

savills



Savills plc

Annual Report
& Accounts
2020



savills

Our vision

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

Culture and values

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

Our values

Pride in everything we do

Take an entrepreneurial approach to business

Help our people fulfil their true potential

Always act with integrity

Group highlights

Revenue

£1,741m
(2019: £1,913m*)

Breadth of service (non-transactional)

62%
(2019: 57%)

Statutory profit after tax

£68.0m
(2019: £83.6m)

Statutory earnings per share

49.0p
(2019: 60.6p)

Underlying profit**

£96.6m
(2019: £143.4m)

Operating cash generation

£248.6m
(2019: £95.4m)

Underlying profit margin**

5.6%
(2019: 7.5%*)

Property under management (sq. ft.)

2.3bn
(2019: 2.3bn)

Underlying earnings per share**

56.8p
(2019: 78.0p)

Assets under management

€21.1bn
(2019: €20.8bn)

Statutory pre-tax profit margin

4.8%
(2019: 6.0%)

Geographical spread (% non-UK)

59%
(2019: 62%)

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

** Underlying profit is calculated by adjusting reported pre-tax profit for profit/loss on disposals, share-based payment adjustments, amortisation of acquired intangible assets (excluding software), significant restructuring costs, acquisition-related costs and other items that are considered exceptional by size or nature. Refer to Note 2.3 to the financial statements for further explanation of underlying profit measures.

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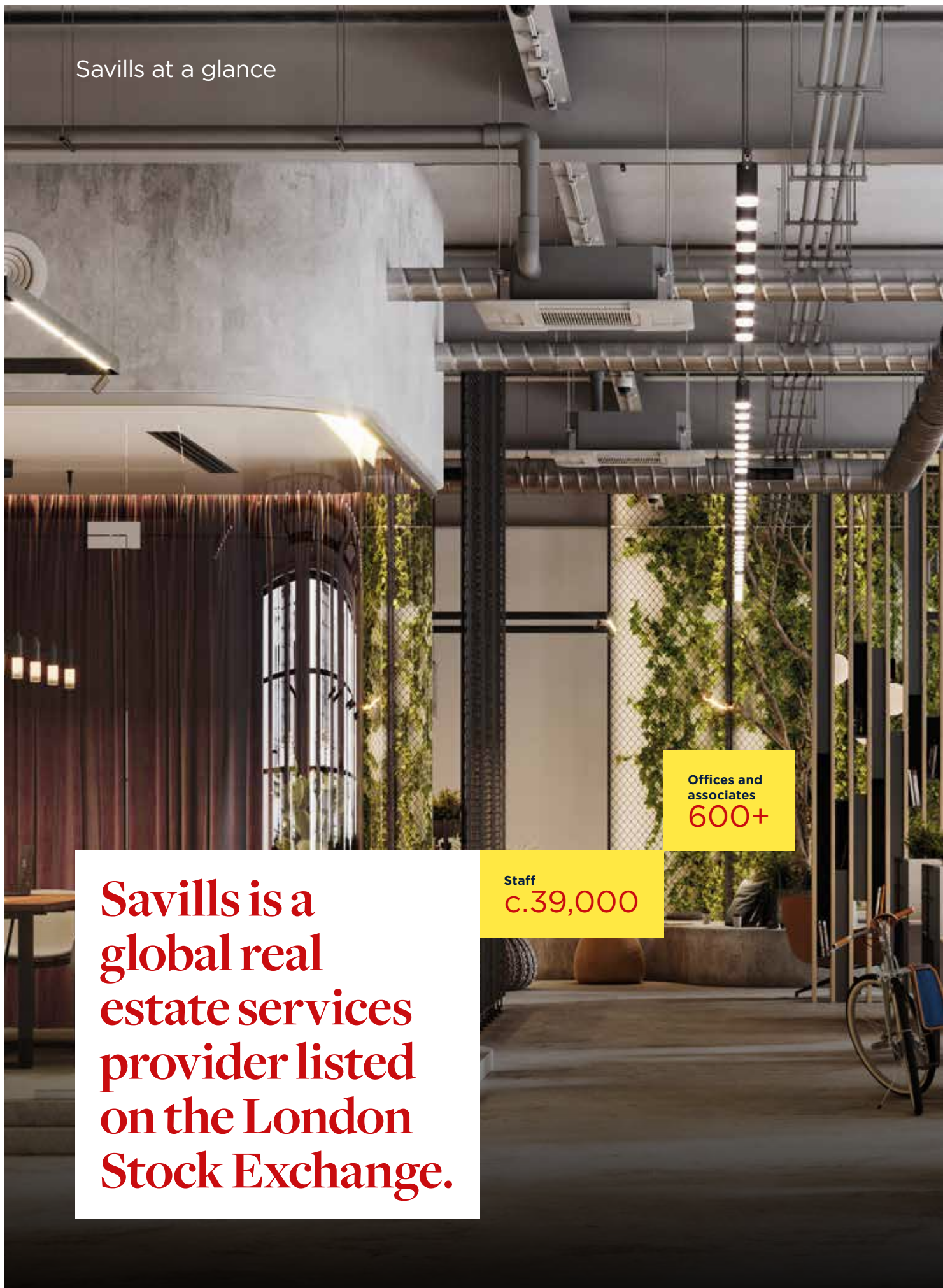
See more online at
<https://ir.savills.com>

Savills at a glance

**Savills is a
global real
estate services
provider listed
on the London
Stock Exchange.**

Offices and
associates
600+

Staff
c.39,000



Our services

Savills is a global real estate services provider listed on the London Stock Exchange. We have an international network of over 600 offices and associates and circa 39,000 staff throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.



Transaction Advisory

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

 See pages 21 – 23



Investment Management

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

 See page 25



Property and Facilities Management

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

 See pages 23 – 24



Consultancy

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

 See pages 24 – 25

Locations

North America



Revenue
£213.4m
(2019: £293.0m)

Offices
36
(2019: 35)

Employees
833
(2019: 825)

United Kingdom



Revenue
£710.7m
(2019: £727.5m)

Offices
129
(2019: 134)

Employees
6,939
(2019: 6,388)

Europe and the Middle East



Revenue
£240.7m
(2019: £265.8m*)

Offices
48
(2019: 46)

Employees
2,135
(2019: 2,032)

Asia Pacific



Revenue
£575.7m
(2019: £627.1m)

Offices
58
(2019: 58)

Employees
29,160
(2019: 29,912)

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

Chairman's statement



Savills performed well in very challenging conditions, by maximising cash flow and focusing on assisting our clients around the globe.

Underlying profit
£96.6m
(2019: £143.4m)

Underlying profit
margin
5.6%
(2019: 7.5%)

Results

Against the backdrop of significantly reduced leasing and capital transaction volumes in all major real estate markets, the Group's revenue declined by 9% to £1.74bn (2019: £1.91bn*) with reductions in Transaction Advisory revenues mitigated by both share gains in our major markets and a resilient revenue performance from our less Transactional service lines. Underlying profit for the year declined by 33% to £96.6m (2019: £143.4m). The Group's statutory profit before tax decreased by 28% to £83.2m (2019: £115.6m).

Overview

Savills delivered a resilient revenue and profit performance in 2020 in the face of challenging market conditions. The relative stability of our less Transactional businesses, particularly Property Management, helped to offset the impact of material COVID-19 related declines in transaction volumes across the world. Currency movements had a marginal effect on the Group, decreasing revenue by £4.3m and increasing underlying profit and statutory profit before taxation by £0.1m.

Overall, our Transaction Advisory revenue declined by 19%, our Consultancy business revenue declined by 5% and our Property Management revenue grew by 2%. The UK Commercial Transaction Advisory business delivered a resilient performance with a revenue decline of 15% against a 19% decline in investment transaction volumes for the market as a whole.

Our UK Residential business had an extraordinary year; having lost the spring selling season in the first lockdown, its recovery was strong and sustained as buyers sought greater space and amenities. Revenues grew by 10% year-on-year driven in large part by the strength of regional country markets. In Asia Pacific, the pandemic closed a number of key markets early in the year and subsequent actions saw recovery stutter in a number of markets before improving towards the year end. Commercial and Residential Transaction Advisory revenues both declined by 25% year-on-year in the Asia Pacific region. In both Continental Europe and the Middle East ('CEME') and North America the decline in transaction volumes resulted in losses for the year. In CEME, Commercial Transaction revenues declined by 23% year-on-year. In North America, where we are almost wholly focused on corporate occupier transactions, we delivered a resilient performance (revenue decline of 30%) against a market decline in transaction volumes of c. 40%.

Savills Investment Management had a stronger year than originally anticipated after a "supernormal" year of performance fees in 2019. A number of important product launches and significant capital deployed increased Assets Under Management ('AUM') to £19.0bn (2019: £17.7bn).

The reduction in transaction volumes globally alongside and growth in our lower margin but stable Property Management business, resulted in a reduction to Group underlying profit margin to 5.6% (2019: 7.5%*).

The impact of the aforementioned factors on the Group underlying profit margin were partially offset by lower acquisition-related charges and restructuring costs and decreased amortisation of intangible assets acquired on business combinations. The statutory pre-tax profit margin declined to 4.8% (2019: 6.0%).

COVID-19 impact and response

Savills has shown considerable resilience in a year in which the sector faced many challenges, particularly to our transactional advisory businesses worldwide. The cycle of lockdowns and other measures, such as travel restrictions, from Q1 2020 had a significant global impact on the ability and preparedness of both investors and occupiers of real estate to transact. As a consequence, in major markets, both investment and leasing volumes contracted markedly compared with 2019 and previous periods.

The Group was quick to adopt a number of operational and financial initiatives to minimise the impact of the pandemic on the business as a whole. Savills strategy was to minimise discretionary expenditure while maintaining our staffing levels to ensure seamless service to clients around the world. In addition the Board suspended distributions to Shareholders pending greater visibility of future market recovery. The consequence, particularly of retaining our staff, has been improved market share in most of our markets. This both partially mitigated the impact of volume declines in transactional markets and improved our win ratio of tenders for less Transactional real estate services such as Consultancy and Property Management.

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



Chairman's statement continued

Additional cash management activities, including taking the opportunity in H1, at no cost, to defer certain predominantly VAT/sales tax payments of £49.2m (repayable through 2021), ensured that the Group remained in a robust financial position through the period and finished the year with net cash of £177.7m (2019: £28.5m).

Business development and focus on technology

Savills strategy is to be a leading multi-sector property advisor in the key markets in which we operate. Our global strategy is delivered locally by our experts on the ground with flexibility to adapt quickly to changes in circumstances and opportunities. They are supported by our global cross-border investment, residential and occupier services specialists. Over the last few years we have acquired a number of complementary businesses and added teams and individual hires to our strong core business. Despite the pandemic, we continued to focus on strategic development of the business enabled by the Group's strong balance sheet. In the UK, we were awarded the property management contract for the majority of shopping centres formerly part-owned and managed by Intu plc, which comprised approximately 13m sq. ft. of retail management and necessitated significant on-boarding costs as we took on related staff and systems.

In CEME, we acquired OMEGA Immobilien Management GmbH and OMEGA Immobilien Service GmbH ('Omega') in August 2020, which provides us with a small but high quality Property Management business in Germany upon which we will build over the coming years.

In North America, we acquired Macro Consultants LLC ('Macro') in March 2020, a national Project Management specialist and part of our strategy to broaden our less Transactional service lines in the region.

Finally in Asia Pacific, we recruited in both Consulting services and brokerage, most notably in the Greater Bay area of China and in Japan. In Singapore, we merged our mass market residential agency business into Huttons Capital Pte Ltd, our long standing associate, in which we hold a significant minority equity interest.

The pandemic has accelerated technology adoption in almost every industry, and real estate is no exception. As the pandemic spread across the globe, much of the early focus was on ensuring staff could continue to advise clients remotely which, due to the investment in our underlying technology platform across the Group in recent years, was swiftly enacted.

In many sectors and geographies we quickly adapted or extended our services. In the UK, where we are one of the largest property auctioneers, we pivoted to offering live-streamed remote auctions within days. This capitalised on the recent launch of our bespoke auctioning platform and, enabled us to increase our market share by over 50%.

"Virtual viewings" were swiftly adopted for both residential and commercial properties, through virtual tours and individual client-tailored and accompanied remote viewings. Our recently upgraded public facing websites received over 35 million visitors during the year, an increase of approximately 50% year on year.

Despite the pandemic we continued to maintain, and in some places increase, our capital expenditure into our internal technology initiatives particularly in respect of the digitisation of processes and the use of data to provide commercial insight.

As a leading property manager across the world we continue to be at the forefront of technology advice and adoption for building management. This has become particularly relevant during the pandemic to enable safe reopening after lockdown. The increasing focus in recent years on sustainability, coupled with the continued need to improve the efficiency of buildings, has driven substantial innovation in this arena. As a consequence of this trend, we now advise landlords on the technology fit-out and running of their assets through our Smart Building Consultancy.

We have continued to develop our technology offering for occupiers within our Knowledge Cubed platform that continues to be deployed into new clients across the world. This "app based" platform supports the management of an occupier's real estate portfolio providing an award-winning analytics capability.



Many of these initiatives, and numerous others, continue to capitalise on the investments in our centralised data consolidation across real estate, client, financial and other geospatial data, and investment into the latest platforms for its visualisation.

We continued to manage our portfolio of investments through Grosvenor Hill Ventures, our technology-focused investment subsidiary. Of particular note was YOPA, the digital hybrid estate agency, which continued to take market share in the mainstream UK residential markets, and VU.CITY whose online city collaboration continues to attract new architects, developers and planning clients as well as being utilised by numerous teams across our own business.

Board

As previously announced, on 1 January 2021 Philip Lee and Richard Orders joined the Plc Board as Non-Executive Directors. Rupert Robson will retire from the Board at the Annual General Meeting in May and Tim Freshwater will retire from the Board on 31 December 2021. I thank them both for their enormous contribution to the Board over the years. Tim also stepped down as Senior Independent Non-Executive Director on 31 December 2020, and has been replaced in this capacity by Stacey Cartwright.

Dividends

As a result of the uncertainty caused by the pandemic, the final dividend and supplemental interim dividend for 2019 were cancelled and no interim ordinary dividend was declared during 2020.

A final ordinary dividend of 17.0p is recommended, reflecting the resilience of the less Transactional business performance in 2020, making the aggregate ordinary dividend 17.0p for the year (2019: 4.95p, interim ordinary dividend). Due to the impact of the pandemic on the Group's transactional profits during 2020 and the advisability of maintaining liquid resources through 2021, no supplemental interim dividend is declared. The final ordinary dividend of 17.0p per ordinary share will, subject to Shareholders' approval at the AGM on 12 May 2021, be paid on 18 May 2021 to Shareholders on the register at 9 April 2021.

People

Our strategy was to maintain our staff strength and continue to ensure the future growth of the business. To that end, we maintained both our graduate recruitment programme and the emerging leaders programmes we run across the globe.

I would like to express my thanks to all our staff worldwide for their hard work, their flexible approach during challenging times and relentless focus on client service, which enabled the Group to deliver these results.

Summary and Outlook

Savills delivered a good performance in 2020 in some of the most challenging market conditions experienced by this sector. This reflects the strength and resilience of our global diversified business as we continued to grow our less Transactional service lines and outperform in many of our transactional markets.

Whilst it remains too early to predict the direction of market activity in the near term, global investor demand for secure income, restricted supply and expectations of continued low interest rates underpin the medium and long term attraction of real estate as an asset class. The pace and efficacy of mass vaccination programmes and consequent release from lockdowns and travel restrictions will dictate the rate at which transactional markets recover from here to reflect underlying demand. With the operating environment currently restricted in most markets, and the range of potential outcomes for 2021 being unusually broad, the Board considers it inappropriate to resume guidance at this stage. However, in general terms, we currently expect transactional activity to remain broadly suppressed in the first half of 2021 with improvement commencing in some individual markets thereafter with the potential for progressive recovery through the balance of the year.

We remain focused on growing our less Transactional businesses, increasing our share of the global transactional markets and enhancing the resilience of the business overall. While we continue to monitor the impact of global uncertainties on investor and occupier demand for real estate, we have made a good start to 2021 and see opportunities for business development activity emerging during the course of the year.

Nicholas Ferguson CBE
Chairman

Our business explained

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

We have built our brand and reputation on the quality of our people, relationships, resources and processes. Savills has a strong and well embedded culture, founded on an entrepreneurial approach and founded on our values and operational standards. All that we do is underpinned by strong governance, a disciplined approach to risk management and high standards of responsibility, which supports the sustainable development of our business. More detail of our governance structure, policies and practices can be found later in this Annual Report on pages 62 to 121.

Our resources & relationships

Outstanding people

Local knowledge
Entrepreneurial approach

Intellectual property

Market intelligence
Brand and reputation

Long-term client relationships

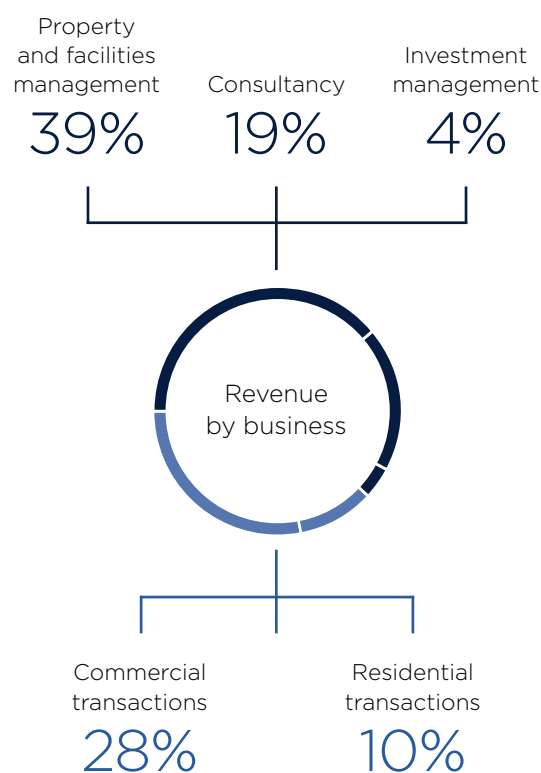
Client care programmes
High quality service

Financial

Prudent capital structure
Strong cash generation

Our business model

Defensive, scale business



Cyclical high-margin businesses

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

We firmly believe that our people are key to delivering excellent service to our clients and achieving our objectives; they give us a unique perspective of the markets in which we operate and connect our clients with real estate opportunities and market intelligence. To be the real estate adviser of choice in our markets, and deliver superior financial performance, we aim to employ people of the highest quality supporting the delivery of the highest standards of client service.

By choosing Savills, our clients have access to over 39,000 staff with a broad range of experience, skills and local knowledge, based in offices in key real estate locations across the globe, and benefit from our extensive market research material.

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 geographic diversification

Our value creation

Shareholders

Dividends	Underlying profit	Underlying earnings per share
17.0p	£96.6m	56.8p

People

Developing talent

Employee engagement

Diversity and Inclusion

Clients

High quality service – Client relationship

Client care – Client relationship management team

Community

Reducing environmental impact – Carbon emission reduction

Community investment – Community engagement programmes

Market insights

UK Commercial

2020 saw the combination of COVID-19 and Brexit uncertainty affect both occupational and investment market activity across most sectors of the UK commercial property market. Overall investment turnover was however only 12% down year-on-year, due to a strong first and last quarter of the year. The final quarter of 2020 was particularly strong, with £16.7bn of commercial property investments traded, only 5% lower than the same quarter in 2019.

Despite the difficulties that COVID-19 brought to international travel, non-domestic investors remained active in the UK commercial property market,

accounting for 50% of all purchases in 2020, and 76% of purchases of central London office investments.

Investment activity only rose year-on-year in two sectors, retail warehousing (+7%) and logistics (+35%).

Deal activity in most occupational markets and sectors fell year-on-year, with the regional office markets generally seeing a smaller fall in activity than the central London office market. The one exception to this trend was the logistics sector, where a rise in online shopping and Brexit-related contingency planning led to a record level of leasing activity in 2020 (50m sq ft, a 50% rise on the previous year).

Case study: Shopping Centre Portfolio Transition

The task

Major Shopping Centre Portfolio Transition

Working alongside a number of longstanding asset management clients Savills was appointed to manage the migration of Property Management services to 12 of the most high-profile shopping centres in the UK post administration of the INTU group.



In doing so we:

- Delivered the largest retail management migration that has ever taken place across the industry in the UK
- In a timescale that many thought was simply impossible to achieve
- In the middle of a global pandemic and regional lockdowns

We successfully mobilised and took on responsibility for the Property Management of 12 high-profile, trophy asset shopping centres comprising 12 million square feet of retail and leisure space necessitating:

- 1650 transferring to Savills PM by way of TUPE
- Administration of complex ownership structures for a variety of clients
- Transition of over 32 UIT systems and numerous contractual relationships

The exercise was completed in a three to four month time period and we are now assisting in the management of schemes as operators and customers plan for a post Covid return.



UK Residential

The UK housing market was the surprise package of 2020. Having got off to a strong early start to the year, the housing market was effectively closed during the first lockdown.

The experience of that lockdown caused people to reassess their housing needs and this, in combination with the introduction of a stamp duty holiday, brought an unexpected sense of urgency to the market once the market re-opened.

As a result there was a strong recovery in transactional activity, particularly in higher price bands where households were in the best position to transact. Consequently transaction levels across the market as a whole ended the year at 1.05 million, just 11% below 2019 levels, while the average UK house price rose by 7.3% according to the Nationwide.

This, combined with ongoing government support in the form of Help to Buy, supported the housebuilding sector, allowing new housing delivery to return to pre-pandemic levels in the third and fourth quarter of the year.

At the top end of the market there was a resurgence of demand for country property, particularly from London based buyers. While demand in the prime central London market was constrained by international travel restrictions, activity levels continued to be underpinned by demand from UK domestic buyers and domestic non-doms. As a result transaction levels in the market above £1m across England and Northern Ireland were 11% higher than in 2019, with activity in the fourth quarter of the year some 43% above the same period a year earlier.

Case study: Ashe House – Guide price £18m

Immaculate estate with a classically beautiful unlisted period house with restored interiors in the centre of its own parkland. We launched Ashe Park in early summer, predicting that the prime market would improve. It sold for over its guide price and was probably the highest open-market country house sale for 2020.



Market insights continued

US

The COVID-19 pandemic caused significant dislocation across the US economy and commercial real estate markets. After peaking at 14.7% in April, US unemployment steadily declined during the year and stood at 6.7% in December (though progress slowed as rising coronavirus cases continued to weigh on the recovery). Full-year GDP shrank by 3.5% in 2020, marking the first time the economy has contracted for the year since the Great Recession. Overall, the economy was more resilient in the second half of the year, closing in fairly good shape with GDP increasing at a 4% rate on an annualised basis in the fourth quarter.

Office demand declined substantially over the year as leasing volume was down 40% nationally from 2019, with larger declines in dense urban cores including New York, San Francisco and Chicago. The rapid addition of sublease space pushed US-wide availability up to 20.8% at the end of 2020, marking a 360-basis-point increase over the year. Big tech firms were a bright spot as FAANG giants continued to

expand their presence in key tech hubs – even amid uncertainty. The industrial sector remained resilient, particularly with the rise in e-commerce seen throughout the pandemic, and net absorption in the sector was up 27% over the year.

At the onset of the pandemic, investment sales plummeted and pricing became challenged. Activity shut down in the second quarter amidst lockdowns, but the pace of declines moderated into later quarters as investors gained an understanding of how to navigate the challenges of completing deals in current circumstances. Overall commercial volume declined by 31% year over year. Investor interest turned to property sectors that exhibited more resilience during the downturn, including the industrial and apartments sectors. The demand for industrial was so strong that it outpaced office volume. Overall, office investments declined by 40%, apartments by 28% and industrial by 16%. Unsurprisingly, the hotel sector was the hardest hit, seeing a 68% decline in volume over the year.



Case study: Panasonic Avionics Corporation – Orange County, California: June 2020

Savills executed a 275,000 SF transaction on behalf of Panasonic Avionics Corporation (Panasonic Avionics), which engineers, manufactures, and installs in-flight entertainment and communications solutions for airlines. The transaction represented the largest commercial office deal of the year for Orange County, California. Savills has represented Panasonic Avionics globally for over a decade. Savills improved the efficiency of the company's space and solved material deficiencies that existed at its previous campus.



Europe

The total European investment volumes reached approximately €258.3bn in 2020, marking a 17.8% drop compared to 2019 and an 8.3% decrease on the past five year average. As expected, due to lockdown restrictions, the volume of non-domestic capital reaching the European real estate market decreased to 42.3% of the total volume compared to 47% in 2019. We expected the European end-year volume to range between €250bn and €280bn (-3% and +9% compared to last year).

The pandemic has triggered behavioural changes creating uncertainty about the future of occupational demand for certain types of assets. Multifamily has proven to be the most resilient sector during 2020, representing a 4.7% increase YoY to €46.3bn and remains the second most active sector, accounting for 18% of the total volume. The share of office investment has fallen from 39% in 2019 to 34% during 2020, as we observe proportional increases in logistics (from 12% to 15%) and multifamily (from 14% to 18%).

European office take-up reached 7.8m sq m during 2020, down 32% on the five-year average. Most markets observed a marked fall in demand as a result of the COVID-19 pandemic. Due to waning demand, we have observed a rise in office vacancy rates. Over the past 12 months, average European office vacancy rates have risen from record lows of 5.5% to 6.8% at end Q4 2020. However, average prime headline rents held stable across the majority of markets over the past six-month period to Q4 2020.

European logistics take-up reached 29.8 million sq m during 2020, marking a record year of demand, up 12% on the level observed during 2019 and 18% above the five-year average. Vacancy rates remain at record lows across the European markets, hovering at 5.3% at end Q4 2020. Prime logistics rents rose by an average of 1% over the last 12 months. We anticipate rental growth to resume again this year, with potential for secondary rental growth in core markets, driven by the undersupply of existing and future stock.

Case study: Savills advises on largest leasing deal in Germany

In May 2020, Treptowers GmbH, a subsidiary of Blackstone Real Estate Partners IV, agreed a long term lease with Deutsche Rentenversicherung Bund, with the latter taking c. 87,000 sq m (c. 936,460 sq ft) space at Berlin's 'Treptowers', An den Treptowers 3. The lease is one of the largest ever to complete in Germany and Europe and underlines the strong demand for office space in Berlin and its submarket 'Mediaspree'. The building will undergo extensive renovation until the end of 2022 after which the new tenant will move in. An interdisciplinary Savills team, combining investment and office agency expertise, brokered and managed the transaction.



Market insights continued**Investment Management**

150 private equity real estate funds raised total capital of \$110bn in 2020. The number of funds raising has fallen sharply from 337 in 2017, highlighting the trend for increasingly large funds dominating the market. Fundraising for industrial funds accounted for 81% of single-sector funds raised in 2020. Retail, office, and hospitality-focused funds all dropped significantly. Meanwhile, demand for opportunistic funds dropped in 2020, decreasing from 52% in 2019 to 32%. 36% of investors increased their real estate allocation in 2020, versus 32% who decreased, while 68% of investors reported being underweight in their allocation to private real estate at the end of the year. This was despite the average real estate investor increasing their allocation to the asset class from 7.65% in 2019 to 8.46% in 2020.

Number of closed-ended real estate funds closed in 2020:**150**

(down from 181 in 2019)

Total capital raised in 2020:**\$110.7bn**

(-32%)

Case study: Acquisition of central Poland logistics asset

Savills Investment Management (Savills IM) exchanged contracts to acquire a logistics property in Łódź, Poland, for EUR 65.5 million on behalf of the Vestas European Strategic Allocation Logistics Fund (VESALF I).

The 100,000 sq m+ property is leased to Castorama, a French retailer specialising in DIY and home improvement supplies, on a 6.7-year term. This asset adds to a number of others that Savills IM has acquired in Łódź – a logistics hotspot due to its central location within the country and accessibility to the rest of Europe via road and rail. The total area of Savills IM's logistics assets in Poland now exceeds 1 million sq m.

Pan-European logistics fund VESALF I, launched in late-2020, is among the first 'blind' funds raised solely from Korean institutional investors to invest in European real estate. It targets core and core-plus logistics assets of between EUR 40-140 million across all key European markets. The fund was seeded with a new Grade A 115,000 sq m unit

leased to leading Danish transport company DSV in Tholen, the Netherlands, strategically situated between Europe's two largest ports, Rotterdam and Antwerp.



Asia Pacific

Having managed the virus with some success, three major economies actually posted positive GDP growth in 2020 including China (2.3%), Taiwan (3.1%) and Vietnam (2.9%). China's strong rebound augurs well for the region as a whole which looks likely to emerge from this crisis ahead of other major global economic blocks including Europe and the US.

Transactions volumes of income-producing properties in Asia-Pacific fell by 20% year on year over the year as a whole but the region presented a more mixed picture at a country level. Volumes had already begun to stage a strong rebound of 84% QoQ in the last quarter of the year and the region's most active markets included Japan (US\$38.9bn), China (US\$34.3bn), South Korea (US\$25.6bn), Australia (US\$18.5bn) and India (US\$6.2bn).

While the impact of COVID was for obvious reasons the major market focus, other themes remained relevant including the emergence of logistics as a highly sought after asset class, the growing

significance of datacentres alongside the advent of 5G, cloud computing and online retail, and a shift in manufacturing processes out of China to elsewhere in Asia.

The policy environment remains extremely supportive and corporate distress has so far been kept to a minimum. Interest rates at or close to historical lows have provided a strong foundation for regional residential markets. Buoyant stock markets in the region have also had a positive impact on investment sentiment.

Travel restrictions have limited cross border flows of people and capital, and the retail and hospitality sectors have been particularly hard hit as a result but the year-end saw substantial amounts of unallocated capital in the region (US\$40bn by some estimates) with deal making likely to become increasingly competitive in 2021. Industrial is again proving to be the favoured asset class.

Case study: Zara Tenjin Nishidori, Fukuoka

Savills Japan was engaged by a European real estate fund to market the prime Zara Tenjin Nishidori retail store.

Challenge

Marketing coincided with a nationwide lockdown when many retailers were requesting rent holidays or rent reductions.

Solution

Buyer candidates were pre-qualified to confirm it would be viable to secure approval for an acquisition in the midst of a nationwide lockdown. Supporting market analysis was provided to reinforce the strength of the location and encourage strong offers despite the challenging environment.

Result

Zara Tenjin Nishidori was sold to the Japan Retail Fund REIT for JPY 5.0 billion, matching pre-pandemic price expectations.



Key Performance Indicators

Financial KPIs

Revenue

£1,740.5m

2020	£1,740.5m
2019	£1,913.4m*
2018	£1,746.8m*

The measure

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

The target

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

Cash generation

£248.6m

2020	£248.6m
2019	£95.4m
2018	£104.3m

The measure

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

The target

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

Underlying profit

£96.6m

2020	£96.6m
2019	£143.4m
2018	£143.7m

The measure

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

The target

To deliver sustainable growth in underlying profit.

Underlying earnings per share

56.8p

2020	56.8p
2019	78.0p
2018	75.8p

The measure

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

The target

To deliver growth in underlying EPS to enhance Shareholder value.

Statutory profit after tax

£68.0m

2020	£68.0m
2019	£83.6m
2018	£77.2m

The measure

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

The target

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

Statutory earnings per share

49.0p

2020	49.0p
2019	60.6p
2018	56.2p

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.

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

Underlying profit margin

5.6%

2020	5.6%
2019	7.5%*
2018	8.2%

The measure

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

The target

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

Non-Financial KPIs**Breadth of service offering**

61.7%

(% non-transactional income)

2020	61.7%
2019	57.1%
2018	53.8%

The measure

Revenue by type of business.

The target

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

Geographical spread

59.2%

(% non-UK)

2020	59.2%
2019	62.3%
2018	62.4%

The measure

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

The target

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

Property under management

2,347.5

(million sq. ft.)

2020	2,347.5m
2019	2,301.5m
2018	2,025.6m

The measure

Total square footage property under management.

The target

To progressively increase the global square footage under management.

Assets under management

€21.1bn

2020	€21.1bn
2019	€20.8bn
2018	€18.2bn

The measure

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

The target

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

Chief Executive's review

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

The key components of our business strategy are as follows:

Commitment to clients by delivering the highest standards of client service

Business diversification

Maintenance of our financial strength

Geographical diversification

Strength in all real estate sectors

Key operating highlights

The diversity of the Group, both geographically and in our service offering and the resilience of our residential businesses underpinned a resilient performance in 2020.

Resilient performance reflects geographic diversity (59% non-UK revenue) and strength of less transactional service lines (62% of Group revenue, versus 57% in 2019).

Less transactional services revenues down 1% as Property and Facilities Management businesses performed well, underlying profit up 4% to £91.1m.

Savills global Transaction Advisory revenues declined by 19% as the pandemic significantly reduced the volume of transactions worldwide.

Increased Commercial Transaction Advisory market share, outperforming in many markets including North America, Asia Pacific and UK Commercial.

UK profits down only 4% to £78.8m, supported by Property Management and Consultancy.

Savills UK Residential grew revenues by 10% as the market recovered strongly from mid-year.

Savills Investment Management outperformed expectations (against a record 2019 comparative boosted by strong performance fees) with revenue down 11% and increased Assets Under Management ('AUM') to £19.0bn (2019: £17.7bn).

Continued investment in people, technology leadership and innovation in sustainability.

Overall the Group's underlying profit declined to

£96.6m

(2019: £143.4m)

On a statutory basis, profit before tax decreased by 28% to

£83.2m

(2019: £115.6m)

Our Strategy

Savills geographic and business diversity were key to achieving the year's result.

Our performance analysed by region was as follows:

	Revenue £m			Underlying profit/(loss) £m		
	2020	2019	% growth	2020	2019	% growth
UK	710.7	727.5	(2)	78.8	81.9	(4)
Asia Pacific	575.7	627.1	(8)	42.3	42.6	(1)
Europe & the Middle East*	240.7	265.8	(9)	(2.2)	15.8	n/a
North America	213.4	293.0	(27)	(8.4)	17.3	n/a
Unallocated	-	-	n/a	(13.9)	(14.2)	n/a
Total	1,740.5	1,913.4	(9)	96.6	143.4	(33)

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

Chief Executive's review continued

On a constant currency basis Group revenue declined by 9% to £1,744.8m, underlying profit decreased 33% to £96.5m and statutory profit before tax decreased by 28% to £83.1m. Our Asia Pacific business represented 33% of Group revenue (2019: 33%) and our overseas businesses as a whole represented 59% of Group revenue (2019: 62%). Our performance by service line is set out below:

	Revenue £m			Underlying profit/(loss) £m		
	2020	2019	% growth	2020	2019	% growth
Transaction Advisory	667.2	828.2	(19)	19.4	69.8	(72)
Property and Facilities Management*	681.9	667.9	2	44.8	35.2	27
Consultancy	320.6	338.1	(5)	31.5	34.5	(9)
Investment Management	70.8	79.2	(11)	14.8	18.1	(18)
Unallocated	-	-	n/a	(13.9)	(14.2)	n/a
Total	1,740.5	1,913.4	(9)	96.6	143.4	(33)

Overall, our Commercial and Residential Transaction Advisory business revenues together represented 38% of Group revenue (2019: 43%). Of this, the Residential Transaction Advisory business represented 10% of Group revenue (2019: 9%). Our Property and Facilities Management businesses continued to perform well, with year-on-year revenue growth, representing 39% of Group revenue for the year (2019: 35%). Our Consultancy businesses represented 19% of revenue (2019: 18%) reflecting a year-on-year decrease of 5%. The Investment Management business had a solid performance, after a record year in 2019, which included a number of one-off performance fees, with revenue declining by 11%. It represented 4% of Group revenue (2019: 4%).

People

The UK business won a number of national awards including 'Global Real Estate Adviser of the Year' at the 2020 Estates Gazette Awards, 'Residential Consultancy of the Year' at the 2020 Property Week RESI Awards, 'Alternatives Team of the Year' at the 2020 Property Week Property Awards as well as 'Agent of the Year' Award at the Property Week Student Accommodation Awards for the third year running. This year Savills celebrated being named the Times Graduate Employer of Choice in property for the 14th consecutive year and No.1 UK Real Estate Super brand, also for the 14th consecutive year.

The European business won 'European Investment Sales Broker of the Year' at REFI's 2020 awards, for the third year running. Savills also came first in nine categories for the annual Euromoney Real Estate Survey rankings for Western Europe and the UK, taking the top spot in categories including overall developers, residential and innovative green development. We were also named best real estate consultant in Spain for the ninth consecutive year and voted top in ten other categories.

In Australia, Savills won a number of awards including the 'Project Management Team of the Year' at the RICS Awards 2020, marking the seventh time in eight years of RICS award wins. Our Investment Management business was awarded first-place prize at the annual CEE Investment and Manufacturing Awards in both the Warehouse Investor and Investment Asset Management Firm categories.

These awards are a testament to the strength of our people, their use of technology and approach to client service and I thank them for their continued commitment, loyalty and hard work, particularly in such challenging times.

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

Transaction Advisory

Revenue

£667.2m

2020	£667.2m
2019	£828.2m
2018	£813.5m

-19% YOY change

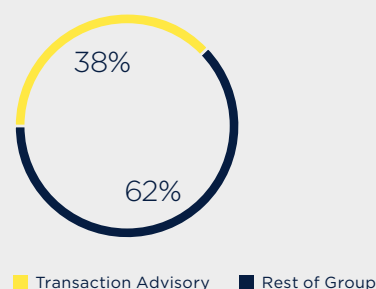
Underlying profit

£19.4m

2020	£19.4m
2019	£69.8m
2018	£81.1m

-72% YOY change

Contribution to Group revenue (%)



Transaction Advisory

Overall, our Transaction Advisory revenues declined by 19% (at both prevailing rates and in constant currency) to £667.2m (2019: £828.2m). Globally our Commercial Capital Transaction business revenue declined by 24% and our Leasing and Occupier focused transactional revenues declined by 26%. Our Global Residential business revenue increased by 3%.

Underlying profits decreased 72% to £19.4m (2019: £69.8m), with a reduced underlying profit margin of 2.9% (2019: 8.4%), as a result of the effect of the global pandemic on market activity throughout the period.

Asia Pacific Commercial

Revenue from the Asia Pacific Commercial Transaction business decreased by 25% to £103.9m (2019: £138.6m), a fall of 24% in constant currency.

The pandemic took effect earliest in mainland China and Hong Kong and spread to affect transaction volumes significantly, not least through the imposition of travel restrictions which slowed both domestic and cross-border capital flows. In both markets, Savills increased market share despite significantly reduced transaction volumes to finish the year as the leading commercial investment adviser in Greater China.

Those markets which are typically most dependent upon cross border capital were particularly affected, namely Singapore, Hong Kong and Australia. Conversely, those countries with strong domestic trade, namely China, South Korea and Vietnam, were better able to withstand the impact. Indeed in South Korea and Vietnam we experienced strong year-on-year growth in transactional revenues. In Australia and Singapore, the combination of lockdowns, lack of incoming cross-border activity and continued recruitment costs, resulted in the commercial transaction businesses making a loss for the year.

Overall, leasing markets remained subdued as corporates continued to defer significant long term decisions. In general, having been first into the pandemic, the region was also the first to start to see signs of recovery as lockdowns eased.

As a result of the reduction in revenues and despite a significant level of cost reduction, the underlying profits in the region declined by 73% to £3.3m (2019: £12.4m).

Chief Executive's review continued

UK Commercial

Revenue from the UK Commercial Transactional business decreased by 15% to £79.8m (2019: £94.2m) as the COVID-19 pandemic affected both the investment and leasing markets. Despite the arduous trading conditions our national Investment teams maintained continuous contact with clients despite the challenge of remote working and delivered a resilient performance in a market where investment transaction volumes fell year-on-year. National Logistics continued to be the growth sector and despite market leasing volumes in the office sector declining by 50-70% in some locations, our increased market share resulted in revenues outperforming the market. In London, where the market volume declines were significant, we also out-performed the market in both the investment and leasing sectors.

As a result of the declining revenues, partially offset by discretionary cost saving measures implemented during the year, underlying profit before tax was down 23% to £9.5m (2019: £12.3m).

North America

Being overwhelmingly a transactional business primarily focused on occupiers, the North American business was materially affected by the COVID-19 pandemic. The general theme was one of corporate occupiers postponing longer term strategic decisions in favour of short term roll-over transactions, with leasing market volumes falling by 40% nationally and by between 50% and 68% in some of the larger Metro Office markets (e.g. New York, Chicago and San Francisco).

Against that backdrop, the Savills business saw a revenue decline of 30% to £205.2m (2019: £293.0m), a fall of 29% in constant currency. This relative outperformance was due to some significant head office transactions in both the Technology and Healthcare/Life Sciences sectors and a robust performance by our US Government transaction teams. The regions where we most significantly out-performed the market were Northern New Jersey, South Florida, Houston, Atlanta and Philadelphia.

During the period we undertook a CEO succession programme and sought to minimise discretionary expenditure. As a result of the above factors the North American transactional business recorded an underlying loss of £7.5m (2019: £17.3m profit) for the year as a whole.

Europe and the Middle East

In Europe and the Middle East transaction fee income declined by 23% to £98.2m (2019: £127.5m), a fall of 24% in constant currency. This reflected subdued investment and leasing markets as a result of significant lockdown periods and an inability to travel across all of our markets. Those markets which are typically dependent upon cross-border activity suffered the worst declines in market volume. Ireland, one of our historically strongest markets with significant exposure to US capital, was the most affected with revenue declining by 57% year-on-year. In Germany, Spain, the Netherlands, Belgium and Sweden we successfully outperformed the market volume declines, however restructuring costs (Germany and Ireland) and recruitment in a number of locations (Sweden, Portugal and Czech Republic) further impacted the performance of the transactional business. The effect of all these factors was that the business produced an underlying loss of £12.3m for the year (2019: £5.4m underlying profit).

UK Residential

Our UK Residential Transaction business experienced an extraordinary recovery from the end of the first lockdown through to the year end. Revenue increased by 10% year-on-year to £153.2m (2019: £139.1m). Our second hand agency business increased revenue by 18% year-on-year, benefiting from the surge in activity after the first national lockdown from June onwards as people reassessed their housing needs, coupled with the effect of lower stamp duty rates.

This was particularly the case outside of the capital, with the number of exchanges increasing by 26% year-on-year, and the average value of residential properties sold by Savills increased by 11% from £1.13m to £1.26m. In London, whilst the recovery was slower to emerge, the number of exchanges was up 25%, with the average value of residential properties sold by Savills decreasing by 8% from £2.13m to £1.96m, reflecting a greater proportion of activity and market share gains in the Core London market (values c. £1.5m).

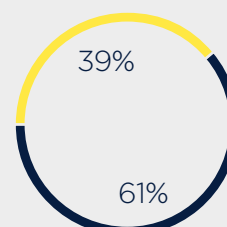
The new homes and prime London markets were slower to recover, with the inability of overseas buyers to travel during and between lockdowns, which limited the ability to transact. As a consequence, our new homes revenues fell by 11% year-on-year. The number of exchanges fell by 10% to 3,505 (2019: 3,905) with the average value of properties sold by Savills increasing by 1% year-on-year.

Property and Facilities Management**Revenue****£681.9m**

2020	£681.9m
2019	£667.9m*
2018	£572.2m*

+2% YOY change**Underlying profit****£44.8m**

2020	£44.8m
2019	£35.2m
2018	£32.2m

+27% YOY change**Contribution to****Group revenue (%)**

■ Property and Facilities Management
■ Rest of Group

Our PRS residential transactional business had another strong year of market leadership advising on some of the largest transactions ever undertaken in the UK such as the £4.7bn IQ student portfolio.

The combination of higher revenues and discretionary cost savings resulted in underlying profit increasing by 29% year-on-year to £23.0m (2019: £17.8m).

Asia Pacific Residential

Revenue from the Asia Pacific Residential Transaction business decreased by 25% to £26.9m (2019: £35.8m), a fall of 24% in constant currency. There were significant reductions in activity levels in Hong Kong, Australia, Singapore and Vietnam. However, in mainland China which is our biggest revenue contributor in this segment, a reasonably robust market emerged from lockdown enabling us to maintain revenues broadly in line with the prior year. International residential sales in Hong Kong continued to perform well as individuals sought investment opportunities overseas.

Underlying profits of £3.4m were 26% lower than the prior year (2019: £4.6m) reflecting a lower profit contribution from our joint venture in Singapore, but offset by cost reductions, most notably in Australia as a result of the cost rationalisation programme of 2019.

Property and Facilities Management

Our Property and Facilities Management businesses continued to perform well despite the global pandemic, with revenues growing by 2% at £681.9m (2019: £667.9m*). Savills total area under management increased by 2% to 2.35bn sq. ft. (2019: 2.30bn sq. ft.). Underlying profit increased by 27% to £44.8m (2019: £35.2m), 28% in constant currency.

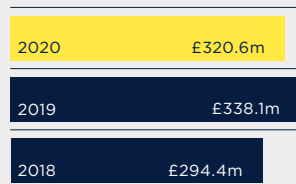
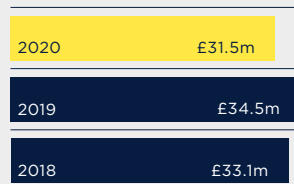
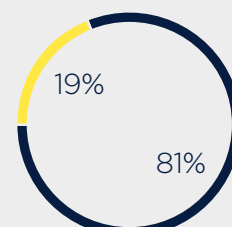
Asia Pacific

The Asia Pacific Property Management business showed stability throughout the year with a revenue decrease of 1% to £368.3m (2019: £372.5m), an equivalent decline in constant currency. Revenue reductions in South Korea, China and Australia were almost entirely offset by higher revenues as a result of contract wins and ad hoc fees in Hong Kong, Vietnam, Singapore and Japan, with the latter benefitting from additional set-up fees on new contracts.

A number of the terminating contracts, most notably in South Korea, were in facilities management with no contribution to margin. In addition, the effect of the pandemic and lockdown on the retail and leisure industries in particular meant that staff cost inflation, which has been an issue in recent years, abated significantly in Hong Kong and mainland China. These factors, together with cost saving measures implemented in Australia, Hong Kong and Singapore led to a significant increase in underlying profit to £27.7m (2019: £19.2m).

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

Chief Executive's review continued

Consultancy**Revenue****£320.6m****-5%** YOY change**Underlying profit****£31.5m****-9%** YOY change**Contribution to****Group revenue (%)**

■ Consultancy ■ Rest of Group

UK

The UK Property Management business was able to demonstrate the beneficial effect of a diversified offering by growing revenues and profits despite the prolonged periods of lockdown throughout 2020. Revenue grew by 6% to £245.0m (2019: £231.1m) and some very significant contracts were won during the period, which should benefit 2021 and beyond. The Residential Property Management Lettings team, which is also included in this segment, remained resilient, with revenues falling by only 2% despite the challenging market conditions impacting London lettings significantly.

The higher revenues, along with a continued drive to improve efficiencies, enabled the underlying profit to increase by 9% to £17.2m (2019: £15.8m).

Europe and the Middle East

In the Europe and Middle East Property Management business revenues were up by £4.3m (7%) to £68.6m (2019: £64.3m*), which was 6% on a constant currency basis. At the end of August we acquired a German property management business, OMEGA Immobilien Management GmbH and OMEGA Immobilien Service GmbH ('Omega'), which contributed £3.6m of revenue to this segment. There was also revenue growth in the Middle East and the Netherlands, offsetting reductions in Sweden, Ireland and France.

In addition to the Omega acquisition, there were significant recruitment costs to enhance our capabilities in Spain, France, Italy, the Czech Republic and the Middle East, which resulted in an underlying loss for the year of £0.1m (2019: £0.2m profit).

Consultancy

Global Consultancy revenue decreased by 5% to £320.6m (2019: £338.1m) and underlying profit fell by 9% to £31.5m (2019: £34.5m). Currency movements had a negligible impact on results in the Consultancy business.

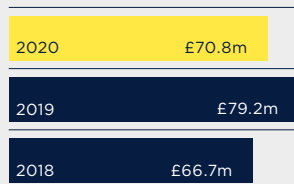
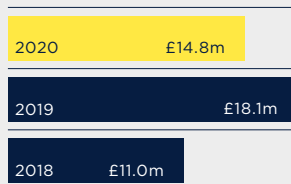
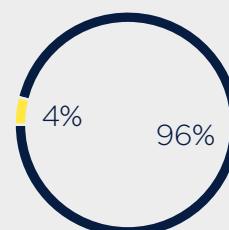
UK

The UK Consultancy businesses mainly comprised of Valuations, Planning, Development, Housing Services, Building and Project Consultancy, Energy Projects and Rural. With the exception of Rural, Housing Consultancy and Lease Consultancy, all of these services showed resilience despite experiencing slightly reduced activity as a result of the COVID-19 pandemic. The main consequence was the delay or deferral of a number of consultancy projects into 2021. Revenues of £205.8m were 10% below the prior year (2019: £229.9m).

Underlying profit fell by 13% to £23.5m (2019: £27.0m).

Asia Pacific

The Asia Pacific Consultancy business showed considerable resilience during the pandemic. Revenues, which primarily comprise Valuations, Research and Project Management, decreased by 1% to £69.1m (2019: £69.6m), slightly ahead of the prior year on a constant currency basis. The biggest contributors to this robust performance were Australia, Japan, Singapore and South Korea, predominantly as a result of increased levels of portfolio advisory valuation and research activity which outweighed the decline in the security valuations associated with transaction volumes. Singapore was further buoyed as investments made in previous years started to gain traction. The project management revenues remained resilient, particularly in Australia.

Investment Management**Revenue****£70.8m****-11%** YOY change**Underlying profit****£14.8m****-18%** YOY change**Contribution to****Group revenue (%)**

■ Investment Management
■ Rest of Group

Resilient revenues together with cost savings led to an increase in underlying profits of 41% to £6.5m (2019: £4.6m).

Europe and the Middle East

In the Europe and Middle East business, which is primarily made up of valuations, revenues decreased by £1.1m (3%) to £37.5m (2019: £38.6m), down 4% on a constant currency basis. Reductions in Ireland, Spain and France were partially offset by growth in Germany, Poland and the Netherlands and the commencement of new Consultancy services in the Czech Republic and the Middle East.

Underlying profits fell by £0.5m (17%) to £2.4m (2019: £2.9m) at both prevailing exchange rates and on a constant currency basis.

North America

As part of our strategy to diversify our income streams in North America by building our Consultancy practices, in March 2020 we announced the acquisition of Macro Consultants LLC, a national project management consultancy business.

As a result of the effect of the lockdowns on the construction industry, the business experienced some hiatuses with a consequent effect on revenue and profits. However we also won a number of exciting new assignments both in North America and through referrals from the US into other regions. North America Consultancy revenues were £8.2m (2019: £nil) with an underlying loss of £0.9m (2019: £nil).

Investment Management

Having enjoyed a supernormal year of performance fees in 2019, we anticipated a reduction in both revenue and profit in 2020. In the event, revenue from our Investment Management business reduced by 11% to £70.8m (2019: £79.2m) and the business performed ahead of our expectations with both new fund launches and strong investment performance from the majority of our products. The pandemic did have an impact on capital raising and deployment as our strategy was to adopt a cautious approach to the deployment of capital in markets where, for much of the period, there was limited price transparency.

Despite this, we raised a total of approximately £1.7bn (2019: £3.1bn) for real estate equity, and our associate, DRC Capital, raised over £1.0bn for debt strategies. We successfully launched two new pooled funds in the Asia Pacific region and two in Europe. Our Assets Under Management increased by 7% to £19.0bn (2019: £17.7bn) and base fund management fees remained highly resilient. Our transaction fee income declined by 23% over the period, reflecting reduced deployment, and our performance fees declined by a similar amount; both of these were better than anticipated at the start of the pandemic.

As a result of the above factors, underlying profit decreased by 18% to £14.8m (2019: £18.1m).

Mark Ridley

Group Chief Executive

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

Chief Financial Officer's review



Control over
discretionary
expenditure and
resilient trading
considerably
enhanced the
Group's financial
position during
the year.

Underlying profit margin

Underlying profit margin decreased to 5.6% (2019: 7.5%), reflecting the significantly lower levels of transactional activity as a consequence of the global pandemic and the greater proportion of lower margin, but stable revenues from our less Transactional service lines.

Taxation

The tax charge for the year decreased to £15.2m (2019: £32.0m), reflecting an effective tax rate on statutory profit before tax of 18.3% (2019: 27.7%). The Group's effective reported tax rate is marginally lower than the UK effective rate of tax of 19% reflecting lower permanent disallowable expenses and higher non-assessable income.

The underlying effective tax rate reduced to 18.5% (2019: 25.1%).

Restructuring and acquisition-related costs

During the year the Group recognised a total of £6.5m in restructuring and acquisition-related costs (2019: £25.2m). These comprised an aggregate restructuring charge of £1.5m (2019: £11.5m), which related principally to the ongoing costs of deferred shares issued in relation to the restructuring upon acquisition of Aguirre Newman in 2017.

The reduction in acquisition-related costs in 2020 to £5.0m (2019: £13.7m) reflected a reduction in corporate acquisition activity year-on-year. These costs related to future consideration payments, associated with past acquisitions, which are subject to a future service condition.

The largest components of this charge relate to the acquisitions of Currell Group in 2018 and Aguirre Newman in 2017.

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

Earnings per share

Basic earnings per share decreased 19% to 49.0p (2019: 60.6p), reflecting a 19% decrease in statutory profit after tax. Adjusted on a consistent basis for exceptional pension charges, restructuring, acquisition-related costs, profits and losses on disposals, certain share-based payment adjustments and amortisation of acquired intangible assets (excluding software), underlying basic earnings per share decreased 27% to 56.8p (2019: 78.0p).

Fully diluted earnings per share decreased by 19% to 47.9p (2019: 58.8p). The underlying fully diluted earnings per share decreased 27% to 55.5p (2019: 75.7p).

Cash resources, borrowings and liquidity

Gross cash and cash equivalents at year end increased 61% to £338.3m (2019: £209.9m). This increase primarily reflected the effect of cost savings and a positive year-on-year movement in working capital together with the cancellation of the final dividend for 2019 and no declaration of an interim dividend for 2020. In addition the Group took the opportunity to defer tax (primarily sales tax) payments of £49.2m, at no cost during the initial lockdown period. The majority of which is expected to be paid by the end of 2021.

Gross borrowings at year end decreased to £160.6m (2019: £181.4m). These principally comprise £150.0m (2019: £150.0m) of 7, 10 and 12 year fixed rate notes which were issued in June 2018, along with £11.4m drawn under a revolving credit facility in North America. The Group's UK revolving credit facility ('RCF') was undrawn at the end of the year (2019: £32.5m), with £397.2m (2019: £373.3m) of undrawn borrowing facilities in total available to the Group. At the year end, net cash was £177.7m (2019: £28.5m).

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 £248.6m (2019: £95.4m).

Chief Financial Officer's review continued

With a large proportion of the Group's revenue typically being transactional in nature, the Board's strategy is to maintain low levels of gearing, but retain sufficient credit facilities to enable it to meet cash requirements during the year and finance the majority of business development opportunities as they arise. Given the significant pandemic-related decline in transactional activity in 2020, this strategy underpinned the financial stability of the Group's balance sheet.

Capital and Shareholders' interests

During the year no shares (2019: 45,176) were issued to participants under the Performance Share Plan and 8,504 (2019: 87,938) new shares were issued to participants on exercise of options under the Group's SAYE schemes. The total number of ordinary shares in issue at 31 December 2020 was 143.1m (2019: 143.1m).

Savills Pension Scheme

The funding level of the defined benefit Savills Pension Scheme in the UK, which is closed to future service-based accrual, improved during the year primarily as a result of an increase in asset values. The plan was in a liability position of £2.6m at the year-end (2019: £9.4m liability).

During the prior year the Group incurred an additional exceptional charge of £0.7m in respect of the equalisation of the Guaranteed Minimum Pension ('GMP') on the UK defined benefit pension plan.

Net assets

Net assets as at 31 December 2020 were £581.6m (2019: £503.2m). This movement reflects the Group's trading performance alongside the actuarial gain 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 16 and 17. 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 £4.3m decrease in revenue (2019: £20.7m increase) and a £0.1m increase to underlying profit (2019: £1.4m increase). Refer to Note 3.2 to the financial statements for further information on foreign exchange risk.

Simon Shaw

Group Chief Financial Officer



Principal and emerging risks and uncertainties facing the business

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



Identifying and managing our risks

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

Risk is assessed across the Group using a systematic risk management model covering both external and internal factors and the potential impact and likelihood of those risks occurring. Risk assessments are incorporated into risk registers at Group and business level, which

evolve to reflect the reduction/increase in identified principal risks and the emergence of new principal risks. Where it is considered that a risk can be mitigated further to the benefit of the business, responsibilities are assigned and action plans are agreed. Principal risks are those to which the Board and senior management pay particular attention and which could cause the delivery of the Group's strategy, results, financial condition or prospects to differ materially from expectations. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer period of time.

The Group Director of Risk & Assurance facilitates the risk assessment and evaluation process with Group and regional /business unit

management on behalf of the Board and challenges risk findings and the internal control framework to ensure that these are effective. Group policies and delegated authority levels set by the Board provide the basis against which potentially principal risks are reviewed and escalated to the appropriate level within the Group, up to and including the Board, for review and confirmation.

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



Review and confirmation

Review and confirmation by the Board.

Process

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

Ongoing review and control

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

Review and assessment

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

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

Principal and emerging risks and uncertainties facing the business continued

Roles and responsibilities

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

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

1. Board**Responsibilities**

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

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

Actions

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

2. Group Executive Board**Responsibilities**

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

Actions

Review of risk management and assurance activities and processes.

3. Subsidiary Executive Committees' Responsibilities**Responsibilities**

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

Actions

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

4. Heads of the Group functions and operating companies**Responsibilities**

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

Actions

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

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

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

Principal and emerging risks

The Directors have carried out a robust assessment of the principal risks facing the Company – including those that would threaten its business model, future performance, solvency or liquidity. Our consideration of the key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigations in place, is set out below. There may be risks and uncertainties other than those listed below which may also adversely affect the Group and its performance. More detail can be found in the Audit Committee Report on pages 69 to 77.

This year we have conducted a formal exercise to identify and assess emerging risks. While assessing potential emerging risks we have considered our risk exposure across a number of themes e.g. finance and economics, geopolitical and security, social, technological, climate and sustainability. Emerging risk and horizon scanning are integrated as part of regular risk discussions and reported at both regional and Group level and we will continue to embed this further going forward.

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

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

Risk	Description	Mitigations	Change from 2019
1 Business conditions, general economy and geopolitical issues			
Strategic objective: Geographic diversification/ Financial strength	Global market conditions are currently volatile, with political and economic uncertainty in many sectors and markets. The time that it will take several major economies within which we operate to recover from the economic recessions caused by the COVID-19 pandemic is unknown. Group earnings and our financial condition could be adversely affected by these and other macro-economic uncertainties. Savills operates in a number of countries where the transactional business is the largest component and thereby increases the level of economic risk. There is a currency risk from operating in a large number of countries.	The strength of Savills business and brand and the focus on client service. Our strategy of diversifying our service offering and geographic spread mitigates the impact on the business of economic downturns and weak market conditions in specific geographies, but these factors cannot entirely mitigate the overall risk to earnings. To manage these risks, we maintain a continuous focus on our cost base and seek to improve operational efficiencies. Contingency plans are in place to enable us to respond quickly to market information, economic trends and adverse events. Continual monitoring of market conditions, market changes and other events against our Group strategy, supported by the reforecasting and reporting in all of our businesses, are key to our ability to respond rapidly to changes in our operating environment. 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.	Unchanged

Principal and emerging risks and uncertainties facing the business continued

Risk	Description	Mitigations	Change from 2019
2 Achieving the right market positioning in response to the needs of our clients			
Strategic objective: Business diversification/ Strength in Residential and Commercial markets/ Geographical diversification/ Commitment to clients	The markets in which we operate are highly competitive. Competition could lead to a reduction in market share and/or a decline in revenue. Our focus is on retaining existing clients as well as engaging with new clients. Our service offering continuously evolves and improves to meet the changing needs of our clients and this will continue as any changes to our clients' utilisation of real estate emerge as a result of the COVID-19 pandemic.	To remain competitive in all markets, we continue to promote and differentiate our strengths whilst focusing on providing the quality of service that our clients require. We continue to invest in the development of client relationships globally and associated systems/digital technology to support, enhance and extend our client service offering.	Unchanged
3 Recruitment and retention of high-calibre staff			
Strategic objective: Financial strength/ Commitment to clients	We recognise that the future success of our business is dependent on attracting, developing, motivating and retaining people of the highest quality. Further, the motivation of our people and retaining our collaborative culture is essential to the delivery of our strategic objectives.	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. We aim to develop talent and promote from within. Our diversity and Inclusion strategy, health and wellbeing programme and encouragement of charitable and community-based work all combine to ensure that employee retention remains high.	Unchanged
4 Reputational and brand risk			
Strategic objective: Strength in Residential and Commercial markets/ Commitment to clients	'Savills' is a strong, well-recognised and valued brand with an excellent reputation in the markets in which we operate. The Group's reputation could be damaged due to an action or event that results in negative media coverage. We recognise the need to maintain this reputation by ensuring the quality of the service we provide and as described below, requiring our people to operate to the highest ethical standards.	We recognise that our brand strength is vital to maintaining market share in established and new markets. A brand management programme is in place to ensure the brand's positioning and identity is clearly and consistently promoted. Our social media policy is supported by guidance and training as well as ongoing monitoring. All external statements have to be appropriately approved. We recognise that the quality of the service we offer is vital to maintaining the brand. We have in place policies, controls and processes to monitor the quality of our client service to support our programme of continuous improvement. The Group has well established corporate social responsibility programmes as set out in Responsible Business on pages 35 to 46.	Unchanged

Risk	Description	Mitigations	Change from 2019
5 Legal risk			
Strategic objective: Financial strength/ Commitment to clients	Failure to fulfil our legal or contractual obligations to clients could subject the Group to action and/or claims from clients. The adverse outcome of such actions/claims could negatively impact our reputation, financial condition and/or the results of our businesses. For example: • In accepting client engagements, Group companies may be subject to duty of care obligations. Failure to satisfy these obligations could result in claims being made against the relevant operating Company. • In our Property and Project Management businesses, we may be responsible for appointing or overseeing third party contractors that provide construction and engineering services. Failure to discharge these responsibilities in accordance with our obligations could result in claims being made against the operating companies. • In our valuation consultancy businesses, we can be subject to claims alleging the over-valuation of properties.	The Group has a range of policies in place including client acceptance, legal and regulatory compliance, data protection, procurement, contractor management and valuation. We have Best Practice groups, policies, procedures and training which are designed to deliver the relevant contractual obligations and thereby mitigate against the risk of such actions/claims being made and where such claims occur, to limit liability, particularly in relation to consultancy services such as valuations. Such policies are regularly reviewed. The Group maintains professional indemnity insurance to respond to and mitigate the Group's financial exposure to such claims. As described below, our strong emphasis on appropriate business conduct by all our employees, contractors and associates further mitigates this risk.	Unchanged
6 Failure or significant interruption to our IT systems causing disruption to client service			
Strategic objective: Financial strength/ Commitment to clients	Major failures in our IT systems may result in client service being interrupted or data being lost/corrupted causing damage to our reputation and consequential client and/or revenue loss.	Specific back-up and resilience requirements are built into our systems. Our critical infrastructure is set up so far as is reasonably practical to prevent unauthorised access and reduce the likelihood and impact of a successful attack. Our data centres are accredited to international information security standards. Our IT strategy is to diversify our services utilising cloud and hosting in order to avoid a single point of failure. Penetration testing and vulnerability testing is carried out regularly. Business continuity and disaster recovery plans are in place to cover the residual risks that cannot be mitigated. We are continuously reviewing our resilience to cyber security attacks due to the constant threat. Cyber insurance cover is in place.	Unchanged
	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.		

Principal and emerging risks and uncertainties facing the business continued

Risk	Description	Mitigations	Change from 2019
7 Operational resilience/ Business Continuity (including pandemics)			
Strategic objective: Financial strength/ commitment to clients	Significant non-IT events may affect continuity of service to clients, consequential revenue loss and reputational damage.	Business continuity plans are in place across our businesses worldwide to enable us to respond to external incidents which threaten the continuity of our operations.	Unchanged
	COVID-19 may continue to have an impact on transactional activity globally in 2021, but it is difficult to predict this impact accurately in a dynamic environment.	Continuity plans encompass a range of events that could impact on our people or buildings such as pandemics, terrorist events and natural disasters.	
		Appropriate plans/measures have been put in place for the COVID-19 pandemic, and we are closely monitoring the on-going impacts. The welfare of our staff and clients continues to be paramount and we have implemented risk management measures consistent with government guidance in relation to affected locations. Any longer-term impacts will also be considered and monitored as appropriate, for example, ability to travel.	
8 Business conduct			
Strategic objective: Business diversification/ Geographical diversification/ Commitment to clients	We operate in international markets that may present business conduct-related risks involving, for example, fraud, bribery or corruption.	We have programmes to promote compliance with our Code of Conduct, particularly in areas of higher risk such as procurement.	Unchanged
	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 a zero tolerance approach to breaches of our Code of Conduct.	

Risk	Description	Mitigations	Change from 2019
9 Changes in the regulatory environment/regulatory breaches			
Strategic objective: Commitment to clients	We are required to meet a broad range of regulatory compliance requirements in each of the markets in which we operate. For example: Some of our operations have regulatory licences: • In the UK, Savills Capital Advisors and Savills Investment Management are authorised and regulated by the Financial Conduct Authority ('FCA') in respect of activities conducted pursuant to the Markets in Financial Instruments Directive ('MIFID') and Alternative Investment Fund Managers Directive ('AIFMD'). • Some Savills Investment Management entities are variously authorised by the Bank of Italy, MAS in Singapore, BaFin in Germany, JFSC in Jersey, CSSF in Luxembourg, ASIC in Australia. Savills Group companies also hold financial services advisory licences in Japan and USA. Our entities across the Group employ resources and maintain a framework of controls aimed at preventing our business being used to facilitate financial crime, and to comply with complex financial sanctions regimes which are continually changing in response to global events. • Some of our service businesses are regulated by The Royal Institution of Chartered Surveyors ('RICS'), for example Savills UK. Failure to satisfy regulatory compliance requirements may result in fines being imposed, adverse publicity, brand/reputation damage and ultimately the withdrawal of regulatory approvals. We also have a number of key statutory obligations including the protection of the health, safety and welfare of our staff and others affected by our activities.	Our Group Policy Framework, which sets out our standards for professional, regulatory, statutory compliance and business conduct, is reviewed regularly. To support this Framework each business has its own regulatory compliance resources who monitor regulatory developments and maintain the internal processes and controls required to fulfil our compliance obligations. Our compliance environment, at all levels, is subject to regular review by internal audit and external assurance providers.	Unchanged

Principal and emerging risks and uncertainties facing the business continued

Risk	Description	Mitigations	Change from 2019
10 Acquisition/integration risk			
Strategic objective: Business diversification/Geographical diversification/Strength in Residential and Commercial markets/Financial strength	The structuring and integration of acquisitions is critical to realising the benefits 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.	Down
11 Environment and sustainability			
Strategic objective: Commitment to clients/Financial strength	Savills offers its clients expert advice on a growing range of environmental and sustainability matters, particularly in key markets such as the UK, Australia and some European markets. Looking forward more widely, it seeks to expand and develop these services. In doing so the Group considers that it must uphold similar standards in support of its credentials in this area. Environment and sustainability matters are a rising consideration for investors and employees. Savills, like all listed companies, has commitments and targets to meet in accordance with the legislation of the relevant jurisdictions.	We apply the Group Environment & Corporate Responsibility Policy and employ appropriately qualified and skilled teams. We are continuously enhancing our services in this area to ensure that we can provide clients, investors and employees with top quality advice and information. We collect data and report in accordance with the relevant legislation and regulatory framework (refer to Environment and CR report pages 45 to 60).	New

Viability statement

Viability Statement

In addition to the going concern statement, the Directors have considered the viability of the business. The UK Corporate Governance Code (the 'Code') requires the Company to issue a viability statement stating whether the Board believes that the Group is able to continue to operate and meet its liabilities, taking into account its current position and principal risks. In accordance with Provision 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Company over a three year period to 31 December 2023, taking account of the Group's current position and prospects, the Group's strategic plan, and the Group's principal risks and the management of those risks, as detailed in the Strategic Report on pages 4 to 47. The Group's emerging risks are also disclosed in the Strategic Report. This longer-term assessment supports the Board's statements on both viability, as set out below, and going concern as set out on page 107.

Period for Assessment

The Directors concluded that three years would be an appropriate time frame for this assessment being consistent with the period covered by the Group's strategic plan and the cyclical nature of property markets. In assessing viability the Directors considered a number of factors including the resilience of the Group, taking account of its current position and prospects, the Group's strategic plan, the principal risks and uncertainties facing the business and the Board's risk appetite as detailed in the

Strategic Report on pages 4 to 47. The strategy and associated principal risks which underpin the Group's three year plan, are reviewed by the Directors at least annually. The Directors also satisfied themselves that they have the evidence necessary to support the statement in terms of the effectiveness of the internal control environment in place to mitigate risk.

The assessment process and key assumptions

Sensitivity analysis was undertaken on the three year plan, including financing projections, to flex the financial forecasts under a variety of severe downside 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 a severe global economic downturn analogous to that experienced during the Global Financial Crisis in 2008/09 (the impact of which on the Group's results has so far not been replicated since) and a prolonged suppression of activity in some individual markets as a result of continued COVID-19 lockdown measures and restrictions. The results of this sensitivity analysis showed that the Group would maintain significant facility covenant headroom to be able to withstand the impact of such scenarios over the period of the financial forecast, as a result of the resilience and diversity of our business across the Group, underpinned by a strong balance sheet. Performance against the three year plan is monitored on an ongoing basis, including regular

Board briefings provided by the Heads of the Principal Businesses on the progress made by those businesses. These reviews consider both the market opportunity and the associated risks. These risks are considered within the Board's risk appetite framework.

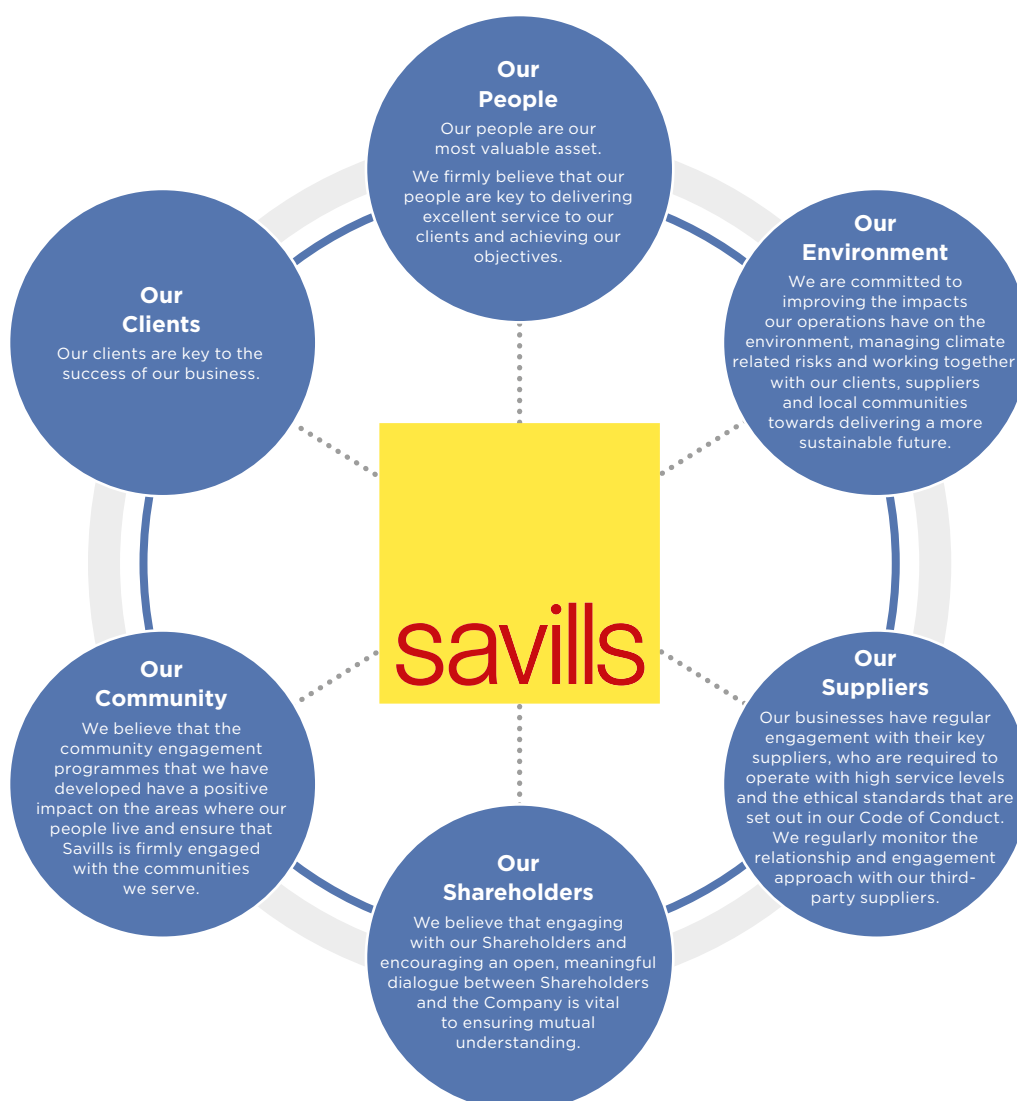
Confirmation of longer-term viability

Based on the Group's strong net cash position and undrawn £360m Revolving Credit Facility at the year end, as described in the Chief Financial Officer's review, combined with the assessment explained above and in accordance with the UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due, over the three-year period ending 31 December 2023. The Directors also considered it appropriate to prepare the financial statements on the going concern basis as explained in Note 2.2 to the accounts.

Stakeholder engagement

Engaging with our stakeholders

The following disclosure is made in line with the Companies (Miscellaneous Reporting) Regulations 2018 which requires companies to report on employee and stakeholder engagement. The Board remains committed to strengthening further its dialogue with employees and the Company's wider stakeholder group. The Board recognises that engagement is fundamental to the success of the Company and, in performing its duties under s.172, considers the views of key stakeholders in its decision-making, recognising that they are central to the long-term prospects of the Company. The Directors consider the groups detailed below to be the Company's key stakeholders. These stakeholders are grouped under six key categories and we have provided an overview of the manner in which the Board considered these groups when making key strategic decisions. We do this through various methods including direct engagement with Board members and receiving presentations and reports from the Executive Directors and in relation to business for which they have responsibility, senior management from across the group. While the Board will engage directly with stakeholders on certain issues, stakeholder engagement will often take place at an operational level, particularly in relation to employees, clients and suppliers, with the Board receiving regular updates on stakeholder views from the Executive Directors and senior management.



Stakeholder Group	How we engaged them in 2020
Our Clients	Our businesses are in continuous contact with our clients, to understand their requirements, to listen to their feedback on our service levels and to understand their expectations in terms of the development of our service offering. As part of our client relationship management programme, it is the responsibility of our dedicated client relationship leads to gain a deep understanding of our clients' businesses through regular dialogue and to share this knowledge with the wider client relationship and business leadership teams. 2020 saw unprecedented challenges for our clients and their customers, across industries, sectors and geographies, and we were absolutely committed to helping our clients navigate through these unprecedented times. We maintained staffing levels throughout the pandemic to ensure that we could still provide the highest level of client service. Our ability to provide insight into changing consumer attitudes as well as provide data analysis across the large number of markets and sectors of which we have deep knowledge and expertise had been essential to helping our clients. During 2020, we helped our clients respond to the challenges they faced and adapt to the new circumstances. We also increased the frequency of client contact in response to the pandemic, tailored our research to address client concerns arising from the pandemic and moved our client engagement to virtual formats, welcoming 27,000 clients to 173 webinars over the course of the year, which allowed clients to share their experiences with other property owners, tenants and managers. The quality of our service performance continues to be regularly assessed by independent reviewers. This helps us better understand how we are managing the relationship and what we need to change to deliver the service and added value our clients expect. Our client relationship leads also act as a focal point for client servicing enquiries and it is their responsibility to quickly identify and resolve any service issues. This feedback helps us maintain the highest levels of client service and develop and extend our client offering.
Our People	Our people are at the heart of the culture of our business. Our long-standing focus and business philosophy is founded on the premise that staff in our sector are motivated through highly incentive and performance based (and, therefore, variable) remuneration consistent with our partnership style culture. We firmly believe that this approach best aligns Shareholders' and management's interests and incentivises superior performance and the creation of long-term shareholder value. We continue to be a responsible employer in our approach to our people, ensuring we communicate and engage regularly in a variety of ways. We are always looking for opportunities to improve and in 2020, in response to the pandemic, we increased the opportunity for staff to feed back, by introducing regular and succinct pulse surveys, thereby allowing us to be more responsive, and in particular focus the initiatives developed in response to the pandemic, especially those relating to staff well-being. As part of our commitment to helping of all our people to understand the Group's growth strategy and to raise other questions they have about the Group, the Board has established communication channels to further encourage the two way flow of information between the Group's businesses and workforce, and in particular to allow staff feedback to flow to the Board direct. These include: (a) the promotion of our digital platform which allows direct employee communication (in local languages) with Non-Executive Directors (including the Chairman) in areas of focus (such as strategy, training & development opportunities; measurement of staff performance and promotion criteria; diversity; and flexible working); and (b) as social distancing rules and travel restrictions allow, Board members attending staff 'Town Hall' / Employee Briefing sessions by region, without management present.

Stakeholder engagement continued

Stakeholder Group	How we engaged them in 2020
Our Community	Savills Corporate Responsibility Steering Group ('CR Steering Group') co-ordinates the Group's corporate responsibility activity to deliver Savills agreed goals and ensures that key CR responsibilities and achievements are communicated to all staff globally and externally to interested parties. Our community engagement programmes across the Group have been developed to have a positive impact on the areas where our people live and ensure that Savills is firmly engaged with the communities we serve. The CR Steering Group monitors Group-wide corporate responsibility progress and performance, identifying to the Group Executive Board areas where action needs to be taken. The progress made on corporate responsibility matters and the achievements of the Group's Principal Businesses in each year are considered by the Board and included in the Group's Report & Accounts annually. Examples of our community initiatives during 2020 are on pages 54 and 55. In particular we increased the level of contributions to charities in the front line of the response to COVID-19.
Our Environment	Across our global business, Savills is committed to reducing the impact that our operations have on the natural environment. By actively seeking to reduce our environmental impact, we are able to achieve increased operational efficiencies and savings, both internally and for our clients. In 2020, our GHG emissions fell further to 7,169 tonnes CO₂e, notwithstanding the extension of the scope of our data collection to 285 offices from 282 offices in 2019. The reported energy and GHG emissions data can be found on page 60.
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. By actively engaging with Shareholders we can respond to views expressed in relation to an number of topics such as company performance, and future growth plans. The AGM provides the Board with an opportunity to engage with our Shareholders. All resolutions put to Shareholders at the 2020 AGM were supported with over 90% approval. The arrangements for the 2021 AGM have been designed to support continued shareholder participation and engagement, whilst ensuring the safety of individuals during the coronavirus pandemic. The Chairman and Stacey Cartwright as the Senior Independent Director are also available to meet Shareholders at all times as required.
Our Suppliers	Our property management businesses work with a broad and diverse range of supply partners to ensure that we can deliver the best services for our clients. The close relationships we foster with supply partners across a variety of property management clients ensures we have good access to quality partners. During the pandemic regular engagement with their key suppliers has been essential in ensuring continuity of service and responding to the impacts of the pandemic. All suppliers are required to operate with high service levels and the ethical standards that are set out in Savills Code of Conduct. We regularly monitor the relationship and engagement approach with our third-party suppliers including communications relating to the Company's whistleblowing policy.

Section 172(1) Statement

The Board of Directors of Savills Plc consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, the Directors have had regard to the stakeholders and amongst other matters to those set out in s172(1) (a-f) of the Act in the decisions taken during the year ended 31 December 2020:

Section 172 matters	How the Board had regard to these matters during the year
(a) likely consequences of any decisions in the long term	We consider our stakeholders when developing and executing our strategy which is reviewed on an annual basis. This year the review took place by video conference and considered a number of growth initiatives, as set in the Governance Report 'what the Board did in 2020'. The Board remains mindful that its strategic decisions can have both short and long term implications for the Group and its stakeholders and these implications are considered carefully. During the year the Board adopted a number of operational and financial initiatives to minimise the impact of the pandemic on the business as a whole. Our strategy was to minimise discretionary expenditure and conserve cash while maintaining our staffing levels to ensure the highest levels of service to clients around the world. In addition the Board suspended distributions to Shareholders pending greater visibility of future market recovery. The consequence, particularly of retaining our employees, is increased in our market share in key markets, which is materially in employees and Shareholders longer-term interests and positions the Group to support our client needs as markets improve.
(b) interests of the Company's employees	We recognise our people are fundamental to the long-term success of our business. Their health, safety and wellbeing is one of our primary considerations in the way we operate and the support we provide to them. During 2020, we focused on both the physical and mental health of our people. Our response to the COVID-19 pandemic prioritised the safety and wellbeing of our people through a variety of initiatives deployed across the business. Resources were provided to managers to support their teams working from home as well as those returning to office working and set up support networks for those employees that were furloughed, with regular virtual meetings led by our HR team. Virtual employee events were designed to keep people in touch and promote ways of maintaining and improving good physical and mental health. We also introduced a rich variety of digital learning content to help employees and their families and have provided regular guidance and blogs posted on our intranet relating to health, and safety and wellbeing, and made available facilities such as 'MyndUp' to support mental health wellbeing. During the year we also held a number of town hall meetings within our principal businesses and events focusing wellbeing and mental health issues supported by webinars provided by external providers.
(c) need to foster the Company's business relationships with suppliers, clients and others;	The decision taken by the Board during the COVID-19 pandemic to maintain staffing levels across the Group meant that we could continue to deliver a seamless and continuous high class service to our clients. The Board reviewed the 2021-2023 Business Plan which included the importance of focusing on (i) delivering the highest standards of client service by having motivated and engaged staff by providing an environment in which our people can succeed so sustaining the inclusive, diverse and supportive culture that is encapsulated in our business philosophy; and (ii) continuing to innovate and extend our client offering to ensure that we can meet the evolving requirements of our clients, in particular in areas such as sustainability.
(d) impact of the Company's operations on the community and environment	The Board supports the management's approach to Environmental, Social and Governance matters and we are committed to strengthening our understanding of climate-related risks to our own operations as well as helping our clients to improve the resilience of their portfolios. We recognise the need for action in addressing the climate crisis and transitioning to a greener, safer and more resilient economy. We are committed to improving the impacts that our operations have on the environment, managing the climate-related risks and working together with our clients, suppliers and local communities towards delivering a more sustainable future. The 2030 agenda for sustainable development, adopted by all United Nations member states in 2015, provides a shared blueprint, recognised globally. We have chosen nine of the UN sustainable development goals (SDGs) to be the focus of our sustainability initiatives. These SDGs are those where we feel we can make the largest impact and which are most relevant to our business. 2019 marked the end of our three year Greenhouse Gas emissions (GHG) reduction plan and we reported a reduction of 30% in GHG intensity. We continue to work to develop emission reduction targets for our operations across all business units globally and in 2020 our UK business committed to achieving Net Zero carbon in operation by 2030. By actively seeking to reduce our environmental impact, we are able to create better workplaces for our staff and clients and achieve increased operational efficiencies and savings, both for our benefit and that of our clients.

Stakeholder engagement continued

Section 172 matters	How the Board had regard to these matters during the year
(e) Company's reputation for high standards of business conduct	Savills Code of Conduct, which underpins our social, ethical and environmental commitments, clearly sets out the standards of behaviour that we expect our people to demonstrate and adhere to at Savills. We are committed to ensuring that we take all appropriate steps to prevent Modern Slavery from occurring in our business or supply chain and continue to publish our annual Modern Slavery Statement on our website, which sets out Savills zero tolerance approach to Modern Slavery in our organisation and supply chain. It reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure Modern Slavery is not taking place in our supply chains. The Board is committed to maintaining the highest standards of corporate governance, which are fundamental to discharging our responsibilities. Our Governance Report explains how robust and effective corporate governance practices enable the Group to deliver its strategy and create long-term Shareholder value. The Board is committed to ensuring that its membership provides the necessary balance of diversity, skills experience, independence and knowledge to ensure we continue to run the business effectively and deliver sustainable growth. In 2020 the Nomination & Governance Committee led the search for two new Non-Executive Directors. The Committee considered the Board's blend of skills and experience and ongoing commitment to ensure the Group has a balanced Board. The Committee was unanimous in its recommendation to the Board that both Philip Lee and Richard Orders be appointed as additional independent Non-Executive Directors as they bring extensive experience in relation to the Asia Pacific market, improving the skill set of the Board.
(f) need to act fairly as between members of the Company	We are in regular contact with our major Shareholders and potential Shareholders. Our active engagement programme with our Shareholders involves a regular, scheduled programme of meetings as part of our continuing commitment to open and transparent dialogue, including the Group's approach to remuneration. During the year the Group Chief Executive and Group Financial Officer undertook their regular programme of engagement which included: the financial reporting cycle comprising full-year and half-year financial results; one-to-one investor meetings (virtual) and calls. Investors interests were considered as part of the Board's decisions throughout 2020 including with regard to the cancellation of the final dividend and supplemental dividend for 2019 in order to retain sufficient cash reserves within the Group in light of uncertainty caused by the pandemic.

The disclosures set out on this page are some examples of how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) when discharging their Section 172 duties and the effect of that on certain of the decisions taken by them. More detail on how our Board operates, including the matters it discussed and debated during the year are in the Governance Report on pages 62 to 121. Illustrations of how Section 172 factors have been applied by the Board can be found throughout the Strategic Report. For example, for details on how we have considered the impact of the Company's operations on the environment see pages 56 to 60 of Responsible Business. For further details of how we have considered our clients see page 47 of Responsible Business.

Responsible business

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

The Company, therefore, holds itself accountable for its social, environmental and economic impacts on the people and places where it does business. All of our businesses are required to comply with local legal standards as an absolute minimum, while our localised approach provides the flexibility required to have meaning and impact at a local level.

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

At Savills, we learn through experience and we actively encourage our businesses to share their experiences and develop best practice to ensure that we continue to improve as an organisation.



Responsible business continued

Main responsibilities

CR Steering Group

- Co-ordinates Corporate Responsibility ('CR') activity to deliver Savills agreed goals.
- Oversees Savills CR Strategy for the Group globally and recommends changes to it when appropriate.
- Monitors Group-wide CR progress and performance and identifies 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.

Our resources & relationships

Group Chief Executive and the Board

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

Corporate Responsibility Steering Group

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

Corporate Responsibility Strategy

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

Value



Pride in Everything We Do



Take an Entrepreneurial Approach to Business



Help our People Fulfil Their True Potential



Always Act with Integrity

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

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

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

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

Our Clients

Taking an Entrepreneurial approach to Business, we:

- Seek out new markets and opportunities for clients.
- Take a creative and entrepreneurial approach to delivering value.
- Are forward thinking, and always aim to build long-term client relationships.
- Aim to be a leader in every market we enter.

2020 saw unprecedented challenges for our clients and their customers, across industries, sectors and geographies, and we were absolutely committed to helping our clients navigate through these unprecedented times and to help them respond to the challenges they faced and adapt to the new circumstances.

The decision taken by the Board early during the pandemic to maintain staffing levels across the Group meant that we could continue to deliver a seamless and continuous first class service to our clients. It also put us in a strong position to retain and win new mandates.

In addition to having had a clear focus on helping our clients respond to the challenges presented in the short-term, it was also critical that we could support them by showing how market drivers and changes in consumer behaviour could impact our clients' markets moving forward and present further challenges, but also opportunities. This was particularly evident in the Office FiT survey conducted which gathered opinions of

office workers on the future of the office, and the subsequent introduction of a new service line, Savills Flex.

Our ability to provide insight into changing consumer attitudes as well as provide data analysis across the large number of markets and sectors of which we have deep knowledge and expertise was essential to helping our clients. Our client engagement moved to virtual formats and we welcomed 27,000 clients to 173 webinars over the course of the year, covering key topics such as the implications of the pandemic, early learnings from Asia, future real estate trends as well as countless market specific updates. Another strategic priority for our clients continues to be ESG and this was another key focus at numerous webinars, research updates, as well as client specific briefings.

Staying close to our clients and gaining a deep understanding of their evolving challenges, needs and priorities, as well as maintaining excellent communication was a key focus in 2020. Drawing on our established client relationship

management programme, with dedicated client leads, meant we could be proactive in providing ideas and solutions. We also commissioned independent client reviews to better understand how we were managing client relationships, any areas that we needed to refine and added value that we can provide.

Our focus on providing our people at all levels with client skills training continued and was successfully adapted to a virtual setting. Staying connected with colleagues and sharing of client insights was hugely important in the new virtual world and the collaboration tools we introduced to the business in 2019 proved invaluable in facilitating this.

Our investment into developing a client centric culture, increased collaboration among our teams both in-country and cross-border and technology that supports our client relationship management approach meant that we could adapt quickly and be resilient in light of the challenging market conditions we faced in 2020.

Responsible business continued

Our People

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

Helping our people fulfil their true potential, we:

- Encourage an open and supportive culture in which every individual is respected.
- Help our people to excel through appropriate training and development.
- Share success and reward achievement.
- Recognise that our people's diverse strengths combined with good teamwork produce the best results.
- Believe that a rewarding workplace inspires and motivates.
- Strive to provide an environment in which our people can flourish and succeed – this allows us to recruit, motivate and retain talented people and build on our status as an employer of choice.
- Engage with our people to communicate our vision and strategy through well-established internal channels.

Employee engagement

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

We are always looking for opportunities to improve and in 2020 we moved away from a more formal engagement survey to more regular and succinct pulse surveys as a means of seeking feedback more frequently from employees, thereby allowing us to be more responsive, and in particular focus the initiatives developed in response to the pandemic, especially those relating to staff well-being.

Developing talent for the future

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

We continue to invest significantly in the development of all our people, for whom we recognise that career development and progression is very important. We deliver training and development in all areas including management and leadership, client and business skills and professional and technical skills. We recognise that personal development occurs in many ways and we encourage all our staff to attend conferences, internal events, and participate in projects to supplement their Continuous Professional Development ('CPD'). We have responded to COVID-19 by providing online services for development and training, and putting in place extra support for our people's wellbeing. For example, in the UK we have set up a dedicated Wellbeing intranet page for employee wellbeing with resources and guidance for coping with stress, anxiety and uncertainty.



In order to manage individual development and ongoing learning, we use a Learning Management System ('LMS') in the UK which has now been rolled out across Europe, Middle East and the US. This has been indispensable during the pandemic to deliver training and wellbeing support, including mental health, across the regions. The LMS is mobile compatible, allows individuals to track and manage their development, watch video podcasts and download course materials.

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

The UK business celebrated being named the Times Graduate Employer of Choice in property for the 14th consecutive year. We are proud to have continued with our Graduate programme this year.

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.

The UK business celebrated being named No.1 UK Real Estate Super brand, also for the 14th consecutive year. We were also ranked No.1 in Rate My Placement for the Savills Summer placement scheme.

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

In the US, in 2020, we have expanded our learning management platforms, LinkedIn Learning and myLearning, as well as introduced the Junior Brokers Training programme.

In New York and Washington, an intensive course structured over 15 months with the goal for the associates enrolled in the programme to take on the role of a full time broker at the end of the course. Further roll outs are planned in 2021 across the US.

In order to help foster a diverse, equitable and inclusive workplace, we have launched two new employee resource groups, The Black Excellence United Group and The Women's Initiative.

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

Responsible business continued

Our People continued

Inclusion and Diversity

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

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

Our Strategic Approach

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

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

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

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

Implementation	Examples of progress on achieving objectives
• Flexible Working • Improving Internal Communication of existing and new policies • Promoting Mentoring and Rewarding Loyalty • Ensuring that policies and support are offered for Working Carers	• We support a significant number of people flexibly for different reasons to accommodate personal and professional requirements • In the UK, 'Making your Mentoring programme relevant for the modern workplace', Savills has adopted a flat mentoring scheme for many years, allowing both mentor and mentee to benefit from their involvement • Working with Carers UK to provide support to those with caring responsibilities
• Raising awareness through supporting internal and external events • Implement compulsory diversity and equality awareness training across the business • Engaging with a number of professional bodies and diversity groups and will ask for their assistance and expertise • Removing the stigma - promote awareness of mental health issues	• We are committed to being a Valuable 500 business, which is a pledge to encourage 500 companies across the globe to sign up and agree to be more inclusive in terms of disability • Savills achieved certification as a Disability Confident Committed Employer (Level 2) in the UK • For UN International Day of Persons with Disabilities we created a video using stories from Savills offices across the world
• Ensuring zero tolerance of harassment and bullying • Making equality in the workplace the responsibility of all leaders and managers • Taking action that supports ethnic minority career progression	• Savills has signed up to the Race at Work Charter, an initiative designed to improve outcomes for Black, Asian and Minority Ethnic (BAME) employees in the UK • In the UK we have held a number of recruitment events for potential BAME employees • Supported Black History Month with educational material about key black role models • Our US Building Inclusivity and Diversity Group regularly hosts speaker and panel-discussion events for our employees and clients to encourage awareness and constructive dialogue regarding diversity and inclusion • In the US we launched an Employee Resource Group 'Black Excellence United' focusing on recruiting, retention, collaboration & advancement of diverse communities
• Continue to ensure that our training fully supports our approach to diversity and inclusion • Relaunched our gender equality and unconscious bias training, to further raise awareness of diversity • Launched a Communication Skills programme for women focused on public speaking and participating in panel events	• We are working hard to redress our balance of men and women in more senior roles through a number of initiatives • Our 'Women in Leadership positions', determined in accordance with the Hampton-Alexander Review criteria, was 31% as at 31 December 2020. Whilst this progress reflects our commitment to improve diversity, in a sector where historically there has been a shortage of women leaders, we fully acknowledge that we need to remain focused into the medium term on further improving diversity • We will continue to evolve our approach to meet the needs of our clients and people • In the US we launched Employee Resource Group Women's Initiative Network
• Raising Awareness • Recruit and Retain best people	• Hosted virtual Pride Celebrations • As part of LGBTQ+ History Month Savills highlighted one inspirational LGBTQ+ figure each week
• Creating a workplace that provides an equal and fair platform for everyone to be the best they can be regardless of their socio economic background • Increasing diversity of talent pool • Inspiring the next generation to consider property for their career	• In the UK, Savills with Schools initiative now in place across 26 regional offices, to date the business has engaged with over 5,000 pupils • Founding sponsor of Rethink Food, providing vertical farming towers in primary schools in the UK • Supporting London based charity, The Big House, which works with care leavers who are at a high risk of social exclusion by providing a platform to participate in the making of theatre

Responsible business continued

Our People continued

Inclusive Culture

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

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.

Gender Balance

In accordance with Companies Act 2006, as at 31 December 2020 our total global workforce of 39,349 colleagues comprised 21,433 males and 17,916 females. Of these, 235 were senior executives (196 males, 39 females) comprising members of the Group Executive Board and Board members of the corporate entities whose financial information is incorporated in the Group's 2020 consolidated accounts in this

Annual Report. During the year, the Company's Board of Directors comprised eight members – five males and three female.

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

Wellbeing

We continue to focus on supporting our employees' wellbeing. Our response to the COVID-19 pandemic prioritised the safety and wellbeing of our people through a variety of initiatives deployed across the business. To move to working from home was a tremendous organisational effort, enabled by our technology infrastructure, collaboration tools, HR policies and online training. We introduced a rich variety of digital learning content to help employees and their families and have provided regular guidance and blogs posted on our intranet relating to health, and safety and wellbeing.

During the year we held a number of town hall meetings across the Group and events focusing on wellbeing and mental health issues and celebrated events such as the Time to Talk Day and World Mental Health Day. This has been supported by webinars provided by external providers including Lionheart, Talking Talent and MyndUp.

There was a greater focus on mental health during the year and resources were provided to managers to support employees working from home as well as those returning to office working. In the UK we now have 200 Mental Health Champions who run campaigns and virtual employee events designed to keep people in touch and promote ways of maintaining and improving good physical and mental health.

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

Culture

Always acting with integrity, we:

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

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

Savills has a strong and well embedded culture, founded on an entrepreneurial approach and underpinned by our values and operational standards. All that we do is underpinned by strong governance, a disciplined approach to risk management and high standards of responsibility, which supports the sustainable development of our business.

To facilitate the Savills Board's assessment and monitoring of culture, the Board has in place a number of KPIs, set out on page 76 of the Governance Report.

Our approach to Human Rights

We recognise our responsibility as a global corporate citizen and we are committed to doing the right thing in the right way and this is reflected in the Savills Code of Conduct. The Code, which underpins our social, ethical and environmental

commitments, clearly sets out the standards of behaviour that we expect our employees to demonstrate and adhere to in their day to day working life at Savills. As an absolute minimum, our people policies comply with local legislation in the jurisdictions in which we operate.

Savills is committed to conducting its business ethically and in line with all relevant legislation including human rights laws. We fully support the principles of UN Global Compact, the UN Declaration of Human Rights and the International Labour Organization's (ILO) Core Conventions. Any breaches of our Code of Conduct may be reported in accordance with the Company's whistleblowing procedure.

Modern Slavery

The Modern Slavery Act came into force in 2015. We believe the risk of slavery or human trafficking in the recruitment and engagement of our employees is low. To ensure it remains low, we have provided training on modern slavery and taken steps to make sure our staff and supply chain partners are aware of the Act and its requirements. Savills has published Modern Slavery Act Statements since the introduction of the Act which detail the steps taken to tackle modern slavery and human trafficking. 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.

Whistleblowing

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

Responsible business continued

Social Matters

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

**UK - Row the Atlantic**

Alex Soskin, Savills London Development Land Director, and his fellow crew members of 'Oardacity' rowed across the Atlantic Ocean in the Talisker Whisky Atlantic Challenge, a race that covers 3,000 miles. Considered the world's toughest rowing races, they finished the

race in 40 days, 6 hours and 35 minutes. The race started from La Gomera in the Canary Islands, it finished across the Atlantic in English Harbour, Antigua. They raised funds for mental health charities Mind and the Christina Noble Children's foundation.

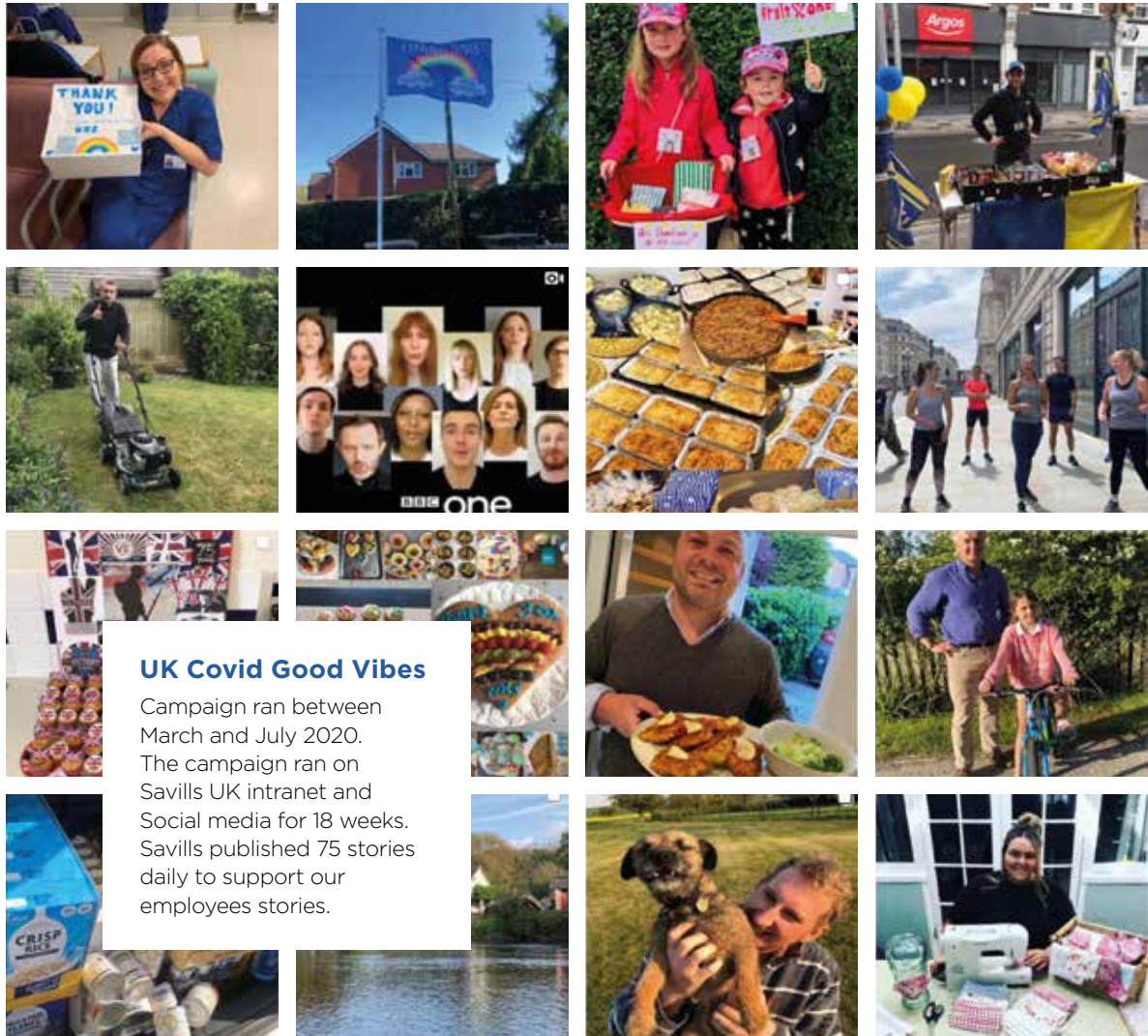
**FTSE4Good****FTSE4Good**

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

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

**China Yellow Star**

Savills China launched the "Savills Yellow Star" CSR program in 2017 to support a number of community initiatives including those focused on supporting children with autism making financial, in kind and time contributions.



UK Covid Good Vibes

Campaign ran between March and July 2020. The campaign ran on Savills UK intranet and Social media for 18 weeks. Savills published 75 stories daily to support our employees stories.

Savills Investment Management Cookbook 'Trees for Cities'

Trees for Cities is the only UK charity working at a national and international scale to improve lives by planting trees in cities. Around Savills Investment Management in 49 Recipes is a culinary tour of the 13 countries where Savills Investment Management has offices, providing a taste of the varying cultures that make up our global business.

The inspiration stemmed from colleagues sharing their culinary exploits via the Company's social media platform in 2020, which helped many through COVID-19 lockdowns. All recipes were contributed by Savills IM employees, and 100% of cookbook proceeds donated to Trees for Cities.



Responsible business continued**Sustainability and Environment**

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



**11.9% decrease in our
Greenhouse Gas
emissions in 2020**



**Move further towards
our 9 Sustainable
Development Goals
globally**



**Align to Task Force
for Climate-related
Disclosure (TCFD)**



**Move further on
journey towards our
Net Zero Goals**

Governance and Risk Management

Environmental, Social and Governance (ESG) risks, including climate-related risks, form part of the Group's risk register, covering the potential impact and likelihood of those risks occurring. The Group Director of Risk & Assurance facilitates the climate-related risk identification, assessment and evaluation processes with the Group and regional business management teams, ensuring effectiveness of our internal control framework. Our CR Steering Group co-ordinates the implementation of the Group's Corporate Responsibility strategy worldwide and supports the ESG risk management processes.

Strategy

Global shifts, posed by climate change are expected to provide both opportunities and risks for our business to consider, across differing activities and regions in which we operate. We recognise these factors will vary in magnitude and likelihood in terms of specific impacts.

We are committed to strengthen our understanding of climate-related risks to our own operations as well as helping our clients to improve resilience of their portfolios. The Group is in the process of undertaking the regional reviews and a

more detailed assessment of the climate-related risks and opportunities, and the associated mitigation and adaptation measures.

In 2020, the COVID pandemic increased the focus and attention, not only on health and wellbeing, but also on our inevitable connection with nature and the risks facing our planet. We recognise the need for action in addressing the climate crisis and transitioning to a greener, safer and more resilient economy. We are committed to improving the impacts that our operations have on the environment, managing the climate-related risks and working together with our clients, suppliers and local communities towards delivering a more sustainable future.

The 2030 agenda for sustainable development, adopted by all United Nations member states in 2015, provides a shared blueprint, recognised globally. We have chosen nine of the UN sustainable development goals (SDGs) to be the focus of our sustainability initiatives. These SDGs are those where we feel we can make the largest impact and which are most relevant to our business. They will also provide a common worldwide language for sustainability when reporting to our key stakeholders.

Our chosen Environmental SDGs

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

SDG Goal	Savills Objective
 Good Health & Well-Being	We provide healthy workplaces, encourage healthy lifestyles and raise awareness of mental health & wellbeing
 Quality Education	We create opportunities for growth and development to our people and within the communities we operate in
 Gender Equality	We promote gender equality and create a diverse and inclusive environment for all
 Affordable & Clean Energy	We aim to maximise energy efficiency and seek to purchase green tariffs, where possible
 Decent Work And Economic Growth	We are committed to operating responsibly and offering a fair, safe and diverse workplace
 Sustainable Cities And Communities	We work to create sustainable places and are committed to supporting communities and local initiatives
 Responsible Consumption and Production	We seek to reduce our environmental impacts through active operational management and responsible procurement
 Climate Action	We aim to achieve Net Zero carbon for our workplaces and Company owned vehicles by 2050
 Life on Land	We expect our suppliers to operate responsibly and seek to protect biodiversity and ecosystems

The Group's Environmental Policy sets out our approach to achieving our environmental objectives, and the responsibilities of the Group and its operating companies. We are committed to the evaluation and continuous improvement of our environmental performance, pursuing reductions in resource consumption and promoting the provision of services to clients in a way that takes appropriate account of sustainability issues. Each operating company business is responsible for ensuring that the Group's Environmental Policy is implemented whilst assuring compliance with national and local legislation. Our CR Steering Group assesses the Group's overall environmental performance against the

Policy on at least an annual basis, including a review of opportunities for improvement, performance against existing environmental objectives, the scope for introducing new ones, and any operational system changes that may be required to improve the efficiency and effectiveness of the Policy.

Across all our regions worldwide we are continuing to implement practical initiatives to improve the environmental performance of the workspaces that we occupy, including in the design of new offices, the retrofitting of existing ones, and the ongoing active management of both. Initiatives underway across many of our locations globally currently include:

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

Responsible business continued

Sustainability and Environment continued

- choosing zero or low emission vehicles; and
- encouraging use of virtual meetings to reduce the need to travel.

For example in 2020 in Munich we implemented a number of sustainability measures as part of the refurbishment of the office. Besides the LED light replacements, the sustainability measures included ensuring the highest efficiency standards for all electric devices in the lounge area, selecting a Blue Angel eco and CRI Green Label Plus certified carpet, installation of a water tap for still and sparkling drinking water and a green wall in the entrance area.

To support the development of our environmental objectives, we are undertaking a review of the green building certifications across the offices we occupy. In North America, for example, we have 18 offices in LEED or Energy Star certified buildings, of which four are certified to LEED Platinum. When we moved to our new office in Houston, the LEED Platinum certification was amongst the selection criteria. In Australia, three out of four of our largest offices are in the buildings certified under NABERS. Our Melbourne office, into which we moved in 2020, is in a newly developed building with objectives to attain the NABERS Energy and Water ratings, and the Green Star certification.

Within the UK, our business now has 113 offices within the scope of an Environmental Management System, certified to ISO14001:2015. The Savills UK environmental management system provides a uniform method of evaluating

environmental risks that pose a threat to the business at micro and macro level and ensures compliance with relevant legislation. The system also ensures that appropriate persons are adequately trained and aware in terms of the role they can play in helping minimise the environmental impacts of the UK operating companies.

In addition, in the UK and across continental Europe, we have over 80 energy and sustainability consultants who are the primary sustainability advisors to a host of leading property companies and funds. In 2020, these advisors worked, for example, on the delivery of multiple renewable energy projects; advised on strategies for energy from waste, 'blue' and 'green' hydrogen production and sub-sea power cables both as interconnectors and from off-shore wind farms. The forestry team in the UK have overseen over 2,370 Ha of new woodland creation schemes, which is expected to result in over 4,000,000 trees planted when these schemes are complete. Responsible land management on behalf of clients has also helped to improve biodiversity net gain and undertake peatland restoration.

To further develop our sustainability strategy, the next steps include setting regional sustainability objectives and commitments, which will then be consolidated into our Group Sustainability Strategy. For example, in the UK we are introducing specific objectives aligned to our chosen UN SDGs. Our UK business commitments include achieving Net Zero carbon in operation by 2030

and to be advocates for carbon neutrality across the wider industry. The Net Zero target commits us to eliminate GHG emissions from our own UK workplaces and from Company owned vehicles and is aligned with the World Green Building Council's Net Zero Carbon Buildings Commitment. To do that, we are consistently working to improve our monitoring and reporting, reduce our operational emissions via increased energy efficiency and to purchase certified green energy supplies. We have also commenced the development and review of our regional sustainability objectives across North America, Asia Pacific, and EMEA.

Managing climate-related risks

The Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has been taking actions to incorporate these recommendations into our risk management processes. We will report on the detailed plans that we have developed in response to the TCFD recommendations, when we report on these in the 2021 Annual Report.

Metrics and Targets

The Group reports annually on its global Scope 1 and 2 Greenhouse Gas emissions, and associated energy use and emissions intensity metrics. This year we enhanced our disclosure to include the regional overview. We will continue to evaluate our reporting to ensure we are providing our stakeholders with adequate information on our environmental performance and management of climate-related issues.

2019 marked the end of our three year Greenhouse Gas emissions (GHG) reduction plan and we reported a reduction of 30% in GHG intensity. In 2020, our UK business has committed to achieving Net Zero carbon in operation by 2030 and we are working to develop emission reduction targets for our operations across all business units globally.

Greenhouse Gas Emissions

Our Greenhouse Gas (GHG) Emissions Statement includes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) Regulations 2018 for the financial year to 31 December 2020.

Reporting Methodology

We report our GHG Emissions using the revised edition of the GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance and the UK Government Guidance on Streamlined Energy and Carbon Reporting (SECR). Our GHG emissions reporting boundary is based on an operational control approach and includes emissions from Savills PLC and Group subsidiaries. Reported Scope 1 emissions relate to emissions from business travel by the Group owned or leased vehicles and the combustion of fuels within our occupied offices. Scope 2 emissions are reported using both 'market-based' and 'location-based' methodologies and relate to electricity use in our occupied offices. Scope 1 and Scope 2 'location-based' emissions are calculated using regional/

national emission factors published by International Energy Agency (IEA), the UK Government GHG Conversion Factors for Company Reporting, US Environmental Protection Agency (EPA), Swedish Environmental Protection Agency (SEPA), Australian Department of the Environment and Energy and other national agencies and internationally recognised guidelines for each reporting period. Under the Scope 2 'market-based' method, no emissions have been accounted for electricity supplies backed with the Renewable Energy Guarantees of Origin and, where possible, residual mixes were used to account for the remaining consumption.

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

To allow easier comparison between reporting locations and year on year results, a standardised intensity ratio has also been applied. In previous years we reported the emissions intensity per average number of full-time equivalent office-based employees. With the recent COVID-19 impacts to our working arrangements and a growing shift towards more flexible workplaces, we have reassessed our reporting measures and have instead selected two key alternative intensity metrics to report on our performance. The first of these calculates our global Scope 1 and 2 'market-based' emissions intensity, expressed per Group revenue. In the second, we report on Scope 1 and 2 'location-based' emissions intensity per square metre across our offices globally. The GHG intensity ratio of our offices excludes business travel and is focused on driving improvements in operational energy efficiency in buildings.

Performance

Our environmental performance has been considerably impacted by COVID-19 and the resulting temporary office closures across all regions. Our absolute Scope 1 and 2 GHG emissions in 2020 show a year on year decrease of 965 tonnes CO₂e (equal to 11.9%), despite an increase in our GHG reporting scope. A significant part of this reduction can be attributed to less energy use within our offices as a result of office closures and partial occupation. The increase in our Scope 1 emissions from the use of fuels within our premises, related to more offices reporting the data, was offset by reduced emissions from business travel, driven by remote working.

Responsible business continued

Sustainability and Environment continued

With the data available at the time of this report, it is hard to accurately assess how much of the overall reduction was due to our efforts to improve energy efficiency and eliminate energy waste across our offices versus the impacts of COVID-19. However, placed in context, the longer term trend is still towards a continuing improvement in environmental performance. In 2019, we achieved a 30% GHG intensity reduction against the 2016 baseline year (per average number of full-time equivalent office-based employees), with an 8% year on year improvement in 2017, 9% in 2018 and an additional 13% in 2019. We reported a 17.9% year on year decrease in our absolute Scope 1 GHG emissions between 2018 and 2019, predominately as a result of our initiatives to reduce business travel. The 12.3% year on year decrease in our location-based Scope 2 emissions in 2020 was supported by our proactive management of energy use within many of the partial unoccupied offices, reducing the electricity and fuels usage where possible. Furthermore, we are continuing to transition our energy supplies to green energy contracts, with most progress to date across our UK offices, which is notable within the regional variance between the GHG market-based emissions and the proportion of global energy use.

We have further increased our data coverage and reported actual or estimated data for all offices where we have operational control for managing environmental performance. This resulted in the data being reported for 285 of 285 offices in 2020, compared to 282 out of 305 offices in 2019. The reported energy and GHG emissions data includes estimates where actual data was unavailable. We continue to work on improving quality and accuracy of the underlying data.

Global GHG Emissions tonnes CO ₂ e	2020	2019	2018	change vs 2018
Scope 1 (Direct)	1,680	1,775	2,162	-22.3%
Scope 2 (Indirect, market-based)	5,489	6,358	6,299	-12.9%
Total Scope 1 and 2¹	7,169	8,133	8,460	-15.3%
Scope 2 (Indirect, location-based)	5,871	6,719	6,697	-12.3%
GHG financial intensity ratio (tonnes CO ₂ e / £ million revenue)	4.12	4.25	4.80	-14.3%
GHG intensity ratio of our offices (tonnes CO ₂ e / m ²)	0.042	0.048	nr	nr

Global Energy Use MWh	2020	2019	2018	change vs 2018
Total energy use	24,097	25,938	27,079	-11%

Performance by region

Region	Energy Use		GHG emissions Scope 1 and 2 ¹		GHG intensity ratio of our offices ²
	MWh	%	tonnes CO ₂ e	%	tonnes CO ₂ e / m ²
Asia Pacific	4,647	19%	2,293	32%	0.050
Europe & the Middle East	6,377	26%	2,046	29%	0.033
North America	4,766	20%	1,535	21%	0.045
United Kingdom	8,307	34%	1,294	18%	0.038
Total	24,097	100%	7,169	100%	0.042

Notes:

1. Total Scope 1 and 2 emissions and GHG financial intensity ratio are calculated using the market-based Scope 2 emissions.
2. GHG intensity ratio of our offices is calculated using the location-based Scope 2 emissions.

Non-financial information statement 2020

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

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

Reporting Requirement	Policies and standards which govern our approach	Where to read about our impact in this report	Page
Environmental matters	Environmental Policy	'Environment' section of Responsible Business	56 to 60
Employees	- H&S Policy - Equality & Diversity Policy - Code of Conduct - Whistleblowing Policy	- CEO Review - Business Model 'People' section of Responsible Business 'Culture' section of Responsible Business 'People and culture' Principal Risk in the Principal and Emerging Risks and Uncertainties - S172 (1) Companies Act statement – People - Corporate Governance Report - Remuneration Report	18 to 25 8 and 9 48 to 52 53 30 to 38 43 62 to 83 92 to 116
Human Rights	- Code of Conduct - Modern Slavery Statement	'Culture' section of Responsible Business	53
Social matters	- Code of Conduct - Modern Slavery Statement - Tax Strategy	'Social Matters' section of Responsible Business	54 and 55
Financial Crime (Anti Money Laundering and Anti Bribery and corruption)	- Code of Conduct - Whistleblowing Policy - Anti-Bribery and Corruption Policy	- Culture section of Responsible Business - Corporate Governance Report	53 62 to 83
Outcome of non-financial policies and standards	- Carbon emissions reporting - Gender Diversity reporting in accordance with the Corporate Governance Code 2018	'Environment' section of Responsible Business - Corporate Governance Report	56 to 60 62 to 83
Business model		Our business model section of the Strategic Report	8 and 9
Due diligence processes in place in pursuance of promoting non-financial policies and standards	- All employees required to read and adhere to the Code of Conduct - Whistleblowing reports reviewed by the Board - Anti-corruption and anti-bribery training and monitoring		53

Chairman’s introduction



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

Overview

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Composition, Succession and Evaluation	79 to 82	Remuneration Report	92 to 116

Applying the Principles of the 2018 UK Corporate Governance Code

Compliance Statement

The Company reported against the 2018 UK Corporate Governance Code (the ‘Code’) and the Companies (Miscellaneous Reporting) Regulations 2018. Our Governance Report reflects these requirements as they apply to Savills and includes cross references to relevant sections of the Strategic Report, the Directors Remuneration Report and other related disclosures. As part of this reporting, a Section 172(1) statement can be found on pages 43 and 44 of the Strategic Report. A copy of the Code is available from the Financial Reporting Council’s website at www.frc.org.uk. It is the Board’s view that for the financial year ended 31 December 2020 Savills has been fully compliant with all of the Principles and Provisions set out in the Code.

Responsibility for good governance lies with the Board. The Board is committed to maintaining the highest standards of corporate governance, which are fundamental to discharging our responsibilities. We set out our governance framework in this report and explain how robust and effective corporate governance practices enable the Group to deliver its strategy and create long-term Shareholder value. Further information on our strategy and business model can be found on pages 8 and 9.

Ensuring that we do the right thing in the right way requires the right leadership and it is a fundamental part of my role as Chairman to ensure that the Board has the right blend of skills and experience. As an international business, we benefit from our Non-Executive Directors’ knowledge of and involvement with other businesses across Asia, Europe and the US. All of the Non-Executive Directors are considered by the Board to be independent, meaning that at least half of the Board members throughout the year were independent Non-Executive Directors (excluding me, as Chairman). The details of their skills and experience are, along with those of the other Board members, set out on pages 64 to 67.

In accordance with the 2018 UK Corporate Governance Code (the ‘Code’), all of the Directors with the exception of Rupert Robson who has announced his intention to retire from the Board at the conclusion of the 2021 Annual General Meeting (the ‘2021 AGM’), will stand for re-election or re-appointment at the 2021 AGM on 12 May 2021. 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.

As highlighted in the Strategic Report on pages 4 to 61, COVID-19 has had a significant impact on how we have conducted our business in 2020. Our primary concern throughout the pandemic has been the continuation of client service at the highest levels and the well-being of our staff. The Board, as well as our employees across the Group have adapted to changes in 2020 to our normal ways of working, implemented in response to the pandemic. The Board has conducted its meetings which increased in frequency in response to the pandemic, and those of its Committees, remotely via video conferencing since April 2020. We are comfortable that the integrity of our governance structure has been maintained during this period, notwithstanding the practical changes that have been made. The framework setting out the various Board Committees, principal management committee and other key committees is set out on page 73.

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. Our Code of Conduct is readily accessible in all local languages to all staff to support their day to day decision making. We demand the highest professional standards from all of our people all of the time and we have a zero tolerance approach to breaches of the Code of Conduct. Our whistleblowing policy enables employees to raise any matters of concern anonymously and is embedded into our business.

The Board is committed to a culture that attracts and retains talented people to deliver outstanding performance and further enhance the success of the Group. A good board is formed of a diverse group of individuals, each contributing different experiences, skills and backgrounds and which enables independent and effective leadership. Diversity and inclusion remain a priority for the Board and across 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 61.

Rupert Robson, who has served on the Board since 2015, retires at the conclusion of the 2021 AGM. Given Rupert Robson's retirement at the conclusion of the 2021 AGM in May, Richard Orders has succeeded him as Chairman of the Remuneration Committee. Tim Freshwater, who has served on the Board since 2012, will retire from the Board on 31 December 2021. Tim, having served nine years on the Board, stepped down as Senior Independent Non-Executive Director effective 31 December 2020, when he was succeeded in this capacity by Stacey Cartwright. I would like to thank Rupert for his considerable contribution to the Board and its Committees during his term.

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 79 to 82), on 1 January 2021 Philip Lee and Richard Orders were appointed as additional independent Non-Executive Directors. Both Philip and Richard have extensive experience which will complement and further enhance the wide-ranging skills and experience of the Board and its Committees.

The Board is collectively responsible for the long-term success of the Group and how it is directed and controlled, so we test Board effectiveness and performance annually through a formal evaluation. Alice Perkins of AP Consulting externally facilitated the review in 2019, so this year's evaluation was conducted in-house, led by me and facilitated by the Group Legal Director & Company Secretary. The process, key conclusions and areas of focus for 2021 are set out on page 82. Following this review, I am satisfied that the Board continues to perform effectively and in particular I am confident that the Board has the right balance of skills, experience and diversity of personality to continue to encourage open, transparent debate and challenge.

Risk management remains a fundamental element of the Board and Audit Committee's agendas and our governance efforts across the Group as a whole. The Audit Committee's Report on pages 84 to 91 sets out in more detail the systems of risk management and internal control. Details of our principal existing and emerging risks and uncertainties can be found on pages 30 to 38.

Included within this Report is our Annual Report on Directors' Remuneration, will be presented to Shareholders for approval at the 2021 AGM.

We believe that engaging with our Shareholders and encouraging an open, meaningful dialogue between Shareholders and the Company is vital to ensuring mutual understanding. We are in regular contact with our major Shareholders and potential Shareholders and in 2020 continued our regular, scheduled programme of meetings by way of video conference as part of our continuing commitment to this open and transparent dialogue. You can read more about Shareholder engagement on page 77 and in the meantime, my fellow Directors and I look forward to continuing our dialogue with Shareholders.

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

10 March 2021

Board of Directors



Nicholas Ferguson CBE

**Chairman of Savills plc and
Chairman of the Nomination
& Governance Committee**

Appointment to the Board

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

Background and relevant experience

Nicholas has held a number of leadership roles in the private equity and investment sectors. He was co-founder of Schroder Ventures (the private equity group which later became Permira) of which he served as Chairman from 1984 to 2001. He later served as Chairman of SVG Capital plc, a publicly quoted private equity group, from April 2005 to November 2012.

Other appointments

Nicholas was Chairman of Sky Plc from April 2012 to May 2016, having been appointed to the board as a Non-Executive Director in June 2004 and having previously served as Deputy Chairman and Senior Independent Non-Executive Director. Chairman of African Logistical Properties; and Chairman and founder of The Kilfinan Group, which provides mentoring by Chairmen and CEOs to heads of charities. Nicholas is also non-executive Director of Wendel Group.

Committee Membership

Remuneration, Nomination & Governance Committees.



Mark Ridley

Group Chief Executive Officer

Appointment to the Board

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

Background and relevant experience

Mark is a Fellow of the Royal Institution of Chartered Surveyors. He was Chairman of Savills Commercial from May 2008, then Chief Executive Officer of Savills UK from 2013 and additionally of Savills Europe from 2014 until he was appointed as Deputy Group Chief Executive on 1 May 2018. As of 1 January 2019, Mark was appointed as Group Chief Executive Officer.

Other appointments

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

Committee Membership

Nomination & Governance Committee.



Simon Shaw

Group Chief Financial Officer

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Non-Executive Chairman of Synairgen plc.

Committee Membership

None.



Tim Freshwater

Independent Non-Executive Director

Appointment to the Board

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

Background and relevant experience

Tim is Chairman of Goldman Sachs Asia Bank Limited and was formerly Chairman of Corporate Finance for Goldman Sachs (Asia).

Before joining Goldman Sachs, Tim worked at Jardine Fleming, becoming Group Chairman in 1999, and was a partner at Slaughter and May from 1975 to 1996. Tim has been resident in Hong Kong for over 30 of the last 40 years.

Other appointments

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

Committee Membership

Nomination & Governance Committee.

Board of Directors continued



Rupert Robson

**Independent
Non-Executive Director**

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Chairman of Sanne Group plc.

Committee Membership

Audit and Nomination & Governance Committees.



Stacey Cartwright

**Independent Non-Executive
Director; Senior Independent
Director and Chair of the
Audit Committee**

Appointment to the Board

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

Background and relevant experience

Stacey most recently served as Chief Executive and then Deputy Chairman of Harvey Nichols Group until 2018, and prior to that was EVP and CFO of Burberry Group plc. She previously served as CFO of Egg plc and spent her early career in a number of finance roles at Granada Group PLC. She was a Non-Executive director at GlaxoSmithKline PLC from 2011 to 2016 and the Senior Independent Non-Executive Director of the English Football Association from 2018 to 2020. She qualified as a Chartered Accountant with Price Waterhouse.

Other appointments

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

Committee Membership

Audit, Remuneration and Nomination & Governance Committees.



Florence Tondy-Mélèque

**Independent
Non-Executive Director**

Appointment to the Board

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

Background and relevant experience

Florence is currently Chief Executive Officer of Zurich France, and a member of Zurich's Group Leadership Team.

She was previously Chief Operating Officer of Hiscox Europe, prior to which she held senior executive roles at AXA Real Estate and AXA Investment Managers. She spent her early career at McKinsey & Company.

Other appointments

Non-Executive Director of the French-American Foundation.

Non-Executive Director of Auchan Retail International.

Committee Membership

Audit and Nomination & Governance Committees.



Dana Roffman

**Independent
Non-Executive Director**

Appointment to the Board

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

Background and relevant experience

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

Other appointments

Advisory Board of NYU Schack Institute of Real Estate.

Committee Membership

Remuneration and Nomination & Governance Committees.



Philip Lee

**Independent
Non-Executive Director**

Appointment to the Board

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

Background and relevant experience

Philip Lee is currently Vice Chairman of Global Banking, South East Asia, HSBC Bank and is a member of the Global Banking Vice Chairman and Banking Leadership Forums. He is also an independent board director of Heliconia Capital Management, an investment firm owned by Temasek focused on growth-oriented Singapore companies, and is Chairman of the Singapore Government's Health Promotion Board. Philip was previously with Deutsche Bank (2013-2018) as Vice Chairman of South East Asia and Chief Country Officer for the Bank in Singapore. Prior to 2013, Philip was with JP Morgan (1995-2013), where he was CEO South East Asia Investment Banking and Senior Country Officer, Singapore, after having worked in senior positions for various other banks in the region before then. Since 2006, he has also held roles on various advisory bodies and Statutory Boards established by the Singapore government.

Other appointments

None.

Committee Membership

Audit and Nomination & Governance Committees.



Richard Orders

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

Appointment to the Board

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

Background and relevant experience

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

Other appointments

None.

Committee Membership

Remuneration and Nomination & Governance Committees.

Group Executive Board



Mark Ridley

Group Chief Executive Officer

(effective 1 January 2019)

Deputy Group Chief Executive

(from 1 May 2018 to 31 December 2018)

(see Board of Directors on pages 64 to 67 for full biography)



Simon Shaw

Group Chief Financial Officer

(see Board of Directors on pages 64 to 67 for full biography)



James Sparrow

Chief Executive Officer, UK & EMEA

Appointment to the Group Executive Board:

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

Background and relevant experience

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



Chris Lee

**Group Legal Director
& Company Secretary**

Appointment to the Group Executive Board

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

Background and relevant experience

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



Raymond Lee

**Chief Executive - Hong Kong,
Macau and Greater China**

Appointment to the Group Executive Board

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

Background and relevant experience

He joined Savills in 1989. In 2003, Raymond became the Managing Director in Hong Kong and Macau and in 2010 was appointed CEO of Greater China. Raymond is a Fellow member of the Hong Kong Institute of Directors and holds an honorary fellowship at the 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.

Group Executive Board continued**Simon Hope****Global Head of Capital Markets****Appointment to the Group Executive Board:**

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

Background and relevant experience

He joined Savills in September 1986 and he is Head of our Global Capital Markets business. He is also a member of the Board of the Charities Property Fund, Chairman of Tilstone LLP, co-founder and non-executive of the Warehouse REIT, Chair of Racing Homes, Trustee of Racing Welfare, The Jockey Club's charity, and Governor of Magdalen College School, Oxford.

**Mitchell E. Rudin****Chairman & CEO - Savills Inc****Appointment to the Group Executive Board:**

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

Background and relevant experience

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

Other appointments

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

**Christian Mancini****Chief Executive Officer - Asia Pacific (ex Greater China)****Appointment to the Group Executive Board:**

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

Background and relevant experience

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

Other appointments

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



Alex Jeffrey

**Chief Executive Officer – Savills
Investment Management**

Appointment to the Group Executive Board:

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

Background and relevant experience

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

Corporate Governance

Board Leadership and Company Purpose

Overview of the Board's responsibilities

- Has primary responsibility for providing entrepreneurial leadership for the Group
- Oversees the overall strategic development of the Group and approves the strategy to achieve the Group's strategic aims
- Sets the Group's values and standards
- Ensures effective governance and risk management and that the Group's businesses act ethically and that obligations to Shareholders are understood and met
- Delegates the management of the day-to-day operation of the business to the Group Chief Executive, supported by the Group Executive Board subject to appropriate risk parameters

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

Board Committees

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

Group Executive Board ('GEB')

The Group Chief Executive is supported by the GEB. The GEB is the key management committee of the Group. It is chaired by the Group Chief Executive and comprises the Group Chief Financial Officer, the Heads of the Principal Businesses and the Group Legal Director & Company Secretary. The GEB meets regularly and under the leadership of the Group Chief Executive, the GEB is responsible for the day to day management of the Group including overseeing the development and implementation of strategy, capital expenditure, and investment budgets, for the ongoing review and control of the Group's principal existing and emerging risks and uncertainties as detailed on pages 30 to 38 and reporting on these areas to the Board for approval, implementing Group policy, monitoring financial and operational performance of the Group and other specific matters delegated to it by the Board. The Group Chief Executive is also supported by Regional Service Strategy Groups which are tasked with the continuous development of service line offerings and client relationship management in each region, in particular to ensure that the Group's offering across its key service lines continues to evolve to meet new client requirements and to ensure consistent approach across the Group. An explanation of how the Group creates and preserves value, and the strategy for delivering its objectives is included in the Strategic Report on pages 4 to 61.

Corporate Governance Structure

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

Audit Committee - Responsible for assisting the Board in fulfilling its financial and risk responsibilities, and in particular for ensuring that the financial statements are fair, balanced and understandable - Oversees external financial reporting, internal control, risk management and reviews the work of the Internal and External auditors - Advises the Board on the appointment of the External auditors Chair: Stacey Cartwright Number of meetings in the year: 5 For more information see pages 84 to 91	Remuneration Committee - Responsible for the broad policy governing senior staff pay and remuneration - Sets the actual levels of all elements of the remuneration of the Executive Directors, and Group Executive Board members Chair: Richard Orders (who has succeeded Rupert Robson as chair) Number of meetings in the year: 5 For more information see pages 92 to 116	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: 3 For more information see pages 79 to 82	Group Chief Executive Responsible for the day-to-day management of the Group
CR Steering Group - Co-ordinates Corporate Responsibility ('CR') activity to deliver Savills agreed goals - Oversees Savills CR Strategy for the Group globally and recommending changes to it when appropriate - Monitors Group-wide CR progress and performance and identifying to the Group Executive Board areas where action needs to be taken - Ensures that key CR responsibilities and achievements are communicated to all staff globally and externally to interested parties - Gathers and records information about all existing CR programmes and initiatives taking place within the Group - Helps to determine indicators and measures that will be used to ascertain performance against prioritised CR impact areas - Helps to identify on any external indices, initiatives, codes and standards for Savills to use or adopt to help validate CR performance - Responsible for overseeing preparation of the non financial information section of the Annual Report Chair: Group Legal Director & Company Secretary For more information see page 46	Executive Committees - Lead each Principal Business - Responsible for the day-to-day management of the relevant Principal Business - Oversee the development and implementation of strategy, capital expenditure, and investment budgets for the ongoing review and control of Group risks, reporting on these areas to the Group Executive Board and, as necessary, the Board for approval - Implements Group policy - Monitor financial and operational performance of the relevant Principal Business and other specific matters delegated to them by the Group Executive Board	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	Group Risk Committee - Identifies and evaluates Group level risks - Reviews and challenges risks reported by subsidiaries - Champions the ongoing Group-wide development of risk management and the internal controls framework - Monitors Internal Audit and other sources of assurance on the effectiveness of internal controls

Corporate Governance continued

Corporate Governance Structure continued

What the Board did in 2020

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>.

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

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

Resilient and robust decision making during the pandemic

In order to better assess the impact of the COVID-19 pandemic, to make timely well informed decisions and to consider how the pandemic might impact the Group's business and operations, and to assess our response to the critical needs of the business, its people, its clients and the communities in which it operates, the Board increased the frequency of its meetings from March for the remainder of the year. The Board generally met virtually, using audio-video conferencing, to enable Directors located in different time zones and locations to participate in meetings, with individuals from across the Principal Businesses providing updates and presentations. The agendas for these meetings included the latest information on the Group's operational response to the pandemic, the impact of government measures across the Group including lockdowns and closures, and scenario planning for the potential impact on the Savills business. A key priority was to ensure that employees were protected through appropriate COVID-19 secure working protocols, with a focus on wellbeing and mental health.

Our learning and understanding from our global business leaders continued unabated through virtual channels. In 2020, the Board additionally considered the growth plans across the Group, and approved material acquisition and recruitment plans, specifically in relation to the acquisitions of Macro Project Consultants in the US and Omega Property Management in Germany, as well as the selective strengthening of our teams in various markets. One of the Board's meetings during the year was specifically devoted to the review of the Group's strategy. The key areas of Board activity during the year are set out as follows:

Summary of Board Activity in 2020

Leadership and people

- Reviewed the composition and performance of the Board and its Committees

Developing a successful strategy

- Reviewed the potential impact of Brexit
- Reviewed the performance and growth of the Group's Principal Businesses
- Held the annual strategy review through video conference to consider the Group's strategy in depth
- Considered and approved the following growth initiatives consistent with the Group's strategic plan:
 - the further growth of the Group's Asia Pacific platform
 - the continued up-scaling of the Group's CEME business, with a particular focus on consultancy and property management
 - the further broadening of the Group's US platform, in particular to build on the acquisition of Macro Project Consultants in 2020 to extend the consultancy offering; and
 - to extend the Savills Investment Management platform, with a particular focus on Asia

Implementing Governance and ethics and monitoring risk

- Reviewed and confirmed the principal existing and emerging risks and uncertainties facing the Group which are described in detail on pages 30 to 38
- Approved increasing the number of Board meetings during the year in the light of the COVID-19 pandemic
- 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, US, European and UK businesses and Savills Investment Management
- Received updates on regulatory and governance developments
- Received regular reports in relation to the operational response to the emergence and impact of the pandemic
- Received regular reports in relation to material legal matters
- Reviewed and discussed the evaluation of the performance of the Board, its Committees and individual Directors and conflicts of interest to ensure that they continued to be effective in support of Group strategy, policy and practice
- Considered feedback from 'Employee Voice' engagement initiatives, as refined in response to the pandemic
- Reviewed issues raised through the Group's Confidential Reporting ('Speak Up') channels

Ensuring appropriate financial management

- Reviewed the 2021-23 Business Plan and approved the 2021 Budget
- Reviewed business performance, profit delivery and cash management performance, and in each case, assessed performance in these areas against the Group's strategy, objectives, business plans and budgets to ensure that the financial resources generated by the Group's businesses were applied to the creation of additional value, costs were controlled and that resources could be made available at the appropriate time to realise business opportunities
- Considered and approved the Going Concern and Viability Statements
- Reviewed and approved the Company's 2020 Tax Strategy
- Approved annual and half year results and trading updates, and accounting policies so as to ensure that communication with the Group's Shareholders is fair, balanced and understandable; and, subject to Shareholder approval, the appointment and the remuneration of the External Auditor

Stakeholder engagement

- Received and considered feedback collated by the Company's corporate brokers from road-shows, presentations and meetings between investors and the Group Chief Executive and/or Group Chief Financial Officer
- Received updates on workforce engagement during the year
- Received regular client feedback from the Group Chief Executive

Attendance at Board and Committee meetings

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

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. In 2020, when Directors are unable to attend a Board or Committee meeting, their views on the key items of business to be considered at that meeting are relayed in advance to the Chairman of that meeting in order that these can be presented at the meeting and be considered in the debate.

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

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

	Board meetings attended	Meetings eligible to attend	Audit Committee meetings attended	Meetings eligible to attend	Nomination & Governance Committee meetings attended	Meetings eligible to attend	Remuneration Committee meetings attended	Meetings eligible to attend
Non-Executive Directors								
Nicholas Ferguson ¹	10	10	– ¹	– ¹	3	3	– ²	– ²
Stacey Cartwright	10	10	5	5	3	3	4	5
Tim Freshwater	10	10	5	5	3	3	5	5
Rupert Robson	10	10	5	5	3	3	5	5
Florence Tondou-Mélique	10	10	5	5	3	3	5	5
Dana Roffman	10	10	5	5	3	3	5	5
Executive Directors								
Mark Ridley ³	10	10	– ⁴	– ⁴	2	2		
Simon Shaw ³	10	10	– ⁵	– ⁵				

1. The Chairman attended two Audit Committee meetings by invitation.

2. The Chairman attended five Remuneration Committee meetings by invitation.

3. Members of the Group Executive Board.

4. The Group Chief Executive attended two Audit Committee meetings by invitation.

5. The Group Chief Financial Officer attended five Audit Committee meetings by invitation.

Corporate Governance continued

Corporate Governance Structure continued

Purpose, Culture and Values

We have built our brand and reputation on the quality of our people, relationships, resources and processes. Savills has a strong and well embedded culture, founded on an entrepreneurial approach and underpinned by our values and operational and ethical standards. Everything that we do is underpinned by strong governance, a disciplined approach to risk management and high standards of responsibility, which supports the sustainable development of our business. Our Code of Conduct underpins our social, ethical and environmental commitments and sets out the standards of behaviour we expect our employees to demonstrate and adhere to. Our whistleblowing policy supports the culture within the Group where genuine concerns may be reported and investigated without reprisal for whistleblowers enabling employees to raise any matters of concern anonymously. All disclosures are investigated promptly by the Group Legal Director & Company Secretary and escalated to the Board as appropriate, with follow up action being taken as soon as practicable thereafter. The Board as part of its overall review of the Group's system of internal control, reviews the procedures in place during the year and is satisfied that they are appropriate to the size and scale of the Group.

In addition to facilitate the Savills Board's assessment and monitoring of culture a number of KPIs have been adopted:

- Staff turnover, retention and absenteeism rates
- Staff wellbeing
- Training & Development (programme overview and outputs)
- Recruitment, reward and promotion decisions (overview)
- Whistleblowing, grievance and 'speak-up' data
- Employee surveys, particularly in the context of the COVID-19 pandemic, including pulse surveys
- Exit interviews
- Promptness of payments to suppliers

Listening to our employees

Our employees are at the heart of the culture of our business. In accordance with the Code, the Board has reviewed the mechanisms that it uses to engage with its workforce. Last year, the Board considered the three mechanisms set out in the Code and determined that in particular reflecting the Group's geographic spread, that it would be beneficial for all of the Non-Executive Directors to engage in the workforce engagement programme, with each Non-Executive Director to focus on specific regions reflecting their own domiciles, and should therefore to be "designated" for workforce engagement purposes, (rather than nominating a single Non-Executive Director). The Board believes this enhances each of the Director's engagement with, and understanding of, workforce views, leverages cultural awareness and is more efficient (in that it does not require a single designated Non-Executive Director to engage across all of the Group's diverse geographic markets).

As part of our commitment to helping all of our people to understand the Group's growth strategy and to raise other questions they have about the Group, the Board has established communication channels to further encourage the two way flow of information between the Group's businesses and workforce, and in particular to allow feedback from the Group's Principal Businesses to flow to the Board direct. These include:

- (a) the promotion of our digital platform which allows direct employee communication (in local languages) with Non-Executive Directors (including the Chairman) in areas of focus (such as strategy, training & development opportunities; measurement of staff performance and promotion criteria; diversity; and flexible working); and
- (b) as social distancing rules and travel restrictions allow, Board members attending staff 'Town Hall' / Employee Briefing sessions by region.

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

More detail about our commitment to our people is set out in the Responsible Business section of this Annual Report and Accounts in the Strategic Report on pages 4 to 61.

Board engagement with stakeholders

In accordance with the Code, the Board recognises the importance of engagement with all stakeholder groups and more information on this is set out in the Strategic Report on pages 4 to 61. 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 Shareholders 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 Stacey Cartwright as the Senior Independent Director are also available to meet Shareholders at all times as required.

The Annual General Meeting ('AGM') provides the Board with an opportunity to communicate with, and answer questions from, private and institutional Shareholders. In previous years, the whole Board would have been available before the meeting, in particular, for Shareholders to meet new Directors. The Chairman of each of the Committees would have been available at the AGM to answer questions. Directors would have been available before and during the meeting to answer questions from Shareholders and to meet with Shareholders following the conclusion of the formal part of the meeting. However, given current UK Government guidance and restrictions on social gatherings in light of COVID-19, it is proposed that the 2021 AGM will be held as a closed meeting, save for those Shareholders permitted to attend the meeting to satisfy quorum requirements. The Board is, however, keen to maintain engagement with Shareholders and accordingly, the Directors have made available to Shareholders the ability to submit questions relevant to the business of the AGM ahead of the AGM. These questions will then be answered at the AGM, which Shareholders will be permitted to access via an internet link.

The level and manner of voting of proxies lodged on each resolution at the AGM is declared at the meeting and published on the Company's website. The notice of the AGM is sent out at least 20 working days before the meeting and at least 15 working days' notice would be given before other general meetings.

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

Details of the resolutions to be proposed at the 2021 AGM can be found in the Notice of Meeting which accompanies this Annual Report and Accounts. The Group's website includes a specific investor relations section containing all RNS announcements, share price information and annual reports available for download. The Company has taken advantage of the provisions within the Companies Act 2006 which allow communications with Shareholders to be made electronically where Shareholders have not requested hard copy documentation. Details of the information available to Shareholders can be found on page 216.

Conflicts of Interest

The Companies Act 2006 places a duty on each Director to avoid a situation in which he or she has or can have a direct or indirect interest which conflicts or may conflict with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the other Directors in accordance with the Company's Articles of Association. Procedures are in place for the disclosure by Directors of any interest that conflicts, or possibly may conflict, with the Company's interests and for the appropriate authorisation to be sought if a conflict arises. The Board, or the Nomination & Governance Committee on its behalf, reviews actual and situational conflicts of interest at least annually and as necessary if and when a new potential situational conflict is identified or a potential conflict situation materialises. During 2020, the actual and situational conflicts of interest that were identified by each Director were reviewed and authorised by the Board, subject to appropriate conditions in accordance with the guiding principles. The procedures adopted to deal with conflicts of interest continue to operate effectively and the Board's authorisation powers continue to be exercised properly in accordance with the Company's Articles of Association.

Corporate Governance continued

Division of Responsibilities

Roles on the Board

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

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

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

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

The Senior Independent Director, formerly Tim Freshwater and since 31 December 2020 Stacey Cartwright, acts as intermediary for other Directors, if needed, and is available to respond to Shareholder concerns when contact through the normal channels is inappropriate.

Time commitment and conflicts

The following section sets out the Company's compliance with Code Provisions 7 and 15. All potential new Directors are asked to disclose their other significant commitments. The Nomination & Governance Committee takes this into account when considering proposed appointments to ensure that Directors can discharge their responsibilities to the Group effectively. This means not only attending and preparing for formal Board and Committee meetings, but also making time to understand the business, and to undertake training. The time commitment is agreed with each Non-Executive Director on an individual basis. In addition, all Directors must seek approval before accepting any significant new commitment. The Board is satisfied that the Chairman and each of the Non-Executive Directors committed sufficient time during the year to enable them to meet their Board responsibilities and fulfil their duties as Directors of the Company.

For the year ended 31 December 2020 and as at the date of publication of this Annual Report, the Board is satisfied that none of the Directors is over-committed and that each of the Directors allocates sufficient time to his or her role in order to discharge their responsibilities effectively.

Information provided to the Board

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

Composition, Succession and Evaluation

Nomination & Governance Committee Report

Main responsibilities

- 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

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

Membership and meetings

Committee Members	Key Objectives
Nicholas Ferguson (Chair*) Stacey Cartwright Tim Freshwater Rupert Robson (retires 12 May 2021) Florence Tondou-Mélique Dana Roffman Philip Lee (appointed 1 January 2021) Richard Orders (appointed 1 January 2021) Mark Ridley (Executive Director)	The primary objectives of the Committee are: • to review the size and composition of the Board and its key Committees and to plan for the Board's progressive refreshing, with regard to balance and structure • to monitor the Company's compliance with applicable codes and other requirements of corporate governance including the Code

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

The Committee met three times during 2020. Individual attendance by Directors at this meeting is shown in the table on page 75. Members of the Committee also normally attend the Company's AGM at which there is an opportunity to meet with Shareholders. Any other Director, the Group Legal Director & Company Secretary or an external advisor may be invited by the Committee to attend the meetings from time to time, as appropriate.

Changes to the Board and Committees

During the year to 31 December 2020 and since the year end, there were the following changes to the Board:

- Philip Lee and Richard Orders were appointed Non-Executive Directors; Philip was appointed as a Member of the Audit Committee and the Committee on 1 January 2021; Richard was appointed as a Member of the Remuneration Committee and the Committee on 1 January 2021.

Key Responsibilities	Principal Activity during 2020
• Responsible for size, structure and composition of the Board • Reviewing and progressing appointments to the Board • Responsible for succession planning to ensure that the Board is refreshed progressively such that the balance of skills and experience available to the Board remains appropriate to the needs of the business • Responsible for overseeing the development of a diverse pipeline for succession to senior management • Makes recommendations to the Board on the membership of the principal Committees of the Board • To keep under review the Company's compliance with applicable Codes and other requirements of corporate governance More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at http://ir.savills.com.	The Committee has standing items that it considers regularly under its Terms of Reference; for example, the Committee considered and approved Directors' potential conflicts of interest and reviewed its own Terms of Reference (which are reviewed at least annually or as required, eg to reflect changes to the Code or as a result of changes in regulations or best practice). Specifically during the year, the Committee: • Considered Board succession planning including the tenure, mix and diversity of skills and experience of the existing Board Members in the context of the Group's strategy • Considered the proposed reappointment of the Non-Executive Directors, before making a recommendation to the Board that each Non-Executive Director be proposed to Shareholders for re-election at the 2021 AGM • Considered and authorised the actual and potential conflicts of interests of Directors • Led the process which resulted in the appointment of Philip Lee and Richard Orders to the Board

Corporate Governance continued

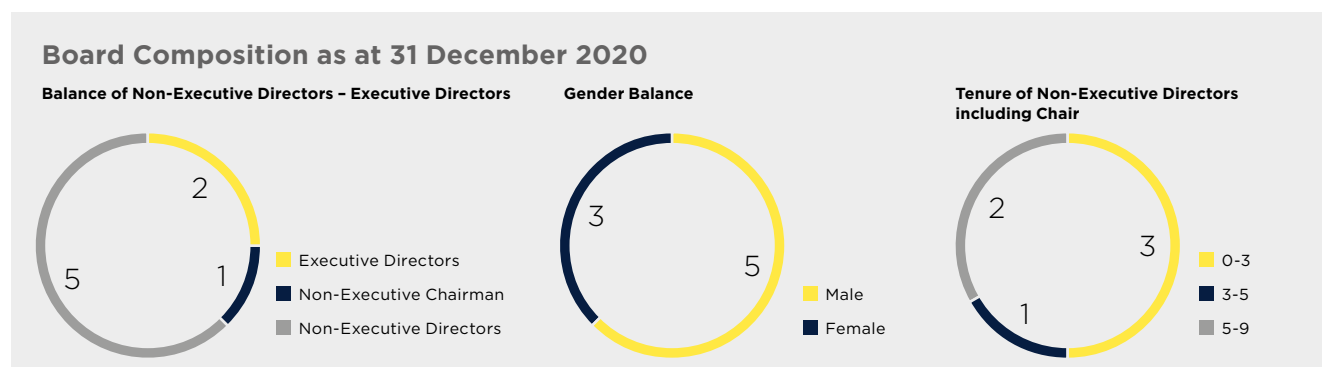
Composition, Succession and Evaluation continued

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 on the Board. On an annual basis, the Board reviews the independence of its Non-Executive Directors, particularly those with long service. The Non-Executive Directors are responsible for bringing independent and objective judgement and scrutiny to matters before the Board and its Committees. The Board considers that all of the Non-Executive Directors bring considerable expertise, strong independent oversight and are Independent Non-Executive Directors, being independent of management and having no business or other relationship which could interfere materially with the exercise of their judgement.

Board composition

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



Board appointments

The Board recognises the benefit of progressively refreshing its membership and therefore commenced the search for additional independent Non-Executive Directors in 2020. The Committee led the process which resulted in the appointments of Philip Lee and Richard Orders to the Board. In this search the Board was conscious of its objective of further strengthening diversity at Board level. The Committee assessed the balance of skills, knowledge, independence, experience and diversity of the Board and, in view of this assessment, a description of the role and competencies needed was agreed, with a view to appointing the best qualified individuals for the role. Odgers Berndtson was selected to lead the search due to its specialist knowledge of recruiting at Board level. Odgers Berndtson has no other connection with the Group and is a signatory to the Voluntary Code of Conduct of Executive Search Firms.

Odgers Berndtson provided a long list of potential candidates and first stage interviews were led by the Chair of the Committee. In making the recommendation to the Board on the proposed appointment, the Nomination & Governance Committee specifically considered the expected time commitment of the proposed Non-Executive Director and the other commitments that they already had. A final shortlist of candidates was selected for final stage interviews with the Committee members, the Group Chief Executive Officer and the Group Chief Financial Officer. The Committee was unanimous in their recommendation to the Board that Philip Lee and Richard Orders be appointed as additional independent Non-Executive Directors, and was delighted to welcome Philip and Richard to the Board on 1 January 2021.

Details of the different stages of the appointment process that the Committee followed in relation to the appointment process of Philip and Richard are set out below:

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

Philip Lee's biography

See page 67

Richard Orders's biography

See page 67

Succession planning

We recognise the importance of planning for the future and of having succession plans in place which introduce new skills and perspectives to the Board and which complement the experience of the existing Board members. The Committee will continue to monitor the needs of the Board and its Committees in the context of the delivery of the Group's strategy, with the aim of ensuring that the Group's succession planning policy evolves such that there is an identifiable supply of talent and experience available to the Board and its Committees from which to select successors.

No Director is involved in decisions regarding his or her own succession. The Committee also monitors the development of the executive team below the Board to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience. The biographies of the Board members appear on pages 64 to 67.

Diversity & Inclusion

The Committee is responsible for overseeing the development of a diverse pipeline for succession to senior management. We continue to make good progress in terms of diversity and inclusion initiatives. The appointments of Stacey Cartwright, Florence Tondou-Mélique and Dana Roffman to the Board mean that the percentage of women on the Board increased to 37.5%, exceeding the Hampton-Alexander Review target of 33% female Board representation to be achieved by FTSE 350 companies by 2020. We note the recommendations of the Parker Review Committee published in October 2017 relating to ethnic diversity on Boards. With the appointment of Philip Lee on 1 January 2021, the Board now includes one BAME member, meeting the minimum recommendation of the Parker Review Committee in relation to diversity of board membership.

Diversity is more than just gender based and the Board will continue to focus on this important issue in the wider context. All appointments to the Board are made on merit and within this context, the Board continues to view diversity in the widest sense, with a view to appointing the best-placed individual for the role. Appointing the best people to the Board is critical to the success of the Company and our focus remains on attracting the right talent and skills irrespective of gender or diversity.

Diversity across the Group remains a key area of focus. For the purposes of complying with the requirements of the Code Provision 23, Senior Management is defined as the Group Executive Board ('GEB'). As at 31 December 2020 the GEB members and their direct reports totalled 109 of which 33 were female, 76 were male. Accordingly, our Group Women in Leadership percentage (determined in accordance with the Hampton-Alexander Review criteria) was 30.3% as at 31 October 2020. Our previous year Group Women in Leadership percentage as reported by the Hampton-Alexander Review was 22.5% (as at 30 June 2019).

More information on our commitment to diversity is set out on pages 50 and 51 of the Strategic Report.

Review of Board and Committee effectiveness and performance

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

In line with the requirements of the Code we continue to test the Board's effectiveness and performance annually through a formal evaluation.

This is facilitated by an independent external consultant at least once every three years. Alice Perkins, of AP Consulting externally facilitated the review in 2019, so this year's evaluation was conducted in-house, led by the Chairman and facilitated by the Group Legal Director & Company Secretary. The process, key conclusions and areas of focus for 2021 are set out on page 82.

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 output of the evaluation was presented in a report to the Board in March 2021 and the Directors discussed the points raised by the review.

Corporate Governance continued

Composition, Succession and Evaluation continued

The overall conclusion from the 2020 Board Review was that the Board and its Committees continue to operate to a high standard and work well and effectively. All of the Board members are very committed to the Company's success and were keen to use this review as an opportunity to identify ways to improve performance further. Reflecting the output from the 2020 Board Review a number of further enhancements to the Board's 2021 Work Plan were agreed, including:

- to ensure that the Group continues to maintain the highest standards of client service, a key client or clients to be invited to present to the Board to provide client insight into the strengths of and opportunities to further improve the service offering;
- to ensure that the Board maintains a good understanding of investor views, the Company's brokers to attend a Board meeting at least once a year to report to the Board on shareholder views; and

in relation to the annual Strategy Day, the strategy review to be spread over 1.5 days to allow greater time for consideration of the proposals, and the agenda to include a presentation from an appropriate external expert on emerging trends in real estate, particularly in relation to proptech developments.

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

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

There have been significant changes to the Board over the last two years which will continue with the retirement of two Non-Executive Directors in 2021 and the appointment of two new Non-Executive Directors on 1 January 2021. These changes have markedly increased the diversity of the Board's membership in terms of gender, ethnic representation, age, geographical coverage and sector experience. While the Board is still in transition, these changes have been welcomed and the Board is benefiting from them. It will keep succession under review taking account of the changing environment in which it is working.

The Committee is working well and is thought to be well-chaired and supported.

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

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

Board Induction, training and development

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

Governance

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

Nicholas Ferguson CBE

Chairman of the Nomination & Governance Committee

10 March 2021

Audit, Risk and Internal Control

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

The principal existing and emerging risks and uncertainties faced by the Group and the associated mitigating actions for these are set out on pages 30 to 38.

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

The Board is also responsible for ensuring that appropriate systems are in place to enable it to identify, assess and manage key risks. This responsibility includes the determination of the nature and extent of the principal risks the Board is willing to take to achieve its strategic objectives and for ensuring that an appropriate culture has been embedded throughout the organisation. The Board's attitude and appetite to risk is communicated to the Group's businesses through the strategy planning processes.

The Board is supported by the Audit Committee in discharging its oversight duties with regard to internal control and risk management. During the year, the Audit Committee on behalf of the Board, reviewed the effectiveness of the risk management systems and internal control systems, including financial, operational and compliance controls. The Board did not identify any significant failings or weaknesses in the year. Taking into account the principal existing and emerging risks and uncertainties set out on pages 30 to 38, the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Board remains satisfied that the review of internal controls did not reveal any significant weaknesses and they continue to operate effectively.

Audit Committee Report



Stacey Cartwright,
Chair of the Audit Committee

“As Chair of the Audit Committee (the ‘Committee’), I am pleased to present the Audit Committee’s report for the financial year ended 31 December 2020.”

The aim of this report is to explain the work undertaken by the Audit Committee (the ‘Committee’) during the year and how it has met the disclosure requirements as set out in the Code. The key matters considered in the year are set out on pages 87 and 88.

This report provides an overview of the significant issues that the Audit Committee assessed and details the Committee’s major considerations and activities during the 2020 financial year in ensuring that the Company’s governance processes remain appropriate, robust, of a high standard and are rigorously applied.

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

In 2020, the Committee focused on the effectiveness of the Group’s internal controls and reviewed the Group’s principal risks and uncertainties, to ensure the alignment of these with the Company’s strategic objectives. It monitored the effectiveness of the control environment through the review of reports from Internal Audit, management and the External Auditor and ensured the quality of the Company’s financial reporting by reviewing the 2020 Half Year Financial Statements and this year’s Annual Report and Accounts. The Committee also monitored the handover process between the current External Auditor PricewaterhouseCoopers LLP (‘PwC’) and the incoming External Auditor Ernst & Young LLP (‘Ernst & Young’) whose appointment will be proposed for approval by Shareholders at the upcoming 2021 AGM.

The Committee also considered the processes supporting the assessment of the Group’s longer-term solvency and liquidity in support of the Viability Statement, particularly given the potential impact of COVID-19. Looking ahead, the Committee will continue to monitor changes in regulation and continue to focus on the audit, assurance and risk processes within the Principal Businesses. The Committee considered its compliance with the Code and the FRC Guidance on Audit Committees. The Committee believes that it has addressed both the spirit and the requirements of both.

The members of the Committee need to have the right balance of skills and experience to deliver its responsibilities. In accordance with our three year Board and Board Committee performance evaluation cycle, during the year, the Board carried out an internally facilitated evaluation of its performance and that of its Committees. The Board is satisfied that the Committee members possess relevant experience and appropriate levels of independence and that its members have the depth of financial and commercial experience across various industries which is essential for the effective working of the Committee. In order to ensure that the Committee remains effective, every three years the Board appoints an external organisation to perform an independent review of the Committee to evaluate its performance. The last independent review was performed in March 2019 and concluded that the Board members considered the Committee to be thorough and fully effective in meeting its objectives. In 2020 an internal review of the Board and Committee effectiveness was undertaken. The review concluded that the Committee continued to function well, that it was well chaired and that it had the appropriate access to senior management, the External and Internal Auditors and it had the necessary company secretarial support.

I would like to welcome Philip Lee, who joined the Committee on his appointment to the Board in January 2021 and has extensive relevant experience in similar organisations gained over many years. I would also like to thank Tim Freshwater and Dana Roffman, who retired from the Committee with effect from 31 December 2020, for their contributions to the Committee since their appointments in respectively January 2012 and November 2019.

At the request of the Board, the Committee has reviewed the content of this year’s Annual Report and Accounts and has advised the Board that, in its opinion, the Report taken as a whole is fair, balanced and understandable and it provides the information necessary for Shareholders to assess the Group’s position, performance, business model and strategy. The Committee noted the unqualified opinion from the External Auditor on the 2020 Annual Report.

Stacey Cartwright
Chair of the Audit Committee

Main responsibilities

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

Role of the Committee

The Committee is authorised to investigate any matter within its Terms of Reference (a copy of which can be found in the governance section of the Company's website at <http://ir.savills.com> (which are reviewed at least annually or as required)).

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

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

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

Composition

The Committee is a fundamental element of the Company's governance framework. The Committee is chaired by Stacey Cartwright. Five Independent Non-Executive Directors, Stacey Cartwright, Tim Freshwater, Rupert Robson, Florence Tondou-Mélique and Dana Roffman were members of the Committee during the year. Philip Lee joined the Committee on 1 January 2021. Tim Freshwater and Dana Roffman retired from the Committee with effect from 31 December 2020.

Members of the Committee are appointed by the Board following recommendations by the Nomination & Governance Committee and membership is reviewed annually by the Nomination & Governance Committee as part of the annual Board performance evaluation.

As at 31 December 2020 and up to the date of this report, the Committee comprised entirely independent Non-Executive Directors. The members of the Audit Committee have been chosen to provide the wide range of financial and commercial experience needed to undertake its duties and each member of the Audit Committee brings an appropriate balance of financial and commercial experience, combined with a sound understanding of the Company's business, and is therefore considered by the Board to be competent in the Company's sector. The expertise and experience of the members of the Audit Committee are summarised on pages 66 and 67.

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

All members of the Committee receive an appropriate induction, which includes an overview of the business, its financial dynamics and risks, and meetings with senior management. Committee members are expected to have an understanding of the principles of, and recent developments in, financial reporting, including the applicable accounting standards and statements of recommended practice, key aspects of the Company's policies, financing, internal control mechanisms, and matters that require the use of judgement in the presentation of accounts and key figures as well as the role of Internal Audit and the External Auditor.

Engagement

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

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

Audit Committee Report continued

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

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

The remuneration of the members of the Committee and the policy with regard to the remuneration of the Non-Executive Directors are set out on pages 92 to 116.

The Committee met five times during the year and reports to the Board after each Committee meeting. Attendance at meetings during 2020 is shown in the table below:

Committee member	Member since	Meetings attended	Meetings eligible to attend
Stacey Cartwright	October 2018	5	5
Tim Freshwater	January 2012	5	5
Rupert Robson	June 2015	5	5
Florence Tondou-Mélique	October 2018	5	5
Dana Roffman	November 2019	4	5

Subsequent to the year-end, Dana Roffman and Tim Freshwater retired from the Committee and Philip Lee was appointed as a Committee Member.

Activities of the Committee during the year

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

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

COVID-19

The COVID-19 crisis has had a range of implications on risk management and corporate reporting in the period. The key considerations are summarised below.

Principal existing and emerging risks and uncertainties

The impact of COVID-19 on the Group's principal and emerging risks and uncertainties has been reviewed in depth together with related mitigations. The principal existing and emerging risks and uncertainties are summarised on pages 30 to 38.

Corporate governance

External Audit: In response to governmental advice and restrictions regarding social distancing and travel, the Group's employees involved in the preparation of ongoing management information, financial reporting and supporting the external audit worked remotely, as did the PwC's audit teams. This required a different way of working during the year-end financial close process. Remote user access to our financial systems for these employees, software collaboration tools for the collation of audit evidence and regular status meetings have proved invaluable during the preparation of the financial results and execution of the external audit.

Internal controls systems

We have reviewed our financial controls and have concluded that except for a limited number of changes required as a result of remote working, the ongoing operation of our financial controls is substantially unaffected by COVID-19 restrictions. This is a function of the tools, processes and controls that have enabled effective remote access working for finance teams. We also performed a re-assessment of the Internal Audit plan for FY21 to ensure priorities were re-aligned with areas of higher risk in view of the current operating environment.

Financial reporting

We considered the significant financial reporting judgements as set out on page 88.

Long-term Viability Statement

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

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

During the year, in addition to its established review processes, the Committee considered and reviewed a number of other areas. These included updates on the risk and internal control environments within the Group's UK, US, Asia Pacific, Investment Management and EMEA businesses. In addition, the Committee examined the IT systems strategy including the Group's global approach to cyber security. The Committee specifically considered the processes and assessment of the Group's prospects and viability made by management to support the Viability Statement which can be found at page 39. The Committee's review included consideration of the time period adopted, the processes supporting the assessment of the Group's longer-term solvency and liquidity which support the Viability Statement disclosure.

The Committee considered and provided input into the determination of which of the Group's principal risks might have an impact on the Group's longer-term solvency and liquidity. It also reviewed the results of management's scenario modelling, including severe downside modelling, and the stress testing of those financial models supporting the viability analysis and challenged management as to the appropriateness of the assumptions made.

Following discussions with management and the External Auditor, the Committee approved the disclosures of these accounting policies and practices which are set out in Note 2 to the Financial Statements on pages 138 to 149.

Audit Committee Report continued

Significant financial reporting estimates and judgements

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

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

Matter considered	Action
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 FY20 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 in 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, including with respect to the expected credit losses across the Group. In particular it considered how management had reflected the impact of COVID-19 into its provisioning estimates. The Committee considered the results of the work of the External Auditor in this area. 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.
Goodwill impairment assessment	The Committee considered management's approach in relation to the carrying value of the Group's businesses, including goodwill, in particular in relation to North America and the Middle East. The Committee reviewed and considered the detailed analysis of the key inputs to forecast future cash flows and the process by which they were drawn up. The Committee considered the appropriateness of the assumptions used and reviewed the impact of sensitivity analysis. The Committee also considered if there were any reasonably possible changes in assumptions that would result in a material impairment and therefore require further disclosure in the Financial Statements. The Committee also considered a report from the External Auditor setting out its analysis and conclusions in this area. The Committee was satisfied with the assumptions and judgements applied by management.
Provisions for litigation	The Committee received regular updates on new and existing claims being made against the Group and the extent to which these had been provided for. The Committee focused its review on the provisions held in relation to significant legal matters and assessed the appropriateness of those provisions as at 31 December 2020. As part of this review the Committee took into account the Group's insurance cover and the advice received from external legal counsel to ensure that the appropriate provisions had been made. The Committee also discussed the matter with the External Auditor and determined that management had made reasonable judgements in their assessment process for determining the level of provisions held.
Impact of COVID-19	The Committee considered the appropriateness of management disclosures in the Financial Statements in respect of the impact of the current environment and the increased uncertainty on certain accounting estimates and considered these to be appropriate.

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, re-appointment or removal of the External Auditor, and negotiating and agreeing the External Audit fees. The Committee holds private meetings with the External Auditor at the March and August Committee meetings to provide additional opportunity for open dialogue and feedback to/from the Committee and the External Auditor without management being present. The Chair of the Committee also meets with the external lead audit partner outside the formal Committee process throughout the year.

The Committee monitored the performance of the External Auditor during the year and carried out a review of the effectiveness of the External Audit process and the appropriateness of its fees. The review covered a broad range of matters including amongst other matters, the quality of staff, its expertise, resources and the independence of the audit. The Committee considered the External Audit plan for the year and assessed how the External Auditor had performed including consideration of the robustness of the External Auditor's challenge and findings on areas which required judgement, the strength and depth of the lead partners and feedback from the Group's management.

The Committee formally concluded the assessment of the performance of the External Auditor at the December Committee meeting. There were no significant findings arising from the evaluation this year and the Committee concluded that both the audit and the audit process were effective.

An important aspect of managing the External Auditor relationship, and of the annual effectiveness review, is ensuring that there are adequate safeguards to protect auditor objectivity and independence. In conducting its annual assessment, the Committee reviews the External Auditor's own policies and procedures for safeguarding its objectivity and independence. As one of the ways in which it seeks to protect the independence and objectivity of the External Auditor, the Committee has a policy governing the engagement of the External Auditor to provide non-audit services and its assessment of PwC's independence is underpinned by this policy. In accordance with the Group's policy in place to 31 December 2020, the following non-audit services were not provided by the External Auditor:

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

Audit and non-audit fees

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

During the year, PwC was paid £2.5m for audit services and £0.1m for non-audit services, principally for audit-related assurance services relating to the interim review. Details of the fees paid to the External Auditor can be found in Note 8.2 to the Financial Statements on page 161. During the financial year ended 31 December 2020 contracts for non-audit services in excess of £0.1m require Committee approval and the Chair of the Audit Committee is notified of new instructions for the delivery of non-audit services below this level.

The Committee was satisfied that in view of their knowledge and experience of the Company, that when PwC was used, it was best placed to provide such non-audit services and that their objectivity and independence had not been impaired by reason of this further work. In line with the Company's policy for the financial year ended 31 December 2020 on the provision of non-audit work, the Committee reviewed the provision of non-audit work provided by the External Auditor on a case-by-case basis. The Committee was satisfied that the overall levels of audit related and non-audit fees were not material relative to the income of the External Auditor firm as a whole.

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

Audit Committee Report continued

Audit Tender

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

It was a key objective of the Committee to ensure that Ernst & Young become familiar with all aspects of the Group that were relevant to the External Audit process. EY have been "shadowing" PwC during the 31 December 2020 year-end audit process. This included attendance to observe at Group Audit Committee meetings.

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

Financial Reporting

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

The Committee focuses on:

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

Fair, balanced and understandable

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

Regulators and our financial reporting

The FRC publishes thematic reviews to help companies improve the quality of corporate reporting around new accounting standards. The FRC also issued a range of guidance and performed a number of detailed reviews related to the year-end reporting process across public companies. The Group has reviewed the output of these reviews and their impacts on the Group's reporting. In March 2020, the FRC issued guidance for companies during the COVID-19 crisis. The Group has reviewed this guidance and updated disclosures accordingly. The Group also follows the FRC's Lab projects, notably preparations for the European Single Electronic Format ('ESEF') regulations that come into effect for the 2021 financial year.

Internal Control and Risk Management

Internal Audit

During 2020, Internal Audit services were delivered by the Group's Director of Internal Audit with support in delivery by RSM LLP and Grant Thornton LLP. SIM has its own Head of Internal Audit who has responsibility for Internal Audit planning and delivery within SIM with support from RSM.

The Board's responsibility for internal control and risk is detailed on page 91 and is incorporated into this report by reference.

The Committee approved the annual Group Internal Audit plan and the SIM Internal Audit plan, and received progress against those plans during the year. Reflecting the emergence and impact of the COVID-19 pandemic, activity was refocused on key risk and control priorities resulting from the pandemic and Internal Audit provided assurance to the Board on matters such as maintenance of key financial controls in a home working environment and the effectiveness of cyber security measures. The Committee ensured that Internal Audit was appropriately resourced with the skills and experience relevant to the operations of the Group and that information was made available to it to enable it to fulfil its mandate to the appropriate professional standards.

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

In assessing the performance of Internal Audit, the Committee considered and monitored its effectiveness in the context of the Company's risk management system and took into account management's assessment of and responsiveness to the Internal Auditor's findings and recommendations and reports from the External Auditor on any issues identified during the course of their work.

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

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

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

- internal Audit reports on the review of the controls across the Group and its monitoring of management actions arising from these reviews;
- management's own assessment of risk and the performance of the system of risk management and internal control during 2020;
- reports from the Group Director of Risk & Assurance including reports on Group-wide risk assessment activity and annual self-assessment findings;
- reports from the SIM Head of Risk & Compliance and the SIM Head of Internal Audit; and
- reports from the External Auditor on any issues identified during the course of their work.

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

Directors' Remuneration Report



2016–2020 Overview

–29%

**Underlying
profit**

–39%

**Dividend
Payments to
Shareholders***

–42%

**Executive
Director
Remuneration****

+23%

**Total
Shareholder
Return**

* The dividend cost for 2020 comprises the cost of the final dividend recommended by the Board (amounting to £23.8m), payment of which is subject to shareholder approval at the Company's Annual General Meeting ('AGM') scheduled to be held on 12 May 2021 (payable to Shareholders on the Register of Members as at 9 April 2021).

** Executive Director remuneration comprises the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer job holders between 1 January 2016 and 31 December 2020.

**“On behalf of the Board,
I am pleased to introduce
our 2020 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 2020.”**

Annual statement

Governance

This Report has been prepared on behalf of the Board by the Remuneration Committee (the ‘Committee’) in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended) (‘Regulations’) and the auditable disclosures referred to in the External Auditor’s Report on pages 122 to 131 as specified by the UK Listing Authority and the Regulations.

Dear Shareholder

On behalf of the Board, I am pleased to introduce our 2020 Directors’ Remuneration Report (the ‘Report’). Included within this Report we have summarised the Directors’ Remuneration Policy (the ‘Policy’) approved by Shareholders at the 2020 AGM rather than reproduce the Policy in full. This gives an overview on 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 12 May 2021.

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 external competitive positioning in setting remuneration. Finally, it determines targets to ensure that reward properly reflects performance, that it supports the delivery of our strategic and operational objectives and that it is fair to management and Shareholders alike. Overall, we continue to target staff employment costs over the cycle to be in the range of 65%–70% of revenues which the Committee regards as the key metric from a shareholder's perspective.

COVID-19

As highlighted elsewhere in this Annual Report, COVID-19 has had a significant impact on investor and occupier activity throughout the world. After a dynamic start to the year, the impact of lockdowns and the inability to travel or conduct viewings significantly reduced the volume of transactional activity which could be conducted.

Our primary concern throughout the pandemic has been the well-being of our staff, clients and suppliers both in respect of our own businesses and, as a substantial Property and Asset Manager, in respect of the occupiers and users of the portfolio under our management.

The Group was also quick to adopt a number of operational and financial initiatives to minimise the impact of the pandemic on the business as a whole including:

- reductions in discretionary expenditure;
- reductions and deferment of capital expenditure (save in respect of long term data and digitisation projects);
- cancellation of the 2019 Final Dividend but the recommendation of a 2020 Final Dividend of 17.0p per ordinary share;
- limited acceptance of Government Support Schemes, aimed at those business lines expressly prevented from operating during lockdown, principally our UK Residential Transaction business; all support from UK arrangements has subsequently been repaid in full;
- maximisation of cash flows including deferral of certain tax payments, predominantly sales tax, totalling £49.2m; and
- senior management salary deferrals (with payment conditional upon the Group being profitable in 2020) of 20% in 2020 which are due to be paid in 2021.

2020 performance and remuneration

Annual performance-related profit share

Against the backdrop of the COVID-19 pandemic, the Group has delivered a resilient full year performance reflecting both the robustness and geographic diversity of our business and the mitigating actions taken by staff across the globe, the Group delivered underlying profit for the year to 31 December 2020 of £96.6m.

Key financial highlights for the year included:

- Revenue of £1.74bn, representing a reduction of 9.8% on 2019
- Underlying profit before tax of £96.6m, 32.6% down on 2019 (2019: £143.4m)
- Transaction Advisory revenues down 19%, Consultancy revenues by 5% and Property Management stable year-on-year
- Further progressing our strategy of being a leading advisor in the key markets in which we operate, by adding complementary businesses and teams to our strong core business. In particular during 2020 we:
 - Maintained our strong focus on client service, maintaining staffing levels to ensure that our service delivery remained at the highest level
 - Acquired the Macro Consultants project management business in the US, further broadening our North American service offering
 - Acquired Omega Property Management in Germany, establishing national property management capability across Germany and allowing us to offer a pan-European Savills property management service across all key EC markets

Directors' Remuneration Report continued

Annual statement continued

- Improved our market share in most of our markets, as explained elsewhere in this Report & Accounts, for example:
 - In Asia Pacific, increasing our share of commercial investment transaction volumes across a number of key markets, including Hong Kong (c.57%), Greater China (c.31%) and Korea (c.25%), whilst across the Asia Pacific region, our market share increased to c.20%;
 - in the UK and EMEA, maintaining our leading position in prime UK residential markets, increasing our share (c.25%) in London commercial investment (c.29%), as well as making gains in CEME (for example, in Spain, increasing to c.34%); and
 - in North America, outperforming Leasing market declines in major centres including Washington, Los Angeles, San Francisco and Orange County.

These market share gains in most of our markets, which are likely to be of material long term benefit to our Shareholders, were an important factor in the Committee's consideration of the appropriate 2020 bonuses. The Committee had set the financial targets for the 75% of the 2020 the performance-related profit share relating to the delivery of Underlying Profit before Tax ('UPBT') in a pre-COVID-19 context. These financial targets, which had been significantly increased from the equivalent 2019 targets, were not reviewed to reflect the onset of and likely impact of the pandemic. Against that backdrop, it is unsurprising that the targets were not achieved despite our increasing market share in most of our markets. While the Committee has a very strong default to allowing the formulaic outturn to stand and will only exercise discretion exceptionally, it recognises its wider duty to ensure that the overall result is fair and appropriate. Given both this strong increase in market share and the misalignment between the two Executive Directors and other colleagues, it was felt appropriate to exceptionally adjust the formulaic outturn.

The Committee has always sought to ensure that total staff employment costs sit within a relatively tight band of 65-70% of revenues and is also conscious of the need to ensure that overall pay is equitable and appropriate in the context of the low base salaries of the Executive Directors relative to market medians and the wider workforce where most staff will have earned bonuses. Accordingly, the Committee approved a payment of 21% of the maximum potential for the financial element (a 73% reduction for the financial element year on year). The Committee considered that these strong gains in market share, specifically achieved by a strategy set by senior management of maintaining staff levels, rather than reducing staff numbers, to ensure continuity of client service at the highest level were materially in Shareholders' long-term interests.

In relation to the objectives-based element which accounts for up to 25% of annual award, the Executive Directors were determined to have performed at the upper end of their achievable personal strategic and operational objectives and additional requirements necessitated to navigate the pandemic.

The overall result is that total remuneration reduced by 45% (annual performance-related profit share by 52.4%) compared to a TSR decline of 14% and UPBT reduced by 32.6%.

We note that total remuneration costs at 66.3% of revenues were at the lower end of the target level range.

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 101 of this Report.

Performance Share Plan

The end of the 2020 financial year was also the end of the three-year performance period for our Performance Share Plan ("PSP") awards made in April 2018. In this regard:

- the 50% of PSP award shares subject to a TSR condition measured against the FTSE 250 Index (excluding investment trusts) are anticipated to vest at 46% for this part, reflecting relative TSR performance outperforming the Index by 2.3% p.a.; and
- the 50% of PSP award shares subject to an EPS condition are anticipated not to vest for this part.

The Committee determined that it would be appropriate for annual performance-related profit share outcomes to be determined as described above and for the April 2018 PSP awards to vest in April 2023 without further adjustment as both were valid reflections of overall performance by the Company.

The Committee exercised discretion in determining the award in relation to the 75% of the 2020 performance-related profit share relating to the delivery of UPBT. There were no other exercises of judgement or discretion by the Committee save as detailed in this report.

2021 Remuneration

We were very pleased that Shareholders gave 90% approval to our renewal of our Policy at the 2020 AGM and we are not seeking to amend our Policy at the 2021 AGM. An overview of the key decisions for 2021 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). For 2021, there will be no increase in the base salaries of the Executive Directors or Group Executive Board Members.
- **Pension:** for all new appointments the pension contribution will be aligned to the wider UK workforce contribution rate, which is currently 8% of salary at Savills UK (although subject to periodic review). As approved by Shareholders, for the two existing Executive Directors, employer pension contributions continue to be set at respectively 14% and 18% of annual base salary for the reasons set out below.

- The Group Chief Executive Officer was a member of the defined benefit Savills Pension Plan when that Plan was closed to future benefit accrual in 2010. The Plan was historically an "all employee" scheme. When the Plan was closed to future benefit accrual in 2010, it was agreed that all the then Plan members should subsequently be entitled to a 14% of salary employer pension contribution or equivalent. There remain a significant number of other long-standing employees who are former members of the Plan and who remain on the same 14% rate, so the Group Chief Executive Officer is fully aligned with staff with an equivalent level of service to him. For these reasons, his rate is aligned with the wider workforce who have an equivalent level of service and the Committee does not believe there should be a requirement to adjust the Group Chief Executive Officer's pension contribution rate.

- The Group Chief Financial Officer joined the Company in March 2009, at which time the approach when the issue was raised as part of the recruitment dialogue was for the Company to agree a pension contribution at the same level as that then being paid as the employer contribution to the Plan, after which the individual contribution would be fixed and would not adjust up or down in line with future actuarial assumption changes. The Group Chief Financial Officer has, therefore, a long-standing contractual right to receive an 18% of salary contribution. However, recognising shareholder expectations, Mr Shaw has agreed that his contribution should reduce to the same 14% rate from the end of 2022.

- **Benefits:** no changes are proposed.
- **Annual performance-related profit share:** maximum opportunity to be increased in line with increases in RPI annually (or if no increase in RPI to remain unchanged) to incentivise and reward the Executive Directors for delivering further strong performance. For 2021, the cap on the profit share opportunity will therefore be, for the Group Chief Executive Officer, £2.267m and for the Group Chief Financial Officer, £1.7m, being 1.2% higher than the cap applying in 2020, reflecting year on year growth in RPI (2020 caps: Group Chief Executive Officer £2.240m; Chief Financial Officer £1.679m). Annual awards will continue to be determined as follows:
 - 75% based on Group UPBT performance
 - 25% on the achievement of pre-set personal strategic and operational objectives

Directors' Remuneration Report continued

Annual statement continued

No more than one third of the maximum award will be payable for threshold performance. As the UPBT outturn moves above this threshold, payouts will increase on a straight-line basis, with two-thirds of the maximum payable at the midpoint (which is effectively 50% of the bonus opportunity above the threshold). Consistent with market practice, the actual range is commercially sensitive and will be disclosed in next year's report.

The first element of any award (equal to up to 100% of base salary) will be paid as cash. Above the level of this first element, 50% of any award will be deferred in the form of shares for three years, receipt of which will be contingent on continued employment (subject to normal good leaver protections). The minimum cash threshold reflects Savills highly unusual approach of a low base salary which with regard to bonus deferral unfairly penalises Executive Directors relative both to internal and external comparators.

- Performance Share Plan ("PSP"): this is due to expire in May 2021. The Committee has reviewed the PSP and determined it remains appropriate and is therefore requesting shareholder approval at the forthcoming AGM to extend the PSP for a further 10 years. In 2021, the annual grant will be made at the existing award level of 200% of base salary for the Group Chief Executive Officer and the Group Chief Financial Officer. For the 2021 awards, the EPS growth, relative total shareholder return and ROE targets will continue to be used with equal weightings. Awards that have satisfied the performance conditions attaching to them (measured over a three-year performance period) will vest once a further two-year holding period has passed, that is, on the fifth anniversary of grant.
- Share Ownership Guidelines are 500% of salary, which can be achieved through purchase or the retention of any after-tax shares which vest until the guideline is met. In addition to the annual performance-related profit share deferral period and PSP holding period that remain in place for departing Executive Directors, an additional post-cessation shareholding requirement applies at 250% of salary, which will need to be held for two years post cessation.

Governance developments

As announced in December 2020, Rupert Robson will be retiring from the Board at the conclusion of the 2021 AGM. Accordingly I have taken over as Chair of the Committee. On behalf of the Board, I thank Rupert for his leadership of the Committee from 2015. I also thank Tim Freshwater and Florence Tondou-Mélèque, who retired from the Committee with effect from 31 December 2020, for their contributions to the Committee since their respective appointments in January 2012 and October 2018.

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

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

The Committee is appreciative of the significant shareholder support that it has enjoyed in recent years and welcomed Shareholders' endorsement of the 2019 Annual Remuneration Report along with the renewal of the Policy at the 2020 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 12 May 2021.

Richard Orders

Chairman of the Remuneration Committee

Annual Report on Remuneration

Role of the Committee

The principal role of the Committee is to support the Group to achieve its strategic objectives by designing a remuneration policy consistent with the Group's business model such that we have the ability to attract, recruit, retain and motivate the high-calibre individuals needed to deliver the Group's strategy so promoting the long-term interests of the Company. The Committee also considers the broader implications of the Policy in the context of environmental, social or governance considerations and how the Policy best supports the Group's delivery of its objectives in these areas. The Committee is responsible for the broad policy governing senior staff remuneration. It sets the actual levels of all elements of the remuneration of the Executive Directors, the Chairman of the Company and the Group Executive Board members. The Committee also reviews workplace remuneration and related policies and the alignment of incentives and rewards with culture; and when setting the policy for Executive Director remuneration takes those matters into account. The Policy remains under periodic review to ensure that it remains consistent with the Company's scale and scope of operations, supports business strategy, its environmental, social and governance strategy and its growth plans and helps drive the creation of shareholder value. The Committee also oversees the operation of Savills employee share schemes.

Committee members and attendees

As shown in the table below, during the year the Committee comprised the following Independent Non-Executive Directors, with the following attendees:

Committee member	Position	Status
Rupert Robson	Chair of the Committee	Independent
Stacey Cartwright	Member of the Committee	Independent
Tim Freshwater	Member of the Committee	Independent
Dana Roffman	Member of the Committee	Independent
Florence Tondou-Mélique	Member of the Committee	Independent

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

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

Subsequent to the year-end, Rupert Robson, Tim Freshwater and Florence Tondou-Mélique retired from the Committee and Richard Orders and Nicholas Ferguson were appointed as Committee Members. The Committee is now chaired by Richard Orders.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Meetings

2020 Attendance table

Committee member	Meetings attended	Meetings eligible to attend
Rupert Robson	5	5
Stacey Cartwright	4	5
Tim Freshwater	5	5
Florence Tondou-Mélique	5	5
Dana Roffman	5	5

As at 31 December 2020 and up to the date of this Report, the Committee wholly comprised Independent Non-Executive Directors. Biographical details relating to each of the Committee members are shown on pages 65 to 67.

The Committee met five times during 2020. The principal agenda items considered by the Committee during the year were as follows:

- reconfirming the Directors' Remuneration Policy in the context of best practice and corporate governance developments and taking account of workforce remuneration across the Group;
- agreeing performance targets for both the annual performance-related profit share and Performance Share Plan awards;
- preparing an Annual Remuneration Report consistent with the legislation relating to executive remuneration;
- agreeing the remuneration packages of the Executive Directors and Group Executive Board members; and
- approving the grant of Performance Share Plan awards.

Advisors to the Committee

In determining Executive Director remuneration, the Committee has access to detailed external information and research on market trends and peer practice provided by its independent external advisor, FIT Remuneration Consultants. FIT Remuneration Consultants were appointed by the Remuneration Committee following a tender process and 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 2020, FIT Remuneration Consultants received fees of £30,244 plus VAT in relation to advice provided to the Committee. FIT Remuneration Consultants provided no other services to the Group during the year.

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

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

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

Terms of Reference

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

Remuneration Policy

As approved by Shareholders at the Company's AGM held on 25 June 2020 and documented in the Report and Accounts for the year ended 31 December 2019 available at <https://ir.savills.com/financial-results>

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

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

Overview of the Policy

A summary of the proposed policy for Executive Directors, the proposed amendments to the current Policy and how it will be applied for 2021 is set out below.

Element	Summary of approach	Application of Policy for 2021
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 there will be no increase in base salaries. Salaries in 2021 will therefore be as follows: - Group Chief Executive Officer: £295,000 - Group Chief Financial Officer: £225,500.
Pension	Pension benefits are provided through a Group personal pension plan, as a non-pensionable salary supplement or as a contribution to a personal pension arrangement. The Group Chief Executive Officer will be entitled to a pension from the legacy defined benefit pension plan but no longer accrues benefits under the plan.	Pension contributions/salary supplements for 2021 are: - Group Chief Executive Officer: 14% of salary - Group Chief Financial Officer: 18% of salary. The Committee is committed to having all pension contributions limited to the wider employer workforce contribution rate in Savills UK for staff with an equivalent level of service from 1 January 2023. For any new appointments, the pension contribution will be aligned to the wider UK workforce contribution rate.
Benefits	Benefits include: - Medical insurance benefits; - Annual car / car allowance (up to £9,000); - Permanent Health Insurance; - Life Insurance; and - Relocation expenses.	Benefits in line with Policy.
Annual performance-related profit share	Reflects the Group's annual profit performance and personal performance against pre-set objectives and overall contribution. In line with the Group's philosophy that there is greater emphasis (than is the norm for listed companies) on variable performance-related pay. Consequently, 50% of any award payable above an amount equal to base salary is deferred into shares for three years. Malus and clawback provisions apply.	The maximum potential annual profit share awards for 2021 are: - Group Chief Executive Officer: £2.267m - Group Chief Financial Officer: £1.7m. For 2021 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 awards which satisfy the three-year performance conditions attaching to them will then be subject to an additional two-year holding period before vesting. The maximum award potential remains at 200% of base salary, subject to an overall annual maximum of shares with a value of £1m on award per participant. Malus and clawback provisions apply.	The awards for 2021 will be up to 200% of base salary. For 2021 Performance Share Plan awards, one-third of the award will vest subject to Earnings Per Share performance, one-third will vest subject to relative TSR performance against the FTSE Mid 250 Index (excluding investment trusts) and one-third will vest subject to ROE performance, measured over the three year period starting on 1 January 2021.
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 while in post. 250% of salary applying for two years post-cessation.

Directors' Remuneration Report continued

Remuneration Policy continued

Non-Executive Director fees, which are set consistent with the median for the FTSE 250 and which are subject to annual review, with any increase capped at RPI. Fees will not be increased in 2021. Additional fees, again set consistent with the median for the FTSE 250, which are payable to the Senior Independent Director and Committee Chairs to recognise their additional responsibilities; these fees will also not be increased in 2021. The Chairman's fee, which again is set at levels consistent with the median for the FTSE 250 and is subject to annual review, capped at RPI. The Chairman's fee will not be increased in 2021.

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

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

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

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

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

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

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

Annual Report on Remuneration

Total remuneration for 2020

Set out below are details of Executive Director remuneration for 2020.

Executive Directors' 'single figure' for the financial year ended 31 December 2020 and as a comparison for the financial year ended 31 December 2019 (audited).

	Mark Ridley		Simon Shaw	
	2020 £	2019 £	2020 £	2019 £
Salary paid ⁽¹⁾	249,750	289,000	190,925	221,000
Salary receivable ⁽¹⁾	44,250	-	33,825	-
Benefits ⁽²⁾	11,127	11,035	11,216	15,639
Pension: contribution	41,160	40,460	40,455	39,780
Total fixed remuneration	346,287	340,495	276,421	276,419
Annual profit share – cash	575,900	1,047,770	433,859	785,560
Annual profit share – deferred shares	280,900	755,770	208,359	564,500
Near term remuneration	1,203,087	2,144,035	918,639	1,626,479

The aggregate near term remuneration paid to the Executive Directors in the year ended 31 December 2020 was £2.12m (2019: £3.77m).

	Mark Ridley		Simon Shaw	
	2020 £	2019 £	2020 £	2019 £
Gain on long-term share-based awards				
Performance Share Plan – performance element ⁽³⁾ (notional)	96,598	210,000	101,658	210,000
Performance Share Plan – share appreciation element ⁽³⁾ (notional)	(5,856)	22,827	(6,163)	22,827
Long-term share-based reward (non-cash – notional) ⁽³⁾	90,742	232,827	95,495	232,827
Total variable remuneration	947,542	2,036,367	737,713	1,582,887
Total i.e. 'Single Figure' (part notional)	1,293,829	2,376,862	1,014,134	1,859,306

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

Notes:

1. The Executive Directors agreed a 20 per cent reduction in salary payable during the period between April and December 2020. As the Group was profitable in 2020, the salary receivable amounts in respect of this period will be paid in March 2021.
2. Benefits comprise private medical insurance and car allowance. For Simon Shaw in 2019 this also includes £4,423 being the cash equivalent of additional holiday entitlement accruing under the Company's loyalty holiday reward scheme (and reflecting Simon Shaw's 10th year of service).
3. For 2020 the notional value of the PSP award with a performance period which ended on 31 December 2020 (i.e. where the award will vest in April 2023) has been valued based on the number of shares that will vest and the three month average share price for the period to 31 December 2020 (917.3p) per share). For 2019 the notional value of the PSP award with a performance period which ended on 31 December 2019 (i.e. where the award will vest in May 2022) has been valued based on the number of shares that will vest and the three month average share price for the period to 31 December 2019 (977.3p) per share). The actual value has been split between the relevant value on the date of the original award of the relevant shares (the PSP – performance element) and subsequent increase in value (PSP – share price appreciation).

Performance-related remuneration for 2020

Annual performance-related profit share

UPBT performance-related element

This information has been audited by the External Auditor, PricewaterhouseCoopers LLP.

The following near-term performance measures applied to the 2020 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 (33% of element)	Mid-point (66.7% of element)	Maximum target (100% of element)	Savills UPBT performance ¹	Bonus award (% of element)
£120m	£136.2m	£160m	£84.7m	21%

Note:

1. UPBT for these purposes is calculated before the benefit of wage-related subsidies received from governments globally, principally in Asia, in respect of employment support schemes due to the COVID-19 pandemic; actual UPBT for the year was £96.6m.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

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

Reflecting the Group's resilient performance in 2020, the Committee approved awards at 21% of the maximum potential (being below the pre-pandemic threshold level set initially) having regard to both the performance of the Group and the impact on other stakeholders, were earned by the Executive Directors in respect of the UPBT performance-related element (2019: 79.7%).

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

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

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

- Further diversifying and broadening the Group's Consultancy service offering in key markets, including in particular the acquisition and successful integration of the Macro Consultants project and workplace consultancy business in the US and of Omega property management in Germany
- Continuing to accelerate growth of the Asia Pacific platform, focused on markets across South East Asia and India, developing Consultancy and Property Management services
- Introducing and ensuring the effective operation of the Group's new Regional Service line Strategy Boards, focusing on developing client service, sharing best operational practice, in particular enhancing Savills Smart Building Technology consultancy offering, and facilitating the provision of joined-up cross border service for global and regional clients
- Sponsoring the development of Savills Sustainability consultancy capability globally, driving the Group's ESG initiatives; resulting in the launch in 2020 in the UK of Savills first client services 'Sustainability Hub', which is the model for the planned progressive launches of similar service offerings in the Group's principal markets
- Continuing to promote greater diversity in the Group's business generally and in Savills management structures, with clear succession plans to accelerate this evolution with in particular the result that the proportion of women in senior leadership positions (as defined by Hampton Alexander) rose to 30.3% as at 31 October 2020 (31 December 2019: 22.5%)

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

- Ensuring that the Group was prepared for Brexit in whatever form at the end of the transition period on 31 December 2020, with specific measures implemented as necessary to address all reasonably foreseeable eventualities and allow the seamless continuation of the Group's businesses, particularly in the UK and Europe
- Sponsoring the delivery of key add-value (in terms of securing competitive advantage, attracting top talent, reducing operating costs or enhancing client service) technological innovations. Specific examples being:
 - the launch of a UK Valuations Digitisation programme and our UK online auction platform
 - the second US launch of the 'Workthere' tenant platform
 - the progressive harmonisation of accounting systems across the Group based upon AX Dynamics implementations
- Ensuring that operating margins remained an area of key management focus for each Regional Business, including identifying and sponsoring cost and operating efficiency improvements and in response to the pandemic implementing cost saving initiatives to conserve the Group's cash, with the result that the Group ended the year with net cash of £177.7m (2019: £28.5m)

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

Long-term incentives

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

	Weighting	Threshold target (25% vesting)	Maximum target (100% vesting)	Savills performance	Vesting (% of maximum)
Relative TSR versus FTSE Mid 250 index (excluding investment trusts)	50%	Equal to index	Outperform index by 8% p.a.	Outperform index by 2.3% p.a.	46.0%
% EPS growth	50%	RPI plus 3% p.a. compounded	RPI plus 8% p.a. compounded	Below threshold	0%

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

Non-Executive Directors fees (audited)

The Non-Executive Director fees for 2020 were as follows:

	Nicholas Ferguson (Chairman)	Stacey Cartwright	Tim Freshwater	Rupert Robson	Florence Tondou-Mélique	Dana Roffman (appointed 1 November 2019)
Basic fee paid ⁽¹⁾	£182,750	£46,495	£46,495	£46,495	£46,495	£46,495
Basic fee receivable ⁽¹⁾	£32,250	£8,205	£8,205	£8,205	£8,205	£8,205
Additional fees ⁽¹⁾						
Senior Independent Director			£8,000			
Remuneration Committee Chairman				£10,000		
Audit Committee Chairman		£15,000				
2020 Total	£215,000	£69,700	£62,700	£64,700	£54,700	£54,700
2019 Total	£215,000	£63,728	£62,000	£64,000	£54,000	£9,117

Notes:

- The Chairman and Non-Executive Directors agreed a 20 per cent reduction in basic fees paid during the period between April and December 2020. As the Group was profitable in 2020, the salary receivable amounts in respect of this period were paid in January 2021.

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

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

The current fee payable to Nicholas Ferguson as Chairman is £215,000 p.a. (2019: £215,000 p.a.).

The current base fee for the Non-Executive Directors is £54,700 p.a., with additional fees payable to the Senior Independent Director (£8,000 p.a.), the Audit Committee Chairman (£15,000 p.a.) and the Remuneration Committee Chairman (£10,000 p.a.). These fees are unchanged from the previous year.

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

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Operation of Policy in 2021

Base salary

The Committee has determined, on the recommendation of the Executive Directors, that no increases should be applied for 2021. The base salaries of the Executive Directors will therefore be as follows:

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

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

Variable remuneration

Annual performance-related profit share

The maximum annual performance-related profit share opportunity for 2021 will be:

- £2.267m for the Group Chief Executive Officer; and
- £1.7m for the Group Chief Financial Officer.

For the 2021 performance-related profit share, 75% of award potential will reflect the Group's UPBT performance and 25% of award potential will reflect delivery against a mix of personal, strategic and operational objectives.

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

The Committee retains a general discretion to reduce the payout level to reflect exceptional events over the performance period.

Performance Share Plan

The remuneration policy is for maximum awards of 200% of base salary. The PSP awards for 2021 will be up to 2x each Executive Director's base salary.

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

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

Relative spend on pay

To provide context and outline how remuneration for Executive Directors compares with other disbursements, such as dividends and general employment costs the table below illustrates general employment costs, Executive Director reward, tax charges and dividend payments to Shareholders in 2020 and 2019.

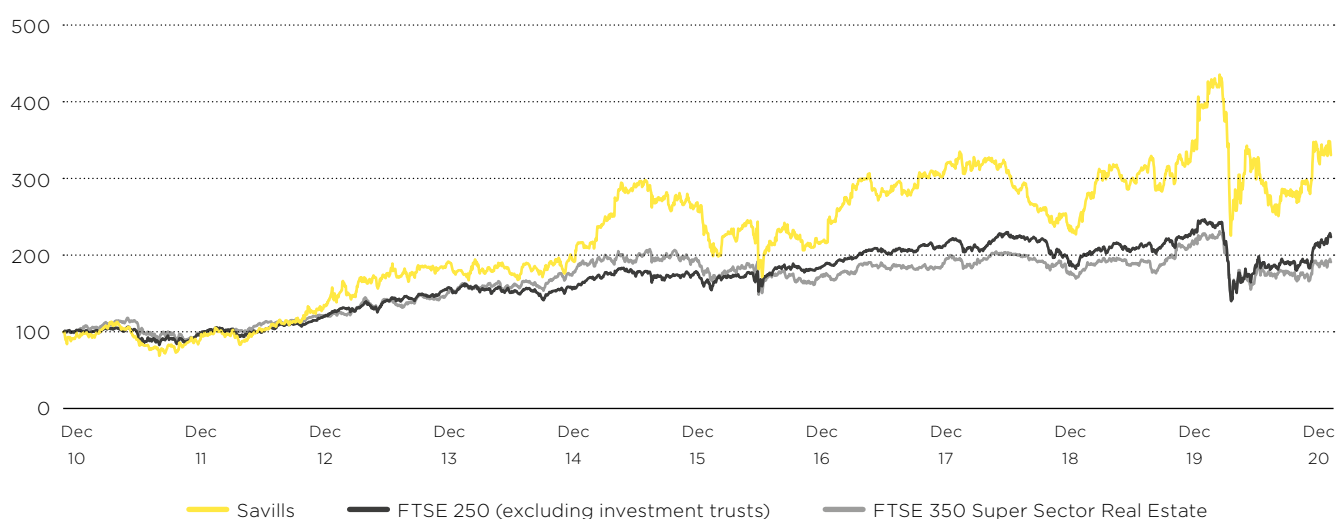
	2020 £m	2019 £m	% increase
Employment costs	1,154.2	1,240.5	-7
Underlying profit before tax	96.6	143.4	-32.6
Dividend payment to Shareholders	23.8	6.7	+255
Executive Director remuneration	2.3	4.2	-45
Tax	103.2	122.4	-15.7

- 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 2020 comprises the cost of the final dividend recommended by the Board (amounting to £23.8m), payment of which is subject to shareholder approval at the Company's AGM scheduled to be held on 12 May 2021, (payable to Shareholders on the Register of Members as at 9 April 2021) and is based on the number of shares in issue as at 31 December 2020
- Executive Director remuneration is the remuneration paid to the Group Chief Executive Officer and Group Chief Financial Officer role holders and comprises basic salaries, profit share, social security costs, pension costs and share-based payments

Total shareholder return and Group Chief Executive Officer remuneration

The total shareholder return delivered by the Company over the last 10 years is shown in the chart below. Over this period the Company has delivered total shareholder return of 13% per annum (FTSE 250 (excluding investment trusts): 9% per annum; FTSE 350 Super Sector Real Estate: 7% per annum). Savills was ranked 51st by TSR performance in the FTSE 250 (excluding investment trusts) and ranked ninth (of 27 companies) by performance in the FTSE 350 Super Sector Real Estate over the 10 years to 31 December 2020.

Total Shareholder Return ('TSR')



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

Directors' Remuneration Report continuedAnnual Report on Remuneration continued

Pay for performance

Year	Chief Executive Officer	Total Single Figure Remuneration £'000	UPBT £m	UPBT annual % change	Annual variable element: performance-related profit share – annual award against maximum potential %	Long-term Incentive to vest (maximum potential of award) 100%
2020	Mark Ridley	1,294	96.6	-32.6	38	23
2019	Mark Ridley	2,377	143.4	-0.2	84	50
2018	Jeremy Helsby	2,196	143.7	+ 2.3	82	41
2017	Jeremy Helsby	2,507	140.5	+3.5	80	84
2016	Jeremy Helsby	2,595	135.8	+12	98	50
2015	Jeremy Helsby	2,298	121.4	+21	100	N/A
2014	Jeremy Helsby	3,279	100.5	+34	100	100
2013	Jeremy Helsby	2,630	75.2	+28	86	100
2012	Jeremy Helsby	1,786	58.6	+16	65	100
2011	Jeremy Helsby	1,268	50.4	+7	49	0

Total remuneration in the years 2012 to 2020 includes, as required, the notional value of PSP awards and executive share options which vested (but were not exercised) in those years (note that no PSP awards were made in 2013 with the consequent effect on Total Single Figure Remuneration in 2015 compared to the 2013, 2014, 2016, 2017, 2018 and 2019 years). The awards granted in 2008 lapsed in 2011.

Annual Percentage Change in Remuneration of Directors and employees

As required by the 2019 regulations, the table below shows a comparison of the annual change of each individual Director's pay to the annual change in average employee pay. Average employee pay is based on a Full Time Equivalent (FTE) calculation.

	Percentage change in remuneration from 31/12/2019 to 31/12/2020		
	Percentage change in base salary / fee %	Percentage change in benefits %	Percentage change in profit share award %
Mark Ridley	2%	1%	-52.5%
Simon Shaw	2%	-28%	-52.5%
Nicholas Ferguson	0%	-	-
Stacey Cartwright ⁽¹⁾	9%	-	-
Tim Freshwater	1%	-	-
Rupert Robson	1%	-	-
Dana Roffman ⁽²⁾	-	-	-
Florence Tondou-Mélique	1%	-	-
All UK employees	-2.4%	2.8%	-7.3%

Notes:

1. Appointed Audit Committee chair May 2019.

2. Appointed 1 November 2019.

Salary, benefits and bonus is compared against full-time equivalent UK employees.

CEO to employee pay ratio

The table below shows how the CEO's single figure remuneration (as taken from the single figure remuneration table on page 101) compares to the equivalent single figure remuneration for full-time equivalent UK employees, ranked at the 25th, 50th and 75th percentile:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	64 : 1	40 : 1	22 : 1
2019	Option A	86 : 1	58 : 1	32 : 1

Notes to the CEO to employee pay ratio:

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

The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for UK employees within the Group as measured on 31 December 2020.

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

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

The CEO's pay is based on the single figure of remuneration set out on page 101 of this report. Because a large portion of the CEO's pay is variable, the pay ratio is heavily dependent on the outcomes of variable pay plans and, in the case of long-term share-based awards, share price movements.

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

Year	Salary			Total pay and benefits		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2020	£19,537	£27,333	£41,774	£20,144	£32,001	£60,062

Pensions disclosure

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

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

Executive Director	Defined benefit pension accrued at 31 December 2020	Defined benefit pension accrued at 31 December 2019
Mark Ridley	35,763	34,815

Mark Ridley's accrued pension ceased to be linked to salary from 29 February 2016, at which point the accrued pension was £31,875 p.a. The pension now increases in line with the standard revaluation provisions of the Plan that apply to all deferred pensioners. The amounts shown include revaluation to 31 December 2019 and 31 December 2020 respectively. No additional benefit is due in the event of early retirement.

This information has been audited by the External Auditor, PricewaterhouseCoopers LLP.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Share interests

Details of shares in the Company which the Directors beneficially held or had a beneficial interest in as at 31 December 2020 are shown below.

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

Executive Directors	Number of shares (including beneficially held under the SIP)	Unvested shares subject to performance conditions (PSP)	Deferred share bonus plan awards (vesting not subject to performance conditions) (DSBP)	Extent to which shareholding guideline met
Mark Ridley	210,321	189,461	171,611	136%
Simon Shaw	182,579	160,205	175,537	154%

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

Non-Executive Directors	At 31 December 2020
Nicholas Ferguson	29,286
Stacey Cartwright	4,983
Tim Freshwater	–
Rupert Robson	7,981
Dana Roffman	–
Florence Tondou-Mélique	–

As at 10 March 2021, no Director had bought or sold shares since 31 December 2020.

The Sharesave Scheme

No Directors hold outstanding options under the Sharesave Scheme and no options were exercised during the year. This information has been audited by the External Auditor, PricewaterhouseCoopers LLP.

Scheme interests granted in 2020

This information has been audited by the External Auditor, PricewaterhouseCoopers LLP.

The following table sets out details of awards made to Executive Directors under the PSP in 2020. The Remuneration Committee acknowledged that, at the time of grant in common with many other companies there had been a fall in the share price since the end of February as a result of the COVID-19 pandemic. Under the rules of the PSP, the Remuneration Committee has full discretion to ensure that the final outturns reflect all relevant factors, including consideration of any windfall gains.

	Type of award	Basis of award (face value) 200% base salary	Performance period	% vesting for threshold performance	% vesting for maximum performance	Performance criteria
Mark Ridley	Nil-cost options	£590,000	1 January 2020 to 31 December 2022	25%	100%	– One-third of award Earnings per share growth – One-third of award Relative total shareholder return against the FTSE 250 (excluding investment trusts) – One-third of award Return on Equity
Simon Shaw	Nil-cost options	£451,000				

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

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

with straight-line vesting between the two points.

The Committee considers that if EPS growth of RPI plus 8% p.a. were achieved from the strong 2019 EPS base starting position, this would represent outstanding performance for Shareholders.

A further one-third of the award will vest subject to the satisfaction of relative TSR performance versus the FTSE Mid 250 Index (excluding investment trusts) ('the Index') as follows:

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

with straight-line vesting between the two points.

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

- 25% (i.e. threshold) of the element to vest if the Company's ROE is 24%;
- 100% (i.e. the maximum) of the element to vest if the Company's ROE is 32.5% or more; and

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

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

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

The Performance Share Plan ('PSP')

Number of shares

Directors	At 31 December 2019	Awarded during year	Vested during year	Lapsed during year	At 31 December 2020	Date of grant	Closing mid-market price of a share the day before grant	Market value at date of vesting	First vesting date
Mark Ridley	47,646	-	-	23,823	23,823	22.05.17	881.5p	-	22.05.22
	43,010	-	-	-	43,010	16.04.18	976.5p	-	16.04.23
	62,997	-	-	-	62,997	15.04.19	917.5p	-	15.04.24
	-	70,828	-	-	70,828	30.06.20	833.0p	-	30.06.25
Simon Shaw	47,646	-	-	23,823	23,823	22.05.17	881.5p	-	22.05.22
	45,263	-	-	-	45,263	16.04.18	976.5p	-	16.04.23
	48,174	-	-	-	48,174	15.04.19	917.5p	-	15.04.24
	-	54,141	-	-	54,141	30.06.20	833.0p	-	30.06.25

The PSP award granted in 2017 was subject to performance in the three years to 31 December 2019. Following the assessment of Savills performance against targets set at grant, the Committee determined that 50% of the award had met the performance criteria and will vest at the end of the two-year holding period in May 2022. The remainder of the award lapsed during the year.

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

Directors' Remuneration Report continued

Annual Report on Remuneration continued

The Deferred Share Bonus Plan ('DSBP')

Number of conditional share awards

Directors	At 31 December 2019	Awarded during year	Vested during year	At 31 December 2020	Date of grant	Closing mid- market price of a share the day before grant	Market value at date of vesting	First vesting date
Mark Ridley	47,954	-	47,954	-	18.04.17	929.0p	882.3p	18.04.20
	46,492	-	-	46,492	16.04.18	976.5p	-	16.04.21
	39,673	-	-	39,673	15.04.19	917.5p	-	15.04.22
	-	85,446	-	85,446	27.04.20	884.5p	-	27.04.23
Simon Shaw	46,824	-	46,824	-	18.04.17	929.0p	882.3p	18.04.20
	52,534	-	-	52,534	16.04.18	976.5p	-	16.04.21
	59,182	-	-	59,182	15.04.19	917.5p	-	15.04.22
	-	63,821	-	63,821	27.04.20	884.5p	-	27.04.23

Awards granted under the DSBP to Executive Directors during the year were based on 50% of the 2019 annual performance-related profit share above an amount equal to their respective base salaries in line with the Policy. Under the DSBP awards over 94,778 shares and 7,437 shares in lieu of dividends vested to Executive Directors during the year. The total pre-tax gain on awards vested during the year was £901,881. No DSBP awards lapsed.

During the year, the aggregate gain on the exercise of share options and shares vested was £901,881. The mid-market closing price of the shares at 31 December 2020, the last business day of the year, was 954.5p and the range during the year was 651p to 1,258p.

Payments to past Directors

No payments to past Directors were made during the year.

Payments for loss of office

No payments for loss of office were made during the year.

External directorships

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

During 2020, Simon Shaw received a fee of £45,000 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 2021
Philip Lee	1 January 2021	31 December 2023
Richard Orders	1 January 2021	31 December 2023
Rupert Robson	23 June 2015	22 June 2021
Dana Roffman	1 November 2019	31 October 2022
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 2019 Annual Remuneration Report and the Directors' Remuneration Policy at the AGM held on 25 June 2020.

	Number of votes 'For' and discretionary	% of votes cast	Number of votes 'Against'	% of votes cast	Total number of votes cast	Number of votes 'Withheld'
2019 Annual Directors' Remuneration Report	112,340,342	97.04%	3,432,654	2.96%	115,655,458	13,094
Directors' Remuneration Policy	97,392,274	90.00%	10,824,622	10.00%	108,216,896	7,569,193

* A vote withheld is not a vote in law.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Policy table extract from the Directors' Remuneration Policy approved by Shareholders at the 2020 AGM

The following sets out the table of remuneration elements from the Remuneration Policy, which was approved by Shareholders at the 2020 AGM. To provide consistency with the remainder of the Report, salaries shown are 2021 salaries and annual performance-related profit share levels have been updated for the operation of the Policy in 2021.

Policy table

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

Purpose and link to strategy	Operation	Potential	Performance measures
Base salary			
A core component of the total reward package, which package overall is designed to attract, motivate and retain individuals of the highest quality.	The Committee considers base salary levels annually taking into consideration: - the Group's philosophy to place greater emphasis on variable performance-related remuneration; - the individual's experience; - the size and scope of the role; - the general level of salary reviews across the Group; and - appropriate external market competitive data.	Set significantly below market median levels with greater emphasis on the performance-related elements of reward. For 2021 the Committee has determined that there will be no increase in base salaries. Salaries in 2021 will therefore be as follows: - Group Chief Executive Officer: £295,000. - Group Chief Financial Officer: £225,500. The Committee retains the flexibility to award base salary increases taking into consideration the factors considered as part of the annual review. - The annual base salary for any existing Executive Director shall not exceed £500,000.	n/a

Purpose and link to strategy	Operation	Potential	Performance measures
Pension			
- Provides appropriate retirement benefits. - Rewards sustained contribution.	Defined contribution pension arrangements are provided. HMRC approved salary and profit share sacrifice arrangements are in place. Pension benefits are provided either through a Group personal pension plan, as a non-pensionable salary supplement, contribution to a personal pension arrangement, or equivalent arrangement for overseas jurisdictions.	For 2021 the pension contributions/supplements are: - Group Chief Executive Officer: 14% of annual base salary. - Group Chief Financial Officer: 18% of annual base salary. As part of the funding arrangements agreed when Savills Defined Benefit Pension Plan ('the Plan') was closed to future accrual in 2010, the Group Chief Executive Officer receives a minimum contribution of 14%. The maximum contribution will be no more than the general rate available for other former members of the Plan. The maximum annual pension contribution for the current Chief Financial Officer is 18%. The Plan is closed to future accruals. However, legacy arrangements will be honoured. New recruits would normally participate in defined contribution arrangements or take a non-pensionable salary supplement. The level of contribution would be determined at the time of appointment and the maximum level will be aligned to the wider employer workforce contribution rate, which is currently 8% of salary in Savills UK. For international appointments, the Committee may determine that alternative pension provisions will operate, and when determining arrangements, the Committee will have regard to the cost of the arrangements, market practice in the relevant international jurisdiction and the pension arrangements received elsewhere in the Group.	n/a
Benefits			
To provide market competitive benefits.	Benefits currently comprise: - Medical insurance benefits. - Car/car allowance. - Permanent Health Insurance. - Life insurance. Other benefits may be provided if the Committee considers it appropriate. Where an Executive Director is located in a different international jurisdiction, benefits may reflect market practice in that jurisdiction. In the event that an existing Executive Director or new Executive Director is required by the Group to relocate, other benefits may be provided including (but not limited to) a relocation allowance, housing allowance and tax equalisation.	Car allowance (currently up to a maximum of £9,000 p.a.). There is no overall maximum as the cost of insurance benefits depends on the individual's circumstances, but the provision of taxable benefits will normally operate within an annual limit of 30% of an Executive Director's annual base salary. The Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Committee considers to be reasonable in all the circumstances. Relocation expenses may be provided for a limited period and are subject to a maximum limit of £200,000 (£300,000 in the case of an international relocation) plus, if relevant, the cost of tax equalisation.	n/a

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Purpose and link to strategy	Operation	Potential	Performance measures
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 2021 are: £2.267m for the Group Chief Executive Officer. £1.7m 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 £2.267m 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 2021 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 coverage 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 one-third of maximum. As the arrangement is an annual profit share there is no pre-set award level for on-target performance.
Performance Share Plan ('PSP')			
To drive and reward the delivery of longer-term sustainable shareholder value, aid retention and ensure alignment of senior management and shareholder interests.	Awards of shares subject to a performance period of normally no less than three years. A holding period will apply so that Executive Directors may not normally exercise vested PSP awards until the fifth anniversary of the award date. PSP awards may be in the form of nil cost options or conditional awards over shares. The Committee awards dividend equivalents on a reinvested basis in respect of dividends paid over the vesting or any subsequent holding period. Malus/clawback provisions apply, allowing for the reduction of awards as explained in the notes to this table. The Committee may adjust vesting of awards if it considers that the outcome of the measurement of the performance conditions does not accurately reflect the underlying performance or financial health of the Company. In the event the Committee proposed to make an upward adjustment the Committee would consult with major Shareholders in advance. The Committee may adjust or amend awards in accordance with the PSP rules.	Maximum annual award potential of 200% of salary (plan rules limit). Subject to an overall maximum of £1m per annum per participant. For a new Executive Director, the Committee would determine the appropriate normal maximum taking into account the role and responsibility, subject to a maximum of 200% of base salary p.a. (or if lower £1m p.a.).	Performance conditions for future awards are reviewed annually to ensure that the measures and their targets remain appropriate to business strategy and are sufficiently challenging, and that the relative balance of the performance measures remains appropriate for properly incentivising and rewarding the creation of longer-term sustainable shareholder value. Performance conditions are initially proposed to be based on three measures: - Relative TSR against the FTSE 250 (excluding investment trusts) or other appropriate comparator group; - Earnings per share; and - Return on Equity The Committee may review the performance measures for the PSP to ensure they remain aligned to the Group's strategy. The Committee would consult with major Shareholders in advance of a change in performance measures used for the PSP. No more than 25% of an award vests for threshold performance.

Purpose and link to strategy	Operation	Potential	Performance measures
UK tax advantaged all-employee share plans			
Share plans available to all UK employees in the Group who satisfy the statutory requirements.	Executive Directors are eligible to participate in any of the Group's all-employee share plans on the same terms as other UK employees.	Maximum Partnership Shares in accordance with statutory limits. The Company does not presently offer Free Shares, Matching Shares or Dividend Shares.	n/a
Shareholding Guidelines			
To encourage share ownership by the Executive Directors and ensure interests are aligned.	Executive Directors are expected to purchase and/or retain all shares (net of tax) which vest under the Group's share plans (or any other discretionary long-term incentive arrangement introduced in the future) until such time as they hold a specified value of shares. Only beneficially owned shares and PSP awards subject to a holding period (discounted for anticipated tax liabilities) may be counted during the holding period for the purposes of the guidelines. Share awards do not otherwise count towards this requirement. Once shareholding guidelines have been met, individuals are expected to retain these levels as a minimum. The Committee will review shareholdings annually in the context of this Policy.	500% of base salary for all Executive Directors. From the adoption of this policy at the 2020 AGM, a guideline will apply additionally for a period of two years from the date on which an executive director stands down from the Board. The requirement in these circumstances will be to retain shares with a value equivalent to the lower of either: 250% of base salary; or the value of shares held at the date of standing down from the Board. In these circumstances, however, the requirement will not apply either to shares purchased by an Executive Director with their own funds or obtained under awards granted at recruitment to buy-out awards from a previous employer.	n/a

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Malus and clawback

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

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

Remuneration Policy for Non-Executive Directors

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

Directors' Report

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

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

	Page/Note
Strategic Report	5
Principal developments	21
Principal and emerging risks and uncertainties	30
Statement of Directors' responsibilities	121
Corporate Governance Statement	62
Engagement with UK employees	41
Greenhouse gas emissions	59
Engagement with suppliers, customers and others in a business relationship	41

Operations

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

Results and dividends

The results for the Group are set out in the consolidated income statement on page 132 which shows a reported profit for the financial year attributable to the Shareholders of the Company of £67.6m (2019: £82.9m).

It is recommended that a final dividend of 17.0p per ordinary share (amounting to £23.8m) is declared by the Company at the AGM on 12 May 2021 and, subject to Shareholder approval, paid on 18 May 2021 to Shareholders on the register of members as at the close of business on 9 April 2021. More details of the proposed dividend and the Company's performance can be found in the Chairman's statement on pages 5 to 7.

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 5 to 61. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 27 to 29. In addition, Note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources, including a £360m committed revolving credit facility that extends to June 2024. The Group has a broad geographic presence, service offering and extensive client spread ensuring that the Group is not over-dependent on one geography, service line or client. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue as a going concern for a period of at least 12 months from the date of the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts. Note 2.2. to the financial statements gives further explanation as to why the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Directors

Biographical details of the current Directors are shown on pages 65 to 67. All the Board members served throughout the year save for Philip Lee and Richard Orders who were appointed as Independent Non-Executive Directors with effect from 1 January 2021. As at 31 December 2019 the Board comprised the Non-Executive Chairman, two Executive Directors and five Non-Executive Directors.

Interests in the issued share capital of the Company held at the end of the period under review and up to the date of this Report by the Directors or their families are set out on page 108 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 109 and 110. It is the Board's policy that the GEB Members should retain at least 105,000 shares (value at 31 December 2020: £1,002,225) in the Company and that the Group Chief Executive and Group Chief Financial Officer hold shares to the value of five times their respective base salaries (£1,475,000 and £1,127,500 respectively).

Directors' interests in significant contracts

No Directors were materially interested in any contract of significance.

Directors' Report^{continued}

Indemnification of Directors

In accordance with the Company's Articles of Association, and to the extent permitted by law, the Directors and the Group Legal Director & Company Secretary are granted an indemnity, in respect of any liabilities incurred as a result of their holding office. Such indemnities were in force during the financial year to 31 December 2020 and up to the date of this Report. The Company also maintains appropriate insurance cover in respect of legal action against its Directors and Officers.

Management Report

This Directors' Report, on pages 117 to 121, together with the Strategic Report on pages 5 to 61, form the Management Report for the purposes of DTR 4.1.5R.

Additional Information Disclosure

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

Share capital and major shareholdings

The issued share capital of the Company as at 31 December 2020 comprised 143,065,222 2.5p ordinary shares, details of which may be found on pages 198 and 199.

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

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 2020 the Company had been notified of the following interests in the Company's ordinary share capital in accordance with DTR 5. It should be noted that these holdings are likely to have changed since notified to the Company. However, notification of any change is not required until an applicable threshold is crossed.

Shareholders	Number of shares ¹	% ¹
Jupiter Fund Management Plc	8,739,464	6.10
Aberdeen Asset Managers Limited (and/or acting for its affiliates) as discretionary investment manager on behalf of multiple managed portfolios	7,189,327	5.07
Liontrust Investment Partners LLP	7,210,255	5.04
Standard Life Investments (Holdings) Limited	6,723,563	<5.00
BlackRock, Inc.	not disclosed	<5.00
Heronbridge Investment Management LLP	7,131,812	4.99
Aggregate of Standard Life Aberdeen plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	7,068,920	4.98
Old Mutual Plc	6,685,646	4.71

1. As at date of notification.

Note: Between 31 December 2020 and 10 March 2021, BlackRock, Inc. made a further five notifications in accordance with DTR 5. In the latest of those notifications, on 10 March 2021, BlackRock, Inc. disclosed a shareholding of 5.07%. No other changes to the above have been disclosed to the Company in accordance with DTR 5, between 31 December 2020 and 10 March 2021.

As at 31 December 2020, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 3,524,326 ordinary shares and the Savills Rabbi Trust held 1,055,676 ordinary shares. Any voting or other similar decisions relating to these shares held in trust are taken by the trustees, who may take account of any recommendation of the Company. The EBT waives its right to receive Savills plc dividends. The Savills Rabbi Trust put a dividend waiver in place in February 2021. For further details of the trusts please refer to Note 2.22 to the financial statements.

Repurchase of shares

In accordance with the Listing Rules, at the AGM on 25 June 2020 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 12 May 2021 to renew the Company's authority to make market purchases of its own ordinary shares of 2.5p each for cancellation, to be held in treasury, sold for cash or (provided Listing Rule requirements are met) transferred for the purposes of or pursuant to an employee share scheme. Details of the proposed resolution are included in the Notice of AGM circulated to Shareholders with this Annual Report and Accounts (the 'AGM Notice').

Change of control

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

Articles of Association

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

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 115, in accordance with Board policy, the members of the GEB (which includes the Executive Directors) are expected to build-up and maintain a shareholding in the Company. The Board may appoint any person to be a Director and such Director shall hold office only until the next AGM when he or she shall then be eligible for re-appointment by the Shareholders. The Articles provide that each Director shall retire from office at the third AGM after the AGM at which he or she was last elected. A retiring Director shall be eligible for re-election. However, in accordance with the Code, all Directors of the Company are subject to annual re-election.

Annual General Meeting

The AGM is to be held at Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB at 12 noon on 12 May 2021; details are contained in the AGM Notice circulated to Shareholders with this Annual Report and Accounts.

Half Year Report

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

Political contributions

The Company made no political contributions during the year (2019: £nil).

Employees' policies and involvement

The Directors recognise that the quality, commitment and motivation of Savills staff is a key element to the success of the Group; see page 41 for more information as to employee engagement.

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

Employees are able to share in the Group's success through performance-related profit share schemes (see page 114 for more details) and for UK employees (including Executive Directors), share plans which include a Sharesave Scheme and a Share Incentive Plan ('SIP'). The Sharesave Scheme is an HMRC-approved save-as-you-earn share option scheme which allows participants to purchase shares out of the proceeds of a linked savings contract at a price set at the time of the option grant. Participants may elect to save up to £500 per month and options may normally be exercised in the six months following the maturity of the linked three-year savings contract. The potential for extending the Sharesave Scheme internationally remains under consideration. The SIP is also HMRC-approved and through which participants may make regular purchases of shares (up to the current statutory limit of £150 per month) from pre-tax income. Shares under the SIP normally vest after five years and are free from income tax and national insurance contributions.

Directors' Report continued

Human rights and equal opportunities

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

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

Whistleblowing

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

Independent auditors

In accordance with section 489 of the Companies Act 2006, PricewaterhouseCoopers LLP were re-appointed as auditors of the Company at the 2020 AGM in respect of the financial year ended 31 December 2020. As previously announced, Ernst & Young LLP are to be proposed as auditors of the Company for the financial year ending 31 December 2021 and their appointment will be recommended to Shareholders for approval at the AGM to be held on 12 May 2021. This proposed appointment follows a competitive tender process which took place in 2019. This process concluded with the Audit Committee recommending to the Board that Ernst & Young LLP be appointed as External Auditor for financial years commencing on or after 1 January 2021. The competitive tender process was undertaken in accordance with mandatory External Auditor rotation rules.

Disclosure of information to the auditor

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

Engagement with UK employees

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

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

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

By order of the Board

Chris Lee

Group Legal Director & Company Secretary

10 March 2021

Savills plc

Registered in England No. 2122174

Statement of Directors' responsibilities in respect of the financial statements

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

Under that law the Directors have prepared the Group and parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 in pages 64 to 67 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.

10 March 2021

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 2020 and of the Group's profit and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 December 2020; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity and the Consolidated and Company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 2 to the financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the Group in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted full scope audits of the complete financial information in the UK, Germany, Spain, Ireland, the United States of America, Hong Kong, China (Shanghai), the Republic of Korea and Australia. The UK and Hong Kong components were considered to be financially significant due to their contribution to the Group's underlying profit before tax.
- In addition, we carried out specified audit procedures over balances and transactions of entities in Dubai, Singapore and Japan.
- We carried out full scope audit procedures on parts of the business which accounted for 84% (2019: 85%) of Group revenues and 84% (2019: 86%) of the Group's underlying profit before tax.
- As the Group audit team, we maintained regular contact with our component teams, in particular with the Hong Kong team throughout the planning and execution of their work.

Key audit matters

- 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 in respect of the United States of America and Middle East businesses (Group)
- Provisions for litigation (Group)
- Recoverability of trade receivables (Group)
- Impact of COVID-19 (Group and Company)

Materiality

- Overall Group materiality: £6,000,000 (2019: £7,100,000) based on approximately 5% of Group's three year average of underlying profit before tax as defined in Note 2.3 to the financial statements (2019: 5% of Group underlying profit before tax).
- Overall Company materiality: £3,000,000 (2019: £2,500,000) based on 1% of total assets.
- Performance materiality: £4,500,000 (Group) and £2,250,000 (Company).

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We held discussions with management, internal audit and the Group's legal team and external legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and the results of whistleblowing procedures and related investigations, that could give rise to a material misstatement in the Group and Company financial statements.
- Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to litigation provisions, recoverability of trade receivables and impairment of goodwill (see related key audit matters below).
- We did not identify any key audit matters relating to irregularities, including fraud. We also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

Independent Auditors' Report continued

to the members of Savills plc

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.

The impact of the COVID-19 pandemic on the Group is a new key audit matter this year. In our 2019 audit opinion, we included a key audit matter in respect of the recognition of right-of-use-assets and leased liabilities, following the first year adoption of IFRS 16. This is no longer a key audit matter. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition in relation to cut-off for transaction income in the investment management and transactional advisory businesses (Group) Our specific audit focus was on the risk that revenue may be recorded in the incorrect period in respect of transaction fees in the transactional advisory and investment management businesses, in light of the incentive schemes for management in those businesses designed to reward performance. The recognition of revenue is largely dependent on the date the underlying transaction is deemed to be completed.	We performed the following procedures in the UK and ensured that the equivalent procedures were performed by our in-scope component teams • We examined the appropriateness of the Group's accounting policy for revenue recognition, and its compliance with accounting standards, and tested the application of this policy. For a sample of transactions, we evaluated the contractual terms and the revenue recognition policy adopted and determined that the related revenue had been recorded in accordance with above accounting policy; • We tested revenue recognition through agreeing a sample of revenue transactions to underlying contracts and third-party documentation, for example, property sales completion statements, determining that these sales had taken place and were recorded in the correct period; and • We also tested journal entries posted to revenue accounts to identify any unusual or irregular items and tested the reconciliations between the revenue subledgers used by the Group and their financial ledgers. There were no material issues identified by our testing of revenue recognition in the year.

Key audit matter

Goodwill impairment assessment in respect of North America and Middle East businesses (Group)

The Group carried £379.4m of goodwill at 31 December 2020 (2019: £374.2m). The carrying value of goodwill is contingent on future cash flows of the underlying cash generating units ('CGUs') and there is a risk that if these cash flows do not meet the Directors' expectations, the goodwill will be impaired. A particular focus during our testing was the goodwill balance of £144.3m in relation to the US Transaction Advisory business, on the basis of its reliance on transactional revenue from the office leasing market.

We also focused on the recoverability of £13.9m of goodwill in relation to the Middle East business which was acquired in 2018.

No goodwill impairment charge was recorded in the Group's financial statements. In performing sensitivity analysis, we determined that the recoverability of the US Transaction Advisory goodwill is sensitive to reasonably possible changes in key assumptions. Accordingly, assumptions and sensitivities have been disclosed in the Group's financial statements in accordance with IAS 36.

How our audit addressed the key audit matter

We performed the following audit procedures in relation to the US Transaction Advisory and Middle East goodwill:

- We evaluated and challenged the Directors' future cash flow forecasts and the process by which they were drawn up and tested the mathematical accuracy of the underlying value in use calculations;
- We compared management's forecasts with the latest Board-approved budget/strategy review numbers and found them to be consistent;
- We challenged the key assumptions such as revenue growth and profit margins in the forecasts by comparing them with historical results, as well as comparing those assumptions to relevant economic and property market forecasts. This included assessing the reasonableness of assumptions of recovery of those markets to pre-pandemic levels and reviewing lease expiration data reflecting future demand in respect of the US business. We also reviewed certain contracts, both short-term and long-term, reflecting future demand in respect of the Middle East business;
- We evaluated the discount rate used in the calculations by assessing the cost of capital for the Group and comparable organisations and assessed the specific risk premium applied to each CGU. We involved PwC valuation experts to determine a range of acceptable discount rates, with reference to valuations of similar companies and other relevant external data and compared this range with the discount rates adopted by the Group. The discount rates adopted by the Group were slightly below the discount rates determined by the valuation experts in respect of the US business; whereas the discount rate adopted by the group for the Middle East business was above the range determined by our valuation experts.
- We performed sensitivity analysis on the key assumptions within the cash flow forecasts which included sensitising the discount rate applied to the future cash flows, and the short and long term growth rates and profit margins. We also considered the appropriateness of assumptions in relation to the recovery of performance following COVID-19. We ascertained the extent to which a change in these assumptions both individually or in aggregate would result in goodwill impairment and considered the likelihood of such events occurring. We ensured that appropriate disclosure in accordance with IAS 36, 'Impairment of assets', was made.

Overall, we were satisfied that no impairment of goodwill was required.

Independent Auditors' Report continued

to the members of Savills plc

Key audit matter	How our audit addressed the key audit matter
Provisions for litigation (Group) The Group is subject to a number of legal claims in the normal course of business. The calculation of provisions against these claims is judgemental, given the range of possible outcomes on each claim. Our audit procedures considered 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 2020 is £14.5m (2019: £11.5m).	In order to assess the accuracy and completeness of the provisions held at the balance sheet date, we performed the following procedures: • Where relevant, obtained and read legal claim letters and accompanying third party documentation received by the Group; • Obtained and read insurance contracts, and verified that the terms were appropriately accounted for; • Met with the Group's internal and external legal counsels to discuss material developments and the latest status of legal matters, including the potential exposure after taking into account the Group's insurance cover; • Verified the amounts and other details in respect of new claims to the relevant supporting documentation; • Assessed the outcome of prior year estimates of litigation provisions to help assess the reliability of the estimates this year; • Examined the available evidence in respect of legal cases settled during the year including, where relevant, tracing 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 judgements in their assessment process for determining the level of provision held.
Recoverability of trade receivables (Group) The Group is exposed to a risk of default in respect of trade receivables. This risk is factored into our audit approach with respect to the provision against trade receivables. At 31 December 2020 the total trade receivables balances was £388.9m (2019: £463.0m) less provisions of £29.9 m (2019: £25.6m) included in Note 22.1. The recoverability of trade receivables and the level of provisions for expected credit losses are considered to be a key risk due to the significance of these balances to the financial statements and the judgements required in making appropriate provisions. Given the current economic impact of COVID-19, there may be additional risk in the trade receivables balance as customers may be experiencing cash flow problems and recoverability may be in greater doubt.	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 reviewed management's loss allowance provision for trade receivables calculations and ensured that these were consistent with Group policy, and the expected credit loss model as stipulated by IFRS 9. In addition, agreed the provision reflects the risk of uncollected debts given to individual counterparty credit risk and the general economic conditions in each jurisdiction, including the effects of COVID-19; and • We challenged management as to the recoverability of the older, unprovided amounts, corroborating management explanations with underlying documentation and correspondence with the customer. Based upon the above, we are satisfied that management had taken reasonable judgements that were supported by the available evidence in respect of the relevant receivables.

Key audit matter**Impact of COVID-19 (Group and Company)**

The COVID-19 pandemic has had a considerable impact on the performance of the Group during the current year. As a result, the pandemic has increased estimation uncertainty to certain areas of the financial statements. The key areas of the financial statements most impacted by the increased estimation uncertainty are described below:

- The budgets and models supporting the goodwill and intangibles impairment assessments have been updated to reflect management's best estimate of the impacts of COVID-19. The assumptions applied in this analysis have been determined internally, but incorporate external views and other third-party data sources, where relevant. Consideration of the impact on the carrying value of goodwill and intangible assets is described in the related key audit matter above.
- These models and related assumptions also underpin management's going concern and viability assessments. Management has modelled a variety of scenarios, including severe but plausible downside scenarios, to its base case trading forecast. Having considered these models, together with a robust assessment of planned and possible mitigating actions, the Directors have concluded that the Group remains a going concern, and that there is no material uncertainty in respect of this conclusion.
- The recoverability of trade receivables has been considered in light of the increased uncertainty over customer liquidity and the ability of Savills to collect amounts due from customers, as considered in the key audit matter above.

In addition, management's ways of working, including the operation of controls, has been impacted as a result of a large number of staff having to work remotely. This has inevitably resulted in an increase in risk due to the remote accessing of IT systems and a potentially heightened cyber risk.

How our audit addressed the key audit matter

We validated that the cash flow forecast models used across the goodwill impairment, going concern and viability assessments were consistent. Our procedures in respect of the goodwill and indefinite-lived intangible asset impairment assessments are covered in the related key audit matter above.

With respect to management's going concern assessment, we:

- Evaluated management's base case and downside scenarios, challenging the key assumptions;
- Considered the Group's available financing and maturity profile to assess liquidity through the assessment period;
- Tested the mathematical integrity of the forecasts and the models and reconciled these to Board approved budgets;
- Recalculated the Group's forecast compliance with its banking covenants;
- Performed our own independent sensitivity analysis to assess further appropriate downside scenarios for both liquidity and covenant compliance; and
- We assessed the reasonableness of management's planned or potential mitigating actions within the downside scenarios.

Our conclusions in respect of going concern are set out separately within this report.

Our procedures in respect of the recoverability of receivables are covered in the related key audit matter above.

We performed additional procedures to assess any implications over the control environment arising from the impact of the pandemic, including inquiries regarding the operation of IT and other key business processes especially purchase and payables, and whether there had been any impact on the Group given the heightened cyber risk. Based on the inquiries performed and the results of our audit procedures, we did not identify any evidence of a material deterioration in the control environment.

We increased the frequency and extent of our oversight over component audit teams, using video conferencing and remote working paper reviews, to satisfy ourselves as to the appropriateness of audit work performed at significant and material components.

We considered the appropriateness of management disclosures in the financial statements in respect of the impact of the current environment and the increased uncertainty on certain accounting estimates and consider these to be appropriate.

Independent Auditors' Report continued

to the members of Savills plc

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.

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

In our view, due to their significance and/or risk characteristics, businesses in the UK, Germany, Spain, Ireland, the United States of America, Hong Kong, China (Shanghai), the Republic of Korea and Australia 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.

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

In order to direct and supervise the Group audit, the Group engagement team sent detailed instructions to component audit teams. This included communication of the areas of focus and other required communications. Given the restrictions on overseas travel as a result of COVID-19, the Group engagement team increased the frequency and extent of oversight over component audit teams, particularly in respect of our financially significant component team in Hong Kong. This included regular video conferences and remote working paper reviews to direct and supervise the work of these teams, and to satisfy ourselves as to the appropriateness of the audit work performed. The Group audit team also joined the audit clearance meetings for each of the above locations that were subject to full scope audit procedures, as well as holding video calls with the regional management teams of Asia Pacific, Europe and North America.

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 disclosures, and goodwill impairment assessments. 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:

	Financial statements – Group	Financial statements – Company
Overall materiality	£6,000,000 (2019: £7,100,000).	£3,000,000 (2019: £2,500,000).
How we determined it	Approximately 5% of Group's three-year average of underlying profit before tax as defined in Note 2.3 to the financial statements (2019: 5% of Group underlying profit before tax)	1% of total assets
Rationale for benchmark applied	Based on our professional judgement, we determined materiality by applying a benchmark of underlying profit before tax, as the primary measure used by management and the Shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. We have applied a three-year average to the underlying profit before tax of the financial years 2018, 2019 and 2020, due to the substantial impact that COVID-19 pandemic has had on the business in 2020. We consider this to be appropriate as COVID-19 is considered to have a one-off effect on the performance of the business and it is expected to recover in future with no underlying structural change to the business.	The parent Company is a non-trading holding company and accordingly we conclude that the total assets is an appropriate benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.4 million to £5.7 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £4,500,000 for the Group financial statements and £2,250,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.3m (Group audit) (2019: £0.3m) and £0.3m (Company audit) (2019: £0.3m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.
- We 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

As not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

Independent Auditors' Report continued

to the members of Savills plc

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

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.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report & Accounts that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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 20 years, covering the years ended 31 December 2001 to 31 December 2020.

John Waters (Senior Statutory Auditor)

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

10 March 2021

Consolidated income statement

for the year ended 31 December 2020

	Notes	2020 £m	2019 Restated* £m
Revenue	6 and 7	1,740.5	1,913.4
Less:			
Employee benefits expense	11.1	(1,153.7)	(1,240.5)
Depreciation	18 and 19	(64.3)	(60.6)
Amortisation of intangible assets	17	(9.6)	(10.4)
Other operating expenses		(419.1)	(482.0)
Impairment losses on financial assets	22.1	(8.7)	(6.5)
Other operating income	8.1	0.8	0.5
Other (losses)/gains	8.1	(0.1)	1.7
Operating profit	8	85.8	115.6
Finance income	13	3.4	6.5
Finance costs	13	(16.2)	(18.3)
	13	(12.8)	(11.8)
Share of post-tax profit from joint ventures and associates	20.1	10.2	11.8
Profit before income tax		83.2	115.6
Income tax expense	14	(15.2)	(32.0)
Profit for the year		68.0	83.6
Attributable to:			
Owners of the parent		67.6	82.9
Non-controlling interests		0.4	0.7
		68.0	83.6
Earnings per share			
Basic earnings per share	16.1	49.0p	60.6p
Diluted earnings per share	16.1	47.9p	58.8p

Supplementary income statement information

Reconciliation to underlying profit before income tax			
Profit before income tax	9	83.2	115.6
- restructuring and acquisition-related costs	9	6.5	25.2
- other underlying adjustments	9	6.9	2.6
Underlying profit before income tax	7 and 9	96.6	143.4

* See Note 2.29 for details on the prior year restatement of revenue and other operating expenses.

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Profit for the year		68.0	83.6
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme and employee benefit obligations		6.5	(23.2)
Changes in fair value of equity investments at FVOCI, net of tax		(6.9)	(0.3)
Tax on other items that will not be reclassified	14	(1.2)	4.4
Total items that will not be reclassified to profit or loss		(1.6)	(19.1)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		1.8	(21.0)
Tax on items that may be reclassified	14	(0.3)	3.8
Total items that may be reclassified subsequently to profit or loss		1.5	(17.2)
Other comprehensive loss for the year, net of tax		(0.1)	(36.3)
Total comprehensive income for the year		67.9	47.3
Total comprehensive income attributable to:			
Owners of the parent		67.5	46.6
Non-controlling interests		0.4	0.7
		67.9	47.3

Consolidated and Company statements of financial position

as at 31 December 2020

		Group		Company	
	Notes	2020 £m	2019 £m	2020 £m	2019 £m
Assets: Non-current assets					
Property, plant and equipment	18	64.9	68.9	3.8	2.7
Right of use assets	19	252.8	226.2	53.9	58.7
Goodwill	17	379.4	374.2	-	-
Intangible assets	17	49.8	44.5	6.3	6.7
Investments in subsidiaries	20.3	-	-	81.5	81.5
Investments in joint ventures and associates	20.1	51.8	51.4	-	-
Deferred income tax assets	21	42.8	32.7	2.5	2.7
Financial assets at fair value through other comprehensive income ('FVOCI')	20.2	27.4	32.6	-	-
Contract related assets	6.1	1.4	1.6	-	-
Trade and other receivables	22.3	31.8	27.3	-	-
		902.1	859.4	148.0	152.3
Assets: Current assets					
Contract related assets	6.1	8.0	7.5	-	-
Trade and other receivables	22.1	496.6	568.9	92.2	73.4
Income tax receivable		1.9	3.6	-	1.7
Derivative financial instruments	27	0.4	0.2	-	-
Cash and cash equivalents	23	338.3	209.9	94.5	83.1
		845.2	790.1	186.7	158.2
Liabilities: Current liabilities					
Borrowings	25	12.2	33.4	-	-
Lease liabilities	26	45.2	45.3	5.6	5.4
Derivative financial instruments	27	0.3	0.1	-	-
Contract liabilities	6.1	10.8	10.8	-	-
Trade and other payables	24.1	604.9	589.9	12.4	13.9
Income tax liabilities		10.2	17.2	1.9	-
Employee benefit obligations	28.2	19.2	16.2	0.3	0.1
Provisions	28.1	8.3	10.7	-	-
		711.1	723.6	20.2	19.4
Net current assets		134.1	66.5	166.5	138.8
Total assets less current liabilities		1,036.2	925.9	314.5	291.1
Liabilities: Non-current liabilities					
Borrowings	25	148.4	148.0	-	-
Lease liabilities	26	259.0	221.8	64.5	69.9
Derivative financial instruments	27	0.6	-	-	-
Other payables	24.2	10.5	17.7	-	-
Retirement and employee benefit obligations	12.2 and 28.2	14.9	20.5	0.1	0.5
Provisions	28.1	15.6	12.6	1.3	1.2
Deferred income tax liabilities	21	5.6	2.1	-	-
		454.6	422.7	65.9	71.6
Net assets		581.6	503.2	248.6	219.5
Equity:					
Share capital	29	3.6	3.6	3.6	3.6
Share premium		97.2	97.2	97.2	97.2
Other reserves	31	90.0	95.5	38.2	38.2
Retained earnings	31	390.1	306.2	109.6	80.5
Equity attributable to owners of the parent		580.9	502.5	248.6	219.5
Non-controlling interests		0.7	0.7	-	-
Total equity		581.6	503.2	248.6	219.5

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 £51.5m (2019: £55.6m).

The consolidated and Company financial statements on pages 132 to 137 were authorised for issue by the Board of Directors on 10 March 2021 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 2020

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 2020	3.6	97.2	95.5	306.2	502.5	0.7	503.2
Profit for the year	-	-	-	67.6	67.6	0.4	68.0
Other comprehensive income/(loss):							
Re-measurement of defined benefit pension scheme and employee benefit obligations	-	-	-	6.5	6.5	-	6.5
Changes in fair value of financial assets at FVOCI, net of tax	-	-	(6.9)	-	(6.9)	-	(6.9)
Tax on other items directly taken to reserves	14	-	-	(1.5)	(1.5)	-	(1.5)
Currency translation differences	-	-	1.8	-	1.8	-	1.8
Total comprehensive income for the year	-	-	(5.1)	72.6	67.5	0.4	67.9
Employee share option scheme:							
- Value of services provided	-	-	-	19.8	19.8	-	19.8
Purchase of treasury shares	-	-	-	(8.3)	(8.3)	-	(8.3)
Disposal of financial assets at FVOCI	-	-	(0.4)	(0.2)	(0.6)	-	(0.6)
Dividends	-	-	-	-	-	(0.4)	(0.4)
Balance at 31 December 2020	3.6	97.2	90.0	390.1	580.9	0.7	581.6

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 2019	3.6	96.6	117.6	277.2	495.0	0.7	495.7
Profit for the year	-	-	-	82.9	82.9	0.7	83.6
Other comprehensive income/(loss):							
Re-measurement of defined benefit pension scheme and employee benefit obligations	-	-	-	(23.2)	(23.2)	-	(23.2)
Changes in fair value of financial assets at FVOCI, net of tax	-	-	(0.3)	-	(0.3)	-	(0.3)
Tax on other items directly taken to reserves	14	-	-	8.2	8.2	-	8.2
Currency translation differences	-	-	(21.0)	-	(21.0)	-	(21.0)
Total comprehensive income for the year	-	-	(21.3)	67.9	46.6	0.7	47.3
Employee share option scheme:							
- Value of services provided	-	-	-	17.8	17.8	-	17.8
Purchase of treasury shares	-	-	-	(14.1)	(14.1)	-	(14.1)
Shares issued	-	0.6	-	-	0.6	-	0.6
Dividends	15	-	-	(42.8)	(42.8)	(0.5)	(43.3)
Disposal of financial assets at FVOCI	-	-	(0.8)	0.8	-	-	-
Transactions with non-controlling interests	-	-	-	(0.6)	(0.6)	(0.2)	(0.8)
Balance at 31 December 2019	3.6	97.2	95.5	306.2	502.5	0.7	503.2

* 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 31.

** 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 31.

Company statement of changes in equity

for the year ended 31 December 2020

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 2020	3.6	97.2	0.3	34.9	3.0	4.1	76.4	219.5
Profit for the year	-	-	-	-	-	-	51.5	51.5
Other comprehensive income:								
Remeasurement of defined benefit pension scheme	12.2	-	-	-	-	-	0.4	0.4
Total comprehensive income for the year	-	-	-	-	-	-	51.9	51.9
Employee share option scheme:								
- Value of services provided	-	-	-	-	-	1.6	-	1.6
- Exercise of share options	-	-	-	-	-	(1.5)	(18.9)	(20.4)
Contribution to Employee Benefit Trust	-	-	-	-	-	-	(8.3)	(8.3)
Contribution from subsidiaries in relation to Employee Benefit Trust funding	-	-	-	-	-	-	4.3	4.3
Balance at 31 December 2020	3.6	97.2	0.3	34.9	3.0	4.2	105.4	248.6

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 2019	3.6	96.6	0.3	34.9	3.0	5.0	75.0	218.4
Profit for the year	-	-	-	-	-	-	55.6	55.6
Other comprehensive (loss)/income:								
Remeasurement of defined benefit retirement surplus and long term service	12.2	-	-	-	-	-	(1.2)	(1.2)
Tax on items directly taken to reserves	14	-	-	-	-	-	1.6	1.6
Total comprehensive income for the year	-	-	-	-	-	-	56.0	56.0
Employee share option scheme:								
- Value of services provided	-	-	-	-	-	1.0	-	1.0
- Exercise of share options	-	-	-	-	-	(1.9)	(14.8)	(16.7)
Contribution to Employee Benefit Trust	-	-	-	-	-	-	(9.1)	(9.1)
Contribution from subsidiaries in relation to Employee Benefit Trust funding	-	-	-	-	-	-	12.6	12.6
Shares issued	-	0.6	-	-	-	-	-	0.6
Dividends	15	-	-	-	-	-	(43.3)	(43.3)
Balance at 31 December 2019	3.6	97.2	0.3	34.9	3.0	4.1	76.4	219.5

* 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 2020

	Notes	Group		Company	
		2020 £m	2019 £m	2020 £m	2019 £m
Cash flows from operating activities					
Cash generated from operations	33	289.8	132.6	11.6	44.5
Interest received		3.4	6.4	1.0	1.2
Interest paid		(15.0)	(17.8)	(2.3)	(2.5)
Income tax (paid)/received		(29.6)	(25.8)	5.9	2.8
Net cash generated from operating activities		248.6	95.4	16.2	46.0
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		0.1	0.2	-	-
Proceeds from sale of equity investments		1.9	4.5	-	-
Proceeds from sale of interests in joint ventures, associates and other investments		0.7	2.1	-	-
Dividends received from joint ventures and associates		10.8	10.5	-	-
Repayment of loans by joint ventures, associates and loans from subsidiaries		0.1	-	8.0	35.0
Loans to joint ventures, associates and subsidiaries		(1.4)	(1.1)	-	(40.0)
Loans to other parties		(5.5)	(6.1)	-	-
Acquisition of subsidiaries, net of cash acquired	20.4	(11.2)	(1.5)	-	-
Deferred consideration paid in relation to prior year acquisitions		(15.3)	(5.0)	-	-
Purchase of property, plant and equipment	18	(12.8)	(16.2)	(2.2)	(1.4)
Purchase of intangible assets	17	(5.3)	(7.3)	(0.8)	(2.4)
Purchase of investment in joint ventures, associates and equity investments	20.1-20.2	(5.5)	(8.4)	-	-
Net cash (used in)/generated from investing activities		(43.4)	(28.3)	5.0	(8.8)
Cash flows from financing activities					
Proceeds from issue of share capital		-	0.6	-	0.6
Proceeds from borrowings	25	46.1	158.1	-	-
Repayments of borrowings	25	(67.3)	(125.2)	-	-
Financing fees paid		-	(1.8)	-	-
Principal elements of lease payments	26	(47.7)	(45.0)	(5.8)	(5.1)
Contribution to Employee Benefit Trust		-	-	(8.3)	(9.1)
Contribution from subsidiaries in relation to Employee Benefit Trust funding		-	-	4.3	12.6
Purchase of treasury shares	31	(8.3)	(14.1)	-	-
Purchase of non-controlling interests		-	(0.1)	-	-
Dividends paid	15	(0.4)	(43.3)	-	(43.3)
Net cash used in financing activities		(77.6)	(70.8)	(9.8)	(44.3)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		127.6	(3.7)	11.4	(7.1)
Cash, cash equivalents and bank overdrafts at beginning of year		209.8	223.9	83.1	90.2
Effect of exchange rate fluctuations on cash and cash equivalents held		0.8	(10.4)	-	-
Cash, cash equivalents and bank overdrafts at end of year	23 and 25	338.2	209.8	94.5	83.1

Notes to the financial statements

Year ended 31 December 2020

1. General information

Savills plc (the 'Company') and its subsidiaries (together the 'Group') is a global real estate services Group. The Group operates through a network of offices in the UK, Europe, Asia Pacific, North America, Africa and the Middle East. Savills is listed on the London Stock Exchange and employs 39,067 staff worldwide.

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

These consolidated financial statements were approved for issue by the Board of Directors on 10 March 2021.

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 accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

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 Going concern

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

As in prior years, the Board undertook a strategic business review in the current year taking account of the Group's current position and prospects, the Group's strategic plan, and the Group's principal risks and the management of those risks, as detailed in the Annual Report. The review 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. Sensitivity analysis was also undertaken, including financing projections, to flex the financial forecasts under a variety of severe downside 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 a severe global economic downturn analogous to that experienced during the Global Financial Crisis in 2008/09 (the impact of which on the Group's results has so far not been replicated since) and a prolonged suppression of activity in some individual markets as a result of continued COVID-19 lockdown measures and restrictions. 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, as a result of the resilience and diversity of the Group, underpinned by a strong balance sheet.

Based on the Group's strong net cash position and undrawn £360.0m RCF at the year end, as described in the Chief Financial Officer's review, combined with the assessment explained above, the Directors have formed the judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements. For this reason, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

2.3 Use of non-GAAP measures

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

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

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

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

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

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

A reconciliation between GAAP and underlying measures are set out in Note 9 (underlying profit before tax), Note 10 (constant currency) and Note 16.2 (underlying basic earnings per share and underlying diluted earnings per share).

2.4 Consolidation

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

(a) Subsidiaries

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

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

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

(b) Acquisition of subsidiaries

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

Notes to the financial statements continued

Year ended 31 December 2020

2. Accounting policies continued

2.4 Consolidation continued

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

Acquisition-related costs are expensed as incurred.

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

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

(d) Disposal of subsidiaries

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

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

(e) Associates

Associates are all entities over which the Group has significant influence but not control, 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 20.1).

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 2.10.

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

(f) Joint arrangements

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

The Group's share of its joint venture's post-acquisition profits or losses is recognised in the income statement with a corresponding adjustment to the carrying amount of the investment. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (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 2.10.

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

(g) Investment management funds

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

2.5 Segment reporting

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

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.

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Notes to the financial statements continued

Year ended 31 December 2020

2. Accounting policies continued

2.6 Foreign currency translation continued

(c) Group entities

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the reporting date. Exchange differences arising from this translation of foreign operations are taken directly to the foreign exchange reserve. When foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange reserve is transferred to the income statement.

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

2.7 Property, plant and equipment

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

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

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

Freehold property	50 years
Short leasehold property (less than 50 years)	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.

2.8 Goodwill

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

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 17).

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

2.9 Intangible assets other than goodwill

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

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

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

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

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

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

Customer relationships	3-15 years
Order backlogs	2-4 years
Contracts – investment, property management and other existing business contracts	2-20 years
Brands	2 years
Computer software	3-7 years

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

2.10 Impairment of other non-financial assets

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

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

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

2.11 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position at fair value or amortised cost when the Group becomes party to the contractual provisions of the instrument. Subsequent measurement depends on the classification and is discussed in paragraphs 2.12–2.17.

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

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

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

Notes to the financial statements continued

Year ended 31 December 2020

2. Accounting policies continued

2.12 Equity investments

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

2.13 Trade and other receivables

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

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

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short-term highly liquid investments with original maturities of three months or less 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.

2.15 Bank borrowings

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

2.16 Trade payables

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

2.17 Derivative financial instruments

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

2.18 Share capital

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

2.19 Taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the year end date in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

2.20 Pension obligations

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

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

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

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

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

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

2.21 Share-based payments

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

All equity-settled share-based payments are measured at fair value at the date of grant. Fair value is predominantly measured by use of the Actuarial Binomial option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. 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.

2.22 Employee Benefit Trust and Savills Rabbi Trust

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

Notes to the financial statements continued

Year ended 31 December 2020

2. Accounting policies continued

2.23 Provisions

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

(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) Restructuring provisions

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

2.24 Revenue

The Group recognises revenue from the following major sources:

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

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

(a) Residential property transactions

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

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

(b) Commercial property transactions

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

(c) Property consultancy services

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

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

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

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

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

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

(d) Property and facilities management services

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

The primary performance obligation relates to the ongoing management of a property where revenue is recognised over a period of time as services are rendered in accordance with the contract terms. 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.

Notes to the financial statements continued

Year ended 31 December 2020

2. Accounting policies continued

2.24 Revenue continued

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.

2.25 Leases

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

Leases are recognised as a right-of-use asset and a corresponding lease liability for future lease payables at the date at which the leased asset is available for use by the Group. Depreciation of the right-of-use asset will be recognised in the income statement on a straight-line basis, with interest recognised on the lease liability.

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

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

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

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

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

2.26 Dividends

Dividend distributions are recognised as a liability in the Group's financial statements in the period in which they are approved by the Company's Shareholders.

Interim dividends are recognised when paid.

2.27 Government grants

The Group recognises government subsidy income when there is reasonable assurance that the financial assistance will be received and, where applicable, when the Group is able to demonstrate its ability to comply with any conditions of the support scheme. The income is recognised in the income statement over the period necessary to match the income with the related cost and is deducted against the related expense in the income statement. The majority of financial assistance received by the Group in the current financial year is in relation to employee costs and is included as income within the employee benefits expense line.

2.28 Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 January 2020 that are not relevant or considered to have a significant impact on the Group and its financial statements include the following:

Amendments to IFRS 3	Definition of a business in business combinations
Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform impact
Amendments to IFRS 16	COVID-19 related rent concessions

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

2.29 Prior year restatement

Following a review of the control over certain management companies in the CEME division, management have determined that the Group does not have control over these entities as defined by IFRS 10. These entities have not been consolidated in the current financial year and the prior period comparatives have been restated in accordance with IAS 8.

The table below shows the impact of the prior year restatement on the primary financial statements:

	2019 reported £m	Restatement £m	2019 restated £m
Income statement			
Revenue	1,930.0	(16.6)	1,913.4
Other operating expenses	(498.6)	16.6	(482.0)

No adjustment has been made to the 2019 cash flow or statement of financial position as the impact is not material.

Notes to the financial statements continued

Year ended 31 December 2020

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%
2020				
Estimated impact on post-tax profit				
Euro	(0.9)	(0.5)	0.5	1.1
Hong Kong dollar	(1.4)	(0.7)	0.8	1.7
US dollar	0.9	0.5	(0.5)	(1.1)
Estimated impact on components of equity				
Euro	(0.2)	(0.1)	0.1	0.3
Hong Kong dollar	(18.9)	(9.9)	11.0	23.1
US dollar	(16.6)	(8.7)	9.6	20.3
2019				
Estimated impact on post-tax profit				
Euro	(1.6)	(0.8)	0.9	2.0
Hong Kong dollar	(1.0)	(0.5)	0.6	1.2
US dollar	(0.9)	(0.5)	0.5	1.1
Estimated impact on components of equity				
Euro	0.4	0.2	(0.2)	(0.5)
Hong Kong dollar	(14.2)	(7.5)	8.2	17.4
US dollar	(16.6)	(8.7)	9.6	20.2

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 2020, 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%
2020				
Estimated impact on post-tax profit and equity	0.6	1.5	2.4	3.4
2019				
Estimated impact on post-tax profit and equity	0.2	0.7	1.1	1.6
£m	Decrease in interest rates			
	-0.5%	-1.0%	-1.5%	-2.0%
2020				
Estimated impact on post-tax profit and equity	(1.2)	(1.9)	(1.7)	(1.6)
2019				
Estimated impact on post-tax profit and equity	(0.6)	(1.1)	(1.4)	(1.1)

The rationale behind the 2.0% sensitivity analysis is based upon historic trends in interest rate movements and the short-term expectation that any increase or decrease greater than 2.0% is unlikely to occur.

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 2020. Refer to Note 22 for information on the credit quality of trade receivables and the maximum exposure to credit risk arising on outstanding receivables from clients.

Notes to the financial statements continued

Year ended 31 December 2020

3. Financial risk management continued

3.4 Credit risk continued

The table below shows Group cash balances split by counterparty ratings at the reporting date:

Counterparty rating (provided by S&P)	2020 £m	2019 £m
AA-	53.8	45.1
A+	39.0	23.4
A	174.8	91.3
A-	29.7	22.6
BBB+	21.6	13.4
BBB or below	19.4	14.1
Total	338.3	209.9

3.5 Liquidity risk

The Group maintains appropriate committed facilities to ensure the Group has sufficient funds available for operations and expansion. The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months.

Management monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities (Note 25) and cash and cash equivalents (Note 23) 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
2020				
Borrowings	12.2	-	30.0	120.0
Lease liabilities	45.2	72.5	98.0	110.8
Derivative financial instruments	0.3	0.2	0.4	-
Trade and other payables	490.2	7.3	3.5	0.6
	547.9	80.0	131.9	231.4
2019				
Borrowings	33.4	-	-	148.0
Lease liabilities	45.3	54.9	84.7	104.9
Derivative financial instruments	0.1	-	-	-
Trade and other payables	524.0	15.2	2.5	0.5
	602.8	70.1	87.2	253.4

3.6 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to provide returns for Shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Group's overall strategy remains unchanged from 2019.

Savills plc is not subject to any externally-imposed capital requirements, with the exception of its regulated entities within the Savills Investment Management Group and its FCA (Financial Conduct Authority) regulated entity, Savills Capital Advisors Ltd, in the UK. All regulated entities complied with the relevant capital requirements for the year ended 31 December 2020. The Savills Investment Management Group has regulated entities in the UK, Jersey, Luxembourg, Germany, Italy, Japan, Singapore and Australia. For more information on Savills Investment Management Group's regulated entities and regulatory requirements, please visit www.savillsim.com.

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Board has put in place a distribution policy which takes into account the degree of maintainability of the Group's different profit streams and the Group's overall exposure to cyclical Transaction Advisory profits, as well as the requirement to maintain a certain level of cash resources for working capital and corporate development purposes.

The Board will recommend an ordinary dividend broadly reflecting the profits derived from the Group's less volatile businesses. In addition, when profits from the cyclical Transaction Advisory business are strong, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend. The value of any such supplemental dividend will vary depending on the performance of the Group's Transaction Advisory business and the Group's anticipated working capital and corporate development requirements through the cycle. It is intended that, in normal circumstances, the combined value of the ordinary and supplemental dividends declared in respect of any year are covered at least 1.5 times by statutory retained earnings and/or at least 2.0 times by underlying profits after taxation. The Board has not proposed an interim or supplemental dividend in the year in order to retain sufficient cash reserves to mitigate the effect of the uncertainty over the impact of COVID-19. The ordinary dividend that has been proposed by the Board complies with the aforementioned policy.

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	
	2020	2019	2020	2019
Equity	581.6	503.2	248.6	219.5
Cash and cash equivalents	338.3	209.9	94.5	83.1
Bank overdrafts	(0.1)	(0.1)	-	-
Borrowings (gross of transaction costs)	(162.1)	(183.3)	-	-
Net cash	176.1	26.5	94.5	83.1

Notes to the financial statements continued

Year ended 31 December 2020

3. Financial risk management continued

3.7 Categories of financial instruments

	Financial assets at FVPL 2020 £m	Financial assets at FVOCI 2020 £m	Financial assets at amortised cost 2020 £m	Total carrying amount 2020 £m	Financial assets at FVPL 2019 £m	Financial assets at FVOCI 2019 £m	Financial assets at amortised cost 2019 £m	Total carrying amount 2019 £m
Financial assets:								
Financial assets at FVOCI	-	27.4	-	27.4	-	32.6	-	32.6
Trade and other receivables	-	-	426.3	426.3	-	-	505.9	505.9
Derivative financial instruments	0.4	-	-	0.4	0.2	-	-	0.2
Cash and cash equivalents	-	-	338.3	338.3	-	-	209.9	209.9
Total financial assets	0.4	27.4	764.6	792.4	0.2	32.6	715.8	748.6

	Financial liabilities at FVPL 2020 £m	Financial liabilities at amortised cost 2020 £m	Total carrying amount 2020 £m	Financial liabilities at FVPL 2019 £m	Financial liabilities at amortised cost 2019 £m	Total carrying amount 2019 £m
Financial liabilities:						
Borrowings	-	160.6	160.6	-	181.4	181.4
Lease liabilities	-	304.2	304.2	-	267.1	267.1
Trade and other payables	-	500.7	500.7	-	540.9	540.9
Derivative financial instruments	0.9	-	0.9	0.1	-	0.1
Total financial liabilities	0.9	965.5	966.4	0.1	989.4	989.5

3.8 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2020:

£m	Level 1	Level 2	Level 3	Total
2020				
Assets				
Financial assets at FVOCI				
- Listed	1.5	-	-	1.5
- Unlisted	-	7.2	18.7	25.9
Derivative financial instruments	-	0.4	-	0.4
Total assets	1.5	7.6	18.7	27.8
Liabilities				
Derivative financial instruments	-	0.3	0.6	0.9
Total liabilities	-	0.3	0.6	0.9

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

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

Level 1

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

Level 2

The fair value of Level 2 unlisted financial assets at FVOCI is determined using valuation techniques using observable market data where available and rely as little as possible on entity estimates. The fair value of investment funds is based on underlying asset values determined by the Fund Manager's audited annual financial statements. These instruments are included in Level 2.

The fair value of derivative financial instruments relating to forward foreign exchange contracts and interest rate caps are determined by using valuation techniques using observable market data. The fair value of derivative financial instruments is based on the market value of similar instruments with similar maturities. These instruments are included in Level 2.

Level 3

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

Unlisted equity securities included in Level 3 fall under two categories. The first, where cost has been determined as the best approximation of fair value. Cost is considered the best approximation of fair value in these instances either due to insufficient more recent information being available and/or there being a wide range of possible fair value measurements due to the nature of the investments and cost is considered the best estimate of fair value within the range. The second, where management have determined the fair value of the unlisted equity security based upon the latest trading performance of the investments, cash flow forecasts of the investments and applying these to a discounted cash flow valuation and/or considering evidence from recent fundraising initiatives undertaken.

The derivative financial liability classified as Level 3 relates to a put option, the fair value of which is derived from management's best estimate of the average EBITDA forecast of the relevant business.

The following table presents the changes in Level 3 items for the period ended 31 December 2020.

	Derivative financial instruments £m	Unlisted equity securities £m
Opening balance 1 January 2020	-	24.9
Additions	0.6	0.7
Re-measurement	-	(6.9)
Closing balance 31 December 2020	0.6	18.7

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Year ended 31 December 2020

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 statement of financial position 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 statement of financial position	Net amount in the statement of financial position
As at 31 December 2020			
Assets			
Cash and cash equivalents	547.4	(209.1)	338.3
Liabilities			
Bank overdrafts	(209.2)	209.1	(0.1)
As at 31 December 2019			
Assets			
Cash and cash equivalents	371.4	(161.5)	209.9
Liabilities			
Bank overdrafts	(161.6)	161.5	(0.1)

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

Determining the value of the future defined benefit obligation requires estimation in respect of the assumptions used to calculate present values. These include future mortality, discount rate and inflation. Management determines these assumptions in consultation with an independent actuary. Details of the estimates made in calculating the defined benefit obligation are disclosed in Note 12.2.

(b) Goodwill

The Group tests goodwill for impairment on an annual basis by comparing the carrying value of these assets with the value-in-use calculations of the relevant cash-generating unit (CGU). Within this process, the Group makes a number of key assumptions including discount rates, terminal growth rates and forecast cash flows. The assumptions impact the recoverability of goodwill and the requirement for impairment charges in the income statement. Additional information is disclosed in Note 17, which highlights the critical estimates applied in the value-in-use calculations for those CGUs that are considered most sensitive to changes in key assumptions and the sensitivity of these critical estimates.

(c) Professional indemnity provisions

The Group and its subsidiaries are party to various legal claims, the level of professional indemnity provision held in relation to these claims are based upon advice from both internal legal teams and independent external counsel and are assessed on a case by case basis. Further details are contained in Note 28.1. 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 32.

(d) Debtor recoverability

As described in Note 22, provisions for impairment of trade receivables have been made. In reviewing the appropriateness of these provisions, consideration has been given to the ageing of the debt and the potential likelihood of default, taking into account current and future economic conditions. Impairment analysis is performed by local management using a provision matrix to measure the expected credit losses, which is based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment.

5.2 Management judgements

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

(a) Non-underlying items

The Group presents underlying profit, earnings and taxation as part of its non-GAAP measures explained in Note 2.3. These measures involve the exclusion of items that, in the judgement of the Directors, need to be disclosed separately in order to obtain a clear and consistent presentation of the Group's underlying performance as they are deemed to be material, exceptional and/or non-operational by virtue of their nature. Further details of these items disclosed by the Directors in the reconciliation to underlying profit are detailed in Note 9.

(b) Critical judgements in determining the lease term

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

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

6. Revenue from contracts with customers

Revenue of £1,740.5m (2019: £1,913.4m) in the income statement relates solely to revenue arising from contracts with customers.

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

6.1 Contract related assets and liabilities

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

	2020 £m	2019 £m
Asset recognised for costs incurred to obtain a contract – investment management contracts	1.4	1.6
Work in progress – consulting contracts	8.0	7.5
Accrued income	48.3	42.3
Total contract related assets	57.7	51.4
Current	56.3	49.8
Non-current	1.4	1.6
	57.7	51.4
Deferred revenue	10.8	10.8
Total contract liabilities – current	10.8	10.8

An immaterial impairment loss on contract assets has been recognised in the reporting period (2019: £0.2m impairment loss).

Amortisation on contract costs recognised in the income statement amounted to £0.2m (2019 £0.2m).

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

The movement in accrued income and deferred income year-on-year is a result of normal trading fluctuations and is not materially impacted by subsidiary acquisitions, foreign exchange fluctuations or changes in assumptions.

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 £7.0m (2019: £8.6m).

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

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Year ended 31 December 2020

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 21 to 25 for further information on revenue sources.

Operations are based in four main geographical areas. The UK is the home of the parent Company with segment operations throughout the region. Asia Pacific segment operations are based in Hong Kong, Macau, China, South Korea, Japan, Taiwan, Thailand, Singapore, Vietnam, Australia, New Zealand, Indonesia, Malaysia and Myanmar. Europe & the Middle East segment operations are based in Germany, France, Spain, Portugal, the Netherlands, Belgium, Sweden, Italy, Ireland, Poland, Czech Republic, United Arab Emirates, Egypt, Oman, Bahrain and Saudi Arabia. North America segment operations are based in a number of states throughout the US and in Canada. The sales location of the client is not materially different from the location where fees are received and where the segment assets are located.

Within the UK, both commercial and residential services are provided. Other geographical areas, although largely commercial-based, also provide residential services, in particular Hong Kong, China, Vietnam, Singapore, Australia, Taiwan and Thailand.

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 other items that are considered exceptional by size or nature (GMP equalisation charge in the current year). Segmental assets and liabilities are not measured or reported to the GEB, but non-current assets are disclosed geographically on page 160.

The segment information provided to the GEB for revenue and underlying profit/(loss) for the year ended 31 December 2020 is as follows:

2020	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	79.8	164.1	204.9	26.9	-	475.7
United Kingdom – residential	153.2	41.7	40.1	-	-	235.0
Total United Kingdom	233.0	205.8	245.0	26.9	-	710.7
Europe & the Middle East	98.2	37.5	68.6	36.4	-	240.7
Asia Pacific – commercial	103.9	69.1	368.3	7.5	-	548.8
Asia Pacific – residential	26.9	-	-	-	-	26.9
Total Asia Pacific	130.8	69.1	368.3	7.5	-	575.7
North America	205.2	8.2	-	-	-	213.4
Revenue	667.2	320.6	681.9	70.8	-	1,740.5
Underlying profit/(loss) before tax						
United Kingdom – commercial	9.5	17.6	13.8	5.6	(13.9)	32.6
United Kingdom – residential	23.0	5.9	3.4	-	-	32.3
Total United Kingdom	32.5	23.5	17.2	5.6	(13.9)	64.9
Europe & the Middle East	(12.3)	2.4	(0.1)	7.8	-	(2.2)
Asia Pacific – commercial	3.3	6.5	27.7	1.4	-	38.9
Asia Pacific – residential	3.4	-	-	-	-	3.4
Total Asia Pacific	6.7	6.5	27.7	1.4	-	42.3
North America	(7.5)	(0.9)	-	-	-	(8.4)
Underlying profit/(loss) before tax*	19.4	31.5	44.8	14.8	(13.9)	96.6

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

2019	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	94.2	180.3	190.1	33.2	–	497.8
United Kingdom – residential	139.1	49.6	41.0	–	–	229.7
Total United Kingdom	233.3	229.9	231.1	33.2	–	727.5
Europe & the Middle East**	127.5	38.6	64.3	35.4	–	265.8
Asia Pacific – commercial	138.6	69.6	372.5	10.6	–	591.3
Asia Pacific – residential	35.8	–	–	–	–	35.8
Total Asia Pacific	174.4	69.6	372.5	10.6	–	627.1
North America	293.0	–	–	–	–	293.0
Revenue	828.2	338.1	667.9	79.2	–	1,913.4
Underlying profit/(loss) before tax						
United Kingdom – commercial	12.3	19.4	12.1	9.0	(14.2)	38.6
United Kingdom – residential	17.8	7.6	3.7	–	–	29.1
Total United Kingdom	30.1	27.0	15.8	9.0	(14.2)	67.7
Europe & the Middle East	5.4	2.9	0.2	7.3	–	15.8
Asia Pacific – commercial	12.4	4.6	19.2	1.8	–	38.0
Asia Pacific – residential	4.6	–	–	–	–	4.6
Total Asia Pacific	17.0	4.6	19.2	1.8	–	42.6
North America	17.3	–	–	–	–	17.3
Underlying profit/(loss) before tax*	69.8	34.5	35.2	18.1	(14.2)	143.4

* Transaction Advisory underlying profit before tax includes depreciation of £33.4m (2019: £29.6m), software amortisation of £1.4m (2019: £1.3m) and share of post-tax loss from joint ventures and associates of £0.1m (2019: £0.9m profit). Consultancy underlying profit before tax includes depreciation of £7.6m (2019: £7.9m), software amortisation of £0.5m (2019: £0.5m) and share of post-tax loss from joint ventures and associates of £0.1m (2019: £0.1m profit). Property and Facilities Management underlying profit before tax includes depreciation of £15.2m (2019: £15.8m), software amortisation of £1.5m (2019: £1.0m) and share of post-tax profit from joint ventures and associates of £8.2m (2019: £9.4m). Investment Management underlying profit before tax includes depreciation of £1.7m (2019: £1.9m) and software amortisation of £0.1m (2019: £0.1m) and share of post-tax gain from associates of £2.2m (2019: £1.4m). Included in Other underlying loss is depreciation of £6.4m (2019: £5.6m) and software amortisation of £1.2m (2019: £0.5m).

** Property and Facilities Management 2019 revenue has been restated, with revenue decreased by £16.6m in the Europe & Middle East division. There is no change to underlying profit. Refer to Note 2.29 for further details.

The Unallocated segment includes costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

A reconciliation of underlying profit before tax to profit before tax is provided in Note 9.

Inter-segmental revenue is not material. No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

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Year ended 31 December 2020

7. Segment analysis continued

Non-current assets by geography are set out below:

	2020 £m	2019 £m
Non-current assets		
United Kingdom	267.9	283.8
Europe & the Middle East	160.6	150.3
Asia Pacific	134.8	134.4
North America	235.4	196.7
Total non-current assets	798.7	765.2

Non-current assets include goodwill and intangible assets, plant, property and equipment, right-of-use assets and investments in joint ventures and associates. 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	
	2020 £m	2019 £m
In depreciation		
- Depreciation of right of use assets – leasehold properties	45.6	42.4
- Depreciation of right of use assets – equipment and motor vehicles	2.2	1.8
In other operating expenses		
- Net foreign exchange (gains)/losses (excluding net (gains)/losses on forward foreign exchange contracts)	(0.3)	1.4
- Net (gains)/losses on forward foreign exchange contracts	(0.1)	0.1
- Significant restructuring costs*	1.5	11.5
- Acquisition-related costs**	5.0	13.7
- Expense relating to short-term leases	0.7	0.9
- Expense relating to variable lease payments not included in lease liabilities	1.2	1.2
In other operating income		
- Dividends from equity investments held at FVOCI		
Related to investments held at the end of the reporting period	(0.5)	(0.5)
Related to investments disposed of during the reporting period	(0.3)	-
In other (gains)/losses		
- Loss/(profit) on disposal of joint ventures, associates and other investments	0.1	(1.5)
- Profit on disposal of subsidiaries	-	(0.2)

* Significant restructuring costs include staff related costs of £1.4m (2019: £1.5m), an impairment of right of use assets of £0.1m (2019: £0.5m) and other related restructuring costs of £nil (2019: £9.5m, relating to costs incurred in rebranding the North American business to and the final reorganisation within the ex SEB German Investment management business).

** 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	
	2020 £m	2019 £m
Audit services		
Fees payable to the Company's auditors for the audit of the parent Company	0.4	0.4
Fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries	2.1	1.8
	2.5	2.2
Audit-related assurance services	0.1	0.2
	0.1	0.2
Total	2.6	2.4

Audit-related assurance services relates primarily to the work performed in connection with the Group's interim financial statements.

8.3 Government subsidies

During the year, the Group received £23.4m of wage-related subsidies from governments globally in respect of employment support schemes due to the COVID-19 pandemic. After repayments (principally of UK Furlough receipts) and other provisions, the net positive impact of such receipts on the Group's operating profit in the year was £11.9m.

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Year ended 31 December 2020

9. Underlying profit before tax

	2020 £m	2019 £m
Statutory profit before tax	83.2	115.6
Adjustments:		
Amortisation of acquired intangible assets (excluding software)	4.9	6.9
Share-based payment adjustment	1.2	(2.6)
Loss/(profit) on disposal of joint ventures and associates	0.1	(1.7)
Restructuring costs	1.5	11.5
Acquisition-related costs	5.0	13.7
GMP equalisation charge	0.7	–
Underlying profit before tax	96.6	143.4

The adjustment for share-based payments relates to the impact of the accounting standard for share-based compensation. The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS, the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge in relation to outstanding bonus-related share awards and the estimated value of the current year bonus pool to be awarded in deferred shares. This adjustment is made to align the underlying staff cost in the year with the revenue recognised in the same period.

Loss on disposal recognised in relation to disposal of a portion of the Group's holding in a joint venture in China, which is now treated as an FVOCI equity investment and a part disposal of an associate in Singapore. In the prior year, profit on disposal included profits recognised in relation to the proceeds received in relation to legacy real estate funds in North America and disposal of a portion of the Group's holding in a joint venture in China.

Restructuring costs includes costs of integration activities in relation to significant business acquisitions. Charges in the year primarily relate to the ongoing cost of deferred shares, with a five year vesting period, issued in relation to the restructuring upon acquisition of Aguirre Newman in 2017. In the prior year, charges related to costs incurred in rebranding the North American business to Savills in line with the original integration plan and the final reorganisation within the German Investment management business associated with the SEB acquisition of 2015.

Acquisition-related costs include a net £4.7m (2019: £12.4m) provision for future payments in relation to business acquisitions, which are expensed through the income statement to reflect the requirement for the recipients to remain engaged actively in the business at the payment date. These relate to acquisitions in the UK (£1.8m – primarily Currell Group), North America (£1.8m) and Europe & the Middle East (£1.1m – primarily Aguirre Newman). In the prior year, these costs related to acquisitions in the UK (£5.0m – primarily Currell Group), North America (£2.9m) and Europe & the Middle East (£4.5m – primarily Aguirre Newman). In addition, acquisition-related costs includes £0.3m of unwinding of interest on deferred consideration payments (2019: £0.5m), £0.7m of transaction costs (2019: £0.8m) and a £0.7m credit in relation to a working capital adjustment on the Cluttons Middle East acquisition in 2018.

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 historic transfers-out of the scheme; this follows a High Court ruling issued on 20 November 2020. Refer to Note 12.2.

10. Constant Currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the current year results are retranslated using the prior year exchange rates. This eliminates the effect of exchange from the year-on-year comparison of results.

The constant currency effect on revenue, statutory profit and underlying profit is summarised below:

	2020 £m	2020 Constant Currency Effect £m	2020 at Constant Currency £m
Revenue	1,740.5	(4.3)	1,744.8
Profit before tax	83.2	0.1	83.1
Underlying profit before tax	96.6	0.1	96.5

The Group's segmental results for the current year are presented below in constant currency:

2020 at Constant Currency	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	79.8	164.1	204.9	26.9	–	475.7
United Kingdom – residential	153.2	41.7	40.1	–	–	235.0
Total United Kingdom	233.0	205.8	245.0	26.9	–	710.7
Europe & the Middle East	97.3	37.2	67.9	36.1	–	238.5
Asia Pacific – commercial	104.8	69.8	370.6	7.5	–	552.7
Asia Pacific – residential	27.1	–	–	–	–	27.1
Total Asia Pacific	131.9	69.8	370.6	7.5	–	579.8
North America	207.5	8.3	–	–	–	215.8
Revenue	669.7	321.1	683.5	70.5	–	1,744.8
Underlying profit/(loss) before tax						
United Kingdom – commercial	9.5	17.6	13.8	5.6	(13.9)	32.6
United Kingdom – residential	23.0	5.9	3.4	–	–	32.3
Total United Kingdom	32.5	23.5	17.2	5.6	(13.9)	64.9
Europe & the Middle East	(12.3)	2.4	(0.1)	7.7	–	(2.3)
Asia Pacific – commercial	3.2	6.5	28.0	1.4	–	39.1
Asia Pacific – residential	3.4	–	–	–	–	3.4
Total Asia Pacific	6.6	6.5	28.0	1.4	–	42.5
North America	(7.6)	(1.0)	–	–	–	(8.6)
Underlying profit/(loss) before tax	19.2	31.4	45.1	14.7	(13.9)	96.5

Notes to the financial statements continued

Year ended 31 December 2020

10. Constant Currency continued

The constant currency effect on the Group's segmental results for the current year is presented below:

2020 - Constant Currency Effect	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	-	-	-	-	-	-
United Kingdom – residential	-	-	-	-	-	-
Total United Kingdom	-	-	-	-	-	-
Europe & the Middle East	0.9	0.3	0.7	0.3	-	2.2
Asia Pacific – commercial	(0.9)	(0.7)	(2.3)	-	-	(3.9)
Asia Pacific – residential	(0.2)	-	-	-	-	(0.2)
Total Asia Pacific	(1.1)	(0.7)	(2.3)	-	-	(4.1)
North America	(2.3)	(0.1)	-	-	-	(2.4)
Revenue	(2.5)	(0.5)	(1.6)	0.3	-	(4.3)
Underlying profit/(loss) before tax						
United Kingdom – commercial	-	-	-	-	-	-
United Kingdom – residential	-	-	-	-	-	-
Total United Kingdom	-	-	-	-	-	-
Europe & the Middle East	-	-	-	0.1	-	0.1
Asia Pacific – commercial	0.1	-	(0.3)	-	-	(0.2)
Asia Pacific – residential	-	-	-	-	-	-
Total Asia Pacific	0.1	-	(0.3)	-	-	(0.2)
North America	0.1	0.1	-	-	-	0.2
Underlying profit/(loss) before tax	0.2	0.1	(0.3)	0.1	-	0.1

11. Employees

11.1 Employee benefits expense

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Basic salaries and wages	635.7	644.5	9.6	9.2
Profit share and commissions	385.2	466.8	5.4	5.9
Wages and salaries	1,020.9	1,111.3	15.0	15.1
Social security costs	78.3	79.9	1.9	2.0
Other pension costs	34.7	31.5	0.6	0.5
Share-based payments	19.8	17.8	1.6	1.0
	1,153.7	1,240.5	19.1	18.6

During the year, the Group received wage-related subsidies from governments globally in respect of employment support schemes following the COVID-19 pandemic. The amount received under these schemes are off-set against the employee benefit expense in the income statement. Refer to Note 8.3 for further details.

11.2 Staff numbers

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

	Group		Company	
	2020	2019	2020	2019
United Kingdom	6,939	6,388	151	143
Europe & the Middle East	2,135	2,032	-	-
Asia Pacific	29,160	29,912	-	-
North America	833	825	-	-
	39,067	39,157	151	143

The average number of UK employees (including Directors) during the year included 112 employed under fixed-term and temporary contracts (2019: 113).

11.3 Key management compensation

	Group	
	2020 £m	2019 £m
Key management		
- Short-term employee benefits	17.3	23.2
- Post-employment benefits	0.1	0.1
- Share-based payments	2.2	2.6
	19.6	25.9

The key management of the Group for the year ended 31 December 2020 comprised Executive Directors and the GEB members. Details of Directors' remuneration is contained in the Remuneration report on pages 92 to 116.

During the year, eight (2019: seven) GEB members made aggregate gains totalling £1.8m (2019: £2.1m) on the exercise of options under DSBP and DSP schemes (2019: PSP and DSBP schemes).

Retirement benefits under the defined benefit scheme are accruing for three (2019: three) GEB members and benefits are accruing under a defined contribution scheme in Hong Kong for two (2019: two) GEB members.

Notes to the financial statements continued

Year ended 31 December 2020

12. Pension schemes

12.1 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 £34.0m (2019: £31.5m). The amount outstanding as at 31 December 2020 in relation to defined contribution schemes is £2.7m (2019: £1.3m).

12.2 Defined benefit plan

The Group operates two defined benefit plans.

The Pension Plan of Savills (the 'UK Plan') is a UK-based plan which provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010. From 1 April 2010, pension benefits for former employees of the UK Plan are provided through the Group's defined contribution Personal Pension Plan.

The UK Plan is administered by a separate Trust that is legally separated from the Company. The Board of the pension fund is composed of six trustees. The Board of the pension fund is required by law and by its Article of Association to act in the interest of the fund and of all relevant stakeholders in the scheme. The Board of the pension fund is responsible for the investment policy with regard to the assets of the fund. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

A full actuarial valuation of the UK Plan was carried out as at 31 March 2019 and has been updated to 31 December 2020 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 nine active employees and 106 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 2020 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	
	2020 £m	2019 £m	2020 £m	2019 £m
Liability in the statement of financial position	2.6	9.4	0.1	0.5
Net interest expense/(income) included in finance costs	0.2	(0.2)	-	-
Past service cost included in employee benefit expense	0.7	-	-	-
Actuarial (gain)/loss included in other comprehensive income	(7.7)	21.4	(0.4)	1.2

The past service cost in 2020 relates to the estimated cost of GMP equalisation of historic individual transfers-out of the UK Plan; this follows a second High Court hearing on the GMP equalisation case in May and October 2020. The ruling issued on 20 November 2020 did not revisit any of the issues addressed in the original 2018 ruling.

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

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

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Present value of funded obligations	333.0	309.9	18.4	17.1
Fair value of plan assets	(330.4)	(300.5)	(18.3)	(16.6)
Liability recognised in the statement of financial position	2.6	9.4	0.1	0.5

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 2020	309.9	(300.5)	9.4	17.1	(16.6)	0.5
Interest expense/(income)	6.1	(5.9)	0.2	0.3	(0.3)	-
Past service cost	0.7	-	0.7	-	-	-
Remeasurements:						
- Gains on plan assets, excluding amounts included in interest income	-	(34.0)	(34.0)	-	(1.9)	(1.9)
- Loss from change in financial assumptions	26.0	-	26.0	1.4	-	1.4
- Loss from change in demographic assumptions	2.9	-	2.9	0.2	-	0.2
- Experience gains	(2.6)	-	(2.6)	(0.1)	-	(0.1)
Benefit payments	(10.0)	10.0	-	(0.5)	0.5	-
At 31 December 2020	333.0	(330.4)	2.6	18.4	(18.3)	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 2019	262.1	(264.9)	(2.8)	14.6	(14.7)	(0.1)
Interest expense/(income)	7.5	(7.7)	(0.2)	0.4	(0.4)	-
Remeasurements:						
- Gains on plan assets, excluding amounts included in interest income	-	(25.7)	(25.7)	-	(1.3)	(1.3)
- Loss from change in financial assumptions	45.0	-	45.0	2.5	-	2.5
- Gain from change in demographic assumptions	(2.2)	-	(2.2)	(0.1)	-	(0.1)
- Experience losses	4.3	-	4.3	0.1	-	0.1
Employer contributions	-	(9.0)	(9.0)	-	(0.6)	(0.6)
Benefit payments	(6.8)	6.8	-	(0.4)	0.4	-
At 31 December 2019	309.9	(300.5)	9.4	17.1	(16.6)	0.5

Notes to the financial statements continued

Year ended 31 December 2020

12. Pension schemes continued

12.2 Defined benefit plan continued

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

	SFM Plan	
	2020 £m	2019 £m
Liability in the statement of financial position	1.7	0.8
Actuarial loss included in other comprehensive income	1.3	1.3

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

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

	SFM Plan	
	2020 £m	2019 £m
Present value of funded obligations	16.3	14.6
Fair value of plan assets	(14.6)	(13.8)
Liability recognised in the statement of financial position	1.7	0.8

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 2020	14.6	(13.8)	0.8
Interest expense/(income)	0.2	(0.2)	-
Remeasurements:			
- Loss on plan assets, excluding amounts included in interest income	-	0.2	0.2
- Loss from change in demographic assumptions	0.8	-	0.8
- Experience losses	0.2	-	0.2
Employer contributions	-	(0.5)	(0.5)
Benefit payments	(0.5)	0.5	-
Exchange movement	1.0	(0.8)	0.2
At 31 December 2020	16.3	(14.6)	1.7

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

The significant actuarial assumptions were as follows:

As at 31 December	SFM Plan		UK Plan	
	2020	2019	2020	2019
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	-	-	2.70%	3.10%
- accrued after 5 April 2005	-	-	2.00%	2.30%
Rate of increase to pensions in deferment				
- accrued before 6 April 2001	-	-	5.00%	5.00%
- accrued after 5 April 2001	-	-	2.10%	2.20%
- accrued after 5 April 2009	-	-	2.10%	2.20%
Discount rate	1.07%	1.39%	1.40%	2.00%
Inflation assumption	1.75%	1.75%	2.80%	3.20%

Notes to the financial statements continued

Year ended 31 December 2020

12. Pension schemes continued

12.2 Defined benefit plan continued

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60:

		SFM Plan		UK Plan	
		2020	2019	2020	2019
Retiring at the end of the reporting year	- Male	84.9	84.8	88.3	88.2
	- Female	88.7	88.9	89.9	89.7
Retiring 20 years after the end of the reporting year	- Male	87.7	87.6	90.0	89.9
	- Female	91.0	90.9	91.6	91.4

The sensitivity of the defined benefit obligations to changes in the principal assumptions is:

	SFM Plan	UK Plan
	Impact on present value of scheme obligations £m	Impact on present value of scheme obligations £m
0.1% increase in discount rates	(0.3)	(6.7)
0.1% increase in inflation rate	-	3.8
0.1% increase in salary increase rate	0.2	0.3
1 year increase in life expectancy	0.8	14.5

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the statement of financial position.

Plan assets are comprised as follows:

	SFM Plan				UK Plan			
	2020		2019		2020		2019	
	£m	%	£m	%	£m	%	£m	%
Liability-driven investment (LDI)	-	-	-	-	99.9	30%	72.9	24%
Investment funds	14.6	100%	13.8	100%	29.6	9%	31.2	10%
Bonds	-	-	-	-	141.1	43%	127.6	43%
Cash and cash equivalents	-	-	-	-	1.5	-	0.7	-
Asset backed securities	-	-	-	-	58.3	18%	68.1	23%
Total	14.6	100%	13.8	100%	330.4	100%	300.5	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 2021 are £4.5m. The Company expects to contribute £0.2m.

The weighted average duration of the defined benefit obligations is 20 years for the UK Plan and 17 years for the SFM Plan.

Expected maturity analysis of the undiscounted pension benefits:

At 31 December 2020	Less than a year £m	Between 1-2 years £m	Between 2-5 years £m	Over 5 years £m	Total £m
Pension benefit payments					
– UK Plan	4.7	5.4	20.4	456.6	487.1
– SFM Plan	0.5	0.5	1.6	17.5	20.1

Notes to the financial statements continued

Year ended 31 December 2020

13. Finance income and costs

	Group	
	2020 £m	2019 £m
Bank interest receivable	3.4	6.4
Fair value gain	-	0.1
Finance income	3.4	6.5
Bank interest payable	(6.5)	(8.4)
Unwinding of discounts on liabilities	(0.5)	(0.8)
Finance charges on lease liabilities	(8.9)	(9.3)
Net interest on defined benefit pension obligations	(0.2)	0.2
Fair value loss	(0.1)	-
Finance costs	(16.2)	(18.3)
Net finance cost	(12.8)	(11.8)

14. Income tax expense

Analysis of tax expense for the year:

	Group	
	2020 £m	2019 £m
Current tax		
United Kingdom:		
Corporation tax on profits for the year	13.0	13.3
Adjustment in respect of prior years	0.3	(0.5)
	13.3	12.8
Overseas tax	15.0	22.6
Adjustment in respect of prior years	(1.8)	0.2
Total current tax	26.5	35.6
Deferred tax		
Representing:		
United Kingdom	(3.7)	(2.8)
Effect of change in UK tax rate on deferred tax	(0.3)	0.2
Overseas tax	(7.6)	(1.3)
Effect of change in overseas tax rate on deferred tax	0.2	0.5
Adjustment in respect of prior years	0.1	(0.2)
Total deferred tax (Note 21)	(11.3)	(3.6)
Income tax expense	15.2	32.0

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% (2019: 19%) applicable to profits of the consolidated entities as follows:

	Group	
	2020 £m	2019 £m
Profit before income tax	83.2	115.6
Tax on profit at 19% (2019: 19%)	15.8	22.0
Effects of:		
Adjustment in respect of prior years	(1.4)	(0.5)
Difference in overseas tax rates	2.5	4.2
Utilisation of previously unprovided tax losses	-	(0.4)
Expenses and other charges not deductible for tax purposes	5.3	8.7
Non-assessable income (including COVID-19 subsidies)	(4.7)	(0.3)
Tax on joint ventures and associates	(2.0)	(2.4)
Effect of change in tax rates on deferred tax	(0.3)	0.7
Income tax expense	15.2	32.0

The effective tax rate of the Group for the year ended 31 December 2020 is 18.3% (2019: 27.7%), which is lower (2019: higher) than the UK weighted average applicable rate.

Deferred tax has been determined using the applicable effective future tax rate that will apply in the expected period of utilisation of the deferred tax asset or liability.

The tax (charged)/credited to other comprehensive income is as follows:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Tax on items that will not be reclassified to profit or loss				
Deferred tax on pension actuarial gains/losses	(1.2)	4.4	(0.1)	0.2
	(1.2)	4.4	(0.1)	0.2
Tax on items that may subsequently be reclassified to profit or loss				
Current tax credit on employee benefits	2.5	2.3	0.5	0.5
Current tax credit on foreign exchange reserves	(0.1)	0.2	-	-
Current tax credit on retirement benefits	-	1.7	-	0.1
Current tax on IFRS 16 initial lease recognition release	0.1	(0.2)	(0.1)	(0.1)
Deferred tax on additional pension contributions	-	(1.7)	-	(0.1)
Deferred tax on pension – effect of tax rate change	0.3	(0.2)	-	-
Deferred tax on employee benefits	(3.2)	-	(0.3)	(0.1)
Deferred tax on foreign exchange reserves	0.1	0.1	-	-
Deferred tax on IFRS 16 recognition and release	-	1.6	-	1.1
	(0.3)	3.8	0.1	1.4
Tax on items relating to components of other comprehensive income	(1.5)	8.2	-	1.6

Notes to the financial statements continued

Year ended 31 December 2020

15. Dividends – Group and Company

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Amounts recognised as distribution to equity holders in the year:				
In respect of the previous year				
Ordinary final dividend of £nil per share (2018: 10.8p)	-	14.8	-	14.9
Supplemental interim dividend of £nil per share (2018: 15.6p)	-	21.3	-	21.5
In respect of the current year				
Interim dividend of £nil per share (2019: 4.95p)	-	6.7	-	6.9
	-	42.8	-	43.3

The Group paid £0.4m (2019: £0.5m) of dividends to non-controlling interests.

Under the terms of the Savills plc 1992 Employee Benefit Trust (the 'EBT'), the Trustees have waived their dividend entitlement for all shares held by the Trust. The dividends paid to the Rabbi Trust are eliminated upon Group consolidation, as a result the dividends paid by the Group and the Company are not equal.

On 1 April 2020, the proposed ordinary final dividend and supplemental interim dividend for 2019 were withdrawn in order to retain sufficient cash reserves to mitigate the effect of the potential impact of COVID-19 on the Group.

The Board recommends a final dividend of 17.0p (net) per ordinary share (amounting to £23.8m) is paid on 18 May 2021 to Shareholders on the register at 9 April 2021. These financial statements do not reflect this dividend payable.

The total paid and recommended ordinary dividend for the 2020 financial year comprises an aggregate distribution of 17.0p per ordinary share (2019: 4.95p per ordinary share).

16. Earnings per share

16.1 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, 3,524,326 shares (2019: 4,388,054 shares) and the Rabbi Trust, 1,055,676 shares (2019: 1,602,405).

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:

	2020 Earnings £m	2020 Shares million	2020 EPS pence	2019 Earnings £m	2019 Shares million	2019 EPS pence
Basic earnings per share	67.6	138.0	49.0	82.9	136.7	60.6
Effect of additional shares issuable under option	-	3.1	(1.1)	-	4.2	(1.8)
Diluted earnings per share	67.6	141.1	47.9	82.9	140.9	58.8

16.2 Underlying basic and diluted earnings per share

Excludes (loss)/profit on disposals, share-based payment adjustment, amortisation of intangible assets (excluding software), restructuring costs, acquisition-related costs and other exceptional costs.

	2020 Earnings £m	2020 Shares million	2020 EPS pence	2019 Earnings £m	2019 Shares million	2019 EPS pence
Basic earnings per share	67.6	138.0	49.0	82.9	136.7	60.6
Amortisation of acquired intangible assets (excluding software) after tax	3.3	-	2.4	5.1	-	3.7
Share-based payment adjustment after tax	1.1	-	0.8	(2.2)	-	(1.6)
Loss/(profit) on disposal of joint ventures and associates after tax	0.1	-	0.1	(1.2)	-	(0.9)
Restructuring costs after tax	1.5	-	1.1	9.3	-	6.8
Acquisition-related costs after tax	4.1	-	3.0	12.8	-	9.4
GMP equalisation charge after tax	0.6	-	0.4	-	-	-
Underlying basic earnings per share	78.3	138.0	56.8	106.7	136.7	78.0
Effect of additional shares issuable under option	-	3.1	(1.3)	-	4.2	(2.3)
Underlying diluted earnings per share	78.3	141.1	55.5	106.7	140.9	75.7

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) £4.9m (2019: £6.9m), share-based payment adjustment £1.2m charge (2019: £2.6m credit), restructuring costs of £1.5m (2019: £11.5m), net loss on disposals of £0.1m (2019: £1.7m net profit), acquisition-related costs of £5.0m (2019: £13.7m) and the GMP equalisation charge of £0.7m (2019: £nil).

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Year ended 31 December 2020

17. Goodwill and intangible assets

	Group					Company		
	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlogs £m	Brands £m	Computer software £m	Total £m	Total £m
Cost								
At 1 January 2020	422.9	21.5	41.4	6.6	1.2	29.1	522.7	9.3
Additions through business combinations (Note 20.4)	5.1	7.7	-	2.2	0.5	0.1	15.6	-
Other additions	-	-	-	-	-	5.3	5.3	0.8
Disposals	-	-	-	(5.3)	-	(1.1)	(6.4)	(0.2)
Reclassifications	-	-	(0.2)	-	-	0.3	0.1	-
Exchange movement	1.1	-	0.4	0.1	-	0.1	1.7	-
At 31 December 2020	429.1	29.2	41.6	3.6	1.7	33.8	539.0	9.9
Accumulated amortisation and impairment								
At 1 January 2020	48.7	18.0	18.4	6.4	1.2	11.3	104.0	2.6
Amortisation charge for the year	-	1.6	2.8	0.2	0.3	4.7	9.6	1.2
Disposals	-	-	-	(5.3)	-	(0.4)	(5.7)	(0.2)
Exchange movement	1.0	0.1	0.4	0.2	-	0.2	1.9	-
At 31 December 2020	49.7	19.7	21.6	1.5	1.5	15.8	109.8	3.6
Net book value								
At 31 December 2020	379.4	9.5	20.0	2.1	0.2	18.0	429.2	6.3

The carrying amount of intangible assets with indefinite useful lives totals £2.8m as at 31 December 2020 (2019: £2.9m), which consists of investment management contracts in relation to open-ended funds. No impairment charge has been recognised in 2020 (2019: no impairment charge recognised).

All intangible amortisation charges in the year are disclosed on the face of the income statement.

The Company's intangible assets consist of computer software only.

	Group					Company		
	Goodwill £m	Customer/ business relationships £m	Investment and property management contracts £m	Order backlogs £m	Brands £m	Computer software £m	Total £m	Total £m
Cost								
At 1 January 2019	434.5	21.9	42.1	6.9	1.3	26.9	533.6	7.3
Additions through business combinations	1.5	-	-	-	-	-	1.5	-
Other additions	-	-	-	-	-	7.3	7.3	2.4
Disposals	-	-	-	-	-	(4.7)	(4.7)	(0.4)
Exchange movement	(13.1)	(0.4)	(0.7)	(0.3)	(0.1)	(0.4)	(15.0)	-
At 31 December 2019	422.9	21.5	41.4	6.6	1.2	29.1	522.7	9.3
Accumulated amortisation and impairment								
At 1 January 2019	50.7	16.1	15.3	6.3	0.7	12.0	101.1	2.5
Amortisation charge for the year	-	2.2	3.8	0.3	0.6	3.5	10.4	0.5
Disposals	-	-	-	-	-	(3.9)	(3.9)	(0.4)
Exchange movement	(2.0)	(0.3)	(0.7)	(0.2)	(0.1)	(0.3)	(3.6)	-
At 31 December 2019	48.7	18.0	18.4	6.4	1.2	11.3	104.0	2.6
Net book value								
At 31 December 2019	374.2	3.5	23.0	0.2	-	17.8	418.7	6.7

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
2020					
United Kingdom	28.7	11.9	30.9	2.0	73.5
Europe & the Middle East	62.2	19.9	21.0	4.9	108.0
Asia Pacific	14.8	4.6	30.1	2.3	51.8
North America	145.8	3.1	-	-	148.9
Total goodwill and indefinite life intangible assets	251.5	39.5	82.0	9.2	382.2

	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Total £m
2019					
United Kingdom	28.7	11.9	30.9	2.0	73.5
Europe & the Middle East	59.6	19.0	18.4	4.7	101.7
Asia Pacific	14.7	4.7	29.5	2.3	51.2
North America	150.7	-	-	-	150.7
Total goodwill and indefinite life intangible assets	253.7	35.6	78.8	9.0	377.1

Notes to the financial statements continued

Year ended 31 December 2020

17. Goodwill and intangible assets continued

17.1 Method of impairment testing

Goodwill values have been tested for impairment by comparing them against the 'value-in-use' in perpetuity of the relevant CGU group. The value-in-use calculations were based on projected cash flows, derived from latest financial budgets and strategic plans covering a three-year period, prepared by management and approved by the Board. Projected cash flows are extended for a further two-year period based upon forecasted market growth rates. These projected cash flows were discounted at CGU specific, risk adjusted, discount rates to calculate their net present value.

17.2 Key assumptions

The calculation of value-in-use is most sensitive to the following assumptions:

(a) CGU specific operating assumptions

CGU specific operating assumptions are applicable to the forecasted cash flows for the years 2021 to 2023 and relate to revenue forecasts and operating margins in each of the operating CGUs. These assumptions include the ongoing impact and timing of recovery from the COVID-19 pandemic. The value ascribed to each assumption will vary between CGUs as the forecasts are built up from the underlying operating segments within each CGU group.

(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:

	2020 Discount rate range	2019 Discount rate range
United Kingdom	9.1%	8.2%-11.1%
Europe	8.4%-12.9%	8.0%-13.1%
Asia Pacific	8.5%-14.6%	8.1%-9.6%
North America	9.4%-9.9%	8.2%-8.3%
Middle East	15.9%	8.5%

(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:

	2020 Long-term growth rate range	2019 Long-term growth rate range
United Kingdom	1.8%	1.8%-2.0%
Europe	0.8%-2.8%	0.8%-3.0%
Asia Pacific	0.6%-6.6%	0.6%-5.9%
North America	1.7%-1.8%	1.6%-1.8%
Middle East	2.4%	2.5%

17.3 Sensitivity to changes in assumptions

Management have determined that there has been no impairment to any CGUs. This assessment is a reflection of best estimates in arriving at value-in-use, future growth rates and the discount rate applied to cash flow projections.

Management has performed sensitivity analysis on a number of CGUs, and in particular where the headroom in the impairment reviews was less than 50% of the carrying value of the CGU. The sensitivity analysis highlighted that if the recovery from the COVID-19 pandemic took longer than anticipated then a number of the CGUs could be at risk of reduced headroom. The US Transaction Advisory CGU was identified as the only material CGU that is considered to be sensitive to changes in key assumptions, but for which no impairment charge was considered to be required at 31 December 2020. Key assumptions applied to this CGU were as follows: a discount rate of 9.9%, a long-term growth rate post the explicit five year forecast period of 1.8%, an average medium-term revenue growth rate of 15.1% and the market recovering from impact of the COVID-19 pandemic during the course of 2021. The headroom in the value-in-use model for this CGU of £21.5m (10%) would be reduced to nil if the following adverse changes to those key assumptions were made in isolation: a 0.9% increase to the discount rate, a 1.4% reduction in the long-term growth rate and a 2.6% reduction in the average medium-term revenue growth rate (applied evenly across the explicit forecast periods).

18. Property, plant and equipment

Group	Freehold property £m	Leasehold improvements £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2020	0.1	74.5	65.5	140.1
Additions	-	5.3	7.5	12.8
Additions through business combinations (Note 20.4)	-	-	0.1	0.1
Disposals	-	-	(3.5)	(3.5)
Reclassifications	-	1.5	(0.8)	0.7
Exchange movement	-	(0.7)	0.3	(0.4)
At 31 December 2020	0.1	80.6	69.1	149.8
Accumulated depreciation and impairment				
At 1 January 2020	-	32.4	38.8	71.2
Charge for the year	-	7.3	9.2	16.5
Disposals	-	-	(3.3)	(3.3)
Reclassifications	-	1.1	(0.1)	1.0
Exchange movement	-	(0.4)	(0.1)	(0.5)
At 31 December 2020	-	40.4	44.5	84.9
Net book value				
At 31 December 2020	0.1	40.2	24.6	64.9

The Directors consider that the fair value of property, plant and equipment approximates carrying value.

Notes to the financial statements continued

Year ended 31 December 2020

18. Property, plant and equipment continued

Group	Freehold property £m	Leasehold improvements £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2019	0.1	75.4	67.1	142.6
Additions	-	4.3	11.9	16.2
Disposals	-	(4.3)	(11.6)	(15.9)
Exchange movement	-	(0.9)	(1.9)	(2.8)
At 31 December 2019	0.1	74.5	65.5	140.1
Accumulated depreciation and impairment				
At 1 January 2019	-	30.0	41.1	71.1
Charge for the year	-	7.0	9.4	16.4
Disposals	-	(4.2)	(10.7)	(14.9)
Exchange movement	-	(0.4)	(1.0)	(1.4)
At 31 December 2019	-	32.4	38.8	71.2
Net book value				
At 31 December 2019	0.1	42.1	26.7	68.9

Company	Freehold property £m	Leasehold improvements £m	Equipment £m	Total £m
Cost				
At 1 January 2020	0.1	0.7	7.2	8.0
Additions	-	-	2.2	2.2
Disposals	-	-	(1.7)	(1.7)
At 31 December 2020	0.1	0.7	7.7	8.5
Accumulated depreciation and impairment				
At 1 January 2020	-	-	5.3	5.3
Charge for the year	-	0.1	1.0	1.1
Disposals	-	-	(1.7)	(1.7)
At 31 December 2020	-	0.1	4.6	4.7
Net book value				
At 31 December 2020	0.1	0.6	3.1	3.8

Company	Freehold property £m	Leasehold improvements £m	Equipment £m	Total £m
Cost				
At 1 January 2019	0.1	-	7.9	8.0
Additions	-	-	1.4	1.4
Disposals	-	-	(2.1)	(2.1)
Transfer from Group Company	-	0.7	-	0.7
At 31 December 2019	0.1	0.7	7.2	8.0
Accumulated depreciation and impairment				
At 1 January 2019	-	-	6.4	6.4
Charge for the year	-	-	1.0	1.0
Disposals	-	-	(2.1)	(2.1)
At 31 December 2019	-	-	5.3	5.3
Net book value				
At 31 December 2019	0.1	0.7	1.9	2.7

19. Right of use assets

The statement of financial position shows the following amounts relating to right of use assets:

Group	Leasehold properties £m	Equipment and motor vehicles £m	Total right of use assets £m
Cost			
At 1 January 2020	263.6	6.2	269.8
Additions	72.2	2.6	74.8
Additions through business combinations (Note 20.4)	1.7	0.1	1.8
Disposals	(11.5)	-	(11.5)
Exchange movement	-	0.4	0.4
At 31 December 2020	326.0	9.3	335.3
Accumulated depreciation and impairment			
At 1 January 2020	41.8	1.8	43.6
Charge for the year	45.6	2.2	47.8
Disposals	(9.5)	-	(9.5)
Exchange movement	0.4	0.2	0.6
At 31 December 2020	78.3	4.2	82.5
Net book value			
At 31 December 2020	247.7	5.1	252.8

Group	Leasehold properties £m	Equipment and motor vehicles £m	Total right of use assets £m
Cost			
At 1 January 2019	253.0	4.3	257.3
Additions	16.6	2.3	18.9
Disposals	(0.8)	(0.1)	(0.9)
Exchange movement	(5.2)	(0.3)	(5.5)
At 31 December 2019	263.6	6.2	269.8
Accumulated depreciation and impairment			
At 1 January 2019	-	-	-
Charge for the year	42.4	1.8	44.2
Impairment	0.5	-	0.5
Disposals	(0.4)	-	(0.4)
Exchange movement	(0.7)	-	(0.7)
At 31 December 2019	41.8	1.8	43.6
Net book value			
At 31 December 2019	221.8	4.4	226.2

Notes to the financial statements continued

Year ended 31 December 2020

19. Right of use assets continued

Company	Right of use assets – Leasehold properties £m
Cost	
At 1 January 2020	63.4
Additions	0.5
At 31 December 2020	63.9
Accumulated depreciation and impairment	
At 1 January 2020	4.7
Charge for the year	5.3
At 31 December 2020	10.0
Net book value	
At 31 December 2020	53.9

Company	Right of use assets – Leasehold properties £m
Cost	
At 1 January 2019	60.6
Additions	2.8
At 31 December 2019	63.4
Accumulated depreciation and impairment	
At 1 January 2019	–
Charge for the year	4.7
At 31 December 2019	4.7
Net book value	
At 31 December 2019	58.7

20. Investments and transactions

20.1 Group – Investments in joint ventures and associates

	Joint ventures			Associates			
	Investment £m	Loans £m	Total £m	Investment £m	Loans £m	Goodwill £m	Total £m
Cost or valuation							
At 1 January 2020	11.9	2.8	14.7	2.5	0.6	14.9	18.0
Additions	0.3	-	0.3	-	0.2	-	0.2
Disposals	(0.6)	-	(0.6)	-	-	-	-
Loans advanced/(repaid)	-	1.4	1.4	-	(0.1)	-	(0.1)
Exchange movement	-	(0.1)	(0.1)	-	-	-	-
At 31 December 2020	11.6	4.1	15.7	2.5	0.7	14.9	18.1
Share of profit							
At 1 January 2020	11.2	-	11.2	7.5	-	-	7.5
Group's share of profit from continuing operations	6.2	-	6.2	4.0	-	-	4.0
Dividends received	(5.7)	-	(5.7)	(5.1)	-	-	(5.1)
Exchange movement	(0.1)	-	(0.1)	-	-	-	-
At 31 December 2020	11.6	-	11.6	6.4	-	-	6.4
Total							
At 31 December 2020	23.2	4.1	27.3	8.9	0.7	14.9	24.5

	Joint ventures			Associates			
	Investment £m	Loans £m	Total £m	Investment £m	Loans £m	Goodwill £m	Total £m
Cost or valuation							
At 1 January 2019	10.7	2.3	13.0	2.5	-	14.8	17.3
Additions	2.0	-	2.0	0.1	-	-	0.1
Disposals	(0.4)	-	(0.4)	-	-	-	-
Loans advanced	-	0.5	0.5	-	0.6	-	0.6
Exchange movement	(0.4)	-	(0.4)	(0.1)	-	0.1	-
At 31 December 2019	11.9	2.8	14.7	2.5	0.6	14.9	18.0
Share of profit							
At 1 January 2019	10.6	-	10.6	7.4	-	-	7.4
Group's share of profit from continuing operations	7.8	-	7.8	4.0	-	-	4.0
Dividends received	(6.8)	-	(6.8)	(3.7)	-	-	(3.7)
Exchange movement	(0.4)	-	(0.4)	(0.2)	-	-	(0.2)
At 31 December 2019	11.2	-	11.2	7.5	-	-	7.5
Total							
At 31 December 2019	23.1	2.8	25.9	10.0	0.6	14.9	25.5

In the opinion of the Directors, the Group does not have any joint ventures or associates that are individually material to the results of the Group.

The joint ventures and associates have no significant liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities or capital commitments in relation to its interests in the joint ventures and associates.

Notes to the financial statements continued

Year ended 31 December 2020

20. Investments and transactions continued**20.2 Group – Financial assets at fair value through other comprehensive income ('FVOCI')**

Financial assets at FVOCI comprise the following individual equity investments:

	2020 £m	2019 £m
Non-current assets		
<i>Listed securities</i>		
OnTheMarket plc	1.5	0.8
<i>Unlisted securities</i>		
YOPA Property Ltd	15.2	15.2
Vucity Ltd*	1.3	8.0
Aomi Project TMK	-	2.1
Savills IM Japan Value Fund II	4.1	1.7
Euro V	1.6	1.6
Prime London Residential Development Fund II	0.6	0.7
Cordea Savills UK Property Ventures No. 1 LP	0.4	0.6
Daishin GK Canal	0.7	0.5
Daishin GK Kaigan	0.2	0.2
Prime London Residential Development Fund	0.2	0.2
Home Click Pte Ltd	0.2	0.2
Savills Property Services (India) Private Ltd	0.2	0.2
Other smaller investments	1.2	0.6
	27.4	32.6

* The Group holds more than 20% of the equity interest in Vucity Ltd. However, the Group does not have the power to participate in the financial and operational decisions of the entity, does not have representation on the Board of Directors and does not participate in major policy-making processes. As a result, the Group does not exert significant influence over this investment.

During the year, the Group made total investments of £5.0m, including an increase to its investment in the Savills IM Japan Value Fund II (£3.6m). The Group disposed of investments totalling £2.5m, including its investment in the Aomi Project TMK (£2.0m) and a part disposal in Savills IM Japan Fund II (£0.4m).

During the prior year, the Group increased its investment in YOPA Property Ltd and Vucity Ltd at a total cost of £4.5m. New investments relating to a number of investments in Japan of £0.9m include Daishin GK Canal (£0.5m), and additional investments were made in Euro V and Savills IM Japan Value Fund II at a total cost of £0.9m. The Group made disposals of investments totalling £4.5m including partial disposals of Greater Tokyo Office Fund (£2.3m), Savills IM Japan Value Fund II (£1.4m), and full disposal of its holding in Serviced Land Fund 2 (£0.4m) following the funds liquidation.

As a result of COVID-19 related challenges to the planning markets in particular, the Group revalued its investment in Vucity Ltd, reducing the carrying value by £7.2m. This change in fair value has been recognised through other comprehensive income.

Equity investments at FVOCI are denominated in the following currencies:

	2020 £m	2019 £m
Sterling	19.4	25.6
Japanese yen	3.5	4.6
Hong Kong dollar	0.2	0.2
Euro	3.7	1.8
Other	0.6	0.4
	27.4	32.6

Refer to Note 3.8 for information about methods and assumptions used in determining fair value.

At 31 December 2020 the Group held conditional commitments to co-invest in a number of Savills IM funds including, £2.0m (2019: £4.4m) in the Japan Value Fund II over the next year, £nil (2019: £2.7m) in Euro V, £1.0m in the Japan Residential Fund II (2019: £nil) over the next two years, £3.4m in the Asia Pacific Income and Growth Fund (2019: £nil) over the next three years, £3.4m in the Vestas Blind Pool Fund VESALF (2019: £nil) over the next two years and £0.2m (2019: £0.2m) in the Cordea Savills UK Property Ventures Fund No. 1 LP, which is in the process of disposing of its assets and winding up.

20.3 Company – Investments in subsidiaries

	Shares in Group undertaking £m	Loans to Group undertakings £m	Total £m
Cost			
At 1 January 2019	57.2	71.6	128.8
Loans advanced	–	40.0	40.0
Loans repaid	–	(35.0)	(35.0)
Loans capitalised	24.3	(24.3)	–
Loans transferred to amounts owed by subsidiary undertakings	–	(52.3)	(52.3)
At 31 December 2019	81.5	–	81.5
At 31 December 2020	81.5	–	81.5

Refer to Note 36 for a full list of the Group's subsidiaries. The Company directly owns Savills Holding Company Limited, all other subsidiaries in the Group are indirectly owned. The carrying value of the investment in the Company's subsidiary is assessed for impairment by comparing the carrying value of the investment to the underlying net assets of the subsidiary. No impairments were identified during the year.

20.4 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		
		Macro £m	Omega £m	Total £m
Property, plant and equipment		–	0.1	0.1
Right-of-use asset		1.3	0.5	1.8
Intangible assets		7.2	3.3	10.5
Current assets:	Trade and other receivables	–	0.9	0.9
	Cash and cash equivalents	–	2.4	2.4
Current liabilities:	Trade and other payables	–	(1.0)	(1.0)
	Borrowings	–	(0.7)	(0.7)
	Lease liabilities	–	(0.3)	(0.3)
	Income tax liability	–	(0.3)	(0.3)
	Employment benefit provisions	–	(0.1)	(0.1)
Non-current liabilities:	Lease liabilities	(1.3)	(0.2)	(1.5)
	Deferred tax liabilities	–	(1.0)	(1.0)
Net assets acquired		7.2	3.6	10.8
Goodwill		3.3	1.8	5.1
Purchase consideration		10.5	5.4	15.9
Consideration satisfied by:				
Cash paid		9.3	4.3	13.6
Discounted value of deferred consideration		1.2	1.1	2.3
		10.5	5.4	15.9

Notes to the financial statements continued

Year ended 31 December 2020

20. Investments and transactions continued

20.4 Acquisitions of subsidiaries continued

Macro Consultants LLC ('Macro')

On 1 March 2020 the Group acquired 100% of the equity interest in Macro Consultants LLC, complementing our existing services whilst accelerating the expansion of Savills advisory and management service platform in the United States.

Total acquisition consideration is determined at £10.5m, £9.3m of which was settled on completion and the remainder relating to the discounted value of deferred payments of £1.2m. The deferred payments are payable in six separate instalments between September 2021 and September 2027.

In addition to the above, an earn-out is payable on an annual basis between 2021 until 2027 and is measured against revenue and income targets. The maximum earn-out payment under the agreement totals £23.3m and is deemed to be linked to continued active engagement with the business. As required by IFRS 3 (revised), the expected value of these payments will be expensed to the income statement over the relevant period of engagement.

Acquisition-related costs of £0.2m have been expensed as incurred to the income statement.

Goodwill of £3.3m has been determined. Goodwill is attributable to the experience and expertise of key staff and strong industry reputation and is expected to be deductible for tax purposes over a period of 15 years. Intangible assets recognised on acquisition include £6.7m of customer relationships and £0.5m in relation to the brand.

The acquired business contributed revenue of £8.2m and a loss of £0.9m to the Group for the period from 1 March 2020 to 31 December 2020. Had the acquisition been made at the beginning of the financial year, revenue would have been £10.2m and the loss would have been £1.2m.

OMEGA Immobilien Management GmbH and OMEGA Immobilien Service GmbH ('Omega')

On 31 August 2020 the Group acquired 100% of the equity interest in OMEGA Immobilien Management GmbH and OMEGA Immobilien Service GmbH, property and facilities management businesses offering services for offices, shopping centres, residential complexes and car parks across Germany.

Total acquisition consideration is provisionally determined at £5.4m, £4.3m of which was settled on completion and the remainder relating to a deferred payment in 2022 totalling £1.1m.

In addition to the above, an earn-out is payable in 2023 and is based on average future EBITDA targets. The maximum earn-out payment under the agreement totals £4.5m and is deemed to be linked to continued active engagement with the business. As required by IFRS 3 (revised), the expected value of these payments will be expensed to the income statement over the relevant period of engagement.

Acquisition-related costs of £0.5m 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 is not expected to be deductible for tax purposes.

The acquired business contributed revenue of £3.6m and a profit of £0.4m to the Group for the period from 31 August 2020 to 31 December 2020. Had the acquisition been made at the beginning of the financial year, revenue would have been £9.9m and the profit would have been £0.9m.

2019 acquisition

In the year ended 31 December 2019 the Group acquired the trade and assets of KKS Strategy LLP, a London-based workplace consultancy and design studio. There are no changes to the provisional fair values in respect of this acquisition as reported in the Group's 2019 Annual Report.

21. Deferred income tax

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The deferred tax assets and liabilities are offset when realised through current tax. The deferred income tax assets and liabilities at 31 December are as follows:

The movement on the deferred tax account is shown below:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	33.0	23.9	2.1	2.1
- Deferred tax asset to be recovered within 12 months	9.8	8.8	0.4	0.6
	42.8	32.7	2.5	2.7
Deferred tax liabilities				
- Deferred tax liability to be recovered after more than 12 months	(4.5)	(1.2)	-	-
- Deferred tax liability to be recovered within 12 months	(1.1)	(0.9)	-	-
	(5.6)	(2.1)	-	-
Deferred tax asset - net	37.2	30.6	2.5	2.7

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
At 1 January - net asset	30.6	25.3	2.7	2.5
Amount credited to the income statement (Note 14)	11.2	4.3	0.2	0.3
Effect of tax rate change within the income statement (Note 14)	0.1	(0.7)	-	-
Tax (charged)/credited to other comprehensive income				
- Pension asset on actuarial (gain)/loss	(1.2)	4.4	(0.1)	0.2
- Pension asset on additional contributions	-	(1.7)	-	(0.1)
- Pension asset - effect of UK tax rate change within other comprehensive income	0.4	(0.2)	-	-
- Employee benefits	(3.2)	-	(0.3)	(0.1)
- Movement on foreign exchange reserves	-	0.1	-	-
- IFRS 16 initial lease recognition released to reserves	-	(0.2)	-	(0.1)
Additions through business combinations (Note 20.4)	(1.0)	-	-	-
Exchange movement	0.3	(0.7)	-	-
At 31 December - net asset	37.2	30.6	2.5	2.7

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 £2.1m (2019: £1.7m) in respect of losses amounting to £10.9m (2019: £7.3m), of which £0.3m expires within one to two years (2019: £nil), £1.2m within three to five years (2019: £0.6m) with the remaining £9.4m being carried forward indefinitely against future taxable income (2019: £6.7m).

Notes to the financial statements continued

Year ended 31 December 2020

21. Deferred income tax continued

Deferred tax assets – Group	Accelerated capital allowances £m	Provisions and other £m	Tax losses £m	Retirement benefits £m	Revaluations £m	Employee benefits £m	Total £m
Balance at 1 January 2019	1.6	19.0	3.3	2.4	0.2	4.8	31.3
Amount (charged)/credited to the income statement (Note 14)	0.6	(0.7)	1.0	(0.2)	–	2.6	3.3
Effect of tax rate change within the income statement (Note 14)	–	(0.6)	–	–	–	–	(0.6)
Amounts credited/(charged) to other comprehensive income (Note 14)	–	(0.1)	–	2.7	–	–	2.6
Effect of UK rate change within other comprehensive income (Note 14)	–	–	–	(0.2)	–	–	(0.2)
Transfer to deferred tax liabilities	–	–	–	(0.5)	–	–	(0.5)
Exchange movement	–	(0.5)	(0.2)	(0.1)	–	–	(0.8)
At 31 December 2019	2.2	17.1	4.1	4.1	0.2	7.4	35.1
Amount credited to the income statement (Note 14)	0.2	6.5	1.8	–	–	2.3	10.8
Effect of tax rate change within the income statement (Note 14)	0.1	0.5	–	–	–	–	0.6
Amounts charged to other comprehensive income (Note 14)	–	–	–	(1.2)	–	(3.2)	(4.4)
Effect of UK rate change within other comprehensive income (Note 14)	–	–	–	0.4	–	–	0.4
Exchange movement	–	–	0.2	0.1	–	–	0.3
At 31 December 2020	2.5	24.1	6.1	3.4	0.2	6.5	42.8
Set-off of deferred tax liabilities pursuant to set-off provisions							(2.4)
Net deferred tax asset at 31 December 2020							40.4

	Accelerated capital allowances £m	Provisions and other £m	Retirement Benefits £m	Intangible assets £m	Total £m
Deferred tax liabilities – Group					
At 1 January 2019	(0.2)	(1.0)	(0.5)	(4.3)	(6.0)
Tax (charged)/credited to the income statement (Note 14)	0.1	-	-	0.9	1.0
Effect of tax rate change within income statement	-	-	-	(0.1)	(0.1)
Transfer from deferred tax assets	-	-	0.5	-	0.5
Exchange movement	-	0.1	-	-	0.1
At 31 December 2019	(0.1)	(0.9)	-	(3.5)	(4.5)
Tax credited/(charged) to the income statement (Note 14)	0.1	(0.3)	-	0.6	0.4
Effect of tax rate change within income statement (Note 14)	-	(0.1)	-	(0.4)	(0.5)
Additions through business combinations (Note 20.4)	-	-	-	(1.0)	(1.0)
At 31 December 2020	-	(1.3)	-	(4.3)	(5.6)
Set-off of deferred tax liabilities pursuant to set-off provisions					2.4
Net deferred tax liabilities at 31 December 2020					(3.2)
Net deferred tax asset					
At 31 December 2020					37.2
At 31 December 2019					30.6

	Accelerated capital allowances £m	Provisions and other £m	Retirement benefits £m	Employee benefits £m	Total £m
Deferred tax assets – Company					
Balance at 1 January 2019	0.3	1.2	-	1.0	2.5
Amount (charged)/credited to the income statement	-	-	-	0.3	0.3
Tax charged to other comprehensive income (Note 14)	-	(0.1)	0.1	(0.1)	(0.1)
At 31 December 2019	0.3	1.1	0.1	1.2	2.7
Amount (charged)/credited to the income statement	(0.1)	-	-	0.3	0.2
Tax credited/(charged) to other comprehensive income (Note 14)	-	0.1	(0.1)	(0.3)	(0.3)
Effect of UK tax rate change within other comprehensive income (Note 14)	-	(0.1)	-	-	(0.1)
At 31 December 2020	0.2	1.1	-	1.2	2.5
Net deferred tax asset					
At 31 December 2020					2.5
At 31 December 2019					2.7

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22. Trade and other receivables**22.1 Trade and other receivables – current**

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Trade receivables	388.9	463.0	0.1	–
Less: loss allowance/impairment of receivables provision	(29.9)	(25.6)	–	–
Trade receivables – net	359.0	437.4	0.1	–
Amounts owed by subsidiary undertakings	–	–	86.4	70.9
Other receivables	50.0	41.2	2.3	–
Prepayments	39.3	48.0	3.4	2.5
Accrued income	48.3	42.3	–	–
	496.6	568.9	92.2	73.4

The carrying value of trade and other receivables is approximate to their fair value.

There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of clients internationally dispersed with no individual client owing a significant amount. The credit quality of receivables is managed at a local subsidiary level on a regular basis.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Amounts owed by subsidiary undertakings are unsecured, interest-free and generally cleared within the month.

Accrued income is expected to be settled within 12 months of the year end date.

The carrying amounts of the Group's gross trade receivables are denominated in the following currencies:

	Group	
	2020 £m	2019 £m
Sterling	161.8	191.5
Euro	70.9	93.3
Hong Kong dollar	44.9	51.0
US dollar	34.9	44.0
Australian dollar	19.3	24.0
Chinese renminbi	30.4	26.5
Other*	26.7	32.7
	388.9	463.0

* 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.

22.2 Group – Loss allowance/impairment of trade receivables provision

The other classes within trade and other receivables do not contain material allowances for impairment.

An allowance for impairment is made based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment, as evidence of a likely reduction in the recoverability of the cash flows. Due to the global financial uncertainty arising from the COVID-19 pandemic, management have increased the expected loss rates for trade receivables based on judgement as to the impact of the pandemic. In addition, certain customers have been identified as having a significantly elevated risk and have been provided for on a specific basis. This has resulted in an increased charge for the impairment provision recognised in the income statement during the year and the overall provision held.

The loss allowance provision for trade receivables as at 31 December 2020 and 31 December 2019 was determined as follows:

31 December 2020	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%	1.9%	3.1%	19.2%	62.9%	7.7%
Gross carrying amount (£m)	275.6	36.5	19.1	22.4	35.3	388.9
Loss allowance provision (£m)	(2.1)	(0.7)	(0.6)	(4.3)	(22.2)	(29.9)

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.7%	1.5%	1.9%	13.9%	49.9%	5.5%
Gross carrying amount (£m)	309.9	58.1	31.7	27.3	36.0	463.0
Loss allowance provision (£m)	(2.3)	(0.9)	(0.6)	(3.8)	(18.0)	(25.6)

The loss allowance provision for trade receivables as at 31 December reconciles to the opening loss allowance provision as follows:

	2020 £m	2019 £m
At 1 January	(25.6)	(22.6)
Net increase in loan loss allowance recognised in the income statement during the period	(8.7)	(6.5)
Receivables written off during the year as uncollectible	4.4	2.4
Foreign exchange	-	1.1
At 31 December	(29.9)	(25.6)

A 1% increase in the expected loss rate in each ageing category would increase the loss allowance provision by £3.9m.

22.3 Trade and other receivables – non-current

	Group	
	2020 £m	2019 £m
Trade receivables	5.5	3.3
Other receivables	11.8	6.7
Other assets	14.5	17.3
	31.8	27.3

Other receivables include loans of £10.7m (2019: £5.6m) issued to entities that the Group recognise as equity investments held at FVOCI.

Other assets are signing-on bonuses that are amortised to the income statement over the relevant contractual claw-back period.

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Year ended 31 December 2020

23. Cash and cash equivalents

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Cash at bank and in hand	290.8	168.2	94.5	83.1
Short-term bank deposits	47.5	41.7	-	-
	338.3	209.9	94.5	83.1

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 2020 was 0.74% (2019: 2.49%); these deposits have an average maturity of 39 days (2019: 30 days).

Cash subject to restrictions in Asia Pacific amounts to £41.1m (2019: £34.8m) 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	
	2020 £m	2019 £m	2020 £m	2019 £m
Sterling	61.3	8.7	94.3	83.1
Hong Kong dollar	78.9	55.2	-	-
Euro	69.6	43.7	-	-
Chinese renminbi	47.2	31.6	-	-
US dollar	9.8	20.2	0.2	-
Japanese yen	12.3	12.9	-	-
Australian dollar	17.9	6.2	-	-
South Korean won	13.0	8.8	-	-
Singapore dollar	6.9	5.0	-	-
Other currencies*	21.4	17.6	-	-
	338.3	209.9	94.5	83.1

* 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.

24. Trade and other payables

24.1 Trade and other payables – current

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Deferred consideration (Note 24.3)	11.5	18.1	-	-
Trade payables	73.8	103.6	1.5	1.7
Amounts owed to subsidiary undertakings	-	-	2.7	3.1
Other taxation and social security	103.9	55.0	0.9	0.3
Other payables	45.2	54.3	-	-
Accruals	370.5	358.9	7.3	8.8
	604.9	589.9	12.4	13.9

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.

24.2 Other payables – non-current

	Group	
	2020 £m	2019 £m
Deferred consideration (Note 24.4)	6.5	13.1
Other payables	4.0	4.6
	10.5	17.7

24.3 Deferred consideration – current

	2020 £m	2019 £m
At 1 January	18.1	15.7
Reclassification from non-current deferred consideration (Note 24.4)	9.9	12.2
Additions through business combinations (Note 20.4)	0.1	-
Deferred consideration linked to employment accrued during year	1.1	6.5
Interest unwind	0.3	0.2
Deferred consideration paid	(17.6)	(16.5)
Reclassification	(0.5)	-
Exchange movement	0.1	-
At 31 December	11.5	18.1

24.4 Deferred consideration – non-current

	2020 £m	2019 £m
At 1 January	13.1	22.1
Reclassification to current deferred consideration (Note 24.3)	(9.9)	(12.2)
Additions through business combinations (Note 20.4)	2.2	-
Deferred consideration linked to employment accrued during year	1.0	3.0
Interest unwind on discounted deferred consideration	0.2	0.5
Exchange movement	(0.1)	(0.3)
At 31 December	6.5	13.1

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Year ended 31 December 2020

25. Borrowings

	Group	
	2020 £m	2019 £m
Current		
Bank overdrafts	0.1	0.1
Unsecured bank loans due within one year or on demand	12.1	33.3
	12.2	33.4
Non-current		
Loan notes	150.0	150.0
Transaction costs (issuance of loan notes and RCF arrangement fees)	(1.6)	(2.0)
	148.4	148.0
	160.6	181.4

The Company does not have any borrowings as at 31 December 2020 and 31 December 2019.

The Group holds a £360.0m multi-currency revolving credit facility ('RCF'), which includes a £90.0m accordion facility, expiring in June 2024. As at 31 December 2020 none (2019: £32.5m) of the RCF was drawn. The unsecured bank loans reflect a £11.4m utilisation of a revolving credit facility in North America for working capital purposes, which is repayable within one year and denominated in US dollars (2019: £nil) and a £0.7m working capital loan in Thailand, which is repayable on demand and denominated in Thailand baht (2019: £0.8m).

The Group holds £150.0m of long term debt through the issuance of 7, 10 and 12 year fixed rate private note placements in the US institutional market, which were issued in June 2018.

Movements in borrowings are analysed as follows:

	Group	
	2020 £m	2019 £m
Opening amount as at 1 January	181.4	150.0
Additional borrowings	46.1	158.1
Repayments of borrowings (including overdraft movement)	(67.3)	(125.2)
Addition through business combination (Note 20.4)	0.7	-
Non-cash movement	0.4	(1.5)
Foreign exchange	(0.7)	-
Closing amount as at 31 December	160.6	181.4

The exposure of the Group's borrowings to interest rate changes at the reporting date are:

	Group	
	2020 £m	2019 £m
Less than 1 year	11.5	32.6
	11.5	32.6

The Group's remaining borrowings, including the non-current loan, are fixed rate instruments and therefore excluded from the above analysis.

The effective interest rates at the reporting date were as follows:

	Group	
	2020 %	2019 %
Bank overdrafts	7.85	7.85
Bank loans	1.51	1.67
Loan notes	3.16	3.16

The carrying amounts of borrowings are approximate to their fair value.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group	
	2020 £m	2019 £m
Sterling	148.4	180.5
Other	12.2	0.9
	160.6	181.4

The Group has the following undrawn borrowing facilities:

	Group	
	2020 £m	2019 £m
Floating rate – expiring within 1 year or on demand	36.1	45.3
Floating rate – expiring between 1 and 5 years	361.1	328.0
	397.2	373.3

26. Lease liabilities

The statement of financial position shows the following amount relating to lease liabilities:

	2020		2019	
	Group £m	Company £m	Group £m	Company £m
At 1 January	267.1	75.3	297.7	77.6
Additions – new leases	85.8	0.5	19.7	2.8
Additions through business combinations (Note 20.4)	1.8	–	–	–
Disposal of leases	(2.0)	–	–	–
Repayments of lease liabilities	(56.6)	(8.1)	(54.3)	(7.6)
Unwinding of discount	8.9	2.3	9.3	2.5
Exchange movement	(0.8)	0.1	(5.3)	–
Closing amount as at 31 December	304.2	70.1	267.1	75.3
Current	45.2	5.6	45.3	5.4
Non-current	259.0	64.5	221.8	69.9

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Year ended 31 December 2020

27. Derivative financial instruments

	Group	
	Assets £m	Liabilities £m
2020		
Forward foreign exchange contracts – at fair value	0.4	0.3
Other derivative contracts – at fair value	-	0.6
	0.4	0.9
	Group	
	Assets £m	Liabilities £m
2019		
Forward foreign exchange contracts – at fair value	0.2	0.1
Interest rate cap contract – at fair value	-	-
	0.2	0.1

The Company does not have any derivative financial instruments as at 31 December 2020 and 31 December 2019.

Forward foreign exchange contracts

The gross notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2020 were £41.8m (2019: £35.0m). All contracts mature within one year and are classed as current.

Gains and losses on forward foreign exchange contracts are recognised in net foreign exchange gains and losses in the income statement.

Other derivative contracts

Other derivative contracts relates to a put option on a business, with two separate payments dependent on the valuation of the business. One payment is currently exercisable up until 2026 and the second payment is exercisable in 2026, both are classed as non-current.

Gains and losses are recognised in operating profits in the income statement.

Interest rate cap contract

The interest rate cap contract matured on 1 January 2021.

Gains and losses on the interest rate cap have been recognised in net finance costs in the income statement.

28. Provisions

28.1 Provisions

	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
At 1 January 2020	11.5	7.8	0.2	3.8	23.3	1.2
Provided during the year	4.2	1.0	-	0.6	5.8	0.1
Utilised during the year	(0.7)	(0.2)	(0.1)	(1.6)	(2.6)	-
Released during the year	(0.5)	-	(0.1)	(2.1)	(2.7)	-
Exchange movement	-	-	-	0.1	0.1	-
Closing amount as at 31 December 2020	14.5	8.6	-	0.8	23.9	1.3
Current	5.6	1.9	-	0.8	8.3	-
Non-current	8.9	6.7	-	-	15.6	1.3

2019	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Restructuring provision £m	Group total £m	Company £m
Current	5.2	1.5	0.2	3.8	10.7	–
Non-current	6.3	6.3	–	–	12.6	1.2
Total	11.5	7.8	0.2	3.8	23.3	1.2

(a) Professional indemnity claims

These arise from various legal actions, proceedings and other claims that are pending against the Group and are based on reasonable estimates, taking into account the opinions of legal counsel. The nature of the amounts provided in respect of legal actions, proceedings and other claims is such that the extent and timing of cash flows can be difficult to estimate and the ultimate liability may vary from the amounts provided. The non-current portion of these provisions is expected to be utilised within the next two to five years.

(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 11 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.

(d) Restructuring provision

This provision comprises primarily termination payments to employees affected by restructuring.

28.2 Employee benefit obligations

In addition to the defined benefit obligations pension scheme disclosed in Note 12.2, the following are included in employee benefit obligations:

Group	Total £m
At 1 January 2020	26.5
Provided during the year	7.5
Additions through business combinations (Note 20.4)	0.1
Utilised during the year	(4.9)
Exchange movement	0.6
At 31 December 2020	29.8

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 24).

The Company had £0.3m of employee benefit obligations as at 31 December 2020 (2019: £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	
	2020 £m	2019 £m
Current	19.2	16.2
Non-current	10.6	10.3
	29.8	26.5

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29. Share capital – Group and Company

Authorised and allotted	2020 Number of shares	2019 Number of shares	2020 £m	2019 £m
Ordinary shares of 2.5p each:				
Authorised	202,000,000	202,000,000	5.1	5.1
Issued, called up and fully paid	143,065,222	143,056,718	3.6	3.6

Movement in issued, called up and fully paid share capital:

	2020		2019	
	Number of shares	£m	Number of shares	£m
At 1 January	143,056,718	3.6	142,923,604	3.6
Issued to direct participants on exercise of options under the Sharesave Scheme	8,504	–	87,938	–
Issued to direct participants under the Performance Share Plan	–	–	45,176	–
At 31 December	143,065,222	3.6	143,056,718	3.6

Each issued, called up and fully paid ordinary share of 2.5p is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on winding-up is entitled to participate in the assets of the Company.

As at 31 December 2020, the EBT held 3,524,326 shares (2019: 4,388,054 shares) and the Rabbi Trust held 1,055,676 shares (2019: 1,602,405). These shares are held as 'treasury shares'. Any voting or other similar decisions relating to these shares are taken by the trustees of the EBT and the Rabbi Trust, who may take account of any recommendation of the Company. The EBT waives all of its dividend entitlement. For further details of the EBT and the Rabbi Trust refer to Note 2.22.

At the Annual General Meeting ('AGM') held on 25 June 2020, the Shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 14,305,727 of its own ordinary shares (AGM held on 8 May 2019: 14,295,352). Such authority remains valid until the conclusion of the next AGM or 24 September 2021, whichever is the earlier.

30. 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 £19.8m in 2020 (2019: £17.8m). Of the total share-based payments charge, £0.6m (2019: £0.6m) relates to the Sharesave, £8.7m (2019: £8.2m) relates to DSP schemes and £10.2m (2019: £9.3m) relates to DSBP schemes and £0.3m (2019: £0.3m credit) relating to PSP schemes.

Refer to the Remuneration Report for details of the various schemes, pages 92 to 116.

30.1 Movements in share schemes

2020 number of awards ('000)	Sharesave awards	PSP awards	DSP awards	DSBP awards
Outstanding at 1 January	1,354	478	3,821	3,999
Granted	–	153	352	1,279
Exercised/cancelled	(9)	–	(1,001)	(1,250)
Forfeited/lapsed	(70)	(86)	(118)	(70)
Outstanding at 31 December	1,275	545	3,054	3,958
Exercisable at 31 December				
Weighted average exercise price for awards outstanding at end of the year (pence)	640.0	–	–	–
Weighted average remaining contractual life (years)	0.8	1.8	1.4	2.2
Weighted average share price at the date of exercise for awards exercised in the year (pence)	888.2	–	885.7	766.6

2019 number of awards ('000)	Sharesave awards	PSP awards	DSP awards	DSBP awards
Outstanding at 1 January	1,593	542	3,589	4,082
Granted	-	136	1,461	1,134
Exercised/cancelled	(88)	(45)	(1,059)	(1,130)
Forfeited/lapsed	(151)	(155)	(170)	(87)
Outstanding at 31 December	1,354	478	3,821	3,999
Exercisable at 31 December				
Weighted average exercise price for awards outstanding at end of the year (pence)	640.0	-	-	-
Weighted average remaining contractual life (years)	1.8	3.3	1.8	1.6
Weighted average share price at the date of exercise for awards exercised in the year (pence)	855.8	888.5	618.0	885.4

30.2 Fair value of options

For all the DSP and DSBP schemes the fair value of awards is the closing share price before award date. The Actuarial Binomial model of actuaries Lane Clark & Peacock LLP is used to fair value awards granted under the PSP scheme.

The key inputs to determine the fair value of the awards granted under the PSP scheme during 2020 are shown below.

Performance Share Plan: Awards in the year ended 31 December 2020	30 June 2020
Share price at grant date	825.0
Risk-free rate	0%
Volatility of Savills share price	32% per annum
Employee turnover	Zero

The expected volatility is measured over the three years prior to the date of grant to match the vesting period of the award. The risk-free rate is the yield on a zero coupon UK government bond at each grant date, with term based on the expected life of the option or award.

The fair values of options granted in the period are shown below.

Grant	Grant date	Deferred period	Fair value pence
DSBP 2020	27 April 2020	3 – 4 years	884.5
DSP 2020	27 April 2020	3 years	884.5
PSP 2020 (EPS/ROE)	30 June 2020	5 years	822.5
PSP 2020 (TSR)	30 June 2020	5 years	421.2
DSP 2020	7 September 2020	3 – 5 years	801.0
DSP 2020	7 October 2020	3 years	832.0
DSP 2020	30 October 2020	1 – 3 years	824.0
DSP 2020	14 December 2020	1 – 3 years	953.5

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31. Retained earnings and other reserves

	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption and capital reserve £m	Merger relief reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2020	38.5	(50.0)	317.7	306.2	2.1	34.9	59.1	(0.6)	95.5
Profit attributable to owners of the Company	-	-	67.6	67.6	-	-	-	-	-
Other comprehensive income/(loss)	-	-	5.0	5.0	0.1	-	1.7	(6.9)	(5.1)
Employee share option scheme:									
- Value of services provided	19.8	-	-	19.8	-	-	-	-	-
- Exercise of options	(18.5)	20.4	(1.9)	-	-	-	-	-	-
Purchase of treasury shares	-	(8.3)	-	(8.3)	-	-	-	-	-
Disposal of equity investments at FVOCI	-	-	(0.2)	(0.2)	-	-	(0.2)	(0.2)	(0.4)
Balance at 31 December 2020	39.8	(37.9)	388.2	390.1	2.2	34.9	60.6	(7.7)	90.0

* Included within profit and loss account is tax on items taken directly to equity (Note 14) as disclosed above.

	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption and capital reserve £m	Merger relief reserve £m	Foreign exchange reserve £m	Revaluation reserve £m	Total other reserves £m
Balance at 1 January 2019	37.4	(55.4)	295.2	277.2	2.1	34.9	80.1	0.5	117.6
Profit attributable to owners of the Company	-	-	82.9	82.9	-	-	-	-	-
Other comprehensive loss	-	-	(15.0)	(15.0)	-	-	(21.0)	(0.3)	(21.3)
Employee share option scheme:									
- Value of services provided	17.8	-	-	17.8	-	-	-	-	-
- Exercise of options	(16.7)	19.5	(2.8)	-	-	-	-	-	-
Purchase of treasury shares	-	(14.1)	-	(14.1)	-	-	-	-	-
Dividends	-	-	(42.8)	(42.8)	-	-	-	-	-
Disposal of equity investments at FVOCI	-	-	0.8	0.8	-	-	-	(0.8)	(0.8)
Transactions with non-controlling interests	-	-	(0.6)	(0.6)	-	-	-	-	-
Balance at 31 December 2019	38.5	(50.0)	317.7	306.2	2.1	34.9	59.1	(0.6)	95.5

* Included within profit and loss account is tax on items taken directly to equity (Note 14) as disclosed above.

32. 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, in the case of claims in relation to the provision of professional services where these will not be met by the Group's professional indemnity insurers, and represents the cost of defending and concluding claims.

33. Cash generated from operations

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Profit for the year	68.0	83.6	51.5	55.6
Adjustments for:				
Income tax (Note 14)	15.2	32.0	(2.1)	(2.0)
Depreciation (Note 18 and 19)	64.3	60.6	6.4	5.6
Amortisation of intangible assets (Note 17)	9.6	10.4	1.2	0.4
Loss on disposal of property, plant and equipment and intangible assets	0.8	1.4	-	-
Loss/(profit) on disposal of joint ventures and associates	0.1	(1.7)	-	-
Net finance cost (Note 13)	12.8	11.8	1.4	1.3
Share of post-tax profit from joint ventures and associates (Note 20.1)	(10.2)	(11.8)	-	-
Increase/(decrease) in employee and retirement obligations	3.4	(9.5)	0.2	(0.5)
Exchange movement and fair value movements on financial instruments in operating activities	2.4	(0.2)	-	-
Increase in provisions	0.5	3.4	0.1	1.2
Charge for share-based compensation (Note 30)	19.8	17.8	1.6	1.0
Exercise of share options	-	-	(20.4)	(16.7)
Operating cash flows before movements in working capital	186.7	197.8	39.9	45.9
Decrease/(increase) in trade and other receivables and contract assets	84.5	(50.7)	(26.8)	(0.7)
Increase/(decrease) in trade and other payables and contract liabilities	18.6	(14.5)	(1.5)	(0.7)
Cash generated from operations	289.8	132.6	11.6	44.5

Foreign exchange movements resulted in a £0.3m decrease in current and non-current trade and other receivables (2019: £13.0m decrease) and a £2.3m decrease in current and non-current trade and other payables (2019: £15.3m decrease).

Notes to the financial statements continued

Year ended 31 December 2020

34. Analysis of cash net of debt

The analysis of cash net of debt below has been updated in the current year to include IFRS 16 lease liabilities, refer to Note 26 for further information on lease liabilities.

2020	At 1 January £m	Cash flows £m	Non cash movements recognised in the income statement £m	Other non cash movements £m	Movements through business combinations and disposals £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	209.9	125.2	-	-	2.4	0.8	338.3
Bank overdrafts	(0.1)	-	-	-	-	-	(0.1)
	209.8	125.2	-	-	2.4	0.8	338.2
Bank loans	(33.3)	21.2	-	-	(0.7)	0.7	(12.1)
Loan notes	(150.0)	-	-	-	-	-	(150.0)
Transaction costs	2.0	-	(0.4)	-	-	-	1.6
Cash and cash equivalents net of borrowings	28.5	146.4	(0.4)	-	1.7	1.5	177.7
Lease liabilities	(267.1)	56.6	(8.9)	(83.8)	(1.8)	0.8	(304.2)
Cash and cash equivalents net of debt	(238.6)	203.0	(9.3)	(83.8)	(0.1)	2.3	(126.5)

2019	At 1 January £m	Cash flows £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	223.9	(3.6)	(10.4)	209.9
Bank overdrafts	-	(0.1)	-	(0.1)
	223.9	(3.7)	(10.4)	209.8
Bank loans	(0.4)	(32.9)	-	(33.3)
Loan notes	(150.0)	-	-	(150.0)
Transaction costs (issuance of loan notes and RCF arrangement fees)	0.5	1.5	-	2.0
Finance leases	(0.1)	0.1	-	-
Cash and cash equivalents net of debt (before IFRS 16 lease liabilities)	73.9	(35.0)	(10.4)	28.5

35. Related party transactions

Other than disclosed below and the information provided within the Remuneration Report and Note 11.3 Key management compensation, there were no significant related party transactions during the year.

(a) Loans to related parties

Loans to joint ventures and associates are disclosed in Note 20.1. Loans to entities that the Group recognises as equity investments held at FVOCI are disclosed in Note 22.3.

(b) Company transactions

The Company provided corporate function services to its subsidiaries at an arm's length value of £24.8m (2019: £23.5m).

Dividends of £40.5m were received from subsidiaries during the year (2019: £48.5m). Amounts outstanding to and from subsidiaries as at 31 December 2020 are disclosed in Notes 22 and 24.

(c) Transactions with associates

There were no transactions with associates in the year (2019: £0.2m income received from an associate).

36. Group – Investments

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates and joint ventures, the registered office and the percentage of equity owned by the Group, as at 31 December 2020, are disclosed below. Unless otherwise stated, all subsidiary undertakings are consolidated into the Group financial statements and share capital is wholly comprised of ordinary shares which are indirectly held by the Company.

Fully-owned subsidiary	Country of incorporation	Registered office
Incoll Group Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Incoll Management Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Moore's Cost Consulting Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (ACT) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Holdings Pty Ltd	(ii) Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (Aust) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (NSW) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (QLD) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (SA) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (TAS) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (VIC) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills (WA) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Capital Advisory Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Investment Management (Australia) Pty Limited	Australia	Level 36, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia
Savills Occupier Services Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Project Management Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Project Services (SA) Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Savills Valuations Pty Ltd	Australia	Level 25, 1 Farrer Place, Sydney, NSW 2000
Cluttons Sales SPC	(iv) Bahrain	Flat/shop: 2802, Building: 2504, Road: 2832, Block: 428, Area: Al Seef, Manama
Savills Middle East Co. S.P.C	Bahrain	Flat/shop: 2804, Building: 2504, Road: 2832, Block: 428, Area: Al Seef, Manama
Savills Canada, Inc.	Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3
Savills Inc.	Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3
Savills Services Inc.	Canada	181 Bay Street – Suite 200, Toronto, ON M5J 2T3
Savills IM Japan Residential Fund II Feeder GP Ltd	Cayman	c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands
Guardian Property Services (Shanghai) Company Ltd	China	Room 220, Block 1, No.100 Jinyu Road, Pu Dong, Shanghai
Savills Business Information Technology (Shenzhen) Limited	China	Unit 201, A Tower, No.1 QianWan Yi Road, Qianhai 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 (Chongqing) Company Ltd	China	Room 1601, 16th floor, GuoHua Financial Center, No. 9 JuXianYan Square, JiangBeiZui, Chongqing
Savills Property Services (Guangzhou) Company Ltd	China	Room 1301, R&F Center, No.10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623
Savills Property Services (Hainan) Limited	China	Room 9A, Baifang Building, Baifang Square, No.105 Binhai Avenue, Longhua District, Haikou, China
Savills Property Services (Hengqin) Limited	China	Room 105-19233, No. 6 Baohua Road, Hengqin new area, Zhuhai

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Year ended 31 December 2020

36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
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 Dagou North Road, Xiaobailou Street, Heping District, Tianjin
Savills Property Services (Wuhan) Company Ltd	China	Unit 08-10, 27th Floor, CITIC PACIFIC Mansion, No. 1627 Zhongshan Avenue, Jiang'an District
Savills Property Services (Zhuhai) Company Ltd	China	Room 2204, 22/F, Tower B, China Overseas Building, Midtown, No. 2021 Jiuzhou West Avenue, Zhuhai
Savills Real Estate Valuation (Beijing) Company Ltd	China	Unit 01, 21/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Real Estate Valuation (Guangzhou) Company Ltd	China	Room 2105, R&F Center, No. 10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623
Savills Technology Innovation Services (Shanghai) Company Ltd	China	Room 205, floor 2 west, No. 707 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone
Savills Valuation and Professional Services (BJ) Ltd	China	Unit 07, 21/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills Valuation and Professional Services (GZ) Ltd	China	Room 2105, R&F Centre, No. 10 Hua Xia Road, Zhujiang New Town, Guangzhou
Shanghai Shan Mei Real Consulting Limited	China	Room 5, 2F, No. 707 Zhangyang Road, Pilot Free Trade Zone, Shanghai
Shanghai XinMin Equity Investment Management Co. Ltd	China	Unit 602, No. 4, Lane 541, Wenshui East Road, Hongkou District, Shanghai City
Shenzhen Guardian Property Management Ltd	China	Unit 03, 9/F, China Resources Tower, No. 2666, Keyuan South Road, Nanshan District, Shenzhen, 518000, China
Swan Property Services (Beijing) Company Ltd	China	2101 East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing 100022
Savills CZ s.r.o.	Czech Republic	Florentinum, Building C, Na Florenci 2116/15, Prague 1, 110 00
Savills Investment Management ApS	Denmark	Knud Højgaards Vej 9, 2860 Søborg
Cluttons Egypt Consulting JSC	Egypt	Building 17, Street 210, Al Maadi, Cairo
Savills Egypt Consulting JSC	Egypt	Building 17, Street 210, Maadi, Cairo.
Savills Investment Management SAS	France	54-56 Avenue Hoche, 75008 Paris
Savills Valuation SAS	France	21 Boulevard Haussmann 75009, Paris, France
Savills Advisory Services GmbH	Germany	Taunusanlage 18, 60325 Frankfurt am Main
Savills Fund Management Holding AG	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills IM Berlin Südkreuz GmbH & Co. KG	Germany	Rotfeder-Ring 7, 60327 Frankfurt am Main
Savills IM Beteiligungs GmbH	Germany	Rotfeder-Ring 7, 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
Savills Property Management Deutschland GmbH	Germany	Bonner Straße 209, 50968 Köln, Germany
Savills Facility Management Deutschland GmbH	Germany	Bonner Straße 209, 50968 Köln, Germany
Martel Maides Limited	Guernsey	1 Le Truchot St Peter Port GUERNSEY GY1 1WD

Fully-owned subsidiary	Country of incorporation	Registered office
Parkes & Associates Limited	Guernsey	First Floor, Harbour Court, Les Amballes, St Peter Port, Guernsey, GY1 1WU
Savills Channel Islands Limited	Guernsey	22 Smith Street, St Peter Port, Guernsey, GY1 2JQ
Bridgewater Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
BTHK Property Management Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Champion Insurance and Computer Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Dominion Office Centre Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
East Full Company Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Express Engineering Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Express Maintenance Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Gateway Contractors Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Greenscape Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
GRVM Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guard Able Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Care Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Management Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Mandarin Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Partners Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Property Agencies Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Property Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Hip Kwan Property Management Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Kenda Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Kwik Park Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Mount Link Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Quartey Properties Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills (China) Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills (Hong Kong) Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Asia Pacific Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Building Services Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Design Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Engineering Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Guardian (Holdings) Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills India Holding Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Indonesia Holding Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Investment Management (Hong Kong) Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Savills Investment Management Asia Limited	Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Savills Management Services Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central

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36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Philippines Holding Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Project Consultancy Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Property Management Holdings Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Property Management Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Realty Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Regional Services Ltd	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Residence Ltd	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Valuation and Professional Services Ltd	Hong Kong	Room 1208, Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong
Security and Safety Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Swan Hygiene Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Swan Pest Control Services Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Tarrayon Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
The Peninsular Centre Retailers Association Ltd	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Cluttons (India) Private Limited	India	Flat no. 333, 3rd Floor, Devika Tower, 6 Nehru Place, New Delhi 110019
Actium	(ii) Ireland	33 Molesworth Street, Dublin 2, Ireland
Anateo Ltd	(ii) Ireland	33 Molesworth Street, Dublin 2, Ireland
HOK Financial services	Ireland	33 Molesworth Street, Dublin 2, Ireland
Liffey Valley Management Ltd	(v) Ireland	33 Molesworth Street, Dublin 2, Ireland
Mahon Point Management Ltd	(v) Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Advisory Services (Ireland) Limited	Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Commercial (Ireland) Limited	(ii) Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Management Resource Ireland Ltd	Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Residential (Ireland) Ltd	Ireland	33 Molesworth Street, Dublin 2, Ireland
White Water (Newbridge) Limited	(v) Ireland	33 Molesworth Street, Dublin 2, Ireland
White Water Management Limited	(v) Ireland	33 Molesworth Street, Dublin 2, Ireland
White Water Residential DAC (Designated Activity Company)	(v) Ireland	33 Molesworth Street, Dublin 2, Ireland
Savills Investment Management SGR S.p.A	Italy	Via San Paolo 7, 20121 Milan, Italy
Savills Italia S.r.l.	Italy	Via Manzoni, 37 – 20121 Milano
Savills Italy SRL (EUR)	Italy	Via Manzoni, 37 – 20121 Milano
Savills Asset Advisory Company Ltd	Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
Savills Investment Architecture Design GK	Japan	3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041
Savills Japan Company Ltd	Japan	Yurakucho ITOCIA 15/F, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006
SIM Real Estate GK	Japan	3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041
Prime London Residential Development Jersey GP Limited	Jersey	3rd Floor Walker House, 28-34 Hill Street, St Helier, Jersey, JE4 8PN

Fully-owned subsidiary	Country of incorporation	Registered office
Prime London Residential Development Jersey II GP Limited	Jersey	3rd Floor Walker House, 28-34 Hill Street, St Helier, Jersey, JE4 8PN
Savills (Jersey) Ltd	Jersey	19 Halkett Place, St Helier, JE2 4WG
Savills IM Single Asset Vehicle Fund ICC	Jersey	3rd Floor, Liberation House, Castle Street, St Helier, Jersey, Channel Islands JE1 2LH
Savills Investment Management (Jersey) Limited	Jersey	3rd Floor, Walker House, 28-34 Hill St, St Helier, Jersey, JE4 8PN
Savills IM European Fund V GP S.a.r.l	Luxembourg	10, rue C.M. Spoo
Savills (Macau) Ltd	Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
Savills Project Consultancy (Macau) Ltd	Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
Savills Property Management (Macau) Ltd	Macau	Suite 1309-1310, 13/F Macau Landmark, 555 Avenida da Amizade
Savills (Myanmar) Ltd	Myanmar	No. 8, Unit 8-A, Centerpoint Towers, No. 65, Corner of Sule Pagoda Road & Merchant Street, Kyauktada Township, Yangon
Savills Asset and Property Management BV	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Agency B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Building & Project Consultancy B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Consultancy B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Holdings B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Investment Management B.V	Netherlands	Vida Building, Kabelweg 57, 1014 BA Amsterdam
Savills Investments B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Nederland Holdings BV	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills Retail B.V.	Netherlands	Viñoly Building, Claude Debussylaan 48, Amsterdam 1082 MD, Netherlands
Savills (NZ) Ltd	New Zealand	Level 6, 41 Shortland Street, Auckland Central, Auckland, 1010
Savills (NI) Limited	Northern Ireland	2nd Floor, Longbridge House, 16-24 Waring Street, Belfast, BT1 2DX, Northern Ireland
FPD Management Services Philippines Inc.	Philippines	12/F., Times Plaza Building, United Nations Avenue corner Taft Avenue, Ermita, Manila 1000 Philippines
Savills Investment Management SP Z o.o.	Poland	Gdanski Business Center – building B (3rd floor), Inflancka 4 st., 00-189 Warsaw, Poland
Savills Property Management Sp Z o.o.	Poland	Al. Jana Pawła II 22, Warszawa
Savills Sp Z o.o.	Poland	Al. Jana Pawła II 22, Warszawa
Savills Portugal – Consultoria, Lda.	Portugal	Praça Marquês de Pombal, 16 – 7º, 1250163 Lisbon
Savills Portugal – Mediação Imobiliária 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

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36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
Savills Investment Management Pte. Limited	Singapore	83 Amoy Street, 01-01 Singapore 069960
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 IM Japan Value Fund II GP Pte Ltd	Singapore	61 Robinson Road #16-02, Robinson Centre Singapore 068893
Savills IM Japan Residential Fund II GP Pte Ltd	Singapore	61 Robinson Road #16-02, Robinson Centre Singapore 068893
Savills Korea Advisors Realty Company Ltd	South Korea	13/F Seoul Finance Center, 136 Sejong-daero Jung-gu, Seoul
Savills Korea Company Ltd	South Korea	13/F Seoul Finance Center, 136 Sejong-daero Jung-gu, Seoul
Savills Aguirre Newman Arquitectura Barcelona SAU	Spain	Avda. Diagonal 609-615, Barcelona
Savills Aguirre Newman Arquitectura SA	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman Barcelona SA	Spain	Avda. Diagonal 609-615, Barcelona
Savills Aguirre Newman Consultores, S.A.U	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman Corporate Finance, S.A.U.	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman S.A.U.	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Aguirre Newman Valoraciones y Tasaciones SA	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Consultores Inmobiliarios SA	Spain	Paseo de la Castellana, 81 28046 Madrid
Savills Investment Management SLU	Spain	Paseo de la Castellana, 81 28046 Madrid
Loudden Bygg-och Fastighetsservice AB	Sweden	Box 6317, 102 35 Stockholm
Savills Förvaltning AB	Sweden	Sergels Torg 12 111 57 Stockholm
Savills Investment Management AB	Sweden	Regeringsgatan 48, 5th Floor, 111 56 Stockholm
Savills Sweden 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) Limited	Thailand	990 Abdulrahim Place Building, 26/F, Rama IV Road, Silom Subdistrict, Bang Rak District, Bangkok
Savills Real Estate LLC (Dubai)	(iv) United Arab Emirates	22nd Floor, Arenco Tower, Sheikh Zayed Road, PO Box 3087 Dubai
Savills Real Estate LLC (Sharjah)	(iv) United Arab Emirates	2702C, Al Marzouqi Towers, King Faisal Street, UAE
B Bids Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Buckleys Estate Agents Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Chesterfield & Co (Rentals) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Cordea Savills SLP GP Limited	United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH

Fully-owned subsidiary	Country of incorporation	Registered office
Cordea Savills SLP II LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Cordea Savills SLP LP	United Kingdom	Wemyss House, 3 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savills Investments Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Currell Commercial Limited	United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Currell Management LLP	United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Currell Residential Limited	United Kingdom	9 Bonhill Street, London, EC2A 4DJ
Grosvenor Hill Ventures Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
GTOF Co-Investment GP LLP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
GTOF Co-Investment LP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD
Hepher Dixon Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Holden Matthews Estate Agents Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Humphriss & Ryde Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Jago Dean PR Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
JP Case & Co Property Services Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
LIBRA Housing Advisory Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Liverpool ONE Management Services Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Mansfield Elstob Main Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Moor House Management Services Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
PCA Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
PCA Management Consultants Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Portnalls Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Prime London Residential Development Co-Investment GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment II GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment II LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development GP LLP	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Prime London Residential Development II GP LLP	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Prime Purchase Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Rickitt Grant & Company Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
S F Securities Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
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, UK, W1G 0JD
Savills (Europe) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (Overseas Holdings) Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills (UK) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Advisory Services (L&P) Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD

Notes to the financial statements continued

Year ended 31 December 2020

36. Group – Investments continued

Fully-owned subsidiary	Country of incorporation	Registered office
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 Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM Euro V Co-Investment GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM Euro V Co-Investment LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM Holdings Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM Investco Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM Investments Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM JVF II Co-Investment GP LLP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM JVF II Co-Investment LP	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM SLP General Partner LLP	United Kingdom	Wemyss House, 8 Wemyss Place, Edinburgh, United Kingdom, EH3 6DH
Savills IM SLP III GP LLP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
Savills IM SLP III LP	United Kingdom	Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD
Savills IM UK One Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM UK Property Ventures No.1 GP Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills IM UK Two Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills India Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Investment Management (UK) Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills Investment Management LLP	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills Investment Management Overseas Holdings Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Savills Italy Holding Limited	United Kingdom	33 Margaret St, London W1G 0JD
Savills KSA Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Lending Solutions Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Management Resources Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Management Resource Northern Ireland Ltd	United Kingdom	Longbridge House 2nd Floor, 16-24 Waring Street, Belfast, Northern Ireland, BT1 2DX
Savills ME Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Middle East Holdings Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Place-Shaping & Marketing Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Telecom Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Savills Trust Company Limited	United Kingdom	33 Margaret Street, London, W1G 0JD

Fully-owned subsidiary	Country of incorporation	Registered office
Serviced Land No.1 GP Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Serviced Land No.2 GP Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Serviced Land No.2 JV GP Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
Smith Woolley Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Smiths Gore Limited	United Kingdom	33 Margaret Street, London, W1G 0JD
Stratland Management Limited	United Kingdom	33 Margaret Street, London, UK, W1G 0JD
The Currell Group Limited	United Kingdom	9 Bonhill Street, London, EC2A 4DJ
The London planning Practice Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
Wellington Holdings Ltd	United Kingdom	33 Margaret Street, London, W1G 0JD
BTR Capital Advisors I, LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
BTR Capital Advisors II, Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
BTR Capital Advisors III, Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
Gravitas Lease Audit Services LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Gravitas Real Estate Solutions LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Kelly, Legan & Gerard Inc.	United States	398 Park Avenue – 11th FL, New York, NY 10022
Macro Consultants LLC	United States	1040 Avenue of the Americas, New York, NY 10018
Savills (L&P) Inc	United States	Unex House, 132-134 Hills Road, Cambridge CB2 8PA
Savills (ME) LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills America Ltd	United States	399 Park Avenue – 11/F, New York, NY 10022
Savills Capital Markets LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills Gravitas Real Estate Solutions LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills Investment Management Inc.	United States	251 Little Falls Drive, Wilmington, DE 19808
Savills Occupier Services Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
SSOC, LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
Studley International, Inc	United States	399 Park Avenue – 11th FL, New York, NY 10022
Studley Advisors, Inc	United States	399 Park Avenue – 11th FL, New York, NY 10022
SVS (GA) Inc.	United States	399 Park Avenue – 11th FL, New York, NY 10022
SVS Stone LLC	United States	399 Park Avenue – 11th FL, New York, NY 10022
The Great Studley Stamp Company	United States	399 Park Avenue – 11th FL, New York, NY 10022
Savills Vietnam Company Ltd	Vietnam	6/F, Sentinel Place building, 41A Ly Thai To, Hoan Kiem District, Hanoi City
SVVN Price Valuation Limited Liability Company	Vietnam	17 Fl., Vincom Centre Building, 72 Le Thanh Ton Str., Ben Nghe Ward, Dist 1, Ho Chi Minh City

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
Savills Belux Group SA	99.9	Belgium	Avenue Louise 81, 1050 Brussels, Belgium
Savills Property Services (Shenzhen) Company Ltd	85	China	Unit 02, 9/F, China Resources Tower, No.2666, Keyuan South Road, Nanshan District, Shenzhen, 518000, China
Savills SA	99.97	France	21 Boulevard Haussmann 75009, Paris, France
Savills Fund Management GmbH	94	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Investment Management (KVG) GmbH	94.9	Germany	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Sweden Investment AB	51	Sweden	Segels Torg 12, 111 57 Stockholm

Notes to the financial statements continued

Year ended 31 December 2020

36. Group – Investments continued

Subsidiaries of which the Group owns less than 100%	% owned	Country of incorporation	Registered office
Absolute Result Ltd	80.2	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Savills Billion Property Management Ltd	80	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
The Aurora Management Services Ltd	80	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Savills Vignature Property Management Limited	70	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
PT Savills Consultants Indonesia	80.4	Indonesia	Panin Tower – Senayan City, 16/F, Jl.Asia Afrika Lot.19, Jakarta 10270, Indonesia
Savills Investment Management (Luxembourg) S.à r.l.	94.9	Luxembourg	10, rue C.M. Spoo
Savills & Partners LLC	65	Oman	Hatat Complex Suite 30-36, Ground Floor, P O Box 1475, Ruwi, Sultanate of Oman, Location – Wadi Adai – Romellah
Liverpool ONE Management Company Ltd	50	United Kingdom	33 Margaret Street, London, W1G 0JD
SGDN Ltd	51	United Kingdom	Stuart House, City Road, Peterborough, PE1 1QF

Joint Ventures	% owned	Country of incorporation	Registered office
Shanghai No.1 and FPD Savills Property Management Company Ltd	51	China	Building No1, 3rd Floor, No.400, Fangchun Rd, Pudong District, Shanghai
Zhuhai Hengqin Savills Assets Operation Management Company Ltd	51	China	Room 105-1460, No. 6 Baohua road, Hengqin new area, Zhuhai
Beijing China Railway Savills Property Management Services Company Ltd	49	China	Room 202 Tower D, Beijing China Railway Plaza, No.3 South Road Auto Museum, Fengtai District, Beijing
Beijing Tianrun Savills Property Management Company Ltd	49	China	Unit 3501A, 35/F, No. 8 Jianguomenwai Dajie, Chaoyang District, Beijing, PRC
Gohigh Savills (Shanghai) Property Management Company Ltd	49	China	Room 203D, 2/F, No. 21, Lane 596, Middle Yanan Road, Jingan District, Shanghai
Guangzhou Nansi & Savills Property Management Co Ltd	49	China	Room 1304, Feng Ze Dong Road No.106, Nan Sha Area, Guang Zhou PRC
Shanghai Qihui Savills Property Services Company Ltd	49	China	Rm 548, 9F, No. 583 Lingmu Rd., Xuhui District, Shanghai
Everbright Savills Property Management (Shanghai) Company Ltd	45	China	Room E-266, 3/F, Ru Shan Road No.227, Pilot Free Trade Zone, Shanghai
Fuzhou Hengli & Savills Property Management Company Ltd	45	China	8/F, No.128 Wusi Road, Gudong Street, Gulou District, Fuzhou
Beijing Haizhi Savills Property Management Company Ltd	40	China	Zone B, 6/F, Tower B, No.18 Zhong Guan Cun Avenue, Haidian District, Beijing
Beijing Hongyuan Savills Property Management Company Ltd	40	China	Unit 104, F1, Building 4, No.2 Jinsui Avenue, Shunyi District, Beijing
Savills BM Property Services Company Ltd	40	China	Room 115, No.53, Lane 749, Middle Tianmu Road, Zhabei District, Shanghai
Shenzhen Qianhai Savills Property Services Company Ltd	40	China	Unit 201, A Tower, No.1, QianWan Road, Qianhai Shengan Cooperation District, Shenzhen
Daisy Savills Property Management (Beijing) Company Ltd	35	China	Unit 702, Tower 2, Office Building, 7/F, No. 18 Jianguomennei Avenue, Chaoyang District, Beijing

Joint Ventures	% owned	Country of incorporation	Registered office
Suzhou Industrial Park Hengtai Savills Property Management Company Ltd	35	China	Unit 303-304, Moon Bay International Business Center, 9 Cuiwei Avenue, Suzhou Industrial Park, Suzhou
Beijing BHG Savills Retail & Property Management Company Ltd	30	China	Room 107, Block 1, No 208, Lane 4, North Xiangyun Road, Daxing District, Beijing
Beijing Oriental Savills Asset Management Company Ltd	30	China	Unit 303, 3/F No, 9 West Street Wangfujing, Dongcheng District, Beijing
Beijing Zhaotai Savills Property Services Company Ltd	30	China	B1/F, 11 Fenghui Yuan, Tai Ping Avenue, Xicheng District, Beijing, P.R.C
Chongqing Shenghua Savills Property Services Group Company Ltd	30	China	Room 102, 1st Floor, GuoHua Financial Center, No. 9 JuXianYan Square, JiangBeiZui, Chongqing
Nanjing Smart Science Technology Park & Savills Property Management Company Ltd	30	China	Room 468, Floor 4, building 9, Xingzhihui Business Garden, No. 19, Xinghuo Road, Jiangbei New District, Nanjing, 210008, China
Savills Raycom Property Management (Beijing) Company Ltd	30	China	Unit B1-08, No.2 South Road Ke Xue Yan, Haidian District, Beijing
Shanghai Poly Savills Property Management Company Ltd	30	China	Unit 01, 20/F, South Tower, No.528 South Pu Dong Road, Pu Dong, Shanghai
Shanxi Zhidi Savills Property Services Company Ltd	30	China	4/F, Block 3, No.42 Xing Shan Temple, Xian City
Anlian Savills Property Management (Shenzhen) Ltd	25.5	China	Unit B02(b), 19/F, Anlian Plaza, No.4018, Jintian Road, Futian District, Shenzhen
COSCO Savills Property Development Company Ltd	25	China	Unit M, 7th Floor, No.720 Pudong Ave, Pudong District, Shanghai
Beijing Financial Street Savills Property Management Company Ltd	20	China	B1/F, Tong Tai Building, 33 Financial Street, West District, Beijing.
Beijing Zhong Bao Savills Property Management Company Ltd	10	China	603 China Life Tower, 16 Chao Wai Street, Chaoyang District, Beijing
Tianjin TEDA Savills Property Services Company Ltd	10	China	B2/F, Zone A1, Teda MSD, No.56 Second Avenue, Economy & Technology Development Zone, Tianjin
SERE Egypt Consulting JSC	54	Egypt	Building 17, Street 210, Maadi, Cairo.
Jiayi Savills Property Services Ltd	51	Hong Kong	23/F, Two Exchange Square, 8 Connaught Place, Central
Greenmile Ventures Ltd	50	Hong Kong	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Greenwalls Gateway Ltd	50	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Skywise Technology & Innovation Company Limited	50	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
G.E.S. Holdings Ltd	50	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 – 187, Edf. Kong Fai Com. 7/F, K – P
G.E.S. Ltd	50	Macau	Alameda Dr. Carlos D'Assumpcao, No. 181 – 187, Edf. Kong Fai Com. 7/F, K – P
Savills (Johor) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (KL) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Malaysia) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur

Notes to the financial statements continued

Year ended 31 December 2020

36. Group – Investments continued

Joint Ventures	% owned	Country of incorporation	Registered office
Savills (Penang) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Savills (Project Management) Sdn Bhd	49	Malaysia	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Cluttons Saudi Arabia Company Limited	49	Saudi Arabia	Dammam, Malek Saud Street, 31411
Savills Science Limited	50	United Kingdom	33 Margaret Street, London, W1G 0JD

Associates	% owned	Country of incorporation	Registered office
SAS – Riviera Estates	51	France	11 Avenue Jean Medecin, 06000, Nice
KSH Guardian Property Management Ltd	50	Hong Kong	7/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Lippo-Savills Property Management Ltd	50	Hong Kong	Room 2301, 23/F, Tower One, Lippo Centre, 89 Queensway
Yuen Sang Property Management Company Ltd	50	Hong Kong	Room 2501, 25/F, Alexandra House, 18 Chater Road, Central, Hong Kong
Savills Taiping Property Management Ltd	45	Hong Kong	Rooms 805-813, 8/F, Cityplaza One, 1111 King's Road, Taikoo Shing
Guardian Home Ltd	40	Hong Kong	Unit No, B(6), 6/F., Kam Man Fung Factory Building, No. 6 Hong Man Street, Chai Wan, Hong Kong
Hengli Savills Property Management Limited	49	Hong Kong	Unit 1806-08, Tower Two, Lippo Centre, 89 Queensway, Hong Kong
Cordea Nichani India Advisers Private Limited	25	India	Ground Floor Front, 19 Kumarakrupa Road, Bangalore 560001, India
Rootcorp Ranganatha Limited	25	Mauritius	4th Floor, Raffles Tower, 19 Cybervcity, Ebene, Mauritius
Monaco Real estates SARL	51	Monaco	10 Ter Boulevard Princesse Charlotte
Really Pte Ltd	45	Singapore	70 Shenton Way #09-12 EON Shenton S 079118
Huttons Asia Pte Ltd	48	Singapore	3 Bishan Place #05-01 CPF Bishan Building S 579838
Huttons Capital Pte Ltd	48	Singapore	3 Bishan Place #05-01 CPF Bishan Building S 579838
DRC Capital LLP	25	United Kingdom	4th Floor, 6 Duke Street St James's, London, United Kingdom, SW1Y 6BN

Other significant holdings	% owned	Country of incorporation	Registered office
Vucity Ltd (ii)	20.80	United Kingdom	George Hay, Brigham House, Biggleswade, England, SG18 0LD

(i) Directly owned by Savills plc.

(ii) Both ordinary and redeemable shares owned by the Group.

(iii) Partnership interest.

(iv) Economic interest/part economic interest.

(v) The Group does not control these entities (as defined by IFRS 10) and are not consolidated in to the Group's financial statements.

The total non-controlling interest at the end of the year is £0.7m (2019: £0.7m). The non-controlling interests in respect of the above subsidiaries that the Group does not own a holding of 100% are not considered to be individually material.

There were no material transactions with non-controlling interests during the year. Refer to Note 23 for details on restrictions on the Group's ability to access cash in the Group's Asia Pacific operating subsidiaries.

Shareholder information

Key dates for 2020

Annual General Meeting	12 May 2021
Financial half year end	30 June 2021
Announcement of half year results	5 August 2021

Website

Visit our investor relations website www.savills.com for full up-to-date investor relations information, including the latest share price, recent Annual and Half Year Reports, results presentations and financial news.

Shareholder enquiries

For Shareholder enquiries please contact our Registrars, Equiniti (see below). For general enquiries please call our Shareholder Services helpline on: 0371 384 2018 (overseas holders need to call +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding bank holidays). For further administrative queries in respect of your shareholding, please access our Registrars' website at www.shareview.co.uk.

Electronic communications

If you would prefer to receive Shareholder communications electronically in future, including your Annual and Half Year Reports and notices of meetings, please visit our Registrars' website, www.shareview.co.uk and follow the link to 'Register for e-communications' under the Shareholder Services section.

Half Year Report

Like many other listed public companies, we no longer circulate printed Half Year Reports to Shareholders. Rather, Half Year results' statements are published on the Company's website. We believe that this is of benefit to those Shareholders who do not wish to be burdened with such paper documents, and to the Company, as it is consistent with our target of saving printing and distribution costs.

Professional advisers and service providers

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF

Registrars

Equiniti

Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Statutory auditor

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Joint Stockbrokers

UBS Investment Bank
5 Broadgate
London EC2M 2QS

Numis Securities Ltd

The London Stock
Exchange Building
10 Paternoster Square
London EC4M 7LT

Principal Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Shareholder information continued

Cautionary note regarding forward-looking statements

Certain statements included in this Annual Report are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. These forward-looking statements include, but are not limited to, statements relating to the Company's expectations. Forward-looking statements can be identified by the use of relevant terminology including the words: 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'forecasts', 'plans', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations and those of our Officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses we operate.

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to:

- Global economic business conditions;
- Monetary and interest rate policies;
- Foreign currency exchange rates;
- Equity and property prices;
- The impact of competition, inflation;
- Changes to regulations, taxes;
- Changes to consumer saving and spending habits; and
- Our success in managing the above factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Savills plc

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www.savills.com

Registered in England
No. 2122174

Savills plc

Annual Report & Accounts 2020