Executive Directors, Liz Hewitt, Tim Freshwater Rupert Robson, Stacey Cartwright and Florence Tondou-Mélique are members of the Committee.

Members of the Committee are appointed by the Board following recommendations by the Nomination & Governance Committee and membership is reviewed annually by the Nomination & Governance Committee as part of the annual Board performance evaluation. Stacey Cartwright and Florence Tondou-Mélique were appointed as members of the Committee on 1 October 2018.

As at 31 December 2018 and up to the date of this report, the Committee comprised entirely Independent Non-Executive Directors. The Committee members collectively have a broad range of financial and commercial experiences that enables them to provide oversight of both financial and risk matters, and to advise the Board accordingly.

The Board considers that Liz Hewitt, as Chair of the Committee, possesses recent and relevant financial experience and that all Committee members have relevant financial experience as required by the Code. Biographical details of the Committee members are shown on pages 42 and 45.

The Company provides an induction programme for new Committee members 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 and internal controls, risk management, and Internal Audit and External Audit roles and responsibilities.

Engagement

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

In addition to its members, a standing invitation has been extended by the Committee to the Non-Executive Chairman and Group Chief Executive Officer to attend the Committee's meetings. The Group Chief Financial Officer, Group Financial Controller, Group Director of Risk & Assurance, 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 attends the AGM to respond to shareholder questions on its activities.

The Committee met four times during the year and reports to the Board after each Committee meeting. Attendance at meetings during 2018 is shown in the table below:

Committee member	Member since	Meetings attended	Meetings eligible to attend	% of eligible meetings attended
Liz Hewitt	June 2014	4	4	100%

Tim Freshwater	January 2012	4	4	100%
Rupert Robson	June 2015	4	4	100%
Stacey Cartwright	October 2018	1	1	100%
Florence Tondou-Mélique	October 2018	1	1	100%

Activities of the Committee

To enable the Committee to carry out its duties and responsibilities effectively it works to a structured programme of activities and meetings aligned with the annual financial reporting cycle. This includes items that the Committee considers regularly in accordance with its Terms of Reference. In addition to its core work, the Committee undertakes additional work in response to the evolving audit and external reporting landscape.

The Committee relies on information and support from management across the business, receiving reports and presentations from business management, the Heads of Key Group functions, Internal Audit and the External Auditor, which it challenges as appropriate. Following each meeting, the Chair of the Committee reports on the main discussion points and any actions arising from these to the Board.

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

	Monitored and reviewed the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk management arrangements				X
	Met with the Group Director of Risk & Assurance privately to discuss his remit and any concerns				X
Internal Controls and Risk Management Systems	Reviewed the effectiveness of the Group's risk management system and internal controls in place to manage the Group's principal risks	X			
	Reviewed and considered the Group's risk register		X		X
	Reviewed risk management arrangements for the Group's regional businesses by receiving presentations from the Chief Operating/Financial Officers of the Principal Businesses		X		X
	Reviewed the Committee's own performance, composition and Terms of Reference, and recommended any changes the Committee considers necessary for Board approval	X			

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 Asia Pacific and EMEA businesses as well as Savills Investment Management. In addition, with the increasing pace of technological change, and for the implementation of GDPR, the Committee continued to focus on the Group's IT strategy, with particular focus on cyber security and business continuity. The Committee specifically considered the processes and assessment of the Group's prospects and viability made by management to support the viability statement which can be found at page 29. 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. 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.

The Committee received reports from management relating to the adoption of IFRS 9 'Financial Instruments, IFRS 15 'Revenue from contracts with customers' (effective for the 2018 financial year) and IFRS 16 'Leases' in relation to its expected impact in future (effective for 2019 financial year). Following discussions with management and the External Auditors, the Committee approved the disclosures of these accounting policies and practices which are set out in note 2.26 to the Financial Statements on pages 112 to 114.

Significant Judgements

As part of its monitoring of the integrity of the Financial Statements, the Committee considers the appropriateness of the accounting policies proposed for adoption and whether management has made appropriate estimates and judgements. To support its decision-making, the Committee seeks support from the External Auditor in these areas.

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

Matter considered	Action
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.
Risk of fraud in revenue recognition	The Committee considered the presumed risk of fraud as 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 FY18 was appropriate, consistent across the Group and in line with the Group's accounting policies. The Committee also received and discussed the External Auditor reports setting out its work, testing and conclusions on this area. The Committee, having actively challenged and considered both management's judgements and the External Auditor's conclusions, agreed that there were no material issues in this area and that the approach taken was appropriate.
Recoverability of trade receivables	The Committee considered and challenged, with the support of the External Auditor, the judgements regarding the recoverability of trade receivables made. Following its review, the Committee was satisfied that the judgements taken by management were reasonable and supported by appropriate evidence in relation to the specific receivables.
Provisions for litigation	The Committee received regular updates on new and existing claims being made against the Group and the extent to which these had been provided for. The Committee focussed its review on the provisions held in relation to significant legal matters and assessed the appropriateness of those provisions as at 31 December 2018. 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, who had determined, as part of their audit, that Management had made reasonable judgements in their assessment process for determining the level of provisions held. The Committee concluded that the provisions Management had made were appropriate.

Internal Audit

During 2018, Internal Audit services were delivered by the Group's Director of Internal Audit with support in delivery by EY. The Board's responsibility for internal control and risk is detailed on page 52 and is incorporated into this report by reference.

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

The Committee reviewed Internal Audit reports on a regular basis and the Group Director of Risk & Assurance and the Group Director of Internal Audit attended meetings and presented to the Committee. The Committee monitors the status of Internal Audit recommendations and management's responsiveness to their implementation and challenge 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.

Internal Control and Risk Management

The Committee, on behalf of the Board, undertook a robust review of the effectiveness of the system of risk management and internal control.

In performing its review of effectiveness, the Committee reviewed and assessed the following reports and activities:

- Internal Audit reports on the review of the controls across the Group and its monitoring of management actions arising from these reviews
- management's own assessment of risk and the performance of the system of risk management and internal control during 2018
- reports from the Group Director of Risk & Assurance including reports on Group-wide risk assessment activity and annual self-assessment findings
- reports from the External Auditor on any issues identified during the course of their work

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

External Audit

The Committee has primary responsibility for overseeing the relationship with the External Auditor, including assessing the External Auditor's performance, independence and effectiveness, recommending the appointment, reappointment or removal of the External Auditor, and negotiating and agreeing the external audit fees. The Committee holds private meetings with the External Auditor at the March and August Committee meetings to provide additional opportunity for

open dialogue and feedback to/from the Committee and the External Auditor without management being present. The chair of the Committee also meets with the external lead audit partner outside the formal Committee process throughout the year.

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

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

In light of the assessment and review undertaken during the year, the Board endorsed the Committee's recommendation that PwC be re-appointed as the External Auditor for a further year and that their re-appointment would be put to the Shareholders at the 2019 AGM.

PwC has been the Company's Auditor since 2001, following a tender for the External Audit. The Committee continues to review the auditor appointment and the need to tender the audit, ensuring compliance with the Code. The Committee has considered the timing of a potential External Audit tender timetable and processes and concluded that the tender process should commence in 2019 with the appointment to be effective at the end of the next lead audit partner term at 31 December 2020. The Committee is satisfied that the proposed retender of audit services was in the best interests of the Shareholders.

An important aspect of managing the External Auditor relationship, and of the annual effectiveness review, is ensuring that there are adequate safeguards to protect auditor objectivity and independence. In conducting its annual assessment, the Committee reviews the External Auditor's own policies and procedures for safeguarding its objectivity and independence. As one of the ways in which it seeks to protect the independence and objectivity of the external auditors, the Committee has a policy governing the engagement of the external auditors to provide non-audit services and its assessment of PwC's independence is underpinned by this policy. In accordance with the Group's policy in place to 31 December 2018, the following non-audit services were not provided by the External Auditor:

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

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

During the year, PwC was paid £2.0m for audit services and £1.0m for non-audit services, principally for financial due diligence relating to transactions. Details of the fees paid to the External Auditor can be found in note 8.2 to the Financial Statements on page 124. During the financial year ended 31 December 2018, contracts for non-audit services in excess of £0.1m require Committee approval and the Chair of the Audit Committee is notified of new instructions for the delivery of non-audit services below this level.

The Committee was satisfied that in view of their knowledge and experience of the Company, that when PwC was used, it was best placed to provide such non-audit services and that their objectivity and independence had not been impaired by reason of this further work. In line with the Company's policy for the financial year ending 31 December 2018 on the provision of non-audit work, the Committee reviewed the provision of non-audit work provided by the External Auditor on a case-by-case basis. The Committee was satisfied that the overall levels of audit related and non-audit fees were not material relative to the income of the External Auditor firm as a whole.

The restrictions (FRC's Revised Ethical Standard for Auditors June 2016) on the supply of non-audit services that the External Auditor can provide, including the cap on the amount of non-audit fees that can be billed and a list of prohibited services, were effective for the Group from 1 January 2017. As part of the Group's policy all non-audit instructions with the External Auditor must be approved by either the Group Chief Financial Officer or the Group Financial Controller and management must seek approval from the Committee for all non-audit contracts in excess of £0.1m. The Group's policy

also requires that non-audit fees must not exceed 70% of the average External Audit fees billed over the previous three years.

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

Compliance with the UK Corporate Governance Code

The UK Corporate Governance Code 2016 (the 'Code') is the standard against which we measured ourselves in 2018 and the Board fully supports the principles set out in the Code. The Main Principles have been applied as follows:

A. Leadership

A1 The Board's Role

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

A2 Clear Division of Responsibilities

The roles of the Chairman and Group Chief Executive are clearly defined. The Chairman is responsible for the leadership and effectiveness of the Board, and the Group Chief Executive is responsible for leading the day-to-day management of the Group within the strategy set by the Board.

A3 Role of the Chairman

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

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

A4 Role of the Non-Executive Directors

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

B. Effectiveness

B1 The Board's Composition

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

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

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

B2 Board appointments

The Nomination & Governance Committee leads the appointment of new Directors to the Board.

B3 Time commitment

On appointment, Directors are notified of the time commitment expected of them.

The Non-Executive Directors have ensured that they have sufficient time to carry out their duties.

B4 Development

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

B5 Provision of information and support

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

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

B6 Board and Committee performance evaluation

During 2018, the Board's annual evaluation was led by the Chairman and facilitated by the Group Legal Director & Company Secretary. The process and key findings are explained on page 55 of the Annual Report.

B7 Re-election of the Directors

All Directors are subject to election by Shareholders at the AGM. All Directors will stand for re-election by Shareholders at the AGM on 8 May 2019. Directors' biographies are set out on pages 42 to 45 of the Annual Report, enabling Shareholders to take an informed decision when determining their re-election.

C. Accountability

C1 Financial and business reporting

The Strategic Report is set out on page 4 to 39 of the Annual Report and provides information about the performance of the Group, the business model, strategy and the principal risks and uncertainties.

The Directors' going concern statement is given on page 56 of the Annual Report.

C2 Risk management and internal control

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

The Directors carried out a robust assessment of the principal risks including those that would threaten the business model, future performance, solvency or liquidity. Those risks and how they are being managed or mitigated is set out in the Annual Report at pages 24 to 28.

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

The Board monitors the Group's risk management and internal control systems and, at least annually, carries out a review of the effectiveness of the Group's systems of internal control, covering all material controls, including financial, operational and compliance. The activities of the Audit Committee are summarised on pages 59 and 60 of the Annual Report.

C3 Audit Committee and Auditors

The Board has satisfied itself that Liz Hewitt has recent and relevant financial experience and is confident that the collective experience of the members enables it to be effective. The fact that a person has been identified as having recent and relevant financial experience does not impose additional duties, obligations or responsibilities on that Audit Committee member. The Committee also has access to the financial expertise of the Group and its external and internal auditors and can seek further professional advice at the Company's expense, if required.

The Group Legal Director & Company Secretary ensures that it receives information and papers in a timely manner to enable full and proper consideration of agenda items. These agenda items are agreed in advance in its annual meeting activity plan.

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

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

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

C4 Tenure of Auditor

At the 2018 AGM, shareholders approved the re-appointment of PwC as the Company's External Auditor.

The Audit Committee has assessed whether suitable accounting policies have been adopted and whether management have made appropriate judgements and estimates. The main areas of judgement considered by the Committee during 2018 are presented on page 60 of the Annual Report. The Audit Committee keeps under review the independence and objectivity of the External Auditor, including the review of audit fee proposals and non-audit fees. The Committee reported on how the effectiveness of PwC was assessed for the 2018 financial year on page 61 to 62 of the Annual Report.

D. Remuneration

D1 Levels and components of remuneration

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

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

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

The Remuneration Policy was reviewed in 2016/17 and approved by Shareholders at the 2018 AGM (as required by the Directors Remuneration Regulations 2013).

D2 Procedure

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

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

The Remuneration Committee's terms of reference are available on our website. An overview of what the Committee has done during the year is provided on pages 66 to 84 of the Annual Report.

E. Relations with Shareholders

E1 Shareholder engagement and dialogue

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

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

E2 Constructive use of the general meetings

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

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

Directors' Remuneration report

"Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2018 Directors' Remuneration Report (the 'Report') which sets out Savills philosophy and policy in relation to Directors' remuneration and how this was implemented in the year ended 31 December 2018. "

Included within this Report we have summarised the Remuneration Policy ('Policy') approved by shareholders at the 2017 AGM rather than reproduce the Policy in full. This gives an overview of the Directors' annual remuneration framework and the full Policy is available on our website. The Annual Report on Directors' Remuneration will be presented to Shareholders for approval at the AGM on 8 May 2019.

* The dividend cost for 2018 comprises the cost of the final dividend recommended by the Board (amounting to £14.8m), payment of which is subject to shareholder approval at the Company's Annual General Meeting ('AGM') scheduled to be held on 8 May 2019, the cost of the supplemental dividend (£21.4m) declared by the Board on 14 March 2019 (payable to shareholders on the Register of Members as at 12 April 2019) and the interim dividend (£6.5m) paid on 3 October 2018.

** Executive Director remuneration comprises the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer job holders between 1 January 2014 and 31 December 2018. To allow comparability the remuneration paid to the Deputy Group Chief Executive in 2018 (the Deputy Group Chief Executive role being transitional and specific to 2018 alone) has not been included in this calculation.

Governance

This Report has been prepared on behalf of the Board by the Remuneration Committee (the 'Committee') in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('Regulations') and the auditable disclosures referred to in the External Auditor's Report on pages 90 to 91 as specified by the UK Listing Authority and the Regulations.

Our remuneration philosophy

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

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

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

2018 performance and remuneration

Annual performance-related profit share

Savills delivered resilient performance in 2018 in the face of some challenging market conditions, reflecting our geographic diversity, breadth of operations and recent business investment activity, with particularly strong performances in our commercial transactional businesses in the UK, and in a number of European and Asia Pacific markets and a good performance in the conditions from Savills UK Residential transaction business, of particular note.

Key financial highlights for the year included:

- Revenue of £1.76bn, representing growth of 10% on 2017
- Underlying profit before tax of £143.7m which represented 2% growth on 2017
- Transaction Advisory revenues up 9%, Consultancy revenues by 8% and Property Management by 14%.

Further progressing our strategy of being the leading advisor in the key markets in which we operate, by adding complementary businesses and teams to our strong core business. In particular during 2018 we:

- completed the acquisition of Cluttons Middle East, providing Savills a strategic platform for growth in this region
- in the UK we further enhanced our leading property management offering by acquiring the third-party property management portfolio of Broadgate Estates and made a number of incremental acquisitions to complement our existing UK business
- in Asia Pacific, we made some significant hires in valuation teams in Thailand and Singapore and continued to expand throughout Australia and in China

- in North America, we continued to expand our occupier-focused business lines through both recruitment and investment in technology
- acquired an initial 25% interest in DRC LLP, a real estate debt investment management platform, with an option to acquire the balance of the business in 2021, broadening the offering of Savills Investment Management
- continued to invest in our own technology platform in order both to deliver innovative solutions to our clients through data analysis and insight and to drive internal efficiencies and continued to support a number of promising external technology-based businesses which have the potential to significantly enhance or disrupt traditional business models in the real estate sector.

At the beginning of 2018, the Committee set stretching financial targets for the 75% of the performance-related profit share relating to the delivery of Underlying Profit before Tax ('UPBT'). The Group delivered a resilient financial performance in 2018, notwithstanding the market uncertainties noted above. As such, the Executive Directors received 79% of the maximum potential award in relation to Group financial performance. This compares with an allocation of 77% of the maximum potential award in relation to financial performance in the previous year. In relation to the objectives-based element which accounts for up to 25% of annual award, the Executive Directors were determined to have performed towards the top end of their personal strategic and operational objectives. 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 72 of this Report.

2019 remuneration

We were very pleased when shareholders gave over 99% approval to the renewal of our Directors' Remuneration Report at the 2018 AGM and we are not making any significant changes for 2019. An overview of the key decisions for 2019 is as follows:

- **Base salaries:** we have an established approach of offering low base salaries, relative to market medians (which approach applies to the Executive Directors, Group Executive Board Members and other senior fee earners). Salaries continue to be reviewed each year (although not necessarily increased) and no increase will be applied in 2019
- **Benefits & pension:** no changes are proposed and these continue to be set below market rates, especially when considering the relevant pension contribution rates reflect the low base salaries offered. The Committee is aware of the good practice development for contribution rates to move over time to be aligned with those of the wider workforce and the position will be reviewed as part of the renewal of the Remuneration Policy at the 2020 AGM
- **Annual performance-related profit share:** in line with our Policy, the maximum opportunity for 2019 is increased in line with the increase in RPI for 2018. For 2019, the cap on the profit share opportunity will therefore be, for the Group Chief Executive Officer, £2.192m and for the Group Chief Financial Officer, £1.643m, being 2.7% higher than the cap applying in 2018, reflecting year on year growth in RPI (2018 caps: Group CEO £2.134m; Group CFO £1.6m). Annual awards will continue to be determined as follows:
 - 75% based on a Group UPBT performance
 - 25% on the achievement of pre-set personal strategic and operational objectives
- **The Group UPBT payment scale** will be adjusted for any acquisitions/disposals in the year which impact Group UPBT by more than 7.5% (on an annualised basis). In such cases the scale will be adjusted to neutralise the benefit of any overage above the 7.5% level
- **Performance Share Plan:** annual grant to be made at the existing award levels of 200% of base salary for the Group Chief Executive Officer and the Group Chief Financial Officer. The EPS growth and relative total shareholder return targets will remain unchanged from those applying in 2018 but are subject to ongoing review to ensure that these continue to provide meaningful targets in the light of market developments and the Group's strategic objectives.

Director changes

As announced in January 2018, Mark Ridley, formerly CEO of Savills UK and Europe, became an Executive Director on 1 May 2018 joining the Board initially as Deputy Group Chief Executive and then succeeding Jeremy Helsby upon the latter's retirement as Group Chief Executive Officer effective 1 January 2019. As Deputy Group Chief Executive, effective 1 May 2018, Mark Ridley's remuneration package consisted of a base salary of £255k p.a. and an annual performance-related profit share maximum opportunity of £1.867m, with 75% based on Group UPBT performance and 25% on the achievement of pre-set personal strategic and operational objectives (in 2018, both salary and the performance related profit share opportunity were pro-rated to reflect the 1 May 2018 appointment date). He also received a Performance Share Plan award in line with the other Executive Directors. Upon Mark Ridley's appointment as Group Chief Executive Officer, the package was adjusted to the same level as that of the outgoing CEO (subject to any inflation-related adjustments to salary and/or bonus potential).

Following his retirement from the Board at the end of 2018, Jeremy Helsby has remained available to the Company as an advisor supporting Mark Ridley and the Board in the further development of Savills US business.

Governance developments

I wanted to take the opportunity to welcome Stacey Cartwright and Florence Tondou-Mélique, who joined the Committee upon their appointment to the Board on 1 October 2018. I would also like to thank Liz Hewitt, who has announced her intention to retire from the Board at the conclusion of the 2019 AGM on 8 May, for her contribution to the Committee since her appointment in 2014.

As a Committee, we continue to monitor best practice developments in executive remuneration and consider whether any amendments to the Policy are appropriate. During the year, the Committee has had to consider the implications for remuneration arising from the changes regarding the governance, oversight and design of remuneration as recommended by the new UK Corporate Governance Code which takes effect from 1 January 2019. We will fully report on the Remuneration Committee's response to the new Code in our Directors' Remuneration Report for 2019. We will particularly consider these developments as we undertake a review of our approach during the course of 2019, prior to submitting our Remuneration Policy to shareholders for approval in 2020. We would consult with shareholders prior to any substantive changes to our policy.

The Committee is appreciative of the significant shareholder support that it has enjoyed in recent years and welcomed shareholders' endorsement of the 2017 Annual Remuneration Report following the renewal of the Policy at the 2017 AGM. We hope that you find this year's Annual Remuneration Report equally clear and informative and that you will continue to support us by voting in favour of the resolution at this year's AGM on 8 May 2019.

Rupert Robson

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 such that we have the ability to attract, recruit, retain and motivate the high-calibre individuals needed to deliver the Group's strategy while promoting the long-term interests of the Company. The Committee also considers the broader implications of the Policy to mitigate any potential environmental, social or governance implications. The Committee is responsible for the broad policy governing senior staff pay and remuneration. It sets the actual levels of all elements of the remuneration of the Executive Directors and from 2019 will also set the remuneration of the Group Executive Board members, reflecting the 2018 UK Corporate Governance Code. The Policy remains under periodic review to ensure that it remains consistent with the Company's scale and scope of operations, supports business strategy and growth plans and helps drive the creation of shareholder value. The Committee also oversees the operation of Savills' employee share schemes.

Committee members and attendees

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

Committee member	Position	Status
Rupert Robson	Chair of the Committee	Independent
Stacey Cartwright	Member of the Committee (from 1 October 2018)	Independent
Tim Freshwater	Member of the Committee	Independent
Liz Hewitt	Member of the Committee	Independent
Florence Tondou-Mélique	Member of the Committee (from 1 October 2018)	Independent

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

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

Meetings

Attendance table

Committee member	Meetings attended	Meetings eligible to attend
Rupert Robson	4	4
Stacey Cartwright	1	1
Tim Freshwater	4	4
Liz Hewitt	3	4
Florence Tondou-Mélique	1	1

As at 31 December 2018 and up to the date of this Report, the Committee comprises the Independent Non-Executive Directors. Biographical details relating to each of the Committee members are shown on pages 44 to 45.

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

- reconfirming the Group's Policy in the context of best practice and corporate governance developments
- agreeing performance targets for both the annual performance-related profit share and Performance Share Plan awards
- preparing an Annual Remuneration Report consistent with the legislation relating to executive remuneration
- agreeing the remuneration packages of the Executive Directors, including the proposed package for the new Group Chief Executive Officer and reviewing those of Group Executive Board members
- approving the grant of Performance Share Plan awards

Advisors to the Committee

In determining Executive Director remuneration, the Committee has access to detailed external information and research on market trends and peer practice provided by its independent external advisor, FIT Remuneration Consultants. FIT Remuneration Consultants are members of the Remuneration Consultants Group and adhere to the voluntary code of conduct in relation to executive remuneration consulting in the UK. FIT Remuneration Consultants' fees are based on a time and material basis, within the parameters of an overall annual budget. In 2018, FIT Remuneration Consultants received fees of £50,637 plus VAT in relation to advice provided to the Committee. FIT Remuneration Consultants provided no other services to the Group during the year.

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

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

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

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

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

Overview of the Policy

A summary of the Policy for Executive Directors and how it will be applied for 2019 is set out below.

Element	Summary of approach	Application of Policy for 2019
Base salary	Base salaries are set significantly below market median levels, in line with the Group's philosophy to place greater emphasis on variable, performance-related remuneration.	The Committee has determined that no increase will be applied for 2019. Salaries in 2019 will therefore remain as follows: - Group Chief Executive Officer: £289,000 - Group Chief Financial Officer: £221,000.
Pension	Pension benefits are provided through a Group personal pension plan, as a non-pensionable salary supplement or as a contribution to a personal pension arrangement. The CEO 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 for 2019 are: - Group Chief Executive Officer: 14% of salary - Group Chief Financial Officer: 18% of salary.
Benefits	Benefits include: - Medical insurance benefits - Annual car/car allowance (up to £10,000) - Permanent Health Insurance - Life Insurance - 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 under listed company norms) 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 2019 are: - Group Chief Executive Officer: £2.192m - Group Chief Financial Officer: £1.643m For 2019 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.
Performance Share Plan	Awards of shares are made subject to a three-year performance period. Any vested awards will then be subject to an additional two-year holding period. The maximum award potential remains at 200% of base salary, subject to an overall annual maximum of shares with a value of £1m on award per participant. Malus and clawback provisions apply.	The awards for 2019 will be up to 200% of base salary. For 2019 Performance Share Plan awards, 50% of the award will vest subject to Earnings Per Share performance and 50% will vest subject to relative TSR performance against the FTSE Mid 250 Index (excluding investment trusts).

Share Ownership Guidelines	Achieved through share purchase and/or retention of any after-tax shares which vest pursuant to the Group's share plans until the guideline is met.	500% of base salary for the Group Chief Executive Officer and Group Chief Financial Officer.
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Total remuneration for 2018

Set out below are details of Executive Director remuneration for 2018.

Executive Directors' 'single figure' for the financial year ended 31 December 2018 and as a comparison for the financial year ended 31 December 2017 (audited).

	Jeremy Helsby		Mark Ridley ¹		Simon Shaw	
	2018 £	2017 £	2018 £	2017 £	2018 £	2017 £
Salary	286,667	275,000	170,000	—	219,167	210,000
Benefits ²	10,803	10,837	7,202	—	11,216	11,216
Pension: contribution	40,133	38,500	23,800	—	39,450	37,800
Annual profit share – cash	1,016,000	961,000	653,000	—	764,000	723,000
Annual profit share – deferred shares	727,000	686,000	364,000	—	543,000	513,000
Near term remuneration	2,080,603	1,971,337	1,218,002	—	1,576,833	1,495,016

The aggregate near term remuneration paid to the three Executive Directors in the year ended 31 December 2018 was £4.88m (2017, two Executive Directors: £3.47m).

Notes

1. Remuneration calculated from date of appointment to the Board on 1 May 2018.
2. Benefits comprise private medical insurance and car allowance.
3. (See the table below) For 2018 the notional value of the PSP award with a performance period which ended on 31 December 2018 (i.e. where the award will vest in April 2019) 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 2018 (729.4p) per share). For 2017, the value shown has been updated to reflect the actual market sale price at the date of vesting which was 979.4p per share and Dividend Shares. The estimates provided for long-term share-based reward in last year's report in respect of 2017 were: Jeremy Helsby £535,425 and Simon Shaw £340,715. 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).

	Jeremy Helsby		Mark Ridley		Simon Shaw	
	2018 £ Notional	2017 £ Actual	2018 £ Notional	2017 £ Actual	2018 £ Notional	2017 £ Actual
Gain on long-term share-based awards						
Performance Share Plan – performance element ³ (for 2018 : notional)	112,749	506,547	51,249	—	51,249	322,342
Performance Share Plan – share appreciation element ³ (for 2018 : notional)	2,508	98,437	1,140	—	1,140	62,641
Long-term share-based reward (non-cash – for 2018 : notional) ³	115,257	604,984	52,389	—	52,389	384,983
Total i.e. 'Single Figure' (for 2018 : part notional)	2,195,860	2,576,321	1,270,391	—	1,629,222	1,879,999

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

Performance-related remuneration for 2018

Annual performance-related profit share

UPBT performance-related element

The following near-term performance measures applied to the 2018 annual performance-related profit share arrangements:

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

Minimum (0% of element)	Mid-point (62.5% of element)	Maximum target (100% of element)	Savills UPBT performance	Bonus award (% of element)
£96m	£131.2m	£160m	£143.7m	79%

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

Reflecting the Group's resilient performance in 2018, awards at 79% of the maximum potential were earned by the Executive Directors in respect of the UPBT performance-related element (2017: 77%).

For the part of 2018 prior to his appointment to the Board on 1 May 2018, Mark Ridley participated in the Savills UK & Europe Profit Share Scheme in his role as CEO of Savills UK and Europe. His pro-rated award under this arrangement has not been included in the figures above.

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

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

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

- Ensuring a smooth handover of Group Chief Executive Officer responsibilities to Mark Ridley
- Further strengthening US executive and regional management to support the further development of Savills North American platform and broadening of the offering
- Continuing to progress the strategy of broadening the Group's geographic spread and service line offering, which in particular saw the Group acquire Cluttons Middle East; Savills UK acquire the third-party property management portfolio of Broadgate Estates and make a number of incremental acquisitions; and Savills Investment Management acquire an initial 25% interest in DRC LLP, a real estate debt investment management platform, with an option to acquire the balance of the business in 2021, broadening our investment management capabilities
- Implementing various growth opportunities across Asia, in particular the Group's China growth plan, where we opened three new offices and recruited approximately 50 new professionals to facilitate our continued long-term expansion in this market, and ensuring that our Indian start-up (Savills India) opened for business in July in accordance with our business plan
- Ensuring the global co-ordination of the Group's Occupier Service Offering and continuing to grow the Group's cross-border investment agency offering
- Ensuring progress in the application of new technologies to strengthen client offering and improve operational efficiencies.

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

- Building relationships with major shareholders and key international clients to ensure orderly succession within the business and key relationships
- Ensuring a smooth succession of CEO Responsibilities in the UK and Europe to his successor in the role of CEO UK & EMEA
- Building stronger links across Savills International Residential business covering key associates and consultancy services
- Ensuring the successful integration of Aguirre Newman in Spain into the Savills network, strengthening the leadership of Savills Sweden and implementing growth strategies for Savills France and Savills Germany
- Continuing to improve diversity across the UK and European businesses, particularly at Director and Senior Business Management level.

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

- Implementing the new regionalised management structure for Savills Investment Management
- Overseeing and sponsoring the Group's multi-year technology initiatives, including the deployment of Savills award winning Knowledge Cubed platform to our occupier services clients across all regions and the continued the roll out of Workthere.com, Savills advisory service to corporates seeking flexible office or co-working space, which had now been launched in eight countries and has seen significant uptake from both tenants and the serviced office providers, and continued investment in promising technology opportunities

- Leading the review of the Group's funding facilities and implementing a 7, 10 and 12 year private placement of £150m of fixed rate notes (issued in June 2018)
- Continuing to develop the Group's risk management/control environment so that it evolves consistent with the growth of Group's geographic spread and the broadening of the service offering
- Ensuring that the Group is prepared for Brexit (both hard and soft exits).

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

Long-term incentives

The PSP award granted in 2016 will vest in April 2019, subject to performance in the three years to 31 December 2018. Following an assessment of Savills performance against targets set at grant, the Committee determined that 20.5% of the award should vest. The targets and Savills performance were as follows:

	Weighting	Threshold target (25% vesting)	Maximum target (100% vesting)	Savills performance	Vesting (% of maximum)
Relative TSR versus FTSE Mid 250 index (excluding investment trusts)	50%	Equal to index	Outperform index by 8% p.a.	Underperform index	0%
% EPS growth	50%	RPI plus 3% p.a. compounded	RPI plus 8% p.a. compounded	RPI plus 4.1% p.a. compounded	41%

Non-Executive Directors fees (audited)

The Non-Executive Director fees for 2018 were as follows:

	Nicholas Ferguson (Chairman)	Stacey Cartwright (appointed 1 October 2018)	Tim Freshwater	Liz Hewitt	Charles McVeigh	Rupert Robson	Florence Tondur Mélèque (appointed 1 October 2018)
Basic fee	£207,500	£13,325	£52,650	£52,650	£52,650	£51,817	£13,325
Additional fees							
Senior Independent Director			£8,000				
Remuneration Committee Chairman						£10,000	
Audit Committee Chairman				£15,000			
2018 Total	£207,500	£13,325	£60,650	£67,650	£52,650	£61,817	£13,325
2017 Total	£193,333	–	£57,500	£63,500	£51,000	£60,583	–

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

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

The fee payable to Nicholas Ferguson as Chairman was increased to £215,000 p.a. in 2018 (from £200,000 p.a.) following consideration of external market benchmarking and consideration of the scope of the role in the light of the growth of the Group.

The current base fee for the Non-Executive Directors is £53,300 p.a., (2017: £52,200 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.). Fees were increased in 2018 following consideration of external market benchmarking and the increased time commitment of the roles.

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

Operation of Policy in 2019

Base salary

The Committee has determined that no increase will be applied for 2019. The base salaries of the Executive Directors are therefore as follows:

- Group Chief Executive Officer: £289,000
- Group Chief Financial Officer: £221,000.

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 2019 will be:

- £2.192m for the Group Chief Executive Officer
- £1.643m for the Group Chief Financial Officer.

For the 2019 performance-related profit share, 75% of award potential will reflect the Group's UPBT performance and 25% of award potential will reflect delivery against a mix of personal, strategic and operational objectives.

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

The Committee retains a general discretion to reduce the pay-out 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 2019 will be up to 2x each Executive Director's base salary.

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

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

The Committee considers that if EPS growth of RPI plus 8% p.a. were achieved from the strong 2018 EPS base starting position, this would represent outstanding performance for shareholders.

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

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

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

Relative spend on pay

To provide context and outline how remuneration for Executive Directors compares with other disbursements, such as dividends and general employment costs the table below illustrates general employment costs, Executive Director reward, tax charges and dividend payments to shareholders in 2018 and 2017.

	2018 £m	2017 £m	% increase
Employment costs	1,160.8	1,057.7	10
Underlying profit before tax	143.7	140.5	2
Dividend payment to Shareholders	42.7	41.1	4
Executive Director remuneration	4.2	4.0	6
Tax	112.4	103.7	8

- 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 2018 comprises the cost of the final dividend recommended by the Board (amounting to £14.8m), payment of which is subject to shareholder approval at the Company's AGM scheduled to be held on 8 May 2019, the cost of the supplemental dividend (£21.4m) declared by the Board on 14 March 2019 (payable to shareholders on the Register of Members as at 12 April 2019) and the interim dividend (£6.5m) paid on 3 October 2018 and is based on the number of shares in issue as at 31 December 2018
- Executive Director remuneration is the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer role holders and comprises basic salaries, profit share, social security costs, pension costs and share-based payments. To allow comparability the remuneration paid to the interim role of Deputy Group Chief Executive has been ignored in this calculation.

Total shareholder return and Group Chief Executive Officer remuneration

The total shareholder return delivered by the Company over the last ten years is shown in the chart below. Over this period the Company has delivered total shareholder return of 16% per annum (FTSE 250 (excluding investment trusts): 14% per annum; FTSE 350 Super Sector Real Estate: 8% per annum). Savills was ranked 76th by TSR performance in the FTSE 250 (excluding investment trusts) and ranked fourth (of 18 companies) by performance in the FTSE 350 Super Sector Real Estate over the ten years to 31 December 2018.

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

Pay for performance

Year	Total Single Figure Remuneration £'000	UPBT £m	UPBT annual % change	Annual variable element: performance-related profit share – annual award against maximum potential %	Long-term Incentive fully vested (maximum potential of award) 100%
2018	2,196	143.7	+2.3	82	41
2017	2,507	140.5	+3.5	80	84
2016	2,595	135.8	+12	98	50
2015	2,298	121.4	+21	100	N/A
2014	3,279	100.5	+34	100	100
2013	2,630	75.2	+28	86	100
2012	1,786	58.6	+16	65	100
2011	1,268	50.4	+7	49	0

Total remuneration in the years 2012 to 2018 includes, as required, the notional value of PSP awards and executive share options which vested (but were not exercised) in those years (note that no PSP awards were made in 2013 with the consequent effect on Total Single Figure Remuneration in 2015 compared to the 2013, 2014, 2016, 2017 and 2018 years). The awards granted in 2008 lapsed in 2011.

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

	Percentage change in remuneration from 31/12/2017 to 31/12/2018		
	Percentage change in base salary %	Percentage change in benefits %	Percentage change in profit share award %
Group Chief Executive Officer	2.8%	4.0%	5.8%

All UK employees	1.4%	3.8%	-3.2%
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Notes

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

Pensions disclosure

From March 2015, Jeremy Helsby has received a non-pensionable salary supplement equal to 14% of pensionable earnings. Mark Ridley also receives a non-pensionable salary supplement equal to 14% of pensionable earnings. These salary supplements are 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. Simon Shaw received a non-pensionable salary supplement equal to 18% of pensionable earnings in lieu of pension contributions.

Jeremy Helsby and Mark Ridley no longer accrue a pension benefit under the Plan. The value of the legacy benefit is shown below.

	Defined benefit pension accrued at 31 December 2018	Defined benefit pension accrued at 31 December 2017	Defined benefit pensions value for 2018 remuneration table	Defined benefit pensions value for 2017 remuneration table
Executive Director				
Jeremy Helsby	54,197	52,617	—	—
Mark Ridley	31,875	31,875	—	—

Notes

1. Jeremy Helsby reached Plan retirement age on 9 July 2015 since which date his pension increases in line with the standard provisions of the Plan applicable to all pensioners.
2. As Jeremy Helsby is now in receipt of pension benefits, no remuneration amount is applicable relating to the Plan.

Share interests

Details of shares in the Company which the Directors beneficially held or had a beneficial interest in as at 31 December 2018 are shown below. Where any vested PSP awards in the future are subject to a holding period requirement, the vested PSP award shares (discounted for anticipated tax liabilities) will count towards the shareholding requirements:

	Number of shares (including beneficially held under the SIP)	Unvested shares subject to performance conditions (PSP)	Deferred share bonus plan awards (vesting not subject to performance conditions) (DSBP)	Extent to which shareholding guideline met
Executive Directors				
Jeremy Helsby	454,846	198,667 ¹	221,104	223%
Mark Ridley	140,897	125,694	159,647	78%
Simon Shaw	155,864	127,947	159,598	100%

Notes

1. Following Jeremy Helsby's retirement from the Board outstanding PSP awards are subject to pro-rating for service.

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

	At 31 December 2018
Non-Executive Directors	
Stacey Cartwright	—
Nicholas Ferguson	29,286
Tim Freshwater	—
Liz Hewitt	3,400
Charles McVeigh	—

Rupert Robson	7,981
Florence Tondou-Mélèque	–

As at 13 March 2019, no Director had bought or sold shares since 31 December 2018.

The Sharesave Scheme

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

Scheme interests granted in 201

The following table sets out details of awards made to Executive Directors under the PSP in 2018.

	Type of award	Basis of award (face value)	Performance period	% vesting for threshold performance	% vesting for maximum performance	Performance criteria
Jeremy Helsby	Nil-cost options	£578,000	1 January 2017 to 31 December 2019	25%	100%	– 50% of award
Simon Shaw	Nil-cost options	£442,000				Earnings per share growth – 50% of award Relative total shareholder return against the FTSE 250 (excluding

Awards were also made during the year under the Deferred Share Bonus Plan. Details of awards under this plan are set out on page 79.

The Performance Share Plan ('PSP')

Number of shares

Directors	At 31 December 2017 ¹	Awarded during year	Vested during year	Lapsed during year	At 31 December 2018	Closing mid-market price of a share the day before grant	Market value at date of vesting	First vesting date ²
Jeremy Helsby	67,073	–	56,408	10,665	–	820.0p	979.4p	23.04.18
	77,084	–	–	–	77,084	713.5p	–	27.04.19
	62,393	–	–	–	62,393	881.5p	–	22.05.20
	–	59,190	–	–	59,190	976.5p	–	16.04.21
Mark Ridley	35,038	–	–	–	35,038	713.5p	–	27.04.19
	47,646	–	–	–	47,646	881.5p	–	22.05.20
	43,010	–	–	–	43,010	976.5p	–	16.04.21
Simon Shaw	42,682	–	35,895	6,787	–	820.0p	979.4p	23.04.18
	35,038	–	–	–	35,038	713.5p	–	27.04.19
	47,646	–	–	–	47,646	881.5p	–	22.05.20
	–	45,263	–	–	45,263	976.5p	–	16.04.21

Notes

- Mark Ridley is shown from date of appointment to the Board on 1 May 2018.
- Awards made from 2017 to Executive Directors at the time of award also include an additional two-year holding period before awards may be released.

Awards over 92,303 shares, together with a further 8,781 shares in lieu of dividends, vested under the PSP to Executive Directors during the year. A subscription cost of 2.5p nominal value per share is payable on actual receipt of shares. The total pre-tax gain on awards vested during the year was £987,440.

The Deferred Share Bonus Plan ('DSBP')

Number of shares

	At 31 December 2017 ¹	Awarded during year	Vested during year	At 31 December 2018	Closing mid-market price of a share the day before grant	Market value at date of exercising	Normal vesting date
Directors							
Jeremy Helsby	73,170	–	73,170	–	820.0p	979.4p	24.04.18
	86,463	–	–	86,463	705.5p	–	14.03.19
	64,391	–	–	64,391	929.0p	–	18.04.20
	–	70,250	–	70,250	976.5p	–	16.04.21
Mark Ridley ¹	65,201	–	–	65,201	705.5p	–	14.03.19
	47,954	–	–	47,954	929.0p	–	18.04.20
	46,492	–	–	46,492	976.5p	–	16.04.21
Simon Shaw	54,146	–	54,146	–	820.0p	979.4p	24.04.18
	60,240	–	–	60,240	705.5p	–	14.03.19
	46,824	–	–	46,824	929.0p	–	18.04.20
	–	52,534	–	52,534	976.5p	–	16.04.21

Notes

1 Mark Ridley is shown from date of appointment to the Board on 1 May 2018.

Under the DSBP awards over 127,316 shares and 11,073 shares in lieu of dividends vested to Executive Directors during the year. The total pre-tax gain on awards vested during the year was £1,355,314. No DSBP awards lapsed.

During the year, the aggregate gain on the exercise of share options and shares vested was £2,342,754. The mid-market closing price of the shares at 31 December 2018, the last business day of the year, was 707p and the range during the year was 678.5p to 1034p.

Payments to past Directors and payments for loss of office

In accordance with the intention announced in January 2018, Jeremy Helsby retired as Group Chief Executive Officer and from the Board on 31 December 2018. Following his retirement, Jeremy has remained an advisor to the Company supporting the management team of the Savills US business.

His remuneration arrangements were in line with the approved Directors' remuneration policy, and the remuneration he received in respect of his services as an Executive Director is set out in the 2018 'single figure' table. Jeremy Helsby received his salary, benefits and pension in accordance with his contract of employment up to the date of departure from the Board. Jeremy Helsby did not receive a loss of office payment.

Jeremy Helsby received an annual performance-related profit share in respect of 2018 which was calculated in the usual way. His outstanding deferred share bonus plan awards will be released in accordance with the plan rules and remain subject to malus and clawback provisions.

The Committee determined that Jeremy Helsby should be allowed to retain his unvested PSP awards. These awards will vest in accordance with the original timetable, subject to satisfaction of the original performance conditions applying to them, remain subject to malus and clawback provisions, and will be pro-rated for service.

No other Executive Director left the Company during the year ended 31 December 2018. No payments for compensation for loss of office were paid to, or receivable by, any Director for that or any earlier year.

External directorships

Savills recognises that its Executive Directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden experience and knowledge which can benefit Savills. Subject to approval by the Board and any conditions which it might impose, the Executive Directors and Group Executive Board members are allowed to accept external non-executive directorships and retain the fees received, provided that these appointments are

not likely to lead to conflicts of interest. For non-executive directorships which are considered to arise by virtue of an Executive Director's or Group Executive Board member's position within Savills, the fees are paid directly to Savills.

During 2018, Simon Shaw received a fee of £30,000 in relation to his continuing appointment as Non-Executive Chairman of Synairgen plc which he was permitted to keep (as this appointment is not linked to his role within the Company).

Service contracts

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

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

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

Director	Date appointed to Board	End date of current letter of appointment
Stacey Cartwright	1 October 2018	30 September 2021
Nicholas Ferguson	26 January 2016	26 January 2022
Tim Freshwater	1 January 2012	31 December 2020
Liz Hewitt	25 June 2014	30 June 2020
Charles McVeigh	1 August 2000	AGM May 2019
Rupert Robson	23 June 2015	22 June 2021
Florence Tondou-Mélique	1 October 2018	30 September 2021

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

Shareholder votes on remuneration matters

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

	Number of votes 'For' and discretionary	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'*
2017 Annual Directors' Remuneration Report	106,844,393	99.13%	935,315	0.87%	107,779,708	1,484,651
Directors' Remuneration Policy	104,842,007	98.35%	1,753,512	1.65%	106,595,519	2,665,000

* A vote withheld is not a vote in law.

Policy table extract from the Directors' Remuneration Policy approved by shareholders at the 2017 AGM

The following sets out the table of remuneration elements from the Remuneration Policy, which was approved by shareholders at the 2017 AGM. To provide consistency with the remainder of the Report, salaries shown are 2019 salaries and annual performance-related profit share levels have been updated for the operation of the Policy in 2019.

Purpose and link to strategy	Operation	Potential	Performance measures
Base salary			
A core component of the total reward package,	The Committee considers base salary levels annually taking into consideration: the Group's philosophy to place greater emphasis on variable	Set significantly below market median levels with greater emphasis on the performance-related elements of reward. For 2019, The Committee determined that no increase will	n/a

which package overall is designed to attract, motivate and retain individuals of the highest quality.	performance-related remuneration - the individual's experience - the size and scope of the role - the general level of salary reviews across the Group - appropriate external market competitive data.	be applied. Base salaries therefore remain unchanged as follows: - Group Chief Executive Officer: £289,000 - Group Chief Financial Officer: £221,000. The Committee retains the flexibility to award base salary increases taking into consideration the factors considered as part of the annual review. Although base salaries are reviewed annually, in line with the Group's philosophy the Committee may elect to only notionally rather than actually increase base salaries for Executive Directors. In such circumstances this notionally increased Reference Salary would be used as the base for future base salary increases. - The annual base salary for any existing Executive Director shall not exceed £500,000.	
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Pension

- Provides appropriate retirement benefits - Rewards sustained contribution.	Defined contribution pension arrangements are provided. HMRC approved salary and profit share sacrifice arrangements are in place. Pension benefits are provided either through a Group personal pension plan, as a non-pensionable salary supplement, contribution to a personal pension arrangement, or equivalent arrangement for overseas jurisdictions.	For 2019 the pension contributions/supplements are: - Group Chief Executive Officer: 14% of annual base salary - Group Chief Financial Officer: 18% of annual base salary. As part of the funding arrangements agreed when Savills Defined Benefit Pension Plan ('the Plan') was closed to future accrual in 2010, the Group Chief Executive Officer receives a minimum contribution of 14%. The maximum contribution will be no more than the maximum contribution for all other former members of the plan. The maximum annual pension contribution for the current Chief Financial Officer is 18%. The Plan is closed to future accruals. However, legacy arrangements will be honoured. New recruits would normally participate in defined contribution arrangements or take a non-pensionable salary supplement. The level of contribution would be determined at the time of appointment and may be set at a higher level than that set out above although a contribution limit of 20% of annual base salary per Executive Director has been set for the duration of this Policy. For international appointments, the Committee may determine that alternative pension provisions will operate, and when determining arrangements, the Committee will have regard to the cost of the arrangements, market practice in the relevant international jurisdiction and the pension arrangements received elsewhere in the Group.	n/a
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Purpose and link to strategy	Operation	Potential	Performance measures
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Benefits

To provide market competitive benefits.	Benefits currently comprise: - Medical insurance benefits - Car/car allowance - Permanent Health Insurance - Life insurance.	Car allowance (currently up to a maximum of £9,000 p.a.). There is no overall maximum as the cost of insurance benefits depends on the individual's circumstances, but the	n/a
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	Other benefits may be provided if the Committee considers it appropriate. Where an Executive Director is located in a different international jurisdiction, benefits may reflect market practice in that jurisdiction. In the event that an existing Executive Director or new Executive Director is required by the Group to relocate, other benefits may be provided including (but not limited to) a relocation allowance, housing allowance and tax equalisation.	provision of taxable benefits will normally operate within an annual limit of 30% of an Executive Director's annual base salary. The Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Committee considers to be reasonable in all the circumstances. Relocation expenses are subject to a maximum limit of £200,000 (£300,000 in the case of an international relocation) plus, if relevant, the cost of tax equalisation.	
Annual performance-related profit share			
- To encourage the achievement of challenging financial, strategic and/or operational targets - Further alignment with shareholders' interests through deferral of a significant amount of any award into shares.	Annual profit share awards reflect the Group's annual profit performance and personal performance and contribution. Awards are delivered part in cash and part in shares subject to a minimum cash threshold of 100% of annual salary. Thereafter, 50% of any award is delivered in shares. The share element of any award is normally deferred for a period of three years. The number of shares in that part of the award deferred for three years is increased at the time of vesting to reflect the value of dividends declared over the deferral period. Alternatively, the cash equivalent is paid. The Committee may exercise its judgement to adjust (on a downwards only basis) individual annual bonus payouts should they not reflect overall business performance or individual contribution. Malus/clawback provisions apply, allowing for the reduction of awards as explained in the notes to this table.	In line with the Group's philosophy, there is greater emphasis on variable performance-related pay, while base salaries are set significantly below market median levels. The maximum potential annual profit share awards for 2019 are: £2.192m for the Group Chief Executive Officer £1.643m for the Group Chief Financial Officer. For a new Executive Director, the Committee would determine the appropriate normal maximum taking into account the role and responsibility, subject to a maximum of £2.192m p.a. Each of these caps will increase in line with the rate of any increase in RPI for the preceding financial year (if there is no increase in RPI, the cap will remain unchanged).	For 2019 the weighting will be 75% in relation to the Group's annual profit performance, defined as underlying profit before tax performance, and 25% in relation to delivery against a mix of personal, strategic and operational objectives. The Committee reserves the right to vary these proportions in subsequent years and/or to add additional or substitute measures to ensure that incentive remains appropriate to business strategy. The scale for the profit share element of any award will be disclosed annually in arrears. Unless the Committee determines otherwise, this scale will normally be adjusted for any acquisitions/disposals in a single year which impact (on an annualised basis) UPBT by more than 7.5%. In such cases the scale will be adjusted to neutralise the benefit of any overage above the 7.5% level. If there is significant transaction that results in the scale becoming inappropriate then Shareholders will be consulted about any adjustment to the scale. The award potential at threshold is 25%. As the

			arrangement is an annual profit share there is no pre-set award level for on-target performance.
Purpose and link to strategy	Operation	Potential	Performance measures
Performance Share Plan ('PSP')			
To drive and reward the delivery of longer-term sustainable shareholder value, aid retention and ensure alignment of senior management and shareholder interests.	Awards of shares subject to a performance period of normally no less than three years. A holding period will apply so that Executive Directors may not normally exercise vested PSP awards until the fifth anniversary of the award date. PSP awards may be in the form of nil cost options or conditional awards over shares. Awards may incorporate an award of tax-advantaged Company Share Option Plan options. The Committee awards dividend equivalents on a reinvested basis in respect of dividends paid over the vesting or any subsequent holding period. Malus/clawback provisions apply, allowing for the reduction of awards as explained in the notes to this table. The Committee may adjust vesting of awards if it considers that the outcome of the measurement of the performance conditions does not accurately reflect the underlying performance or financial health of the Company. In the event the Committee proposed to make an upward adjustment the Committee would consult with major shareholders in advance. The Committee may adjust or amend awards in accordance with the PSP rules.	Maximum annual award potential of 200% of salary (plan rules limit). Subject to an overall maximum of £1m per annum per participant. For a new Executive Director, the Committee would determine the appropriate normal maximum taking into account the role and responsibility, subject to a maximum of 200% of base salary p.a. (or if lower £1m p.a.).	Performance conditions for future awards are reviewed annually to ensure that the measures and their targets remain appropriate to business strategy and are sufficiently challenging, and that the relative balance of the performance measures remains appropriate for properly incentivising and rewarding the creation of longer-term sustainable shareholder value. Performance conditions are currently based on two measures: - Relative TSR against the FTSE 250 (excluding investment trusts) or other appropriate comparator group - Earnings per share. The Committee may review the performance measures for the PSP to ensure they remain aligned to the strategy. The Committee would consult with major shareholders in advance of a change in performance measures used for the PSP. No more than 25% of an award vests for threshold performance.
UK tax advantaged all-employee share plans			
Share plans available to all UK employees in the Group who satisfy the statutory requirement.	Executive Directors are eligible to participate in any of the Group's all-employee share plans on the same terms as other UK employees.	Maximum Partnership Shares in accordance with statutory limits. The Company does not presently offer Free Shares, Matching Shares or Dividend Shares.	n/a
Shareholding Guidelines			
To encourage	Executive Directors are expected to purchase and/or retain all	500% of base salary for all Executive Directors.	n/a

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

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

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

Remuneration Policy for Non-Executive Directors

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

Directors' report

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

Operations

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

Results for the year

The results for the Group are set out in the consolidated income statement on page 97 which shows a reported profit for the financial year attributable to the shareholders of the Company of £76.7m (2017: £80.1m).

Dividend

An interim dividend of 4.8p per ordinary share amounting to £6.6m (2017: £6.3m) was paid on 3 October 2018. It is recommended that a final dividend of 10.8p per ordinary share (amounting to £14.8m) is paid, together with a supplemental interim dividend of 15.6p per ordinary share (amounting to £21.4m) and to be declared by the Board on 14 March 2019 and paid on 13 May 2019 to shareholders on the register at 12 April 2019. More details of the proposed dividend and the Company's performance can be found in the Chairman's statement on pages 4 and 5.

Principal developments

The principal developments of the business are detailed in the Strategic Report on pages 4 to 39 and incorporated into this Report by reference.

The principal risks and uncertainties are detailed on pages 24 to 29 and incorporated into this Report by reference.

Directors

Biographical details of the current Directors are shown on pages 42 to 45. All the Board members served throughout the year save for Mark Ridley who was appointed as Deputy Group Chief Executive with effect from 1 May 2018 and Stacey Cartwright and Florence Tondou-Mélique who were appointed as Independent Non-Executive Directors with effect from 1 October 2018. Jeremy Helsby retired as Group Chief Executive at the year-end. As at 31 December 2018 the Board comprised the Non-Executive Chairman, two Executive Directors and six Non-Executive Directors. Charles McVeigh, who has served on the Board since 2000, will retire at the conclusion of the Company's AGM in May 2019. Liz Hewitt, who served on the Board since 2014, will also retire at the conclusion of the AGM.

Interests in the issued share capital of the Company held at the end of the period under review and up to the date of this Report by the Directors or their families are set out on pages 77 and 78 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 78 and 79. It is the Board's policy that the GEB Members should retain at least 105,000 shares (value at 31 December 2018: £742,350) in the Company and that the Group Chief Executive Officer and Group Chief Financial Officer hold shares to the value of five times their respective base salaries (£1,445,000 and £1,105,000 respectively).

Directors' interests in significant contracts

No Directors were materially interested in any contract of significance.

Statement of Directors' responsibilities

In accordance with the Code and the Disclosure Guidance and Transparency Rules ('DTR') DTR4, the Directors' Responsibilities Statement is set out on page 88 and is incorporated into this Report by reference.

Corporate Governance Statement

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

Management Report

This Directors' Report, on pages 85 to 86, together with the Strategic Report on pages 4 to 39, form the Management Report for the purposes of DTR 4.1.5R.

Additional Information Disclosure

Pursuant to regulations made under the CA 2006 the Company is required to disclose certain additional information. Those disclosures not covered elsewhere within this Annual Report are as follows:

Share capital and major shareholdings

The issued share capital of the Company as at 31 December 2018 comprised 142,923,604 2.5p ordinary shares, details of which may be found on pages 156 and 157.

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

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

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

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

As at 31 December 2018 the Company had been notified of the following interests in the Company's ordinary share capital in accordance with DTR 5:

Shareholders	Number of shares	%
Heronbridge Investment Management LLP	7,249,840	5.07
Aberdeen Asset Managers Limited (and/or acting for its affiliates) as discretionary investment manager on behalf of multiple managed portfolios	7,189,327	5.07
Merian Global Investors (UK) Limited	7,184,549	5.02
Standard Life Investments (Holdings) Limited	6,723,563	<5.00
Aggregate of Standard Life Aberdeen plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	7,068,920	4.98
Old Mutual Plc	6,685,646	4.71

Note: On 22 February 2019, BlackRock, Inc. disclosed a shareholding of 5.04% and then on 6 March 2019 disclosed a shareholding of less than 5%. No other changes to the above have been disclosed to the Company in accordance with DTR 5, between 31 December 2018 and 14 March 2019.

As at 31 December 2018, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 5,502,275 ordinary shares and the Savills Rabbi Trust held 1,386,356 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. In December 2017 the EBT Trust Deed was amended so that future Savills plc dividends will be waived in full. The Savills Rabbi Trust does not currently waive Savills plc dividends. For further details of the trusts please refer to note 2.21 to the Financial Statements.

Purchase of own shares

In accordance with the Listing Rules, at the AGM on 8 May 2018 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 8 May 2019 to renew the Company's authority to make market purchases of its own ordinary shares of 2.5p each for cancellation or to be held in treasury. Details of the proposed resolution are included in the Notice of AGM circulated to shareholders with this Annual Report and Accounts (the 'AGM Notice').

Change of control

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

Articles of Association

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

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

Unless determined by ordinary resolution of the Company, the number of Directors shall be not less than three and not more than 18. A Director is not required to hold any shares in the Company by way of qualification. However, as more fully described on page 83, in accordance with Board policy, the members of the GEB (which includes the Executive Directors) are expected to build-up and maintain a shareholding in the Company. The Board may appoint any person to be a Director and such Director shall hold office only until the next AGM when he or she shall then be eligible for re-appointment by the shareholders. The Articles provide that each Director shall retire from office at the third AGM after the AGM at which he or she was last elected. A retiring Director shall be eligible for re-election. However, in accordance with the Code, all Directors of the Company are subject to annual re-election.

Annual General Meeting

The AGM is to be held at 33 Margaret Street, London W1G 0JD at 12 noon on 8 May 2019; details are contained in the AGM Notice circulated to shareholders with this Report.

Half Year Report

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

Political contributions

The Company made no political contributions during the year (2017: £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 pages 32 to 35 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 82 for more details) and for UK employees (including Executive Directors), share plans which include a Sharesave Scheme and a Share Incentive Plan ('SIP'). The Sharesave Scheme is an HMRC-approved save-as-you-earn share option scheme which allows participants to purchase shares out of the proceeds of a linked savings contract at a price set at the time of the option grant. Participants may elect to save up to £500 per month and options may normally be exercised in the six months following the maturity of the linked three-year savings contract. The potential for extending the Sharesave Scheme internationally remains under consideration. The SIP is also HMRC-approved and through which participants may make regular purchases of shares (up to the current statutory limit of £150 per month) from pre-tax income. Shares under the SIP normally vest after five years and are free from income tax and national insurance contributions.

Human rights and equal opportunities

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

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

Independent Auditors

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

Whistleblowing

The Group encourages staff to report any concerns which they feel need to be brought to the attention of management. 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.

Greenhouse gas emissions

Details of the Group's global greenhouse gas emissions for the financial year under review can be found on page 37 and are incorporated into this Report by reference.

By order of the Board

Chris Lee

Group Legal Director & Company Secretary

13 March 2019

Savills plc

Registered in England No. 2122174

Directors' responsibilities

Statement of Directors' responsibilities in respect of the financial statements The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Each of the Directors, whose names and functions are listed on pages 42–45 confirm that, to the best of their knowledge:

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

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

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

On behalf of the Board

Mark Ridley
Group Chief Executive

Chris Lee
Group Legal Director & Company Secretary

Forward-looking statements

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

13 March 2019

Independent auditors' report

to the members of Savills plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2018 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Report and Accounts (the 'Annual Report'), which comprise:

the Consolidated and Company statements of financial position as at 31 December 2018; the Consolidated income statement; the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; the Consolidated and Company statements of cash flows; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the Group or the Company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Context

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

Overview

- Overall Group materiality: £7.2m (2017: £7.0m), based on 5% of Group underlying profit before tax as defined in note 2.2 to the financial statements.
- Overall Company materiality: £2.4m (2017: £2.3m), based on 1% of total assets.
- We conducted audit work in the UK, Germany, Spain, North America, Hong Kong, China, South Korea, Singapore, Japan, UAE and Australia, and across all four of the Group's business lines.
- Audits of the complete financial information were performed on the businesses in the UK, US, Hong Kong, Shanghai (China Central), Australia, South Korea, Spain as well as the German Investment Management business.
- We carried out specified procedures over the financial information of the entities in Beijing, Dubai, Sharjah, Japan and Singapore.
- We carried out procedures on components of the business which accounted for 82% (2017: 86%) of Group revenues and 91% (2017: 91%) of Group underlying profit before tax.
- Risk of fraud in revenue recognition in relation to cut-off for transaction income in the investment management and transactional advisory businesses (Group).
- Goodwill impairment assessment – particularly for European businesses and the US (Group).
- Provisions for litigation (Group).

- Recoverability of trade receivables (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that 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. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including those relating to financial services, company law and real estate services across the Group. Our tests included discussing compliance with internal legal counsel, Group's primary external legal counsel and examining litigation costs incurred by the Group over the financial year.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition in relation to cut-off for transaction income in the investment management and transactional advisory businesses (Group) Refer to page 103 (note 2 to the financial statements) for the Directors' disclosures of the related accounting policies, judgments and estimates. Our specific audit focus was on the risk that revenue may be recorded in the incorrect period in respect of transaction fees in the transactional advisory and investment management businesses, in light of the incentive schemes for management in those businesses designed to reward performance. The recognition of revenue is largely dependent on the date the underlying transaction is deemed to be completed.	For a sample of material transactions, we evaluated the commercial rationale and the revenue recognition policy adopted and determined that the related revenue had been recorded on a consistent basis across the Group in accordance with Group policies and IFRS 15. There was a significant risk identified around cut off of transactions which was tested through agreeing a sample of revenue transactions to underlying contracts and third party completion documentation, for example, property sales completion statements, determining that these sales had taken place and were recorded in the correct period. There were no material issues identified by our testing of revenue recognition in the year.
Goodwill impairment assessment (Group) Refer to page 57 (Audit Committee Report), page 103 and (Significant Accounting Policies) and pages 136 to 139 (notes). The Group carried £383.8m of goodwill at 31 December 2018 (2017: £353.3m) of which £156m related to the US. The carrying value of goodwill is contingent on future cash flows of the underlying cash generating units ('CGUs') and there is a risk that if these cash flows do not meet the Directors' expectations, the goodwill will be impaired. A particular focus during our testing was the	We evaluated and challenged the Directors' future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations. We compared management's forecast with the latest Board-approved budget and found them to be consistent. We challenged: • the key assumptions for short and long term growth rates in the forecasts by comparing them with historical results, as well as economic and industry forecasts for the relevant international property markets; and • the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations, and assessed the specific risk premium applied to each CGU in question.

goodwill balance in relation to US which makes up 40.7% of the total goodwill.	We performed sensitivity analysis on the key assumptions within the cash flow forecasts. This included sensitising the discount rate applied to the future cash flows, and the short and longer term growth rates and profit margins. We ascertained the extent to which a reduction in these assumptions both individually or in aggregate would result in goodwill impairment, and considered the likelihood of such events occurring. We did not regard this to be reasonably possible as there is sufficient headroom across all the cash generating units.
Provisions for litigation (Group) Refer to page 57 (Audit Committee Report), page 103 (Significant Accounting Policies) and pages 155 to 156 (notes). The Group is subject to a number of legal claims in the normal course of business. The calculation of provisions against these claims is judgmental, given the range of possible outcomes on each claim. Our audit procedures took into account both the potential exposure and the extent to which liabilities are likely to crystallise, as well as the adequacy of the insurance cover held by the Group. The Group provision for litigation as at 31 December 2018 is £11.0m (2017: £11.3m).	In order to assess the accuracy and completeness of the provisions held at the balance sheet date, we performed the following procedures: • Obtained and read the legal claim letters and accompanying third party documentation received by the Group; • Obtained and read the legal insurance contract, and verified that the terms were appropriately accounted for; • Met with the Group's internal and external legal counsels to consider in detail a number of cases, including the potential exposure after taking into account the Group's insurance cover; • Verified the amounts and other details in respect of each new claim to the relevant supporting documentation; • Reviewed the outcome of prior year estimates of litigation provisions to help assess the reliability of the estimates this year; • Reviewed the legal cases settled during the year and, where relevant, traced the related cash payments to bank statements; and • Examined Board minutes, legal expenses incurred during the year and any litigation-related matters arising after the year-end. We determined based on these procedures that the Directors had made reasonable judgments in their assessment process for determining the level of provision held. Our procedures did not identify any further legal cases other than those identified by management.
Recoverability of trade receivables (Group) Refer to page 57 (Audit Committee Report), page 103 (Significant Accounting Policies) and pages 149 to 151 (notes). The Group is exposed to a risk of default in respect of trade receivables given the current global environment, and there is therefore a risk that the net valuation of receivables could be overstated. This risk is factored into our audit approach with respect to the provision against trade receivables.	In order to test the recoverability of trade receivables, we performed the following procedures: • A sample of trade receivables invoices were agreed to the post year end cash receipts by vouching to bank statements. • Where cash had not been received post year-end, we performed alternative procedures, by agreeing amounts recorded to underlying sales contracts and completion documentation; • Discussed and assessed the reasons that the amounts were not yet paid with local management teams. We also evaluated the Group's credit control procedures, and assessed the ageing profile of trade receivables, focusing on older debts; • We challenged management as to the recoverability of the older, unprovided amounts, corroborating management explanations with underlying documentation and correspondence with the customer; and • We reviewed management's bad debt provision calculations and ensured that these were consistent with Group policy, now being the expected credit loss model as stipulated by IFRS 9, and that they provided appropriate cover over older uncollected debts. Based upon the above, we are satisfied that management had taken reasonable judgments that were supported by the available evidence in respect of the relevant receivables.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

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

Taken together, our full scope audit procedures accounted for 82% (2017: 86%) of Group revenues and 91% (2017: 91%) of Group underlying profit before tax.

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

In our view, due to their significance and/or risk characteristics, businesses in the UK and North America, Spain, Hong Kong, Shanghai (China Central), South Korea and Australia within the Asia Pacific region, and the German Investment Management business, required an audit of their complete financial information. We used component auditors from PwC network firms who are familiar with the local laws and regulations in each of the identified territories outside the UK to perform this audit work.

Specific risk-based audit procedures were performed by local teams in Beijing, Dubai, Sharjah, Japan and Singapore.

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

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

The Group consolidation, financial statement disclosures and a number of complex items were audited by the Group engagement team at the head office. These included pensions, share-based payments, tax and goodwill impairment. Taken together, these procedures gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

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

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

	Group financial statements	Company financial statements
Overall materiality	£7.2m (2017: £7.0m).	£2.4m (2017: £2.3m).
How we determined it	5% of Group underlying profit before tax as defined in note 2.2 to the financial statements.	1% of total assets.
Rationale for benchmark applied	Based on our professional judgement, we determined materiality by applying a benchmark of 5% of underlying profit before tax. We believe that underlying profit before tax is the most appropriate measure as it eliminates any disproportionate effect of exceptional charges and provides a consistent year-on-year basis for our work.	The parent Company is a non-trading holding Company and accordingly we conclude that the total assets is an appropriate benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £1.1m and £6.2m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.3m (Group audit) (2017: £0.3m) and £0.3m (Company audit) (2017: £0.3m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

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

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. As not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Group's and Company's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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

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

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

- The Directors' confirmation on page 24 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

- The Directors' explanation on page 29 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

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

- The statement given by the Directors, on page 88, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 56 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 88, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or

- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 30 April 2001 to audit the financial statements for the year ended 31 December 2001 and subsequent financial periods. The period of total uninterrupted engagement is 17 years, covering the years ended 31 December 2001 to 31 December 2018.

John Waters (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

13 March 2019

Consolidated income statement

for the year ended 31 December 2018

	Notes	2018 £m	2017 £m
Revenue	6 and 7	1,761.4	1,600.0
Less:			
Employee benefits expense	10.1	(1,165.0)	(1,061.7)
Depreciation	17	(14.9)	(13.5)
Amortisation of intangible assets and impairment of goodwill and intangible assets	16	(10.6)	(9.3)
Other operating expenses	8.1	(473.3)	(418.5)
Other operating income	8.1	0.1	0.9
Other gains	8.1	2.9	5.9
Operating profit		100.6	103.8
Finance income	12	4.4	2.8
Finance costs	12	(6.7)	(4.1)
		(2.3)	(1.3)
Share of post-tax profit from joint ventures and associates	18.1	11.1	9.9
Profit before income tax		109.4	112.4
Comprising:			
– underlying profit before tax	9	143.7	140.5
– restructuring and acquisition-related costs	9	(29.1)	(29.0)
– other underlying adjustments	9	(5.2)	0.9
		109.4	112.4
Income tax expense	13	(32.2)	(31.3)
Profit for the year		77.2	81.1
Attributable to:			
Owners of the parent		76.7	80.1
Non-controlling interests		0.5	1.0
		77.2	81.1
Earnings per share			
Basic earnings per share	15.1	56.2p	58.8p
Diluted earnings per share	15.1	54.6p	57.5p
Underlying earnings per share			
Basic earnings per share	15.2	77.8p	75.8p
Diluted earnings per share	15.2	75.6p	74.1p

Consolidated statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 £m	2017 £m
Profit for the year		77.2	81.1
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme obligation	11.2	15.7	14.1
Changes in fair value of equity investments at FVOCI		(0.1)	—
Tax on items that will not be reclassified	13	(2.8)	(2.8)
Total items that will not be reclassified to profit or loss		(12.8)	11.3
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments	18.2	—	0.3
Currency translation differences		19.3	(16.2)
Tax on items that may be reclassified	13	(0.3)	2.3
Total items that may be reclassified subsequently to profit or loss		19.0	(13.6)
Other comprehensive income/(loss) for the year, net of tax		31.8	(2.3)
Total comprehensive income for the year		109.0	78.8
Total comprehensive income attributable to:			
Owners of the parent		108.5	77.8
Non-controlling interests		0.5	1.0
		109.0	78.8

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company are not presented as part of these financial statements. The Company has produced its own income statement and statement of comprehensive income for approval by its Board. The Company receives dividends from subsidiaries and charges subsidiaries for the provision of Group-related services. The profit after income tax of the Company for the year was £55.5m (2017: £64.0m).

Consolidated and Company statements of financial position

as at 31 December 2018

	Notes	Group		Company	
		2018 £m	2017 Restated* £m	2018 £m	2017 £m
Assets: Non-current assets					
Property, plant and equipment	17	71.5	68.2	1.6	1.7
Goodwill	16	383.8	353.3	–	–
Intangible assets	16	48.7	34.4	4.8	2.7
Investments in subsidiaries	18.4	–	–	128.8	123.7
Investments in joint ventures and associates	18.1	48.3	30.0	–	–
Deferred income tax assets	19	29.7	36.9	1.4	2.2
Available-for-sale investments	18.2	–	24.6	–	–
Financial assets at fair value through other comprehensive income ('FVOCI')	18.3	31.2	–	–	–
Retirement benefit surplus	11.2	2.8	1.3	0.1	–
Contract assets	6.1	1.3	–	–	–
Other receivables		19.1	15.7	–	–
		636.4	564.4	136.7	130.3
Assets: Current assets					
Contract assets	6.1	7.8	6.0	–	–
Trade and other receivables	20.1	528.3	490.6	10.3	7.9
Income tax receivable		2.7	2.3	2.2	2.6
Derivative financial instruments	24	0.1	0.5	–	–
Cash and cash equivalents	21	223.9	208.8	90.2	90.8
		762.8	708.2	102.7	101.3
Liabilities: Current liabilities					
Borrowings	23	0.4	110.1	–	–
Derivative financial instruments	24	0.1	0.1	–	–
Contract liabilities	6.1	11.1	7.1	–	–
Trade and other payables	22.1	629.1	587.6	14.6	13.1
Income tax liabilities		11.0	16.4	–	–
Employee benefit obligations	25.2	15.8	11.2	0.1	0.1
Provisions	25.1	8.4	11.4	–	–
		675.9	743.9	14.7	13.2
Net current assets/(liabilities)		86.9	(35.7)	88.0	88.1
Total assets less current liabilities		723.3	528.7	224.7	218.4
Liabilities: Non-current liabilities					
Borrowings	23	149.6	0.1	–	–
Other payables	22.2	38.2	35.6	–	–
Retirement and employee benefit obligations	11.2 and 25.2	11.7	35.5	–	1.1
Provisions	25.1	12.8	12.9	–	0.6

Deferred income tax liabilities	19	6.0	2.9	–	–
		218.3	87.0	–	1.7
Net assets		505.0	441.7	224.7	216.7
Equity:					
Share capital	26	3.6	3.5	3.6	3.5
Share premium		96.6	91.1	96.6	91.1
Other reserves	28	117.6	98.4	38.2	38.2
Retained earnings	28	286.5	247.2	86.3	83.9
Equity attributable to owners of the parent		504.3	440.2	224.7	216.7
Non-controlling interests		0.7	1.5	–	–
Total equity		505.0	441.7	224.7	216.7

* See Note 2.26 for details about changes in accounting policies and resulting prior year restatement and Note 18.2 for prior period restatement of goodwill and trade and other payables in relation to a measurement period adjustment in accordance with IFRS 3.

The consolidated and Company financial statements on pages 97 to 171 were authorised for issue by the Board of Directors on 13 March 2019 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 2018

	Notes	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 2018		3.5	91.1	98.4	247.2	440.2	1.5	441.7
Profit for the year		–	–	–	76.7	76.7	0.5	77.2
Other comprehensive income/(loss):								
Remeasurement of defined benefit pension scheme obligation/retirement benefit surplus	11.2	–	–	–	15.7	15.7	–	15.7
Changes in fair value of financial assets at FVOCI		–	–	(0.1)	–	(0.1)	–	(0.1)
Tax on items directly taken to reserves	13	–	–	0.1	(3.2)	(3.1)	–	(3.1)
Currency translation differences		–	–	19.3	–	19.3	–	19.3
Total comprehensive income for the year		–	–	19.3	89.2	108.5	0.5	109.0
Employee share option scheme:								
– Value of services provided		–	–	–	18.2	18.2	–	18.2
Purchase of treasury shares		–	–	–	(25.1)	(25.1)	–	(25.1)
Shares issued		0.1	5.5	–	–	5.6	–	5.6
Dividends	14	–	–	–	(41.4)	(41.4)	(0.2)	(41.6)
Disposal of financial assets at FVOCI		–	–	(0.5)	0.6	0.1	–	0.1
Transfer between reserves		–	–	0.4	(0.4)	–	–	–
Transactions with non-controlling interests		–	–	–	(1.8)	(1.8)	(1.2)	(3.0)
Movement related to business combinations	18.5	–	–	–	–	–	0.1	0.1
Balance at 31 December 2018		3.6	96.6	117.6	286.5	504.3	0.7	505.0

	Notes	Attributable to owners of the parent							
		Share capital £m	Share premium £m	Shares to be issued £m	Other reserves* £m	Retained earnings** £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2017		3.5	91.1	11.3	103.9	195.8	405.6	1.4	407.0
Profit for the year		–	–	–	–	80.1	80.1	1.0	81.1
Other comprehensive income/(loss):									
Remeasurement of defined benefit pension scheme obligation	11.2	–	–	–	–	14.1	14.1	–	14.1

Fair value gain on available-for-sale investments	18.2	–	–	–	0.3	–	0.3	–	0.3
Tax on items directly taken to reserves	13	–	–	–	0.3	(0.8)	(0.5)	–	(0.5)
Currency translation differences		–	–	–	(16.2)	–	(16.2)	–	(16.2)
Total comprehensive income for the year		–	–	–	(15.6)	93.4	77.8	1.0	78.8
Employee share option scheme:									
– Value of services provided		–	–	–	–	14.5	14.5	–	14.5
Purchase of treasury shares		–	–	–	–	(17.2)	(17.2)	–	(17.2)
Shares issued		–	–	(11.3)	11.3	–	–	–	–
Disposal of available-for-sale investments		–	–	–	(1.2)	–	(1.2)	–	(1.2)
Dividends	14	–	–	–	–	(39.3)	(39.3)	(0.9)	(40.2)
Balance at 31 December 2017		3.5	91.1	–	98.4	247.2	440.2	1.5	441.7

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

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

Company statement of changes in equity

for the year ended 31 December 2018

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

		Attributable to owners of the Company								
		Share capital £m	Share premium £m	Share to be issued £m	Capital redemption reserve* £m	Merger relief reserve* £m	Other reserves* £m	Share-based payments reserve* £m	Retained earnings** £m	Total equity £m
Balance at 1 January 2017		3.5	91.1	11.3	0.3	23.6	3.0	5.0	67.2	205.0
Profit for the year		–	–	–	–	–	–	–	64.0	64.0
Other comprehensive income:										
Remeasurement of defined benefit pension scheme obligation	11.2	–	–	–	–	–	–	–	0.7	0.7
Tax on items directly taken to reserves	13	–	–	–	–	–	–	–	0.3	0.3
Total comprehensive income for the year		–	–	–	–	–	–	–	65.0	65.0
Employee share option scheme:										
– Value of services provided		–	–	–	–	–	–	2.4	–	2.4

– Exercise of share options		–	–	–	–	–	–	(1.9)	(11.5)	(13.4)
Distribution for Employee Benefit Trust		–	–	–	–	–	–	–	(3.0)	(3.0)
Shares issued		–	–	(11.3)	–	11.3	–	–	–	–
Dividends	14	–	–	–	–	–	–	–	(39.3)	(39.3)
Balance at 31 December 2017		3.5	91.1	–	0.3	34.9	3.0	5.5	78.4	216.7

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

** Included within retained earnings on the face of the statement of financial position are share-based payments reserve and retained earnings as disclosed above.

Consolidated and Company statements of cash flows

for the year ended 31 December 2018

	Notes	Group		Company	
		2018 £m	2017 £m	2018 £m	2017 £m
Cash flows from operating activities					
Cash generated from operations	31	147.8	145.1	43.9	49.9
Interest received		4.0	2.7	1.1	0.9
Interest paid		(5.1)	(2.1)	–	–
Income tax (paid)/received		(34.4)	(34.0)	3.0	1.5
Net cash generated from operating activities		112.3	111.7	48.0	52.3
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		0.2	0.1	–	–
Proceeds from sale of equity investments	18.2 – 18.3	12.3	4.6	–	–
Proceeds from sale of interests in joint ventures and associates		1.5	0.4	–	–
Dividends received from joint ventures and associates		11.2	8.3	–	–
Repayment of loans by joint ventures, associates and subsidiaries		–	–	40.0	3.6
Loans to joint ventures, associates and subsidiaries		(1.1)	(0.6)	(45.1)	(8.6)
Disposal of subsidiaries, net of cash disposed		0.4	–	–	–
Acquisition of subsidiaries, net of net cash acquired	18.5	(35.5)	(39.8)	–	–
Deferred consideration paid in relation to current and prior year acquisitions		(24.0)	(67.9)	–	–
Purchase of property, plant and equipment	17	(16.9)	(23.1)	(0.8)	(0.9)
Purchase of intangible assets	16	(5.9)	(8.8)	(2.5)	(1.6)
Purchase of investment in joint ventures, associates and equity investments	18.1 – 18.3	(25.3)	(9.4)	–	–
Net cash used in investing activities		(83.1)	(136.2)	(8.4)	(7.5)
Cash flows from financing activities					
Proceeds from issue of share capital		5.6	–	5.6	–
Proceeds from borrowings		305.0	181.5	–	–
Repayments of borrowings		(261.6)	(110.6)	–	–
Contribution to Employee Benefit Trust		–	–	(4.1)	(3.0)
Purchase of treasury shares	28	(25.1)	(17.2)	–	–
Purchase of non-controlling interests	18.6	(2.6)	–	–	–
Dividends paid	14	(41.6)	(40.2)	(41.7)	(39.3)
Net cash (used) in/received from financing activities		(20.3)	13.5	(40.2)	(42.3)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		8.9	(11.0)	(0.6)	2.5

Cash, cash equivalents and bank overdrafts at beginning of year		205.2	223.4	90.8	88.3
Effect of exchange rate fluctuations on cash held		9.8	(7.2)	—	—
Cash, cash equivalents and bank overdrafts at end of year	21 and 23	223.9	205.2	90.2	90.8

Notes to the financial statements

Year ended 31 December 2018

1. General information

Savills plc (the 'Company') and its subsidiaries (together the 'Group') is a global real estate services Group. The Group operates through a network of offices in the UK, Europe, Asia Pacific, North America, Africa and the Middle East. Savills is listed on the London Stock Exchange and employs 36,981 staff worldwide.

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

These consolidated financial statements were approved for issue by the Board of Directors on 13 March 2019.

2. Accounting policies

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

2.1 Basis of preparation

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

The financial statements are prepared on a going concern basis and under the historical cost convention as modified by the revaluation of equity investments held at fair value and derivative financial instruments.

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

2.2 Use of non-GAAP measures

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

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

- Amortisation of acquired intangible assets (excluding software)
- The difference between IFRS 2 charges related to outstanding bonus-related deferred share awards and the estimated value of the current year bonus pool expected to be allocated to deferred share awards (refer to Note 9 for further explanation)
- Items that are considered exceptional by size or nature including restructuring costs, impairments of goodwill, intangible assets and investments and profits or losses arising on disposals of subsidiaries and other investments
- Significant acquisition costs related to business combinations.

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

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

A reconciliation between GAAP and underlying measures are set out in Note 9 (underlying profit before tax) and Note 15.2 (underlying basic earnings per share and underlying diluted earnings per share).

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

2.3 Consolidation

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

(a) Subsidiaries

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

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

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

(b) Acquisition of subsidiaries

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration only applies to situations where contingent payments are not dependent on future employment of vendors. Payments dependent on future employment are expensed to the income statement over the relevant period of employment as required by IFRS 3 (revised). Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed as incurred.

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

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

(d) Disposal of subsidiaries

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

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 18.1).

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

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

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

(f) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of its joint venture's post-acquisition profits or losses is recognised in the income statement with a corresponding adjustment to the carrying amount of the investment. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

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

2.4 Segment reporting

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

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

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

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

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group entities

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the reporting date. Exchange

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

The income and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

2.6 Property, plant and equipment

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

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

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

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

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

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

2.7 Goodwill

Goodwill represents the excess of the cost of acquisition of a subsidiary or associate over the Group's share of the fair value of identifiable net assets acquired.

In respect of associates, goodwill is included in the carrying value of the investment.

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in the geographical region in which it operates (Note 16).

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

2.8 Intangible assets other than goodwill

Intangible assets acquired as part of business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life. Fair value on acquisition is determined by third party valuation where the acquisition is significant.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- The expenditure attributable to the software product during its development can be reliably measured.

Measurement subsequent to initial recognition is at cost less accumulated amortisation and impairment.

Amortisation charges are spread on a straight-line basis over the period of the assets' estimated useful lives as follows:

Customer relationships	3–15 years
Order backlogs	2 years
Contracts – investment, property management and other existing business contracts	2–20 years
Brands	2 years
Computer software	3–7 years

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

2.9 Impairment of other non-financial assets

Assets that have indefinite useful lives are not subject to amortisation or depreciation and are tested annually for impairment or whenever an indicator of impairment exists. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever an indicator of impairment exists. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value-in-use. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Value-in-use is determined using the discounted cash flow method, with an appropriate discount rate to reflect market rates and specific risks associated with the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.10 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position at fair value or amortised cost when the Group becomes party to the contractual provisions of the instrument. Subsequent measurement depends on the classification and is discussed in paragraphs 2.11–2.16.

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of consideration received is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

2.11 Equity investments

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

The Group has made an irrevocable election at initial recognition for certain equity investments to be classified as FVOCI. Changes in fair value are recognised through other comprehensive income rather than profit or loss. Dividends from these investments are recognised in profit or loss. When such investments are disposed of 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.

Accounting policy applied prior to 1 January 2018

Under IAS 39 (prior to transition to IFRS 9), these investments were categorised as available-for-sale investments and were stated at fair value, with changes in fair value being recognised in other comprehensive income. When such investments were disposed of or became impaired, the accumulated gains and losses, previously recognised in other comprehensive income, were recognised in the income statement.

2.12 Trade 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.

Accounting policy applied prior to 1 January 2018

Under IAS 39 (prior to transition to IFRS 9), a provision for impairment of trade receivables was established when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset was reduced through the use of an allowance account, and the amount of the loss was recognised in the income statement within 'other operating expenses'. When a trade receivable was uncollected, it was written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off were credited against 'other operating expenses' in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short-term highly liquid investments with original maturities of three months or less and working capital overdrafts, which are subject to an insignificant risk of changes in value. Bank overdrafts are included under borrowings in the statement of financial position.

2.14 Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method.

2.15 Trade payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.16 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of the Group's derivative instruments are recognised immediately in the income statement.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares which are not cancelled, or shares purchased for the Employee Benefit Trust and the Savills Rabbi Trust, are classified as treasury shares and presented as a deduction from total equity.

2.18 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Pension obligations

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

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

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

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

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

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

2.20 Share-based payments

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

All equity-settled share-based payments are measured at fair value at the date of grant. Fair value is predominantly measured by use of the Actuarial Binomial option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Any cash proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.21 Employee Benefit Trust and Savills Rabbi Trust

The Company has established the Savills plc 1992 Employee Benefit Trust (the 'EBT') and the Savills Rabbi Trust (the 'Rabbi Trust'), the purposes of which are to grant awards to employees, to acquire shares in the Company pursuant to the Savills Deferred Share Bonus Plan and the Savills Deferred Share Plan and to hold shares in the Company for subsequent transfer to employees on the vesting of the awards granted under the schemes. The assets and liabilities of the EBT and Rabbi Trust are included in the Group statement of financial position. Investments in the Group's own shares are shown as a deduction from equity.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(a) Professional indemnity claims

Provisions on professional indemnity claims are recognised when it is probable that the Group will be required to settle claims against it as a result of a past event and the amount of the obligation can be reliably estimated. The Group recognises a provision up to the limit of its self-insured liabilities in respect of any claim, with the excess of any self-

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

(b) Dilapidation provisions

The Group is required to perform dilapidation repairs and restore properties to agreed specifications on leased properties prior to the properties being vacated at the end of their lease term. Provision for such cost is made where a legal obligation is identified and the liability can be reasonably quantified.

(c) Onerous leases

A provision is recognised where the costs of meeting the obligations under a lease contract exceed the economic benefits expected to be received and is measured as the net least cost of exiting the contract, being the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it.

(d) Restructuring provision

A provision is recognised when there is a present constructive obligation to meet the costs of restructure. This arises when there is a detailed formal plan for the restructuring, identifying at least the business or part of the business concerned, principal locations affected and the location, function and approximate number of employees to be compensated for terminating their services and when the plan has been communicated to those affected by it, raising an expectation that the plan will be carried out.

2.23 Revenue

The Group recognises revenue from the following major sources:

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

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

(a) Residential property transactions

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

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

(b) Commercial property transactions

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

(c) Property consultancy services

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

Generally, revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Fee arrangements include fixed fee arrangements and fee for service arrangements ("time and materials"). For fixed-price contracts, revenue is recognised based on the stage of completion with reference to the actual services provided to the end of the reporting period as a proportion of the total services to be provided under the contract. This is determined on a contract by contract basis with reference to actual costs incurred in relation to the best estimate of total costs expected for completion of the contract or using a milestone based approach, depending on the contract terms.

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

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

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

(d) Property and facilities management services

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

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

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

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

(e) Investment management services

Base management fees are received for the provision of fund and asset management services. Fund management fees

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

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

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

(f) Financing components

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

(g) Costs of obtaining a contract

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

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

2.24 Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. The assets are then depreciated over the lower of the lease terms or the estimated useful lives of the assets.

The capital elements of future obligations under finance leases are included as liabilities in the statement of financial position. Leasing payments comprise capital and finance elements and the finance element is charged to the income statement.

The annual payments under all other lease agreements (operating leases) are charged to the income statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into the operating lease are also spread on a straight-line basis over the lease term.

A lease is classified as onerous where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.25 Dividends

Dividend distributions are recognised as a liability in the Group's financial statements in the period in which they are approved by the Company's shareholders.

Interim dividends are recognised when paid.

2.26 Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 January 2018 include the following:

- IFRS 9, 'Financial instruments' ('IFRS 9'), replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7, 'Financial Instruments: Disclosures'. In accordance with the transitional provisions in IFRS 9 (7.2.15), comparative figures have not been restated and continue to be accounted for in accordance with the Group's previous accounting policy.
The transition to IFRS 9 did not have a material impact on the Group's opening retained earnings, as a result a reconciliation of retained earnings is not required.
The only reclassification adjustment upon transition to IFRS 9 relates to the Group's available-for-sale investments, which have been reclassified to financial assets through other comprehensive income (following the Group's decision to apply the irrevocable election available in IFRS 9). This reclassification did not have an impact on the carrying value of these financial assets and only impacts the accounting treatment in future periods when these investments are disposed of.
- IFRS 15, 'Revenue from contracts with customers' ('IFRS 15'), establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. It applies to all contracts with customers, except those in the scope of other standards. The implementation of IFRS 15 resulted in some refinement in the timing of recognition of investment management performance fees and the amortisation period for contract costs. In accordance with transition provisions in IFRS 15 the new rules have been adopted using the simplified retrospective transition method. The transition to IFRS 15 did not have a material impact on the Group's opening retained earnings, as a result a reconciliation of retained earnings is not required. There have however been a number of balance sheet reclassifications upon transition to IFRS 15 as follows:
 - Contract assets recognised in relation to consulting contracts were previously presented as work in progress.
 - Contract liabilities recognised which were previously presented in trade and other payables as deferred revenue.

	2017 Reported £m	Reclassification £m	2017 Restated £m
Current assets			
Work in progress	6.0	(6.0)	—
Contract assets	—	6.0	6.0
Current liabilities			
Contract liabilities	—	7.1	7.1

Trade and other payables	592.7	(7.1)	585.6
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In addition to the above, December 2017 goodwill and trade and other payables balances have been restated by a further £2.0m in relation to a measurement period adjustment in accordance with IFRS 3. See Note 18.5 for details.

The table below shows the impact of the application of IFRS 15 on a financial statement line item basis in the current period:

	2018 (pre IFRS 15) £m	Application of IFRS 15 £m	2018 reported £m
Income statement			
Revenue	1,760.7	0.7	1,761.4
Employee benefits expense	1,164.7	0.3	1,165.0
Statement of financial position			
Contract assets (non-current)	—	1.3	1.3
Trade and other receivables (current)	528.9	(0.6)	528.3
Trade and other payables (current)	628.8	0.3	629.1
Retained earnings	286.1	0.4	286.5

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 January 2018 that are not relevant or considered to have a significant impact on the Group and its financial statements include the following:

New interpretation IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based payment transactions
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRS 1	First time Adoption of IFRS and deletion of short-term exemptions
Amendments to IAS 28	Investments in Associates and clarification for venture capital organisations
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2018, and have not been early adopted:

- IFRS 16, 'Leases', effective for the accounting periods beginning on or after 1 January 2019. The standard addresses the classification, measurement and recognition of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard supersedes IAS 17 'Leases'. The standard will have a material impact on the consolidated financial statements of the Group. On adoption, lease agreements will give rise to both a right-of-use asset and a lease liability for future lease payables. 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. This will result in a change to the profile of the net charge taken to the income statement over the life of the lease. These charges will replace the lease costs currently charged to the income statement.
The Group will apply the standard from its mandatory adoption date of 1 January 2019 and intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition either as if the new rules had always been applied or at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses and onerous lease provisions where applicable).
As at the reporting date, the Group has non-cancellable operating lease commitments of £354.0m, see note 30. Of these commitments, approximately £5.2m relates to short-term leases and £0.2m to low value leases which will both be recognised on a straight-line basis as expense in the income statement.
For the remaining lease commitments the Group expects to recognise lease liabilities of £300.6m, an increase to property, plant and equipment of approximately £260.5m through the recognition of right-of-use assets on 1 January 2019 and an increase to deferred tax assets of £1.5m. Transitional adjustments will also include the

reduction of trade and other receivables of £1.7m (prepayments) and trade and other payables of £33.1m (primarily deferred rent accruals). Overall, net assets will be approximately £7.2m lower and net current assets will be £15.3m lower due to the presentation of a portion of the liability as a current liability.

The Group expects that underlying profit before tax will decrease approximately £3.1m for 2019 as a result of adopting the new rules.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements with respect to sub-leasing activities.

Other standards, amendments and interpretations not yet effective and not discussed above are not relevant or considered significant to the Group.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group. The Group uses financial instruments to manage material foreign currency and interest rate risk.

The treasury function is responsible for implementing risk management policies applied by the Group and has a policy and procedures manual that sets out specific guidelines on financial risks and the use of financial instruments to manage these.

3.2 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks primarily with respect to the euro, Hong Kong dollar and US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. When there is a material committed foreign currency exposure the foreign exchange risk will be hedged. The Group may finance some overseas investments through the use of foreign currency borrowings. The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature and the high costs associated with such hedging.

The sensitivity analysis has been prepared for the major currencies to which the Group is exposed. Recent historical movements in these currencies has been considered and it has been concluded that a 5–10% movement in rates is a reasonable benchmark.

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

£m	Movement of currency against sterling			
	-10.0%	-5.0%	+5.0%	+10.0%
2018				
Estimated impact on post-tax profit				
Euro	(1.0)	(0.5)	0.6	1.3
Hong Kong dollar	(1.7)	(0.9)	1.0	2.1
US dollar	(0.7)	(0.4)	0.4	0.9
Estimated impact on components of equity				
Euro	1.0	0.6	(0.6)	(1.3)
Hong Kong dollar	(13.8)	(7.2)	8.0	16.9
US dollar	(18.0)	(9.4)	10.4	22.0
2017				
Estimated impact on post-tax profit				
Euro	(1.0)	(0.5)	0.6	1.2
Hong Kong dollar	(1.5)	(0.8)	0.9	1.8
US dollar	0.9	0.5	(0.5)	(1.1)

Estimated impact on components of equity				
Euro	1.0	0.5	(0.6)	(1.2)
Hong Kong dollar	(12.3)	(6.5)	7.1	15.1
US dollar	(12.1)	(6.3)	7.0	14.8

3.3 Interest rate risk

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

For the year ended 31 December 2018, if the average interest rate for the year had changed with all other variables held constant, the Group's post-tax profit for the year and equity would have increased or decreased as shown below:

£m	Increase in interest rates			
	+0.5%	+1.0%	+1.5%	+2.0%
2018				
Estimated impact on post-tax profit and equity	0.5	0.8	1.2	1.6
2017				
Estimated impact on post-tax profit and equity	0.3	0.6	1.0	1.4
£m	Decrease in interest rates			
	-0.5%	-1.0%	-1.5%	-2.0%
2018				
Estimated impact on post-tax profit and equity	(0.3)	(0.3)	0.1	0.4
2017				
Estimated impact on post-tax profit and equity	(0.5)	(0.9)	(0.9)	(0.6)

The rationale behind the 2.0% sensitivity analysis is based upon historic trends in interest rate movements and the short-term expectation that any increase or decrease greater than 2.0% is unlikely to occur.

3.4 Credit risk

Credit risk arises from cash and cash equivalents, equity investments, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. The Group has policies that require appropriate credit checks on potential customers before engaging with them. A risk control framework is used to assess the credit quality of clients, taking into account financial position, past experience and other factors.

Individual risk limits for banks and financial institutions are set based on external ratings and in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

As at the reporting date, no significant credit risk existed in relation to banking counterparties. No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties. There were no other significant receivables or individual trade receivable balances as at 31 December 2018. Refer to Note 20 for information on the credit quality of trade receivables and the maximum exposure to credit risk arising on outstanding receivables from clients.

The table below shows Group cash balances split by counterparty ratings at the reporting date:

Counterparty rating (provided by S&P)	2018 £m	2017 £m
AA-	25.7	24.7
A+	55.4	30.2
A	101.8	96.6
A-	17.0	16.6
BBB+ or below	24.0	40.7
Total	223.9	208.8

3.5 Liquidity risk

The Group maintains appropriate committed facilities to ensure the Group has sufficient funds available for operations and expansion. The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months.

Management monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities (Note 23) and cash and cash equivalents (Note 21) on the basis of expected cash flow. This is carried out at local level in the operating companies of the Group in accordance with Group practice as well as on a Group consolidated basis.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

£m	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2018				
Borrowings	0.4	—	—	150.0
Finance leases	—	0.1	—	—
Derivative financial instruments	0.1	—	—	—
Trade and other payables	563.8	30.8	8.4	0.2
	564.3	30.9	8.4	150.2
2017				
Borrowings	110.1	—	—	—
Finance leases	—	0.1	—	—
Derivative financial instruments	0.1	—	—	—
Trade and other payables	538.0	13.9	18.6	5.2
	648.2	14.0	18.6	5.2

3.6 Capital risk management

The Group's objectives when managing capital are:

- To safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders
- To maintain an optimal capital structure to reduce the cost of capital.

The Group's overall strategy remains unchanged from 2017.

Savills plc is not subject to any externally-imposed capital requirements, with the exception of its regulated entities within the Savills Investment Management group and its FCA (Financial Conduct Authority) regulated entity, Savills Capital Advisors Ltd, in the UK. All regulated entities complied with the relevant capital requirements during the year

ended 31 December 2018. The Savills Investment Management group has regulated entities in the UK, Jersey, Luxembourg, Germany, Italy, Japan, Singapore, Hong Kong, China, Australia and the US. For more information on Savills Investment Management group's regulated entities and regulatory requirements, please visit www.savillsim.com.

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board has put in place a distribution policy which takes into account the degree of maintainability of the Group's different profit streams and the Group's overall exposure to cyclical Transaction Advisory profits, as well as the requirement to maintain a certain level of cash resources for working capital and corporate development purposes. The Board will recommend an ordinary dividend broadly reflecting the profits derived from the Group's less volatile businesses. In addition, when profits from the cyclical Transaction Advisory business are strong, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend. The value of any such supplemental dividend will vary depending on the performance of the Group's Transaction Advisory business and the Group's anticipated working capital and corporate development requirements through the cycle. It is intended that, in normal circumstances, the combined value of the ordinary and supplemental dividends declared in respect of any year are covered at least 1.5 times by statutory retained earnings and/or at least 2.0 times by underlying profits after taxation. The Group complied with this policy throughout the year.

The Group's policy is to borrow centrally, if required, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are then on-lent or contributed as equity to certain subsidiaries. The Board of Directors monitors a number of debt measures on a rolling forward 12-month basis including: gross cash by location; gross debt by location; cash subject to restrictions; total debt servicing cost to operating profit; gross borrowings as a percentage of EBITDA (earnings before interest, tax, depreciation and amortisation); and forecast headroom against available facilities. These internal measures indicate the levels of debt that the Group has and are closely monitored to ensure compliance with banking covenants and to confirm that the Group has sufficient unused facilities. The Group complied with all banking covenants throughout the year and met all internal counterparty exposure limits set by the Board.

The capital structure is as follows:

£m	Group		Company	
	2018	2017	2018	2017
Equity	505.0	441.7	224.7	216.7
Cash and cash equivalents	223.9	208.8	90.2	90.8
Bank overdrafts	—	(3.6)	—	—
Borrowings	(150.0)	(106.6)	—	—
Net cash	73.9	98.6	90.2	90.8

3.7 Categories of financial instruments

	Financial assets at FVPL 2018 £m	Financial assets at FVOCI 2018 £m	Financial assets at amortised cost 2018 £m	Total carrying amount 2018 £m	Financial asset at fair value 2017 £m	Available-for-sale financial assets 2017 £m	Loans and receivables 2017 £m	Total carrying amount 2017 £m
Financial assets:								
Financial assets at FVOCI	—	31.2	—	31.2	—	—	—	—
Available-for-sale investments	—	—	—	—	—	24.6	—	24.6
Trade and other receivables	—	—	470.4	470.4	—	—	440.0	440.0
Derivative financial instruments	0.1	—	—	0.1	0.5	—	—	0.5
Cash and cash equivalents	—	—	223.9	223.9	—	—	208.8	208.8
Total financial assets	0.1	31.2	694.3	725.6	0.5	24.6	648.8	673.9

	Financial liabilities at FVPL 2018 £m	Financial liabilities at amortised cost 2018 £m	Total carrying amount 2018 £m	Financial liabilities at fair value 2017 £m	Financial liabilities at amortised cost 2017 £m	Total carrying amount 2017 £m
Financial liabilities:						
Borrowings	–	150.0	150.0	–	110.2	110.2
Trade and other payables	–	602.0	602.0	–	573.6	573.6
Derivative financial instruments	0.1	–	0.1	0.1	–	0.1
Total financial liabilities	0.1	752.0	752.1	0.1	683.8	683.9

3.8 Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017:

£m	Level 1	Level 2	Level 3	Total
2017				
Assets				
Available-for-sale investments				
– Unlisted	–	24.6	–	24.6
Derivative financial instruments	–	0.5	–	0.5
Total assets	–	25.1	–	25.1
Liabilities				
Derivative financial instruments	–	0.1	–	0.1
Total liabilities	–	0.1	–	0.1

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

The fair value of Level 2 unlisted available-for-sale investments and financial assets at FVOCI is determined using valuation techniques using observable market data where available and rely as little as possible on entity estimates. The fair value of investment funds is based on underlying asset values determined by the Fund Manager's audited annual financial statements. These instruments are included in Level 2.

The fair value of derivative financial instruments is determined by using valuation techniques using observable market data. The fair value of derivative financial instruments is based on the market value of similar instruments with similar maturities. These instruments are included in Level 2.

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

Following the implementation of IFRS 9, unlisted equity securities, where cost has been determined as the best approximation of fair value, the fair value estimates have now been included in Level 3. Cost is considered the best approximation of fair value in these instances either due to insufficient more recent information being available and/or there being a wide range of possible fair value measurements due to the nature of the investments and cost is considered the best estimate of fair value within the range.

The following table presents the changes in Level 3 items for the period ended 31 December 2018.

	Unlisted equity securities £m
Opening balance 1 January 2018	—
Transfer from Level 2	14.7
Additions	5.0
Closing balance 31 December 2018	19.7

4. Offsetting financial assets and financial liabilities

The table below shows the amounts of financial assets and financial liabilities before and after offsetting. The amounts offset in the balance sheet were established in accordance with IAS 32. The assets and liabilities offset stem from the multi-currency cash pooling implemented within the Group.

£m	Gross financial assets/ (liabilities)	Amounts offset in the balance sheet	Net amount in the balance sheet
As at 31 December 2018			
Assets			
Cash and cash equivalents	364.1	(140.2)	223.9
Liabilities			
Bank overdrafts	(140.2)	140.2	—
As at 31 December 2017			
Assets			
Cash and cash equivalents	371.1	(162.3)	208.8
Liabilities			
Bank overdrafts	(165.9)	162.3	(3.6)

5. Critical accounting estimates and management judgements

5.1 Accounting estimates

Estimates are continually evaluated and are based on historical experience, current market conditions and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Pension benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the Group considers the interest rates of high-quality

corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 11.2.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred taxes

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised, especially with regard to the extent that future taxable profits will be available against which losses can be utilised.

(d) Valuation of intangible assets and useful life

The Group has made assumptions in relation to the potential future cash flows to be determined from separable intangible assets acquired as part of business combinations. This assessment involves assumptions relating to potential future revenues, appropriate discount rates and the useful life of such assets. These assumptions impact the income statement over the useful life of the intangible asset.

(e) Goodwill and intangible assets with indefinite useful lives

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

(f) Provisions

The Group and its subsidiaries are party to various legal claims. Provisions made within these financial statements and further details are contained in Note 25.1. Known claims could be inadequately provided for or additional claims could be made which might not be covered by existing provisions or by insurance as detailed in Note 29.

5.2 Management judgements

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

6. Revenue from contracts with customers

Revenue of £1,761.4m (2017: £1,600.0m) 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 7).

6.1 Contract assets and liabilities

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

	2018 £m	2017 Restated* £m
Asset recognised for costs incurred to obtain a contract – investment management contracts	1.3	–
Work in progress – consulting contracts	7.8	6.0
Total contract assets	9.1	6.0
Current	7.8	6.0
Non-current	1.3	–
	9.1	6.0
Deferred revenue	11.1	7.1

Total contract liabilities – current	11.1	7.1
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* See Note 2.26 for details about changes in accounting policies and resulting prior year restatement.

There were no impairment losses recognised on any contract asset in the reporting period (2017: £nil).

Amortisation on contract costs recognised in the income statement amounted to £0.1m (2017: £nil).

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

6.2 Revenue recognised in relation to contract liabilities

Revenue recognised in the year that was included in the contract liability balance at the beginning of the period totalled £6.0m.

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

7. Segment analysis

Operating segments reflect internal management reporting to the Group's chief operating decision maker, defined as the Group Executive Board (GEB). The operating segments are determined based on differences in the nature of their services. Geographical location also strongly affects the Group and both are therefore disclosed. The reportable operating segments derive their revenue primarily from property-related services. Refer to the Group overview on page 3 and the segmental reviews on pages 18 to 21 for further information on revenue sources.

Operations are based in four main geographical areas. The UK is the home of the parent Company with segment operations throughout the region. Asia Pacific segment operations are based in Hong Kong, Macau, China, South Korea, Japan, Taipei, Thailand, Singapore, Vietnam, Australia, Indonesia, Malaysia and Myanmar. Europe & the Middle East segment operations are based in Germany, France, Spain, Portugal, the Netherlands, Belgium, Sweden, Italy, Ireland, Poland, Czech Republic, United Arab Emirates, Egypt, Oman, Bahrain and Saudi Arabia. North America segment operations are based in a number of states throughout the US and in Canada. The sales location of the client is not materially different from the location where fees are received and where the segment assets are located.

Within the UK, both commercial and residential services are provided. Other geographical areas, although largely commercial-based, also provide residential services, in particular Hong Kong, China, Vietnam, Singapore, Australia, Taipei and Thailand.

The GEB assesses the performance of operating segments based on a measure of underlying profit before tax which adjusts reported pre-tax profit by profit/(loss) on disposals, share-based payment adjustment, significant restructuring costs, acquisition-related costs, amortisation of acquired intangible assets (excluding software) and impairments. Segmental assets and liabilities are not measured or reported to the GEB, but non-current assets are disclosed geographically on page 123.

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

	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
2018						
Revenue						
United Kingdom – commercial	98.4	171.5	157.1	25.7	–	452.7
United Kingdom – residential	131.5	44.4	33.8	–	–	209.7
Total United Kingdom	229.9	215.9	190.9	25.7	–	662.4
Europe & the Middle East	113.1	33.4	68.9	31.6	–	247.0
Asia Pacific – commercial	160.1	45.1	327.0	9.4	–	541.6
Asia Pacific – residential	45.9	–	–	–	–	45.9
Total Asia Pacific*	206.0	45.1	327.0	9.4	–	587.5

North America	264.5	–	–	–	–	264.5
Revenue	813.5	294.4	586.8	66.7	–	1,761.4
Underlying profit/(loss) before tax						
United Kingdom – commercial	15.7	19.0	10.2	4.7	(13.7)	35.9
United Kingdom – residential	17.6	6.8	2.8	–	–	27.2
Total United Kingdom	33.3	25.8	13.0	4.7	(13.7)	63.1
Europe & the Middle East	5.5	3.0	–	4.4	–	12.9
Asia Pacific – commercial	21.2	4.3	19.2	1.9	–	46.6
Asia Pacific – residential	8.3	–	–	–	–	8.3
Total Asia Pacific	29.5	4.3	19.2	1.9	–	54.9
North America	12.8	–	–	–	–	12.8
Underlying profit/(loss) before tax**	81.1	33.1	32.2	11.0	(13.7)	143.7

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2017 is as follows:

	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Other £m	Total £m
2017						
Revenue						
United Kingdom – commercial	101.6	160.2	135.1	24.8	1.1	422.8
United Kingdom – residential	128.9	44.7	30.7	–	–	204.3
Total United Kingdom	230.5	204.9	165.8	24.8	1.1	627.1
Europe & the Middle East	78.2	22.5	46.4	35.3	–	182.4
Asia Pacific – commercial	168.4	45.7	300.9	6.4	–	521.4
Asia Pacific – residential	44.3	–	–	–	–	44.3
Total Asia Pacific*	212.7	45.7	300.9	6.4	–	565.7
North America	224.8	–	–	–	–	224.8
Revenue	746.2	273.1	513.1	66.5	1.1	1,600.0
Underlying profit/(loss) before tax						
United Kingdom – commercial	17.2	17.1	9.0	5.0	(10.6)	37.7
United Kingdom – residential	18.7	6.8	2.7	–	–	28.2
Total United Kingdom	35.9	23.9	11.7	5.0	(10.6)	65.9
Europe & the Middle East	4.5	2.0	(1.8)	6.5	–	11.2
Asia Pacific – commercial	26.9	5.1	15.4	1.8	–	49.2
Asia Pacific – residential	6.4	–	–	–	–	6.4
Total Asia Pacific	33.3	5.1	15.4	1.8	–	55.6
North America	7.8	–	–	–	–	7.8
Underlying profit/(loss) before tax**	81.5	31.0	25.3	13.3	(10.6)	140.5

* Revenues of £275.4m (2017: £243.7m) are attributable to the Hong Kong and Macau region.

** Transaction Advisory underlying profit before tax includes depreciation of £7.5m (2017: £6.6m), software amortisation of £1.1m (2017: £0.8m) and share of post-tax profit from joint ventures and associates of £3.1m (2017: £2.2m). Consultancy underlying profit before tax includes depreciation of £2.3m (2017: £2.0m), software amortisation of £0.6m (2017: £0.4m) and share of post-tax loss from joint ventures and associates of £0.2m (2017: £nil). Property and Facilities Management underlying profit before tax includes depreciation of £3.9m (2017: £3.4m), software amortisation of £1.1m (2017: £1.3m) and share of post-tax profit from joint ventures and associates of £7.8m (2017: £7.7m). Investment Management underlying profit before tax includes depreciation of £0.3m (2017: £0.4m) and software amortisation of £0.4m (2017: £0.4m) and share of post-tax gain from associates of £0.4m (2017: £nil). Included in Other underlying loss is depreciation of £0.9m (2017: £1.1m) and software amortisation of £0.4m (2017: £0.3m).

The Other segment includes costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

A reconciliation of underlying profit before tax to profit before tax is provided in Note 9.

Inter-segmental revenue is not material. No single customer contributed 10% or more to the Group's revenue for both 2018 and 2017.

Non-current assets by geography are set out below:

	2018 £m	2017 £m
Non-current assets		
United Kingdom	168.7	131.1
Europe & the Middle East	119.3	96.7
Asia Pacific	90.9	87.6
North America	176.2	169.8
Total non-current assets	555.1	485.2

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

8. Operating profit

8.1 Operating profit

Operating profit is stated after charging/(crediting):

	Group	
	2018 £m	2017 £m
In other operating expenses		
– Net foreign exchange (gains)/losses (excluding net losses on forward foreign exchange contracts)	(0.2)	0.3
– Net losses/(gains) on forward foreign exchange contracts	0.2	(0.2)
– Significant restructuring costs*	8.4	7.7
– Acquisition-related costs**	20.7	21.3
– Operating lease costs	59.1	54.6
In other operating income		
– Dividends from equity investments held at FVOCI		
Related to investments held at the end of the reporting period	(0.1)	–
– Dividends from available-for-sale investments	–	(0.9)
In other gains/losses		
– Profit on disposal of joint venture	(1.0)	–

– Profit on disposal of subsidiaries	(0.4)	–
– Profit on disposal of available-for-sale investments	–	(5.9)

* Significant restructuring costs include staff related costs of £4.7m (2017: £5.1m), an onerous lease charge of £1.2m (2017: £2.3m) and other related restructuring costs of £2.5m (2017: £nil) arising primarily from integration activities in relation to the acquisitions of Aguirre Newman and Cluttons Middle East (2017: Smiths Gore, GBR Phoenix Beard and SEB).

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

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

	Group	
	2018 £m	2017 £m
Audit services		
Fees payable to the Company's auditors for the audit of parent Company	0.3	0.2
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	1.7	1.6
	2.0	1.8
Audit-related assurance services	0.1	0.2
Transaction advisory services	0.8	0.6
Other assurance services	0.1	–
	1.0	0.8
Total	3.0	2.6

9. Underlying profit before tax

	2018 £m	2017 £m
Statutory profit before tax	109.4	112.4
Adjustments:		
Amortisation of acquired intangible assets (excluding software)	6.6	3.9
Impairment of goodwill and acquired intangible assets (excluding software)	0.3	2.3
Share-based payment adjustment	(1.9)	(1.2)
Profit on disposal of subsidiaries, joint venture and available-for-sale investments	(2.9)	(5.9)
Restructuring costs	8.4	7.7
Acquisition-related costs	20.7	21.3
GMP equalisation charge	3.1	–
Underlying profit before tax	143.7	140.5

An impairment charge of £0.3m was recognised in the year relating to acquired investment management contracts. In the prior year, a £2.3m impairment charge was recognised relating to the goodwill of the Group's Swedish property management business.

The adjustment for share-based payments relates to the impact of the accounting standard for share-based compensation. The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS, the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge in relation to outstanding bonus-related share awards and the estimated value of the current year bonus pool to be awarded in deferred shares. This adjustment is made to align the underlying staff cost in the year with the revenue recognised in the same period.

Profit on disposal includes profits recognised in relation to the disposal of subsidiaries (100% of Savills Asset Management Pte Ltd and 80.5% of FPD Property Services (India) Private Ltd, which is now treated as an equity investment held at FVOCI) and the part disposal of a joint venture (Beijing Financial Street Savills Property Management Company Ltd) in Asia Pacific. In the prior year, profit on disposal included profits recognised in relation to the disposals of the Group's available-for-sale investments, SPF Private Clients Limited (£5.3m) and Cordea Savills German Retail Fund (£0.6m).

Restructuring costs includes costs of integration activities in relation to recent significant business acquisitions (primarily Aguirre Newman in Spain and Cluttons Middle East). In the prior year, costs related to the integration of Smiths Gore and GBR Phoenix Beard ('GBR') in the UK and Savills Investment Management's acquisition of SEB.

Acquisition-related costs include £14.2m (2017: £17.2m) of provisions for future payments in relation to business acquisitions, which are expensed through the income statement to reflect the requirement for the recipients to remain actively engaged in the business at the payment date. These relate to acquisitions in the UK (£3.6m - primarily GBR and Smiths Gore), North America (£2.6m) and Europe & the Middle East (£8.0m - primarily Aguirre Newman). In the prior year, these costs related to acquisitions in the UK (£3.8m - primarily GBR and Smiths Gore), North America (£13.2m - primarily Studley) and Europe (£0.3m). In addition, acquisition-related costs includes £2.2m for payments in relation to Savills Investment Management's acquisition of Merchant Capital (Japan) in May 2014 (2017: £1.4m), £1.0m of unwinding of interest on deferred consideration payments (2017: £0.6m) and £3.3m of transaction costs (2017: £2.1m).

Guaranteed Minimum Pension ('GMP') equalisation charge in the year reflects the past service cost on the UK defined benefit pension scheme, which is the estimated cost of equalising GMPs for the impact between males and females; this follows the conclusion of a High Court case in the UK on 26 October 2018. Refer to Note 11.2.

10. Employees

10.1 Employee benefits expense

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Basic salaries and wages	581.8	530.5	8.5	8.2
Profit share and commissions	463.2	426.7	5.3	5.8
Wages and salaries	1,045.0	957.2	13.8	14.0
Social security costs	71.1	63.0	1.7	2.0
Other pension costs	30.7	27.0	0.5	0.3
Share-based payments	18.2	14.5	2.1	2.4
	1,165.0	1,061.7	18.1	18.7

10.2 Staff numbers

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

	Group		Company	
	2018	2017	2018	2017
United Kingdom	5,955	5,554	133	125
Europe & the Middle East	1,752	1,206	—	—
Asia Pacific	28,486	26,894	—	—
North America	788	775	—	—
	36,981	34,429	133	125

The average number of UK employees (including Directors) during the year included 157 employed under fixed-term and temporary contracts (2017: 96).

10.3 Key management compensation

	Group	
	2018 £m	2017 £m
Key management		
– Short-term employee benefits	30.5	28.0
– Post-employment benefits	0.2	0.2
– Share-based payments	2.6	3.3
	33.3	31.5

The key management of the Group for the year ended 31 December 2018 comprised Executive Directors and the GEB members. Details of Directors' remuneration is contained in the Remuneration report on pages 66 to 84.

During the year eight (2017: seven) GEB members made aggregate gains totalling £5.4m (2017: £3.5m) on the exercise of options under PSP, DSP and DSBP schemes (2017: PSP, DSP and DSBP schemes).

Retirement benefits under the defined benefit scheme are accruing for three (2017: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2017: two) GEB members.

11. Pension schemes

11.1 Defined contribution plans

The Group operates the Savills UK Group Personal Pension Plan, a defined contribution scheme, a number of defined contribution individual pension plans and a Mandatory Provident Fund Scheme in Hong Kong, to which it contributes. The total pension charges in respect of these plans were £27.5m (2017: £26.9m). The amount outstanding as at 31 December 2018 in relation to defined contribution schemes is £2.0m (2017: £1.9m).

11.2 Defined benefit plan

The Group operates two defined benefit plans.

The Pension Plan of Savills (the 'UK Plan') is a UK-based plan which provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010. From 1 April 2010, pension benefits for former employees of the UK Plan are provided through the Group's defined contribution Personal Pension Plan.

The UK Plan is administered by a separate Trust that is legally separated from the Company. The board of the pension fund is composed of six trustees. The board of the pension fund is required by law and by its Article of Association to act in the interest of the fund and of all relevant stakeholders in the scheme. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

A full actuarial valuation of the UK Plan was carried out as at 31 March 2016 and has been updated to 31 December 2018 by a qualified independent actuary.

The Savills Fund Management GMBH Plan (the 'SFM Plan') is a Germany-based plan which provides final salary benefits to 13 active employees and 102 former employees. The plan is closed to future service-based benefit accrual.

The SFM Plan is administered by an external Trust that is legally separated from the Company. The Trust Agreement requires the trustee to maintain the plan assets in the interest of the beneficiaries of the plan and to fulfil their pension entitlements in the event of insolvency to the extent of the plan assets held. The Investment Committee of the fund, advised by expert investment managers, is responsible for the investment policy with regards to the assets of the fund. The contributions are determined based on the annual valuations of an independent qualified actuary.

A full actuarial valuation of the SFM Plan was carried out as at 31 December 2018 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	
	2018 £m	2017 £m	2018 £m	2017 £m
(Asset)/liability in the statement of financial position	(2.8)	19.5	(0.1)	1.1

Past service cost included in employee benefit expense	3.1	–	0.2	
Net interest cost included in finance costs	0.4	1.0	–	–
Actuarial gain included in other comprehensive income	16.8	13.3	0.9	0.7

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

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

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

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Present value of funded obligations	262.1	298.2	14.6	16.5
Fair value of plan assets	(264.9)	(278.7)	(14.7)	(15.4)
(Asset)/liability recognised in the statement of financial position	(2.8)	19.5	(0.1)	1.1

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

	Group			Company		
	Present value of obligation £m	Fair value of plan assets £m	Total £m	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2018	298.2	(278.7)	19.5	16.5	(15.4)	1.1
Interest expense/(income)	7.4	(7.0)	0.4	0.4	(0.4)	–
Past service cost	3.1	–	3.1	0.2	–	0.2
Remeasurements:						
– Losses on plan assets, excluding amounts included in interest income	–	21.8	21.8	–	1.2	1.2
– Gain from change in financial assumptions	(28.8)	–	(28.8)	(1.6)	–	(1.6)
– Gain from change in demographic assumptions	(8.0)	–	(8.0)	(0.4)	–	(0.4)
– Experience gains	(1.8)	–	(1.8)	(0.1)	–	(0.1)
Employer contributions	–	(9.0)	(9.0)	–	(0.5)	(0.5)
Benefit payments	(8.0)	8.0	–	(0.4)	0.4	–
At 31 December 2018	262.1	(264.9)	(2.8)	14.6	(14.7)	(0.1)
	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 2017	298.4	(257.6)	40.8	16.5	(14.2)	2.3
Interest expense/(income)	7.8	(6.8)	1.0	0.4	(0.4)	–

Remeasurements:						
– Return on plan assets, excluding amounts included in interest income	–	(23.3)	(23.3)	–	(1.3)	(1.3)
– Loss from change in financial assumptions	10.2	–	10.2	0.6	–	0.6
– Gain from change in demographic assumptions	–	–	–	–	–	–
– Experience gains	(0.2)	–	(0.2)	–	–	–
Employer contributions	–	(9.0)	(9.0)	–	(0.5)	(0.5)
Benefit payments	(18.0)	18.0	–	(1.0)	1.0	–
At 31 December 2017	298.2	(278.7)	19.5	16.5	(15.4)	1.1

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

	SFM Plan	
	2018 £m	2017 £m
Liability/(asset) in the statement of financial position	0.3	(1.3)
Current service cost included in employee benefits expense	0.1	0.1
Actuarial loss/(gain) included in other comprehensive income	1.1	(0.8)

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	
	2018 £m	2017 £m
Present value of funded obligations	14.0	13.9
Fair value of plan assets	(13.7)	(15.2)
Liability/(asset) recognised in the statement of financial position	0.3	(1.3)

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

	SFM Plan		
	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2018	13.9	(15.2)	(1.3)
Current service cost	0.1	–	0.1
Interest expense/(income)	0.3	(0.3)	–
Remeasurements:			
– Losses on plan assets, excluding amounts included in interest income	–	1.1	1.1
– Loss from change in demographic assumptions	0.1	–	0.1

– Experience gains	(0.1)	–	(0.1)
Employer contributions	–	0.4	0.4
Benefit payments	(0.4)	0.4	–
Exchange movement	0.1	(0.1)	–
At 31 December 2018	14.0	(13.7)	0.3
	SFM Plan		
	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 January 2017	14.4	(14.0)	0.4
Current service cost	0.1	–	0.1
Interest expense/(income)	0.3	(0.3)	–
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	–	(0.2)	(0.2)
– Gain from change in financial assumptions	(0.5)	–	(0.5)
– Experience gains	(0.1)	–	(0.1)
Transfers	(0.3)	0.3	–
Employer contributions	–	(0.9)	(0.9)
Benefit payments	(0.4)	0.4	–
Exchange movement	0.4	(0.5)	(0.1)
At 31 December 2017	13.9	(15.2)	(1.3)

The significant actuarial assumptions were as follows:

	SFM Plan		UK Plan	
	2018	2017	2018	2017
As at 31 December				
Expected rate of salary increases	2.50%	2.50%	3.25%	3.25%
Projection of social security contribution ceiling	2.25%	2.25%	–	–
Rate of increase to pensions in payment				
– Pension promise before 1 January 1986	2.25%	2.25%	–	–
– Pension promise after 1 January 1986	1.75%	1.75%	–	–
– accrued before 6 April 1997	–	–	3.00%	3.00%
– accrued after 5 April 1997	–	–	3.20%	3.30%
– accrued after 5 April 2005	–	–	2.30%	2.30%
Rate of increase to pensions in deferment				
– accrued before 6 April 2001	–	–	5.00%	5.00%
– accrued after 5 April 2001	–	–	2.30%	2.30%
– accrued after 5 April 2009	–	–	2.30%	2.30%

Discount rate	2.07%	2.06%	2.90%	2.50%
Inflation assumption	1.75%	1.75%	3.40%	3.40%

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	
		2018	2017	2018	2017
Retiring at the end of the reporting year	– Male	85.0	83.9	88.2	88.8
	– Female	88.6	88.4	89.6	90.3
Retiring 20 years after the end of the reporting year	– Male	87.4	86.6	90.0	91.0
	– Female	90.7	91.0	91.5	92.7

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	SFM Plan	UK Plan
	Impact on present value of scheme obligations £m	Impact on present value of scheme obligations £m
0.1% increase in discount rates	(0.2)	(5.7)
0.1% increase in inflation rate	0.2	3.2
0.1% increase in salary increase rate	–	0.5
1 year increase in life expectancy	0.6	10.5

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Plan assets are comprised as follows:

	SFM Plan				UK Plan			
	2018		2017		2018		2017	
	£m	%	£m	%	£m	%	£m	%
Equity instruments	–	–	–	–	17.1	6%	92.4	33%
Liability-driven investment (LDI)	–	–	–	–	69.3	26%	82.0	29%
Investment funds	13.7	100%	15.2	100%	67.9	26%	30.9	11%
Bonds	–	–	–	–	79.3	30%	72.6	26%
Cash and cash equivalents	–	–	–	–	31.3	12%	0.8	1%
Total	13.7	100%	15.2	100%	264.9	100%	278.7	100%

No Plan assets are the Group's own financial instruments or property occupied or used by the Group. The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets. Although the UK Plan does not invest directly in the Group's financial instruments, it does invest in passive equity funds, so will have some exposure to FTSE All Share, hence indirectly to the Savills share price.

Through the defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

(a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Plan holds a significant proportion of equities and funds, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short term.

(b) Changes in bond yields

A decrease in corporate bond yields will increase the Plan's liabilities, although this will be partially offset by an increase in the value of the Plan's bond holdings.

(c) Inflation risk

Higher inflation will lead to higher liabilities. The majority of the Plan's assets are either unaffected by or are loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

(d) Life expectancy

The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plan's liabilities.

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are £9.0m. The Company expects to contribute £0.5m.

The weighted average duration of the defined benefit obligation is 22 years for the UK Plan and 17 years for the SFM Plan.

Expected maturity analysis of the undiscounted pension benefits:

	Less than a year £m	Between 1–2 years £m	Between 2–5 years £m	Over 5 years £m	Total £m
At 31 December 2018					
Pension benefit payments					
– UK Plan	4.6	4.6	18.3	587.8	615.3
– SFM Plan	0.5	0.5	1.5	18.7	21.2

12. Finance income and costs

	Group	
	2018 £m	2017 £m
Bank interest receivable	4.0	2.7
Fair value gain	0.4	0.1
Finance income	4.4	2.8
Bank interest payable	(5.1)	(2.1)
Unwinding of discounts on liabilities	(1.1)	(0.7)
Net interest on defined benefit pension obligation	(0.4)	(1.0)
Fair value loss	(0.1)	(0.3)
Finance costs	(6.7)	(4.1)
Net finance cost	(2.3)	(1.3)

13. Income tax expense

Analysis of tax expense for the year:

	Group	
	2018 £m	2017 £m

Current tax		
United Kingdom:		
Corporation tax on profits for the year	13.8	14.9
Adjustment in respect of prior years	(1.4)	0.5
	12.4	15.4
Overseas tax	19.8	23.9
Adjustment in respect of prior years	0.2	(0.7)
Total current tax	32.4	38.6
Deferred tax		
Representing:		
United Kingdom	(2.1)	(3.3)
Effect of change in UK tax rate on deferred tax	0.4	(0.1)
Overseas tax	—	(4.7)
Effect of change in overseas tax rate on deferred tax	(0.1)	1.0
Adjustment in respect of prior years	1.6	(0.2)
Total deferred tax (Note 19)	(0.2)	(7.3)
Income tax expense	32.2	31.3

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% (2017: 19.25%) applicable to profits of the consolidated entities as follows:

	Group	
	2018 £m	2017 £m
Profit before income tax	109.4	112.4
Tax on profit at 19% (2017: 19.25%)	20.8	21.6
Effects of:		
Adjustment in respect of prior years	0.4	(0.5)
Adjustments in respect of foreign tax rates	4.3	2.2
Utilisation of previously unprovided tax losses	—	(0.4)
Expenses and other charges not deductible for tax purposes	8.6	9.7
Tax on joint ventures and associates	(2.2)	(2.3)
Effect of change in tax rates on deferred tax	0.3	1.0
Income tax expense	32.2	31.3

The effective tax rate of the Group for the year ended 31 December 2018 is 29.4% (2017: 27.8%), which is higher (2017: higher) than the UK weighted average applicable rate.

The UK corporate tax rate is to reduce to 17% on 1 April 2020. Deferred tax has been determined using the applicable effective future tax rate that will apply in the expected period of utilisation of the deferred tax asset or liability.

The tax (charged)/credited to other comprehensive income is as follows:

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Tax on items that will not be reclassified to profit or loss				
Deferred tax on pension actuarial gains/(losses)	(2.8)	(2.8)	(0.2)	(0.1)
	(2.8)	(2.8)	(0.2)	(0.1)
Tax on items that may subsequently be reclassified to profit or loss				
Current tax credit on employee benefits	2.4	3.1	0.6	0.5
Current tax credit/(charge) on foreign exchange reserves	0.3	(0.3)	—	—
Current tax credit on retirement benefits	1.7	1.7	0.1	0.1
Deferred tax on additional pension contributions	(1.7)	(1.7)	(0.1)	(0.2)
Deferred tax on pension – effect of tax rate change	—	0.1	(0.6)	—
Deferred tax on employee benefits	(3.1)	(0.8)	—	—
Deferred tax credit on revaluations of available-for-sale investments	—	0.1	—	—
Deferred tax on foreign exchange reserves	0.1	0.1	—	—
	(0.3)	2.3	—	0.4
Tax on items relating to components of other comprehensive income	(3.1)	(0.5)	(0.2)	0.3

14. Dividends – Group and Company

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Amounts recognised as distribution to equity holders in the year:				
Ordinary final dividend of 10.45p per share (2016: 10.1p)	14.3	13.5	14.4	13.5
Supplemental interim dividend of 15.1p per share (2016: 14.5p)	20.6	19.5	20.7	19.5
Interim dividend of 4.8p per share (2017: 4.65p)	6.5	6.3	6.6	6.3
	41.4	39.3	41.7	39.3

In addition, the Group paid £0.2m (2017: £0.9m) of dividends to non-controlling interests.

The Board recommends a final dividend of 10.8p (net) per ordinary share (amounting to £14.8m) is paid, alongside the supplemental interim dividend of 15.6p per ordinary share (amounting to £21.4m), to be paid on 13 May 2019 to shareholders on the register at 12 April 2019. These financial statements do not reflect this dividend payable.

Under the terms of the Savills plc 1992 Employee Benefit Trust (the 'EBT'), the Trustees have waived their dividend entitlement for all shares held by the Trust. The dividends paid to the Rabbi Trust are eliminated upon Group consolidation, as a result the dividends paid by the Group and the Company are not equal.

The total paid and recommended ordinary and supplemental dividends for the 2018 financial year comprises an aggregate distribution of 31.2p per ordinary share (2017: 30.2p per ordinary share).

15. Earnings per share

15.1 Basic and diluted earnings per share

Basic earnings per share ('EPS') are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, excluding the shares held by the EBT, 5,502,275 shares (2017: 4,819,684 shares) and the Rabbi Trust, 1,386,356 shares (2017: 800,000).

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:

	2018 Earnings £m	2018 Shares million	2018 EPS pence	2017 Earnings £m	2017 Shares million	2017 EPS pence
Basic earnings per share	76.7	136.4	56.2	80.1	136.2	58.8
Effect of additional shares issuable under option	—	4.0	(1.6)	—	3.0	(1.3)
Diluted earnings per share	76.7	140.4	54.6	80.1	139.2	57.5

15.2 Underlying basic and diluted earnings per share

Excludes profit on disposals, share-based payment adjustment, impairment and amortisation of goodwill and intangible assets (excluding software), restructuring costs, acquisition-related costs and other exceptional costs.

	2018 Earnings £m	2018 Shares million	2018 EPS pence	2017 Earnings £m	2017 Shares million	2017 EPS pence
Basic earnings per share	76.7	136.4	56.2	80.1	136.2	58.8
Amortisation of acquired intangible assets (excluding software) after tax	4.7	—	3.4	2.1	—	1.5
Impairment of goodwill and acquired intangible assets (excluding software) after tax	0.3	—	0.2	2.3	—	1.7
Share-based payment adjustment after tax	(1.7)	—	(1.2)	(1.0)	—	(0.7)
Profit on disposal of subsidiaries, joint ventures and equity investments after tax	(2.9)	—	(2.1)	(5.9)	—	(4.3)
Restructuring costs after tax	6.9	—	5.1	6.0	—	4.4
Acquisition-related costs after tax	19.7	—	14.4	19.6	—	14.4
GMP equalisation charge after tax	2.5	—	1.8	—	—	—
Underlying basic earnings per share	106.2	136.4	77.8	103.2	136.2	75.8
Effect of additional shares issuable under option	—	4.0	(2.2)	—	3.0	(1.7)
Underlying diluted earnings per share	106.2	140.4	75.6	103.2	139.2	74.1

The Directors regard the adjustments on the previous table necessary to give a fair picture of the underlying results of the Group for the year. The adjustment for share-based payment relates to the impact of the accounting standard for share-based compensation.

The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge and the effective value of the annual share award in order to better match the underlying staff costs in the year with the revenue recognised in the same period.

The gross amounts of the above adjustments (Note 9) are amortisation of acquired intangible assets (excluding software) £6.6m (2017: £3.9m), impairment of goodwill and acquired intangible assets (excluding software) of £0.3m

(2017: £2.3m), share-based payment adjustment £1.9m credit (2017: £1.2m credit), restructuring costs of £8.4m (2017: £7.7m), net profit on disposals of £2.9m (2017: £5.9m profit), acquisition-related costs of £20.7m (2017: £21.3m) and the GMP equalisation charge of £3.1m (2017: £nil).

16. Goodwill and intangible assets

	Group							Company
	Goodwill* £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlogs £m	Brand s £m	Computer software £m	Total* £m	Total £m
Cost								
At 1 January 2018*	402.7	23.6	27.1	6.5	1.3	24.4	485.6	5.8
Additions through business combinations (Note 18.5)	21.1	4.3	15.1	—	—	—	40.5	—
Other additions	—	—	—	—	—	5.9	5.9	2.5
Disposals	—	(6.2)	(0.4)	—	—	(3.4)	(10.0)	(1.0)
Exchange movement	10.7	0.2	0.3	0.4	—	—	11.6	—
At 31 December 2018	434.5	21.9	42.1	6.9	1.3	26.9	533.6	7.3
Accumulated amortisation and impairment								
At 1 January 2018	49.4	19.8	12.8	4.7	—	11.2	97.9	3.1
Amortisation charge for the year	—	2.3	2.3	1.4	0.6	3.7	10.3	0.4
Impairment charge	—	—	0.3	—	—	—	0.3	—
Disposals	—	(6.2)	(0.4)	—	—	(2.9)	(9.5)	(1.0)
Exchange movement	1.3	0.2	0.3	0.2	0.1	—	2.1	—
At 31 December 2018	50.7	16.1	15.3	6.3	0.7	12.0	101.1	2.5
Net book value								
At 31 December 2018	383.8	5.8	26.8	0.6	0.6	14.9	432.5	4.8

* Goodwill cost as at 1 January 2018 has been restated by £2.0m as a result of a measurement period adjustment in accordance with IFRS 3. See Note 18.5 for details.

The carrying amount of intangible assets with indefinite useful lives totals £2.9m as at 31 December 2018 (2017: £3.2m), which consists of investment management contracts in relation to open-ended funds. An impairment charge of £0.3m has been recognised during the year in relation to one of these investment management contracts.

All intangible amortisation charges in the year are disclosed on the face of the income statement.

The Company's intangible assets consist of computer software only.

	Group							Company
	Goodwill* £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlogs £m	Brand s £m	Computer software £m	Total* £m	Total £m

			contracts £m					
Cost								
At 1 January 2017	358.1	22.6	26.3	6.8	–	18.8	432.6	4.4
Additions through business combinations*	59.8	1.5	0.9	0.3	1.3	–	63.8	–
Other additions	–	–	–	–	–	8.8	8.8	1.6
Disposals	–	–	–	–	–	(2.9)	(2.9)	(0.2)
Exchange movement	(15.2)	(0.5)	(0.1)	(0.6)	–	(0.3)	(16.7)	–
At 31 December 2017*	402.7	23.6	27.1	6.5	1.3	24.4	485.6	5.8
Accumulated amortisation and impairment								
At 1 January 2017	48.3	19.9	10.3	3.9	–	11.2	93.6	3.0
Amortisation charge for the year	–	0.3	2.4	1.2	–	3.1	7.0	0.3
Impairment charge	2.3	–	–	–	–	–	2.3	–
Disposals	–	–	–	–	–	(2.8)	(2.8)	(0.2)
Exchange movement	(1.2)	(0.4)	0.1	(0.4)	–	(0.3)	(2.2)	–
At 31 December 2017	49.4	19.8	12.8	4.7	–	11.2	97.9	3.1
Net book value								
At 31 December 2017*	353.3	3.8	14.3	1.8	1.3	13.2	387.7	2.7

* Goodwill recognised through business combinations during 2017 and the resulting net book value and closing cost as at 31 December 2017 has been restated by £2.0m in total as a result of a measurement period adjustment in accordance with IFRS 3. See Note 18.5 for details.

During the year, goodwill and intangible assets were tested for impairment in accordance with IAS 36. Goodwill and intangible assets are allocated to the Group's cash-generating units ('CGUs') identified according to country of operation and business segment. In most cases, the CGU is an individual subsidiary or operation and these have been separately assessed and tested. A segment-level summary of the allocation of goodwill and indefinite useful life intangible assets is presented below:

	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
2018					
United Kingdom	28.7	10.4	30.8	2.0	71.9
Europe & the Middle East	62.2	19.9	19.2	4.9	106.2
Asia Pacific	15.2	4.8	30.3	2.3	52.6
North America	156.0	–	–	–	156.0
Total goodwill and indefinite life intangible assets	262.1	35.1	80.3	9.2	386.7

	Transaction Advisory* £m	Consultancy* £m	Property and Facilities Management* £m	Investment Management £m	Total £m
2017					
United Kingdom	26.0	9.3	27.4	2.0	64.7

Europe & the Middle East*	60.8	16.8	8.9	5.2	91.7
Asia Pacific	15.1	4.7	30.6	2.3	52.7
North America	147.4	—	—	—	147.4
Total goodwill and indefinite life intangible assets	249.3	30.8	66.9	9.5	356.5

* Goodwill in relation to Europe's Transaction Advisory, Consultancy and Property and Facilities Management segments has been restated by £2.0m as a result of a measurement period adjustment in accordance with IFRS 3. See Note 18.5 for details.

16.1 Method of impairment testing

All recoverable amounts were determined based on value-in-use calculations. These calculations use discounted cash flow projections based on financial budgets and strategic plans approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal value. There was a £0.3m impairment charge recognised against investment management contracts arising from the annual impairment tests conducted (2017: £2.3m impairment charge recognised against goodwill).

16.2 Assumptions

(a) Market conditions

In general, the models used assume that the property markets in which the Group operates (which drive its revenue growth) will remain stable.

(b) Discount rate

The pre-tax discount rate applied to cash flows of each CGU is based on the Group's Weighted Average Cost of Capital ('WACC'). WACC is the average cost of sources of financing (debt and equity), each of which is weighted by its respective use.

Key inputs to the WACC calculation are the risk-free rate, the equity market risk premium (the return that Savills shares provide over the risk-free rate), beta (reflecting the risk of the Group relative to the market as a whole) and the Group's borrowing rates.

Group WACC was adjusted for risk relative to the country in which the assets were located. The risk-adjusted discount range of rates used in each region for impairment testing are as follows:

	2018 Discount rate range	2017 Discount rate range
United Kingdom	9.3%–12.2%	10.0%
Europe	7.9%–13.1%	10.0%
Asia Pacific	7.7%–11.2%	11.2%–18.1%
North America	9.3%–9.8%	10.0%

(c) Long-term growth rate

To forecast beyond the five years covered by detailed forecasts, a terminal value was calculated, using average long-term growth rates. The rates are based on the long-term growth rate in the countries in which the Group operates. The long-term growth rates used in each region for impairment testing are as follows:

	2018 Long-term growth rate range	2017 Long-term growth rate range
United Kingdom	1.6%–2.0%	2.0%
Europe	0.8%–3.0%	1.4%–2.6%
Asia Pacific	0.6%–5.9%	0.8%–5.7%
North America	1.7%–1.8%	2.3%

16.3 Impairment charge

Following impairment testing, a £0.3m charge has been recognised through the income statement (2017: £2.3m relating to goodwill on the Group's Swedish property management business) relating to an indefinite life investment management contract, which has been fully impaired.

16.4 Sensitivity to changes in assumptions

The level of impairment is a reflection of best estimates in arriving at value-in-use, future growth rates and the discount rate applied to cash flow projections. Nonetheless, there are no CGUs for which management considers a reasonable possible change in a key assumption would give rise to an impairment.

Future impairments on goodwill and intangible assets relating to any of the Group's investments may be impacted by the following factors:

Market conditions – the expectations for future market conditions are key assumptions in the determination of the cash flow projections. For the purposes of the impairment tests, management expects the markets to remain stable.

Cost base – the cost base assumptions reflect 2018's costs with limited growth in the fixed cost base going forward. Commissions and profit shares are correlated to the Group's revenue and profits and the percentage payout. These are assumed to be consistent with existing rates.

17. Property, plant and equipment

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2018	0.1	69.7	58.3	128.1
Additions through business combinations (Note 18.5)	–	0.1	0.9	1.0
Disposal of subsidiary	–	–	(0.1)	(0.1)
Additions	–	4.6	12.3	16.9
Disposals	–	(0.1)	(5.7)	(5.8)
Exchange movement	–	1.1	1.4	2.5
At 31 December 2018	0.1	75.4	67.1	142.6
Accumulated depreciation and impairment				
At 1 January 2018	–	23.5	36.4	59.9
Charge for the year	–	6.4	8.5	14.9
Disposals	–	(0.1)	(4.7)	(4.8)
Exchange movement	–	0.2	0.9	1.1
At 31 December 2018	–	30.0	41.1	71.1
Net book value				
At 31 December 2018	0.1	45.4	26.0	71.5

The Directors consider that the fair value of property, plant and equipment approximates carrying value.

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2017	0.1	55.4	60.8	116.3
Additions through business combinations	–	–	0.4	0.4
Additions	–	15.8	7.3	23.1
Disposals	–	(0.4)	(8.4)	(8.8)
Exchange movement	–	(1.1)	(1.8)	(2.9)

At 31 December 2017	0.1	69.7	58.3	128.1
Accumulated depreciation and impairment				
At 1 January 2017	—	18.5	38.1	56.6
Charge for the year	—	5.5	8.0	13.5
Disposals	—	(0.4)	(8.4)	(8.8)
Exchange movement	—	(0.1)	(1.3)	(1.4)
At 31 December 2017	—	23.5	36.4	59.9
Net book value				
At 31 December 2017	0.1	46.2	21.9	68.2

Company		Freehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2018		0.1	7.2	7.3
Additions		—	0.8	0.8
Disposals		—	(0.1)	(0.1)
At 31 December 2018		0.1	7.9	8.0
Accumulated depreciation and impairment				
At 1 January 2018		—	5.6	5.6
Charge for the year		—	0.9	0.9
Disposals		—	(0.1)	(0.1)
At 31 December 2018		—	6.4	6.4
Net book value				
At 31 December 2018		0.1	1.5	1.6

Company		Freehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2017		0.1	6.6	6.7
Additions		—	0.9	0.9
Disposals		—	(0.3)	(0.3)
At 31 December 2017		0.1	7.2	7.3
Accumulated depreciation and impairment				
At 1 January 2017		—	4.8	4.8
Charge for the year		—	1.1	1.1
Disposals		—	(0.3)	(0.3)
At 31 December 2017		—	5.6	5.6

Net book value				
At 31 December 2017		0.1	1.6	1.7

18. Investments and transactions

18.1 Group – Investments in joint ventures and associates

	Joint ventures			Associates		
	Investment £m	Loans £m	Total £m	Investment £m	Goodwill £m	Total £m
Cost or valuation						
At 1 January 2018	9.2	0.6	9.8	2.1	0.3	2.4
Additions through business combinations (Note 18.5)	–	0.5	0.5	–	–	–
Additions	1.4	–	1.4	0.5	14.5	15.0
Disposals	(0.2)	–	(0.2)	(0.2)	–	(0.2)
Loans advanced	–	1.1	1.1	–	–	–
Exchange movement	0.3	0.1	0.4	0.1	–	0.1
At 31 December 2018	10.7	2.3	13.0	2.5	14.8	17.3
Share of profit						
At 1 January 2018	10.3	–	10.3	7.5	–	7.5
Group's share of profit from continuing operations	6.0	–	6.0	5.1	–	5.1
Dividends received	(5.8)	–	(5.8)	(5.4)	–	(5.4)
Disposals	(0.4)	–	(0.4)	–	–	–
Exchange movement	0.5	–	0.5	0.2	–	0.2
At 31 December 2018	10.6	–	10.6	7.4	–	7.4
Total						
At 31 December 2018	21.3	2.3	23.6	9.9	14.8	24.7

	Joint ventures			Associates		
	Investment £m	Loans £m	Total £m	Investment £m	Goodwill £m	Total £m
Cost or valuation						
At 1 January 2017	9.3	–	9.3	2.1	0.3	2.4
Additions	0.3	–	0.3	0.3	–	0.3
Disposals	(0.1)	–	(0.1)	(0.2)	–	(0.2)
Loans advanced	–	0.6	0.6	–	–	–
Exchange movement	(0.3)	–	(0.3)	(0.1)	–	(0.1)
At 31 December 2017	9.2	0.6	9.8	2.1	0.3	2.4
Share of profit						
At 1 January 2017	10.4	–	10.4	6.8	–	6.8
Group's share of profit from continuing operations	6.2	–	6.2	3.7	–	3.7
Dividends received	(5.3)	–	(5.3)	(3.0)	–	(3.0)

Exchange movement	(1.0)	–	(1.0)	–	–	–
At 31 December 2017	10.3	–	10.3	7.5	–	7.5
Total						
At 31 December 2017	19.5	0.6	20.1	9.6	0.3	9.9

On 28 September 2018, the Group acquired a 25% interest in DRC Capital LLP ('DRC'), a commercial real estate debt investment advisor for consideration of £15.0m, with the option to purchase the remaining 75% of DRC in 2021.

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 – Available-for-sale investments

Following the adoption of IFRS 9 from 1 January 2018, equity investments previously classified as available-for-sale investments have been reclassified to financial assets held at FVOCI (Note 18.3). In accordance with transitional provisions in IFRS 9 (7.2.15), comparative figures have not been restated.

	2017 £m
At 1 January	20.8
Additions	8.8
Disposals	(5.3)
Additions through business combinations	0.1
Net fair value gain transferred to other comprehensive income	0.3
Exchange movement	(0.1)
At 31 December	24.6

Available-for-sale investments comprised the following:

		2017 £m
Unlisted securities	UK – equity securities	14.2
	UK – investment funds	2.3
	European – equity securities	0.1
	European – investment funds	1.9
	Asia Pacific – equity securities	0.4
	Asia Pacific – investment funds	5.7
		24.6

Available-for-sale investments are denominated in the following currencies:

	2017 £m
Sterling	16.5
Euro	2.0
Other	6.1
	24.6

At 31 December 2017, the Group held the following principal available-for-sale investments:

Investment	Holding	Principal activity
YOPA Property Ltd (registered in England and Wales)*	22.80%	Digital hybrid agency
Vucity Ltd (registered in England and Wales)*	33.33%	Digital architectural design and planning
Proportunity Ltd (registered in England and Wales)	5.11%	Digital real estate valuation
Cordea Savills Dawn Syndication LP (registered in England and Wales)	3.70%	Investment property fund
Serviced Land No. 2 LP (registered in England and Wales)	1.97%	UK land investment fund
Cordea Savills Nordic Retail Fund (registered in Luxembourg)	11.33%	Retail investment property fund
Cordea Savills UK Property Ventures No. 1 LP (registered in England and Wales)	4.17%	UK land investment fund
Prime London Residential Development Fund (registered in England and Wales)	0.86%	London residential development fund
Prime London Residential Development Fund II (registered in England and Wales)	1.12%	London residential development fund
Aomi Project TMK (registered in Japan)	3.50%	Real estate investment
Greater Tokyo Office Fund (registered in Jersey)	3.25%	Investment property fund
Pegaxis Pte Ltd (registered in Singapore)	15.00%	Digital property management services

* The Group holds more than 20% of the equity interest in YOPA Property Ltd and Vucity Ltd, however does not have the power to participate in the financial and operational decisions of these entities, does not have representation on the Board of Directors of these entities and does not participate in major policy-making processes of the entities. As a result, the Group's investments in YOPA Property Ltd and Vucity Ltd are treated as available-for-sale investments.

The Group does not exert significant influence over these investments, and therefore does not equity account for these investments. These shareholdings are treated as trade investments and held at fair value.

The fair value of unlisted securities is based on underlying asset values and price earnings models. The fair value of investment funds is determined by the Fund Manager's annual audited financial statements.

At 31 December 2017 the Group held conditional commitments to co-invest £0.3m in the Greater Tokyo Office Fund, £0.2m in the Cordea Savills UK Property Ventures Fund No. 1 LP, and £0.1m in the Prime London Residential Development Fund II.

18.3 Group – Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets at FVOCI comprise the following individual equity investments:

	2018 £m	2017* £m
Non-current assets		
Listed securities		
OnTheMarket plc	1.1	—
Unlisted securities		
YOPA Property Ltd*	12.7	—
Vucity Ltd*	6.0	—
Savills IM Japan Value Fund II	2.4	—
Aomi Project TMK	2.3	—
Greater Tokyo Office Fund	2.1	—
Euro V	1.4	—
Prime London Residential Development Fund II	0.8	—
Cordea Savills UK Property Ventures No. 1 LP	0.6	—

Prime London Residential Development Fund	0.3	—
Serviced Land No. 2 LP	0.3	—
Home Click Pte Ltd	0.2	—
FPD Property Services (India) Private Ltd	0.2	—
Other smaller investments	0.8	—
	31.2	—

* The Group holds more than 20% of the equity interest in YOPA Property Ltd and Vucity Ltd, however does not have the power to participate in the financial and operational decisions of these entities, does not have representation on the Board of Directors of these entities and does not participate in major policy-making processes of the entities. As a result, the Group does not exert significant influence over these investments.

These investments were classified as available-for-sale investments in 2017, see Note 18.2. During the year, the Group increased its investment in YOPA Property Ltd and Vucity Ltd at a total cost of £4.5m and made new investments in Home Click Pte Ltd, Euro V and Savills IM Japan Value Fund II at a total cost of £4.0m. Furthermore, the Group previously held loan notes (£0.9m) due from Agents Mutual Ltd, which were converted to shares in OntheMarket plc and sold its majority shareholding in FPD Property Services (India) Private Ltd with the resulting shareholding of 19.5% held as an equity investment at FVOCI (£0.2m).

Equity investments at FVOCI are denominated in the following currencies:

	2018 £m	2017 £m
Sterling	22.0	—
Japanese yen	5.0	—
Hong Kong dollar	2.1	—
Euro	1.6	—
Other	0.5	—
	31.2	—

Refer to Note 3.8 for information about methods and assumptions used in determining fair value.

At 31 December 2018 the Group held conditional commitments to co-invest £0.2m in the Cordea Savills UK Property Ventures Fund No. 1 LP.

18.4 Company – Investments in subsidiaries

	Shares in Group undertaking £m	Loans to Group undertaking £m	Total £m
Cost			
At 1 January 2017	57.2	61.5	118.7
Loans advanced	—	8.6	8.6
Loans repaid	—	(3.6)	(3.6)
At 31 December 2017	57.2	66.5	123.7
Loans advanced	—	45.1	45.1
Loans repaid	—	(40.0)	(40.0)
At 31 December 2018	57.2	71.6	128.8

Refer to Note 34 for a full list of the Group's subsidiaries.

18.5 Acquisitions of subsidiaries

The fair values of the assets acquired and liabilities assumed as part of the Group's acquisitions in the year are provisional and will be finalised within 12 months of the acquisition date. These are summarised below:

		Provisional fair value to the Group				
		Cluttons Middle East £m	Broadgate £m	Currell £m	Other acquisitions £m	Total £m
Property, plant and equipment		0.4	–	0.4	0.2	1.0
Investment in joint ventures		0.5	–	–	–	0.5
Intangible assets		5.5	13.5	–	0.4	19.4
Current assets:	Trade and other receivables	4.8	–	1.5	0.5	6.8
	Cash and cash equivalents	0.4	–	0.5	0.4	1.3
Total assets		11.6	13.5	2.4	1.5	29.0
Current liabilities:	Trade and other payables	(1.2)	–	(1.2)	(0.6)	(3.0)
	Current income tax liability	–	–	–	(0.2)	(0.2)
	Employment benefit provision	(1.3)	–	–	–	(1.3)
Non-current other payables		(0.8)	–	–	–	(0.8)
Deferred income tax liabilities		(0.9)	(2.3)	–	(0.1)	(3.3)
Net assets		7.4	11.2	1.2	0.6	20.4
Non-controlling interests		(0.1)	–	–	–	(0.1)
Net assets acquired		7.3	11.2	1.2	0.6	20.3
Goodwill		13.9	2.3	1.8	3.1	21.1
Purchase consideration		21.2	13.5	3.0	3.7	41.4
Consideration satisfied by:						
Net cash paid		17.5	12.6	3.0	3.7	36.8
Discounted value of deferred consideration owing at the reporting date		3.7	0.9	–	–	4.6
		21.2	13.5	3.0	3.7	41.4

Cluttons International Holdings Limited and Cluttons Management Limited (collectively 'Cluttons Middle East')

On 31 May 2018 the Group acquired 100% of the equity interest in Cluttons Middle East, establishing the Group's first wholly owned business in the region.

Total acquisition consideration is provisionally determined at £21.2m, £17.5m of which was settled on completion and the remainder relating to the discounted value of deferred consideration of up to £3.7m, payable on the first, second and third anniversaries of completion.

Acquisition-related costs of £1.2m have been expensed as incurred to the income statement.

The fair value exercise is in progress and goodwill of £13.9m 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.

The acquired business contributed revenue of £7.6m and underlying profit of £0.9m to the Group for the period from 1 June 2018 to 31 December 2018. Had the acquisition been made at the beginning of the financial year, revenue would have been £12.3m and underlying profit would have been £1.4m.

The fair value of trade and other receivables is £4.8m and includes trade receivables with a fair value of £2.3m. The gross contractual amount for trade receivables is £2.6m, of which £0.3m is expected to be uncollectible.

Third party property management portfolio of Broadgate Estates Limited ('Broadgate')

On 2 August 2018 the Group acquired Broadgate from British Land.

Total acquisition consideration is provisionally determined at £13.5m, £12.6m of which has been settled in cash during the year with a further estimated £0.9m expected to be paid during 2019.

Acquisition-related costs of £0.6m have been expensed as incurred to the income statement.

The fair value exercise is in progress and goodwill of £2.3m has been provisionally determined. Goodwill is attributable to the strong industry reputation and is not expected to be deductible for tax purposes.

The acquired business contributed revenue of £6.0m and underlying profit of £0.6m to the Group for the period from 2 August 2018 to 31 December 2018. Had the acquisition been made at the beginning of the financial year, revenue would have been £15.0m and underlying profit would have been £1.5m.

The Currell Group Ltd ('Currell')

On 10 December 2018 the Group acquired 100% of the equity interest in Currell, a property services company in East London, UK.

Total acquisition consideration is provisionally determined at £3.0m, all of which was settled on completion.

A further £3.5m is payable in December 2019, 2020 and 2021 and is deemed to be linked to continued active engagement within the business. As required by IFRS 3 (revised) these payments will be expensed to the income statement over the relevant period of engagement. Acquisition-related costs of £0.2m have been expensed as incurred to the income statement.

The fair value exercise is in progress and goodwill of £1.8m 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.

The acquired business contributed revenue of £0.4m and underlying profit of £nil to the Group for the period from 10 December 2018 to 31 December 2018. Had the acquisition been made at the beginning of the financial year, revenue would have been £8.3m and underlying profit would have been £0.7m.

The fair value of trade and other receivables is £1.5m and includes trade receivables with a fair value of £0.5m. The gross contractual amount for trade receivables is £0.5m, all of which is expected to be collectible.

Other acquisitions during the period

During the period, the Group also made a number of smaller acquisitions, including 100% of Central Management Solutions Limited, an urban-centre management company in the UK, JP Case & Co Property Services Ltd, a Manchester city centre based lettings and new homes business, Porta Planning LLP, a London based planning and development consultancy, Martel Maides Ltd, a property agency in Guernsey and the Knutsford (UK) branch of residential agency Meller Braggins.

Total cash consideration paid was £3.7m. A further £2.2m is subject to service conditions and will be expensed to the income statement over the period of service. Goodwill of £3.1m has been provisionally determined.

Acquisition-related costs of £0.2m have been expensed as incurred to the income statement.

The acquired businesses contributed revenue of £2.3m and underlying profit of £0.3m to the Group for the year ended 31 December 2018. Had the acquisitions been made at the beginning of the financial year, revenue would have been £5.4m and underlying profit would have been £0.9m.

The total fair value of trade and other receivables is £0.5m and includes trade receivables with a fair value of £nil.

Update to provisional fair value of prior period acquisition

During the period, the total acquisition consideration payable for the Aguirre Newman acquisition on 29 December 2017 was finalised, with an additional £2.0m of consideration paid. 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 £2.0m, with a corresponding increase in trade and other payables to recognise additional deferred consideration as at 31 December 2017.

18.6 Transactions with non-controlling interests

During the year, the Group undertook the following transactions with non-controlling interests:

Name	Date	Holding acquired	Total holding at 31 December 2018
Savills Investment Management SGR	April 2018	25%	100%

(a) Acquisitions of additional interest in subsidiaries

Under IFRS 10, transactions with non-controlling interests must be accounted for as equity transactions, therefore no goodwill has been recognised. Acquisition costs related to this transaction were not significant.

In April 2018, the Group acquired an additional 25% of the shares in its Italian investment management business, Savills Investment Management SGR ('SIMSGR'), for a net consideration of £3.0m, with £2.6m paid on completion. This takes the Group's shareholding in the entity to 100%. The carrying amount of SIMSGR's net assets on the date of acquisition was £5.0m. The Group recognised a decrease in non-controlling interest of £1.2m. The amount charged to retained earnings in respect of the transaction was £1.8m.

	2018 £m
Carrying amount of non-controlling interests acquired	1.2
Net consideration to acquire non-controlling interests	(3.0)
Charge recognised in parent's equity	(1.8)

19. Deferred income tax

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The deferred tax assets and liabilities are offset when realised through current tax. The deferred income tax assets and liabilities at 31 December, without taking into consideration the offsetting balances within the same jurisdiction, are as follows:

The movement on the deferred tax account is shown below:

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Deferred tax assets				
– Deferred tax asset to be recovered after more than 12 months	21.3	29.5	0.8	1.5
– Deferred tax asset to be recovered within 12 months	8.4	7.4	0.6	0.7
	29.7	36.9	1.4	2.2
Deferred tax liabilities				
– Deferred tax liability to be recovered after more than 12 months	(4.6)	(2.2)	–	–
– Deferred tax liability to be recovered within 12 months	(1.4)	(0.7)	–	–
	(6.0)	(2.9)	–	–
Deferred tax asset – net	23.7	34.0	1.4	2.2

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
At 1 January – asset	34.0	32.9	2.2	2.5
Amount credited/(charged) to the income statement (Note 13)	0.5	8.2	0.1	–
Effect of tax rate change within the income statement (Note 13)	(0.3)	(0.9)	–	–
Tax credited/(charged) to other comprehensive income				
– Pension asset on actuarial gain	(2.8)	(2.8)	(0.2)	(0.1)
– Pension asset on additional contributions	(1.7)	(1.7)	(0.1)	(0.2)
– Pension asset – effect of UK tax rate change within other comprehensive income	–	0.1	–	–
– Employee benefits	(3.1)	(0.8)	(0.6)	–
– Revaluations of available-for-sale investments	–	0.1	–	–
– Movement on foreign exchange reserves	0.1	0.1	–	–
Additions through business combinations (Note 18.5)	(3.3)	(0.8)	–	–
Disposal of subsidiaries	(0.2)	–	–	–
Exchange movement	0.5	(0.4)	–	–
At 31 December – asset	23.7	34.0	1.4	2.2

Deferred income tax assets have been recognised for tax loss carry-forwards and other temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at the reporting date the Group did not recognise deferred tax income tax assets of £1.8m (2017: £1.4m) in respect of losses amounting to £7.8m (2017: £5.9m), of which £0.2m expires within 5 years (2017: £nil) and the remaining £1.6m being carried forward indefinitely against future taxable income.

	Accelerated capital allowances £m	Other provisions including provisions £m	Tax losses £m	Retirement benefits £m	Revaluations	Employee benefits £m	Total £m
Deferred tax assets – Group							
At 1 January 2017	1.4	16.0	3.5	10.2	–	5.4	36.5
Amount credited/(charged) to the income statement (Note 13)	0.5	5.2	(0.9)	–	–	2.3	7.1
Effect of tax rate change within income statement (Note 13)	–	(1.0)	(0.2)	0.1	–	–	(1.1)
Tax charged to other comprehensive income (Note 13)	–	–	–	(4.5)	–	(0.8)	(5.3)
Effect of tax rate change charged to other comprehensive income (Note 13)	–	–	–	0.1	–	–	0.1
Transfer to/(from) deferred tax assets	0.3	(0.1)	–	(0.2)	–	–	–
Additions through business combinations	–	0.1	–	–	–	–	0.1
Exchange movement	–	(0.6)	0.1	–	–	–	(0.5)
At 31 December 2017	2.2	19.6	2.5	5.7	–	6.9	36.9

Amount (charged)/credited to the income statement (Note 13)	(0.5)	(2.2)	0.7	(0.2)	0.2	1.0	(1.0)
Effect of tax rate change within the income statement (Note 13)	(0.1)	(0.2)	–	–	–	–	(0.3)
Amount credited/(charged) to other comprehensive income (Note 13)	–	–	–	0.4	–	(3.1)	(2.7)
Transfer to deferred tax liabilities	–	–	–	(3.6)	–	–	(3.6)
Disposal of subsidiaries	–	(0.2)	–	–	–	–	(0.2)
Exchange movement	–	0.4	0.1	0.1	–	–	0.6
At 31 December 2018	1.6	17.4	3.3	2.4	0.2	4.8	29.7

	Accelerated capital allowances £m	Other including provisions £m	Retirement benefits £m	Revaluations £m	Intangible assets £m	Total £m
Deferred tax liabilities – Group						
At 1 January 2017	(0.1)	(1.6)	–	(0.1)	(1.8)	(3.6)
Amount credited to the income statement (Note 13)	–	0.6	–	–	0.5	1.1
Effect of tax rate change within the income statement (Note 13)	–	–	–	–	0.2	0.2
Tax credited to other comprehensive income (Note 13)	–	0.1	–	0.1	–	0.2
Additions through business combinations	–	–	–	–	(0.9)	(0.9)
Exchange movement	–	–	–	–	0.1	0.1
At 31 December 2017	(0.1)	(0.9)	–	–	(1.9)	(2.9)
Tax (charged)/credited to the income statement (Note 13)	(0.1)	–	0.7	–	0.9	1.5
Tax credited/(charged) to other comprehensive income (Note 13)	–	0.1	(4.9)	–	–	(4.8)
Transfer from deferred tax assets	–	–	3.6	–	–	3.6
Additions through business combinations (Note 18.5)	–	–	–	–	(3.3)	(3.3)
Exchange movement	–	(0.2)	0.1	–	–	(0.1)
At 31 December 2018	(0.2)	(1.0)	(0.5)	–	(4.3)	(6.0)
Net deferred tax asset						
At 31 December 2018						23.7
At 31 December 2017						34.0

	Accelerated capital allowances £m	Other including provisions £m	Retirement benefits £m	Employee benefits £m	Total £m
Deferred tax assets – Company					
At 1 January 2017	0.3	0.7	0.4	1.1	2.5
Amount (charged)/credited to the income statement	–	(0.4)	–	0.4	–
Tax charged to other comprehensive income (Note 13)	–	–	(0.3)	–	(0.3)
At 31 December 2017	0.3	0.3	0.1	1.5	2.2
Amount (charged)/credited to the income statement	–	(0.2)	0.2	0.1	0.1

Tax charged to other comprehensive income (Note 13)	–	–	(0.3)	(0.6)	(0.9)
At 31 December 2018	0.3	0.1	–	1.0	1.4
Net deferred tax asset					
At 31 December 2018					1.4
At 31 December 2017					2.2

20. Trade and other receivables

20.1 Trade and other receivables – current

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Trade receivables	441.8	391.2	–	–
Less: loss allowance/impairment of receivables provision	(22.6)	(19.9)	–	–
Trade receivables – net	419.2	371.3	–	–
Amounts owed by subsidiary undertakings	–	–	7.8	5.3
Other receivables	32.1	53.0	0.1	0.1
Prepayments and accrued income	77.0	66.3	2.4	2.5
	528.3	490.6	10.3	7.9

The carrying value of trade and other receivables is approximate to their fair value.

There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of clients internationally dispersed with no individual client owing a significant amount. The credit quality of receivables is managed at a local subsidiary level.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Amounts owed by subsidiary undertakings are unsecured, interest-free and generally cleared within the month.

The carrying amounts of the Group's gross trade receivables are denominated in the following currencies:

	Group	
	2018 £m	2017 £m
Sterling	174.0	155.0
Euro	86.8	73.2
US dollar	47.8	42.6
Hong Kong dollar	28.5	39.6
Australian dollar	49.1	31.4
Chinese renminbi	26.9	22.6
Other*	28.7	26.8
	441.8	391.2

* Other currencies include United Arab Emirates Dirham, South Korean won, Singapore dollar, Japanese yen, New Zealand dollar, Indonesian rupiah, Philippine peso, Malaysian ringgit, Macau pataca, New Taiwan dollar, Thailand baht, Polish zloty, Swedish krona and Canadian dollar.

20.2 Group – Loss allowance/impairment of trade receivables provision

The difference between the impairment of receivables provision as at 31 December 2017 and the opening loss allowance provision for trade receivables as at 1 January 2018 under IFRS 9 is not considered material, after the impact on bonus. Therefore no adjustments have been made to opening retained earnings.

The other classes within trade and other receivables do not contain impaired assets.

The loss allowance provision for trade receivables as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows; the expected credit losses below also incorporate forward looking information.

31 December 2018	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.8%	1.2%	1.1%	10.4%	67.5%	5.1%
Gross carrying amount (£m)	323.9	40.3	27.1	25.9	24.6	441.8
Loss allowance provision (£m)	(2.5)	(0.5)	(0.3)	(2.7)	(16.6)	(22.6)

1 January 2018	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.6%	1.4%	1.4%	8.3%	51.6%	5.0%
Gross carrying amount (£m)	258.0	57.6	21.7	25.4	28.5	391.2
Loss allowance provision (£m)	(1.6)	(0.8)	(0.3)	(2.1)	(14.7)	(19.5)

The loss allowance provision for trade receivables as at 31 December reconciles to the opening loss allowance for that provision as follows:

	2018 £m	2017 £m
At 1 January	(19.9)	(19.3)
Amendment following implementation of IFRS 9	0.4	–
Adjusted balance as at 1 January	(19.5)	(19.3)
Increase in loan loss allowance recognised in the income statement during the period	(5.1)	(4.2)
Receivables written off during the year as uncollectible	2.4	2.9
Foreign exchange	–	0.7
At 31 December	(22.6)	(19.9)

In accordance with transitional provisions in IFRS 9 (7.2.15), comparative figures have not been restated. The following disclosures relate to the 2017 comparatives.

As at 31 December 2017, trade receivables of £280.6m were neither past due nor impaired and fully performing.

As at 31 December 2017, trade receivables of £19.9m were impaired and provided for. The individually impaired receivables mainly relate to receivables from clients that have been affected by the uncertain economic conditions where funding and completion have been delayed and cash flow has become uncertain.

The ageing of these receivables is as follows:

	2017 £m
Up to 3 months	1.6
3 to 6 months	4.9

Over 6 months	13.4
	19.9

As at 31 December 2017, trade receivables of £90.7m were past due but not impaired. These relate to trade receivables which are past due at the reporting date but are not considered impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing of these receivables is as follows:

	2017 £m
Up to 3 months	69.4
3 to 6 months	16.1
Over 6 months	5.2
	90.7

Movement on the provision for impairment of trade receivables is as follows:

	2017 £m
At 1 January	(19.3)
Provisions for receivables impairment	(7.2)
Receivables written off during the year as uncollectible	2.9
Unused provisions released	3.0
Exchange movements	0.7
At 31 December	(19.9)

The creation and release of the provision for impaired receivables have been included in other operating expenses in the income statement.

21. Cash and cash equivalents

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Cash at bank and in hand	192.6	198.1	90.2	90.8
Short-term bank deposits	31.3	10.7	—	—
	223.9	208.8	90.2	90.8

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 2018 was 1.91% (2017: 1.35%); these deposits have an average maturity of 36 days (2017: 53 days).

Cash subject to restrictions in Asia Pacific amounts to £34.7m (2017: £41.6m) which is cash pledged to banks in relation to property management contracts and cash remittance restrictions in certain countries. These amounts are consolidated.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Sterling	8.9	5.1	90.1	90.8
Hong Kong dollar	62.9	61.5	—	—

Euro	35.4	56.1	–	–
Chinese renminbi	36.4	37.9	–	–
US dollar	36.7	10.1	0.1	–
Japanese yen	4.8	8.6	–	–
Australian dollar	7.1	7.7	–	–
South Korean won	9.8	6.8	–	–
Singapore dollar	6.6	4.3	–	–
Other currencies*	15.3	10.7	–	–
	223.9	208.8	90.2	90.8

* Other currencies include United Arab Emirates Dirham, Canadian dollar, Czech koruna, New Taiwan dollar, Macau pataca, Thai baht, Vietnamese dong, New Zealand dollar, Philippine peso, Danish krone, Polish zloty and Swedish krona.

22. Trade and other payables

22.1 Trade and other payables – current

	Group		Company	
	2018 £m	2017 Restated* £m	2018 £m	2017 £m
Deferred consideration (Note 22.3)	15.7	21.3	–	–
Trade payables	109.4	111.6	1.9	1.7
Amounts owed to subsidiary undertakings	–	–	2.5	2.4
Other taxation and social security	54.2	46.4	0.8	0.9
Other payables	63.0	49.7	0.1	–
Accruals	386.8	358.6	9.3	8.1
	629.1	587.6	14.6	13.1

* See Note 2.26 for details about changes in accounting policies and prior year restatement and Note 18.2 for details of prior period restatement of trade and other payables in relation to a measurement period adjustment in accordance with IFRS 3.

The carrying value of trade and other payables is approximate to their fair value.

Amounts due to subsidiary undertakings are unsecured, interest-free and repayable on demand.

22.2 Other payables – non-current

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Deferred consideration (Note 22.4)	22.1	21.6	–	–
Other payables	16.1	14.0	–	–
	38.2	35.6	–	–

22.3 Deferred consideration – current

	2018 £m	2017 Restated* £m
At 1 January	21.3	59.1
Reclassification from non-current deferred consideration (Note 22.4)	10.7	16.4

Additions through business combinations (Note 18.5)	3.5	4.2
Deferred consideration linked to employment accrued during year	3.6	4.2
Interest unwind	0.6	0.4
Deferred consideration paid	(24.0)	(60.4)
Exchange movements	–	(2.6)
At 31 December	15.7	21.3

* See Note 2.26 for details of prior period restatement of current deferred consideration in relation to a measurement period adjustment in accordance with IFRS 3.

22.4 Deferred consideration – non-current

	2018 £m	2017 £m
At 1 January	21.6	23.5
Reclassification to current deferred consideration (Note 22.3)	(10.7)	(16.4)
Additions through business combinations (Note 18.5)	1.8	11.3
Deferred consideration linked to employment accrued during year	8.4	6.3
Interest unwind on discounted deferred consideration	0.5	0.3
Deferred consideration paid	–	(2.8)
Exchange movements	0.5	(0.6)
At 31 December	22.1	21.6

23. Borrowings

	Group	
	2018 £m	2017 £m
Current		
Bank overdrafts	–	3.6
Unsecured bank loans due within one year or on demand	0.4	106.5
	0.4	110.1
Non-current		
Loan notes	150.0	–
Transaction costs (issuance of loan notes)	(0.5)	–
Finance leases	0.1	0.1
	149.6	0.1
	150.0	110.2

The Company does not have any borrowings as at 31 December 2018 and 31 December 2017.

In April 2018, the Group increased the multi-currency revolving credit facility ('RCF') by £60.0m to £360.0m. The RCF expires on 15 December 2020. As at 31 December 2018 £nil (2017: £106.0m) of the RCF was drawn.

In June 2018, the Group raised £150.0m of long-term debt through the issuance of 7, 10 and 12 year fixed rate private note placements into the US institutional market.

The unsecured bank loans due within one year or on demand reflects a £0.4m working capital loan in Thailand, which is payable on demand, denominated in Thailand baht and has an effective interest rate of 4.55%.

Movements in borrowings are analysed as follows:

	Group	
	2018 £m	2017 £m
Opening amount as at 1 January	110.2	35.8
Additional borrowings	305.0	184.9
Borrowings acquired through business combinations	—	0.1
Repayments of borrowings (including overdraft movement)	(265.2)	(110.6)
Closing amount as at 31 December	150.0	110.2

The exposure of the Group's borrowings to interest rate changes at the reporting date are:

	Group	
	2018 £m	2017 £m
Less than 1 year	0.4	110.1
Between 2 and 5 years	0.1	0.1
	0.5	110.2

The Group's non-current loan notes are fixed rate notes and therefore excluded from the above analysis.

The effective interest rates at the reporting date were as follows:

	Group	
	2018 %	2017 %
Bank overdrafts	—	2.62
Bank loans	4.09	1.51
Loan notes	3.16	—

The carrying amounts of borrowings are approximate to their fair value.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group	
	2018 £m	2017 £m
Sterling	149.5	109.4
Other	0.5	0.8
	150.0	110.2

The Group has the following undrawn borrowing facilities:

	Group	
	2018 £m	2017 £m
Floating rate – expiring within 1 year or on demand	32.1	33.5
Floating rate – expiring between 1 and 5 years	360.1	194.2
	392.2	227.7

24. Derivative financial instruments

	Group	
	Assets £m	Liabilities £m
2018		
Forward foreign exchange contracts – at fair value	0.1	0.1
Interest rate cap contract – at fair value	–	–
	0.1	0.1

	Group	
	Assets £m	Liabilities £m
2017		
Forward foreign exchange contracts – at fair value	0.5	0.1
Interest rate cap contract – at fair value	–	–
	0.5	0.1

The Company does not have any derivative financial instruments as at 31 December 2018 and 31 December 2017.

Forward foreign exchange contracts

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2018 were £43.5m (2017: £94.1m). All contracts mature within one year and are classed as current.

Gains and losses on forward foreign exchange contracts are recognised in net foreign exchange gains and losses in the income statement.

Interest rate cap contract

The interest rate cap contract matures in December 2020.

Gains and losses on the interest rate cap are recognised in net finance costs in the income statement.

25. Provisions

25.1 Provisions

	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
At 1 January 2018	11.3	7.0	2.0	4.0	24.3	0.6
Provided during the year	2.6	1.0	0.4	0.2	4.2	–
Utilised during the year	(1.4)	–	(1.0)	(2.6)	(5.0)	–
Released during the year	(1.5)	–	–	(0.8)	(2.3)	(0.6)
Total	11.0	8.0	1.4	0.8	21.2	–
Less non-current portion	5.5	6.6	0.7	–	12.8	–
Current portion	5.5	1.4	0.7	0.8	8.4	–

	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
2017						
Current	5.1	1.4	0.9	4.0	11.4	–
Non-current	6.2	5.6	1.1	–	12.9	0.6

Total	11.3	7.0	2.0	4.0	24.3	0.6
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(a) Professional indemnity claims

These arise from various legal actions, proceedings and other claims that are pending against the Group and are based on reasonable estimates, taking into account the opinions of legal counsel. The nature of the amounts provided in respect of legal actions, proceedings and other claims is such that the extent and timing of cash flows can be difficult to estimate and the ultimate liability may vary from the amounts provided. The non-current portion of these provisions is expected to be utilised within the next two to five years. Included are provisions for claims relating to subsidiaries prior to their disposal.

(b) Dilapidation provisions

The Group is required to perform dilapidation repairs and in certain instances restore properties to agreed specifications prior to the properties being vacated at the end of their lease term. These amounts are based on estimates of repair and restoration costs at a future date and therefore a degree of uncertainty exists over the future outflows, given that these are subject to repair and restoration cost price fluctuations and the extent of repairs to be completed. The majority of the non-current portion of these provisions is expected to be utilised within the next two to nine years.

(c) Onerous leases

A provision is recognised where the costs of meeting the obligations under a lease contract exceed the economic benefits expected to be received and is measured as the net least cost of exiting the contract, being the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it. The majority of the non-current portion of these provisions is expected to be utilised within the next two to five years.

(d) Restructuring provision

This provision comprises termination payments to employees affected by restructuring and lease termination penalties.

25.2 Employee benefit obligations

In addition to the defined benefit obligation pension scheme disclosed in Note 11.2, the following are included in employee benefit obligations:

Group	Total £m
At 1 January 2018	27.2
Additions through business combinations (Note 18.5)	1.3
Provided during the year	6.0
Utilised during the year	(7.6)
Exchange movements	0.3
At 31 December 2018	27.2

The above provisions relate to holiday pay and long service leave in the UK, Asia Pacific and Europe & the Middle East. Profit shares are included within accruals (Note 22).

The Company had £0.1m of employee benefit obligations as at 31 December 2018 (2017: £0.1m), relating to holiday pay and long service leave.

The above employee benefit obligations have been analysed between current and non-current as follows:

	Group	
	2018 £m	2017 £m
Current	15.8	11.2
Non-current	11.4	16.0
	27.2	27.2

26. Share capital – Group and Company

	2018 Number of shares	2017 Number of shares	2018 £m	2017 £m
Authorised and allotted				
Ordinary shares of 2.5p each:				
Authorised	202,000,000	202,000,000	5.1	5.1
Issued, called up and fully paid	142,923,604	141,931,341	3.6	3.5

Movement in issued, called up and fully paid share capital:

	2018		2017	
	Number of shares	£m	Number of shares	£m
At 1 January	141,931,341	3.5	139,809,677	3.5
Issued to direct participants on exercise of options under the Sharesave Scheme	820,985	0.1	6,891	–
Issued to direct participants under the Performance Share Plan	171,278	–	166,797	–
Issued to satisfy final instalment of shares due to former Studley, Inc. stockholders in relation to the acquisition in 2014	–	–	1,947,976	–
At 31 December	142,923,604	3.6	141,931,341	3.5

Each issued, called up and fully paid ordinary share of 2.5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on winding-up is entitled to participate in the assets of the Company.

As at 31 December 2018, the EBT held 5,502,275 shares (2017: 4,819,684 shares) and the Rabbi Trust held 1,386,356 shares (2017: 800,000). These shares are held as 'treasury shares'. Any voting or other similar decisions relating to these shares are taken by the trustees of the EBT and the Rabbi Trust, who may take account of any recommendation of the Company. The EBT waives all of its dividend entitlement. For further details of the EBT and the Rabbi Trust refer to Note 2.21.

At the Annual General Meeting ('AGM') held on 8 May 2018, the shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 14,178,941 of its own ordinary shares (AGM held on 9 May 2017: 13,967,033). Such authority remains valid until the conclusion of the next AGM or 7 August 2019, whichever is the earlier.

27. 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 £18.2m in 2018 (2017: £14.5m). Of the total share-based payments charge, £0.5m (2017: £0.6m) relates to the Sharesave schemes, £0.4m (2017: £0.6m) relates to PSP schemes, £7.1m (2017: £4.7m) relates to DSP schemes and £10.2m (2017: £8.6m) relates to DSBP schemes.

Refer to the Remuneration Report for details of the various schemes, pages 66 to 84.

27.1 Movements in share schemes

	Sharesave awards	PSP awards	DSP awards	DSBP awards
2018 number of awards ('000)				
Outstanding at 1 January	967	558	2,560	4,050
Granted	1,467	170	1,606	1,101
Exercised/cancelled	(829)	(156)	(411)	(995)
Forfeited/lapsed	(12)	(30)	(166)	(74)
Outstanding at 31 December	1,593	542	3,589	4,082

Exercisable at 31 December	72	–	–	–
Weighted average exercise price for awards outstanding at end of the year (pence)	638.8	–	–	–
Weighted average remaining contractual life (years)	2.6	2.5	1.9	1.6
Weighted average share price at the date of exercise for awards exercised in the year (pence)	840.0	979.4	941.4	968.0

	Sharesave awards	PSP awards	DSP awards	DSBP awards
2017 number of awards ('000)				
Outstanding at 1 January	1,066	690	2,333	3,992
Granted	–	172	1,135	1,053
Exercised/cancelled	(42)	(152)	(854)	(954)
Forfeited/lapsed	(57)	(152)	(54)	(41)
Outstanding at 31 December	967	558	2,560	4,050
Exercisable at 31 December	–	–	–	–
Weighted average exercise price for awards outstanding at end of the year (pence)	666.2	–	–	–
Weighted average remaining contractual life (years)	0.5	1.9	2.0	1.7
Weighted average share price at the date of exercise for awards exercised in the year (pence)	652.6	868.1	912.5	918.2

27.2 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 and Sharesave scheme during 2018 are shown below.

Performance Share Plan: Awards in the year ended 31 December 2018	16 April 2018
Share price at grant date	973.5p
Risk-free rate	1.2%
Volatility of Savills share price	23% per annum
Correlation of Savills share price to index	44%
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.

Sharesave Plan: Awards in the year ended 31 December 2018	2 October 2018
Share price at grant date	782.5p
Risk-free rate	1.0%
Volatility of Savills share price	23% per annum
Allowance for pre-vesting cancellations	4% over the vesting period
Employee turnover	Zero

The fair values of options granted in the period are shown below.

Grant	Grant date	Deferred period	Fair value pence
DSP 2018	8 January 2018	3 – 5 years	980.0
DSP 2018	16 April 2018	3 years	976.5
DSP 2018	6 June 2018	1 – 5 years	963.1
DSP 2018	10 August 2018	3 years	829.5
DSP 2018	3 September 2018	3 – 5 years	800.0
DSBP 2018	16 April 2018	3 – 4 years	976.5
PSP 2018	16 April 2018	5 years	739.3
SAYE 2018	2 October 2018	3 years	146.2

28. Retained earnings and other reserves

	Share-based payment reserve £m	Treasury shares £m	Profit and loss account * £m	Total retained earnings s* £m	Capital redemption and capital reserve £m	Merger relief reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2018	33.2	(41.7)	255.7	247.2	1.7	34.9	61.0	0.8	98.4
Profit attributable to owners of the Company	–	–	76.7	76.7	–	–	–	–	–
Other comprehensive income/(loss)	–	–	12.5	12.5	–	–	19.5	(0.2)	19.3
Employee share option scheme:									
– Value of services provided	18.2	–	–	18.2	–	–	–	–	–
– Exercise of options	(14.0)	11.4	2.6	–	–	–	–	–	–
Purchase of treasury shares	–	(25.1)	–	(25.1)	–	–	–	–	–
Dividends	–	–	(41.4)	(41.4)	–	–	–	–	–
Disposal of equity investments at FVOCI	–	–	0.6	0.6	–	–	(0.4)	(0.1)	(0.5)
Transfer between reserves	–	–	(0.4)	(0.4)	0.4	–	–	–	0.4
Transactions with non-controlling interests	–	–	(1.8)	(1.8)	–	–	–	–	–
Balance at 31 December 2018	37.4	(55.4)	304.5	286.5	2.1	34.9	80.1	0.5	117.6

* Included within profit and loss account is tax on items taken directly to equity (Note 13) as disclosed above.

	Share-based payment reserve £m	Treasury shares £m	Profit and loss account * £m	Total retained earnings s* £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 2017	28.9	(37.9)	204.8	195.8	1.7	23.6	77.6	1.0	103.9

Profit attributable to owners of the Company	-	-	80.1	80.1	-	-	-	-	-
Other comprehensive income/(loss)	-	-	13.3	13.3	-	-	(16.1)	0.5	(15.6)
Employee share option scheme:									
- Value of services provided	14.5	-	-	14.5	-	-	-	-	-
- Exercise of options	(10.1)	13.4	(3.3)	-	-	-	-	-	-
- Withdrawal of options	(0.1)	-	0.1	-	-	-	-	-	-
Purchase of treasury shares	-	(17.2)	-	(17.2)	-	-	-	-	-
Dividends	-	-	(39.3)	(39.3)	-	-	-	-	-
Shares issued	-	-	-	-	-	11.3	-	-	11.3
Disposal of available-for-sale investments	-	-	-	-	-	-	(0.5)	(0.7)	(1.2)
Balance at 31 December 2017	33.2	(41.7)	255.7	247.2	1.7	34.9	61.0	0.8	98.4

* Included within profit and loss account is tax on items taken directly to equity (Note 13) as disclosed above.

29. Contingent liabilities

In common with comparable professional services businesses, the Group is involved in a number of disputes in the ordinary course of business. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Group carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

30. Operating lease commitments – minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Amounts due within:				
Within 1 year	55.9	51.1	7.0	7.0
Between 1 to 5 years	178.7	136.8	28.1	28.1
After 5 years	119.4	123.0	61.3	70.3
	354.0	310.9	96.4	105.4

Significant operating leases relate to the various property leases for Savills offices in the UK, Europe & the Middle East, Asia Pacific and North America. There are no significant non-cancellable sub-leases.

31. Cash generated from operations

	Group		Company	
	2018 £m	2017 £m	2018 £m	2017 £m
Profit for the year	77.2	81.1	55.5	64.0
Adjustments for:				
Income tax (Note 13)	32.2	31.3	(2.1)	(2.1)
Depreciation (Note 17)	14.9	13.5	0.9	1.1
Amortisation of intangible assets (Note 16)	10.3	7.0	0.4	0.3

Impairment of goodwill and intangible assets (Note 16)	0.3	2.3	—	—
Loss on disposal of property, plant and equipment and intangible assets	0.8	—	—	—
Profit on disposal of subsidiaries, joint ventures and equity investments	(2.9)	(5.9)	—	—
Net finance cost/(income) (Note 12)	2.3	1.3	(1.1)	(0.8)
Share of post-tax profit from joint ventures and associates (Note 18.1)	(11.1)	(9.9)	—	—
Decrease in employee and retirement obligations	(7.0)	(7.9)	(0.3)	(0.5)
Exchange movement on operating activities	(0.6)	(0.2)	—	—
(Decrease)/increase in provisions	(3.2)	2.3	(0.6)	(1.3)
Charge for share-based compensation (Note 27)	18.2	14.5	2.1	2.4
Exercise of share options	—	—	(10.1)	(13.4)
Operating cash flows before movements in working capital	131.4	129.4	44.7	49.7
(Increase)/decrease in trade and other receivables and contract assets	(36.7)	(44.8)	(2.3)	8.6
Increase/(decrease) in trade and other payables and contract liabilities	53.1	60.5	1.5	(8.4)
Cash generated from operations	147.8	145.1	43.9	49.9

Foreign exchange movements resulted in a £10.9m increase in current and non-current trade and other receivables and contract assets (2017: £8.9m decrease) and a £12.3m increase in current and non-current trade and other payables and contract liabilities (2017: £16.4m decrease).

32. Analysis of cash net of debt

	At 1 January £m	Cash flows £m	Movements through business combination s and disposals £m	Exchange movement £m	At 31 December £m
2018					
Cash and cash equivalents	208.8	6.7	(1.4)	9.8	223.9
Bank overdrafts	(3.6)	3.6	—	—	—
	205.2	10.3	(1.4)	9.8	223.9
Bank loans	(106.5)	106.1	—	—	(0.4)
Loan notes	—	(150.0)	—	—	(150.0)
Transaction costs (issuance of loan notes)	—	0.5	—	—	0.5
Finance leases	(0.1)	—	—	—	(0.1)
Cash and cash equivalents net of debt	98.6	(33.1)	(1.4)	9.8	73.9

	At 1 January £m	Cash flows £m	Additions through business combination s £m	Exchange movement £m	At 31 December £m
2017					
Cash and cash equivalents	223.6	(7.6)	—	(7.2)	208.8

Bank overdrafts	(0.2)	(3.4)	–	–	(3.6)
	223.4	(11.0)	–	(7.2)	205.2
Bank loans	(35.6)	(70.9)	–	–	(106.5)
Finance leases	–	–	(0.1)	–	(0.1)
Cash and cash equivalents net of debt	187.8	(81.9)	(0.1)	(7.2)	98.6

33. Related party transactions

Other than disclosed below and the information provided within the Remuneration Report, there were no significant related party transactions during the year.

(a) Loans to related parties

Loans to joint ventures are disclosed in Note 18.1.

(b) Company transactions

The Company provided corporate function services to its subsidiaries at an arm's length value of £21.6m (2017: £19.4m).

Dividends of £55.3m were received from subsidiaries during the year (2017: £60.0m). Amounts outstanding to and from subsidiaries as at 31 December 2018 are disclosed in Notes 20 and 22.

34. Group – Investments

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates and joint ventures, the registered office and the percentage of equity owned by the Group, as at 31 December 2018, are disclosed below. All subsidiary undertakings are consolidated into the Group financial statements. Unless otherwise stated the share capital is wholly comprised of ordinary shares which are indirectly held by the Company.

Fully-owned subsidiary	Country of incorporation	Registered office
Corporate Real Estate Services Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Incoll Group Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Incoll Management Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Moore Cost Consulting Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (ACT) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Holdings Pty Ltd	(ii) Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (NSW) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (QLD) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (SA) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (TAS) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (VIC) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (WA) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Investment Management (Australia) Pty Ltd	Australia	Level 36, Gateway, 1 Macquarie 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 Property Management (NSW) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Valuations Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Cluttons Bahrain Limited SPC	Bahrain	Flat/shop: 2804, Building: 2504, Road: 2832, Block: 428, Area: Al Seef, Manama
Cluttons Sales SPC	(iv) Bahrain	Flat/shop: 2802, Building: 2504, Road: 2832, Block: 428, Area: Al Seef, Manama
Savills Canada Inc	Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3

Savills Studley Services Inc	Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3
Savills Studley Inc (Canada)	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) Ltd	China	Unit 201, A Tower, No.1 QianWan Yi Road, Qianhai Shengnan Cooperation District, Shenzhen
Savills Property Services (Beijing) Company Ltd	China	2101 East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Property Services (Chengdu) Company Ltd	China	Room 2106, Yanlord Landmark, No.1 Section 2, Renmin South Road, Chengdu 610016
Savills Property Services (Guangzhou) Company Ltd	China	Room 1301, R&F Center, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623
Savills Property Services (Hengqin) Ltd	China	Room 105-19233, No. 6 Baohua Road, Hengqin New Area, Zhuhai
Savills Property Services (Shanghai) Company Ltd	China	Unit D, Room 62, Block 3, No.227, Ru Shan Road, Shanghai
Savills Property Services (Tianjin) Company Ltd	China	Unit 4607, Tianjin World Financial Center, No.2 Dagu North Road, Xiaobailou Street, Heping District, Tianjin
Savills Property Services (Wuhan) Company Ltd	China	Unit 08-10, 27/F, CITIC PACIFIC Mansion, No.1627 Zhongshan Avenue, Jiang'an District
Savills Property Services (Zhuhai) Company Ltd	China	Room 2204, 22/F, Tower B, China Overseas Building, Midtown, No. 2021 Jiuzhou West Avenue, Zhuhai
Savills Real Estate Valuation (Beijing) Company Ltd	China	Unit 01, 21/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Real Estate Valuation (Guangzhou) Company Ltd	China	Room 2105, R&F Center, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623
Savills Valuation and Professional Services (BJ) Ltd	China	Unit 07, 21/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Valuation and Professional Services (GZ) Ltd	China	Room 2105, R&F Centre, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou
Shanghai Shan Mei Real Consulting Ltd	China	Room 5, 2F, No. 707 Zhangyang Road, Pilot Free Trade Zone, Shanghai
Shanghai XinMin Equity Investment Management Company Ltd	China	Unit 602, No. 4, Lane 541, Wenshui East Road, Hongkou District, Shanghai
Shenzhen Guardian Property Management Ltd	China	Room 3, Unit A, 5/F, Anlian Plaza, No.4018 Jintian Road, Futian District, Shenzhen 518026
Swan Property Services (Beijing) Company Ltd	China	2101 East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills CZ s.r.o.	Czech Republic	V Celnici 1031/4, 110 00 Prague 1
Savills Investment Management ApS	Denmark	Østergade 13, 2/F, 1100, København K
Cluttons Egypt Consulting JSC	Egypt	Building 17, Street 210, Al Maadi, Cairo
Savills Investment Management SAS	France	54-56 Avenue Hoche, 75008 Paris
Piccadilly General Partner GmbH	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Advisory Services Germany GmbH & Co. KG	Germany	Taunusanlage 18, 60325 Frankfurt-am-Main

Savills Advisory Services GmbH	Germany	Taunusanlage 18, 60325 Frankfurt-am-Main
Savills Fund Management Holding AG	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Immobilien Beratungs GmbH	Germany	Taunusanlage 18, 60325 Frankfurt-am-Main
Savills Immobilien Beteiligungs GmbH	Germany	Taunusanlage 18, 60325 Frankfurt-am-Main
Savills Immobilien Management GmbH	Germany	Taunusanlage 18, 60325 Frankfurt-am-Main
Savills Investment Management (Germany) GmbH	Germany	Sonnenstrasse 19, Munich
Martel Maides Ltd	Guernsey	1 Le Truchot, St Peter Port, Guernsey, GY1 1WD
Savills Channel Islands Ltd	Guernsey	22 Smith Street, St Peter Port, Guernsey, GY1 2JQ
Bridgewater Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
BTHK Property Management Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Champion Insurance and Computer Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Dominion Office Centre Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
East Full Company Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Express Engineering Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Express Maintenance Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Gateway Contractors Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Greenscape Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
GRVM Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guard Able Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Care Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Management Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Mandarin Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Partners Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Property Agencies Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Property Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Hip Kwan Property Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Kenda Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Kwik Park Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing

Larry Smith Asia Ltd		Hong Kong	Unit 1009, 10/F, Chinachem Golden Plaza, 77 Mody Road, Tsim Sha Tsui East, Kowloon,
Mount Link Services Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Quartey Properties Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills (China) Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills (Hong Kong) Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Asia Pacific Ltd	(ii)	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Building Services Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Design Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Engineering Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Guardian (Holdings) Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills IM Shanghai Investco Limited		Hong Kong	16F Nexus Building, 41 Connaught Road, Central
Savills India Holding Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Indonesia Holding Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Investment Management (Hong Kong) Ltd		Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East
Savills Investment Management Asia Ltd		Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East
Savills Management Services Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Philippines Holding Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Project Consultancy Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Property Management Holdings Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Property Management Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Realty Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Regional Services Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Residence Ltd		Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Valuation and Professional Services Ltd		Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Security and Safety Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Swan Hygiene Services Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing

Swan Pest Control Services Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Tarrayon Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
The Peninsular Centre Retailers Association Ltd		Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Cluttons (India) Private Limited		India	Flat no. 333, 3/F, Devika Tower, 6 Nehru Place, New Delhi 110019
Actium	(ii)	Ireland	33 Molesworth Street, Dublin 2
Anateo Ltd	(ii)	Ireland	33 Molesworth Street, Dublin 2
HOK Financial Services		Ireland	33 Molesworth Street, Dublin 2
Liffey Valley Management Ltd		Ireland	33 Molesworth Street, Dublin 2
Mahon Point Management Ltd		Ireland	33 Molesworth Street, Dublin 2
Savills Advisory Services (Ireland) Limited		Ireland	33 Molesworth Street, Dublin 2
Savills Commercial (Ireland) Ltd	(ii)	Ireland	33 Molesworth Street, Dublin 2
Savills Management Resource Ireland Ltd		Ireland	33 Molesworth Street, Dublin 2
Savills Residential (Ireland) Ltd		Ireland	33 Molesworth Street, Dublin 2
White Water (Newbridge) Ltd		Ireland	33 Molesworth Street, Dublin 2
White Water Management Ltd		Ireland	33 Molesworth Street, Dublin 2
White Water Residential DAC		Ireland	33 Molesworth Street, Dublin 2
Savills Investment Management SGR S.p.A		Italy	Via San Paolo 7, 20121 Milan
Savills Italy S.r.l.		Italy	Via San Paolo 7, 20121 Milan
Savills Larry Smith S.r.l.		Italy	Viale Vittorio Veneto 20, 20124 Milan
Savills Asset Advisory Company Ltd		Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
Savills Investment Architecture Design GK		Japan	3/F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041
Savills Japan Company Ltd		Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
Savills IM CMISIM Co-Investment GP Ltd		Jersey	3/F Liberation House, Castle Street, St Helier, JE1 1BL
Greater Tokyo Office Fund (Jersey) GP Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Prime London Residential Development Jersey GP Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Prime London Residential Development Jersey II GP Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Savills (Jersey) Ltd		Jersey	19 Halkett Place, St Helier, JE2 4WG
Savills IM CMISIM Co-Investment GP Ltd		Jersey	3/F Liberation House, Castle Street, St Helier, JE1 1BL
Savills Investment Management (Jersey) Ltd		Jersey	3/F Walker House, 28-34 Hill Street, St Helier, JE4 8PN
Savills IM European Fund V GP S.a.r.l.		Luxembourg	10, rue C.M. Spoo
Savills (Macau) Ltd		Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
Savills Project Consultancy (Macau) Ltd		Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
Savills Property Management (Macau) Ltd		Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade

Savills (Myanmar) Ltd	Myanmar	No. 8, Unit 8-A, Centerpoint Towers, No. 65, Corner of Sule Pagoda Road & Merchant Street, Kyauktada Township, Yangon
Savills 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 Investment Management B.V.	Netherlands	Vida Building, Kabelweg 57, 1014 BA Amsterdam
Savills (NZ) Ltd	New Zealand	Level 8, 33 Shortland Street, Auckland Central, Auckland, 1010
Savills (NI) Ltd	Northern Ireland	1/F, Lesley Studios, 32-36 May Street, Belfast, BT1 4NZ
FPD Management Services Philippines Inc	Philippines	12/F, Times Plaza Building, United Nations Avenue corner Taft Avenue, Ermita, Manila 1000
Savills Investment Management Sp Zoo	Poland	Ul. Miła 2, 00-180 Warsaw
Savills Property Management Sp Zoo	Poland	Ul. Złota 59, 00-120 Warsaw
Savills Sp Zoo	Poland	Ul. Złota 59, 00-120 Warsaw
Aguirre Newman Portugal Consultoria Lda	Portugal	Praça Marquês de Pombal, 16 – 7º, 1250163 Lisbon
Aguirre Newman Portugal Mediacao Imobiliaria Lda	Portugal	Praça Marquês de Pombal, 16 – 7º, 1250163 Lisbon
iProcurePro Pte Ltd	Singapore	30 Cecil Street, #20-03 Prudential Tower, 049712
Savills (SEA) Pte Ltd	Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills (Singapore) Pte Ltd	Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills Investment Management Pte Ltd	Singapore	80 Robinson Road, #02-00, 068898
Savills Property Management Pte Ltd	Singapore	20 Martin Road #03-01/02 Seng Kee Building, 239070
Savills Residential Pte Ltd	Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills Valuation & Professional Services (S) Pte Ltd	Singapore	30 Cecil Street #20-03 Prudential Tower, 049712
Savills Korea Advisors Realty Company Ltd	South Korea	15F Tower 8, 7 Jongro5-gil Jongno-gu, Seoul
Savills Korea Company Ltd	South Korea	13F Seoul Finance Center, 136 Sejong-daero Jung-gu, Seoul
Savills Aguirre Newman Arquitectura Barcelona SAU	Spain	Avda. Diagonal 609-615, Barcelona
Savills Aguirre Newman Arquitectura SAU	Spain	Calle General Lacy 23, 28045 Madrid
Savills Aguirre Newman Barcelona SAU	Spain	Avda. Diagonal 609-615, Barcelona
Savills Aguirre Newman Consultores SAU	Spain	Calle General Lacy 23, 28045 Madrid
Savills Aguirre Newman SAU	Spain	Calle General Lacy 23, 28045 Madrid
Savills Aguirre Newman Urbanismo SAU	Spain	Calle General Lacy 23, 28045 Madrid
Savills Aguirre Newman Valoraciones y Tasaciones SAU	Spain	Avda. Diagonal 609-615, Barcelona
Savills Consultores Inmobiliarios SA	Spain	José Abascal, 45 – 1ª planta, 28003 Madrid
Savills Investment Management S.L	Spain	Calle Velazquez 78 1, 28001 Madrid
Zaphir Asset Management SLU	Spain	Calle General Lacy 23, 28045 Madrid
Loudden Bygg-och Fastighetsservice AB	Sweden	Box 6317, 102 35 Stockholm
Savills Förvaltning AB	Sweden	Sergels Torg 12, 111 57 Stockholm
Savills Investment Management AB	Sweden	Kungsgatan 56, 111 22 Stockholm

Savills Sweden AB		Sweden	Sergels Torg 12, 111 57 Stockholm
Savills Sweden Investment AB		Sweden	Sergels 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) Ltd		Thailand	990 Abdulrahim Place Building, 26/F, Rama IV Road, Silom Subdistrict, Bang Rak District, Bangkok
Cluttons LLC	(iv)	United Arab Emirates	22/F, Aresco Tower, Sheikh Zayed Road, PO Box 3087
Cluttons Real Estate LLC	(iv)	United Arab Emirates	2702C, Al Marzouqi Towers, King Faisal Street
B Bids Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Blair Kirkman LLP		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
Christopher Rowland Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
CMS Creative Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Collier & Madge Holdings Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Collier & Madge plc		United Kingdom	33 Margaret Street, London, W1G 0JD
Cordea Savills SLP GP Ltd		United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savills SLP II LP		United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Cordea Savills SLP LP		United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savills Investments Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
Currell Commercial Ltd		United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Currell Management LLP		United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Currell Residential Ltd		United Kingdom	9 Bonhill Street, London, EC2A 4DJ
GBR Phoenix Beard Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Phoenix Beard Group Ltd		United Kingdom	33 Margaret Street, London, W1G 0JD

GBR Phoenix Beard Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Phoenix Beard Residential Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GBR Property Consultants Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Granville Residential Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Grosvenor Hill Ventures Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GTOF Co-Investment GP LLP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
GTOF Co-Investment LP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
Hanover Facilities Management Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Hepher Dixon Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Holden Matthews Estate Agents Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Humphriss & Ryde Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Jago Dean PR Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
JP Case & Co Property Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
LIBRA Housing Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Management Exclusive LLP	United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Mansfield Elstob Main Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Moor House Management Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Optic Asset Management Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
PCA Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
PCA Management Consultants Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Phoenix Beard Landscaping Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Phoenix Beard Manpower Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Phoenix Beard Trustees Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Portnalls Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Prime London Residential Development Co-Investment GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment II GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

Prime London Residential Development Co-Investment II LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development GP LLP	United Kingdom	33 Margaret Street, London, W1G 0JD
Prime London Residential Development II GP LLP	United Kingdom	33 Margaret Street, London, W1G 0JD
Prime Purchase Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Rickitt Grant & Company Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
S F Securities Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM SLP II GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Savills IM UK Income and Growth General Partner LLP	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (Europe) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (Overseas Holdings) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (UK) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Advisory Services (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Asset Warehouse 1 Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Asset Warehouse 2 Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Capital Advisors Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Commercial (Leeds) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Commercial Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Finance Holdings plc	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Financial Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Holding Company Ltd	(i) United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Dawn GP Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Euro V Co-Investment GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM Euro V Co-Investment LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ

Savills IM Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM Investco Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM JVF II Co-Investment GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM JVF II Co-Investment LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM SLP General Partner LLP	United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH
Savills IM SLP III GP LLP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
Savills IM SLP III LP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
Savills IM UK One Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM UK Property Ventures No.1 GP Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills IM UK Two Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills India Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management (UK) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management LLP	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management Overseas Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Italy Holding Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills KSA Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Lending Solutions Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Management Resources Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills ME Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Middle East Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Nominee Company Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Place-Shaping & Marketing Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Telecom Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.1 GP Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.2 GP Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Serviced Land No.2 JV GP Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD

Smith Woolley Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Stratland Management Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
The Currell Group Ltd	United Kingdom	9 Bonhill Street, London, EC2A 4DJ
The Destination Partnership Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
The London Planning Practice Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Wellington Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Yoohop Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
BTR Capital Advisors I LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
BTR Capital Advisors II Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
BTR Capital Advisors III Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
Gravitas Lease Audit Services LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
Gravitas Real Estate Solutions LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
Kelly, Legan & Gerard Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills (L&P) Inc	United States	Unex House, 132-134 Hils Road, Cambridge CB2 8PA
Savills America Ltd	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Investment Management (USA) Inc	United States	251 Little Falls Drive, Wilmington, DE 19808
Savills Investment Management Inc	United States	251 Little Falls Drive, Wilmington, DE 19808
Savills LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Studley (GA) Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Studley (ME) LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Studley Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Studley Occupier Services Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Studley Securities LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
SSOC LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
Studley Associates Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
Studley Asia Holdings	United States	399 Park Avenue – 11/F, New York, NY 10022
Studley Gravitas Real Estate Solutions LLC	United States	399 Park Avenue – 11/F, New York, NY 10022
Studley International Inc	United States	399 Park Avenue – 11/F, New York, NY 10022
The Great Studley Stamp Company	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Vietnam Company Ltd	Vietnam	6/F, Sentinel Place building, 41A Ly Thai To, Hoan Kiem District, Hanoi City

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
Savills Belux Group SA	99.90	Belgium	Avenue Louise 81, 1050 Brussels
Savills Property Services (Shenzhen) Company Ltd	85.00	China	Unit A, 5/F Anlian Plaza, No.4018 Jintian Road, Futian District, Shenzhen 518026
Savills SA	99.97	France	21 Boulevard Haussmann 75009, Paris
Savills Valuation SAS	99.97	France	21 Boulevard Haussmann, 75009 Paris
Savills Fund Management GmbH	94.00	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Investment Management (KVG) GmbH	94.90	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Absolute Result Ltd	80.20	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Billion Property Management Ltd	80.00	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
PT Savills Consultants Indonesia	80.40	Indonesia	Indonesia Stock Exchange Building, Tower I, Lt. 12, Jl. Jend. Sudirman, Kav. 52-53, Senayan, Kebayoran Baru, Jakarta Selatan
Savills Investment Management (Luxembourg) S.à.r.l.	94.90	Luxembourg	10, rue C.M. Spoo
Savill Asset and Property Management BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Agency BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Consultancy BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Investments BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Nederland Holdings BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Savills Retail BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Tagis BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Tagis Property Management BV	90.25	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD
Cluttons & Partners LLC	65.00	Oman	Hatat Complex Suite 30-36, G/F, P O Box 1475, Ruwi, Sultanate of Oman, Location – Wadi Adai – Romellah
SGDN Ltd	51.00	United Kingdom	Stuart House, City Road, Peterborough, PE1 1QF

Joint Ventures	% owned	Country of incorporation	Registered office
Anlian Savills Property Management (Shenzhen) Ltd	25.50	China	Unit B02(b), 19/F, Anlian Plaza, No.4018, Jintian Road, Futian District, Shenzhen
Beijing BHG Savills Retail & Property Management Company Ltd	30.00	China	Room 107, Block 1, No 208, Lane 4, North Xiangyun Road, Daxing District, Beijing
Beijing CCP & Savills Property Services Management Company Ltd	25.00	China	A6 West Da Wang Road, Chaoyang District, Beijing
Beijing China Railway Savills Property Management Services Company Ltd	49.00	China	Room 926, 15 Guang An Road, Feng Tai District, Beijing
Beijing Financial Street Savills Property Management Company Ltd	20.00	China	B1/F, Tong Tai Building, 33 Financial Street, West District, Beijing
Beijing Haizhi Savills Property Management Company Ltd	40.00	China	Zone B, 6/F, Tower B, No.18 Zhong Guan Cun Avenue, Haidian District, Beijing
Beijing Jiaming Savills Property Management Company Ltd	35.00	China	B2 Floor, No. 27 East 3rd Ring Rd North, Chaoyang District, Beijing
Beijing Oriental Savills Asset Management Company Ltd	30.00	China	Unit 303, 3/F No, 9 West Street Wangfujing, Dongcheng District, Beijing
Beijing Tianrun Savills Property Management Company Ltd	49.00	China	Unit 3501A, 35/F, No. 8 Jianguomenwai Dajie, Chaoyang District, Beijing
Beijing Zhaotai Savills Property Services Company Ltd	30.00	China	B1 Floor, 11 Fenghui Yuan, Tai Ping Avenue, Xicheng District, Beijing
Beijing Zhong Bao Savills Property Management Company Ltd	10.00	China	603 China Life Tower, 16 Chao Wai Street, Chaoyang District, Beijing
Chongqing Huayu Savills Property Services Group Company Ltd	30.00	China	No. 118-6, Taishan Avenue, Yubei District, Chongqing
COSCO FPS Savills Property Development Company Ltd	25.00	China	Unit M, 7/F, No.720 Pudong Ave, Pudong District, Shanghai
Daisy Savills Property Management (Beijing) Company Ltd	35.00	China	Unit 702, Tower 2, Office Building, 7/F, No. 18 Jianguomennei Avenue, Chaoyang District, Beijing
Everbright Savills Property Management Company Ltd	45.00	China	Room E-266, 3/F, Ru Shan Road No.227, Pilot Free Trade Zone, Shanghai
Fuzhou Hengli & Savills Property Management Company Ltd	45.00	China	Unit B, 4/F Zhongliu City, No.171, Hu Dong Road, Gu Lou District, Fuzhou
Gohigh Savills (Shanghai) Property Management Company Ltd	49.00	China	Room 203D, 2/F, No. 21, Lane 596 Middle Yanan Road, Jingan District, Shanghai
Guangzhou Nansi & Savills Property Management Company Ltd	49.00	China	Room 1304, Feng Ze Dong Road No.106, Nan Sha Area, Guangzhou
Beijing Hongyuan Savills Property Management Company Ltd	40.00	China	Unit 104, 1/F, Building 4, No.2 Jinsui Avenue, Shunyi District, Beijing
Nanjing Smart Science Technology Park & Savills Property Management Company Ltd	30.00	China	Room 468, 4/F, Building 9, Xingzhahui Business Garden, 19 Xinghuo Road, Jiangbei New District, Nanjing 210008

Savills BM Property Services Company Ltd	40.00	China	Room 115, No.53, Lane 749, Middle Tianmu Road, Zhabei District, Shanghai
Savills Raycom Property Management (Beijing) Company Ltd	30.00	China	Unit B1-08, No.2 South Road Ke Xue Yan, Haidian District, Beijing
Shanghai No.1 and FPD Savills Property Management Company Ltd	51.00	China	Unit B1-08, No.2 South Road Ke Xue Yan, Haidian District, Beijing
Shanghai Poly Savills Property Management Company Ltd	30.00	China	Unit 01, 20/F, South Tower, No.528 South Pu Dong Road, Pu Dong, Shanghai
Shanxi Zhidi Savills Property Services Company Ltd	30.00	China	4/F, block 3, No.42 Xing Shan Temple, Xi'an City
Shenzhen Qianhai Savills Property Services Company Ltd	40.00	China	Unit 201, A Tower, No.1, Qian Wan Road, Qianhai Shengnan Cooperation District, Shenzhen
Suzhou Industrial Park Wanrun & FPD Savills Property Management Company Ltd	45.00	China	2/F, International Building, No.2 Suzhou Avenue West, Suzhou industrial Park
Tianjin TEDA Savills Property Services Company Ltd	10.00	China	5/F, Tower C3, Zone C, Teda MSD, No.79 First Avenue, Economy & Technology Development Zone, Tianjin
Wuhan Yuexiu Savills Property Services Company Ltd	40.00	China	Yuexiu Xinghuiyunjin, 2/F, No.1 Zhongshan Ave, Qiaokou District, Wuhan
Zhongzheng Savills Property Management (Beijing) Co Ltd	49.00	China	Unit A4-12, 4/F, Building 4, No. 24 Yard, Jiuxianqiao Middle Road, Chaoyang District, Beijing
Zhuhai Hengqin Savills Assets Operation Management Company Ltd	51.00	China	Room 105-1460, No. 6 Baohua Road, Hengqin new area, Zhuhai
Greenmile Ventures Ltd	50.00	Hong Kong	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Greenwall Gateway Ltd	50.00	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Jiayi Savills Property Services Ltd	51.00	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Skywise Technology & Innovation Company Ltd	50.00	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills IM CMISIM Jersey GP Ltd	50.00	Jersey	3/F, Liberation House, Castle Street, St Helier, JE1 1BL
G.E.S. Holdings Ltd	50.00	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 – 187, Edf. Kong Fai Com. 7/F, K – P
G.E.S. Ltd	50.00	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 – 187, Edf. Kong Fai Com. 7/F, K – P
Cluttons Saudi Arabia Company Ltd	49.00	Saudi Arabia	Dammam, Malek Saud Street, 31411
Savills Science Ltd	50.00	United Kingdom	33 Margaret Street, London, W1G 0JD

Associates	% owned	Country of incorporation	Registered office
SAS Riviera Estates	44.80	France	11 Avenue Jean Medecin, 06000, Nice
Guardian Home Ltd	40.00	Hong Kong	Flat G&H, 55/F, Block 3, Metro Town, Tseung Kwan O, New Territories
KSH Guardian Property Management Ltd	50.00	Hong Kong	7th Floor, Cityplaza One, 1111 King's Road, Taikoo Shing
Lippo-Savills Property Management Ltd	50.00	Hong Kong	Room 2301, 23/F, Tower One, Lippo Centre, 89 Queensway
Savills Taiping Property Management Ltd	45.00	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Yuen Sang Property Management Company Ltd	50.00	Hong Kong	7th Floor, Cityplaza One, 1111 King's Road, Taikoo Shing
Hengli Savills Property Management Ltd	49.00	Hong Kong	Unit 1806-08, Tower Two, Lippo Centre, 89 Queensway
Cordea Nichani India Advisers Private Ltd	25.00	India	Ground Floor Front, 19 Kumarakrupa Road, Bangalore 560001
Savills (Johor) Sdn Bhd	45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (KL) Sdn Bhd	45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Malaysia) Sdn Bhd	45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Penang) Sdn Bhd	45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Project Management) Sdn Bhd	45.00	Malaysia	No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Rootcorp Ranganatha Ltd	25.00	Mauritius	4/F, Raffles Tower, 19 Cybercity, Ebene
Monaco Real Estates SARL	51.00	Monaco	10 Ter Boulevard Princesse Charlotte
Huttons Asia Pte Ltd	48.00	Singapore	3 Bishan Place, #02-01 CPF Bishan Building, S 579838
Huttons Capital Pte Ltd	48.00	Singapore	3 Bishan Place, #05-01 CPF Bishan Building, S 579838
DRC Capital LLP	25.00	United Kingdom	4/F, 6 Duke Street St James's, London, SW1Y 6BN

- (i) Directly owned by Savills plc.
- (ii) Both ordinary and redeemable shares owned by the Group.
- (iii) Partnership interest.
- (iv) Economic interest/part economic interest.

The total non-controlling interest at the end of the year is £0.7m (2017: £1.5m). The non-controlling interests in respect of the above subsidiaries that the Group does not own a holding of 100% are not considered to be individually material.

There were no material transactions with non-controlling interests during the year. Refer to Note 21 for details on restrictions on the Group's ability to access cash in the Group's Asia Pacific operating subsidiaries.

Shareholder Information

Year ended 31 December 2018

Key dates for 2019

Annual General Meeting	8 May 2019
Financial half year end	30 June 2019
Announcement of half year results	8 August 2019

Website

Visit our investor relations website www.savills.com for full up-to-date investor relations information, including the latest share price, recent Annual and Half Year Reports, results presentations and financial news.

Shareholder enquiries

For shareholder enquiries please contact our Registrars, Equiniti (see below). For general enquiries please call our Shareholder Services helpline on: 0371 384 2018 (overseas holders need to call +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding bank holidays). For further administrative queries in respect of your shareholding, please access our Registrars' website at www.shareview.co.uk

Electronic communications

If you would prefer to receive shareholder communications electronically in future, including your Annual and Half Year Reports and notices of meetings, please visit our Registrars' website, www.shareview.co.uk and follow the link to 'Register for e-communications' under the Shareholder Services section.

Half Year Report

Like many other listed public companies, we no longer circulate printed Half Year Reports to shareholders. Rather, Half Year results' statements are published on the Company's website. We believe that this is of benefit to those shareholders who do not wish to be burdened with such paper documents, and to the Company, as it is consistent with our target of saving printing and distribution costs.

Professional advisers and service providers

Solicitors

CMS Cameron McKenna LLP
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London EC4N 6AF

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Auditor

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Joint Stockbrokers

UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Numis Securities Ltd

The London Stock
Exchange Building
10 Paternoster Square
London EC4M 7LT

Principal Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP