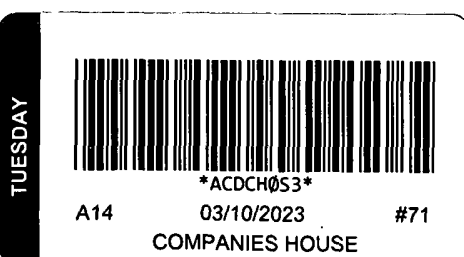


Savills IM Holdings Limited

(Registered Number: 09660111)

**Annual Report and Financial Statements of the Group
and the Company**

For the year ended 31 December 2022



Savills IM Holdings Limited

General information for the year ended 31 December 2022

Directors

The directors of Savills IM Holdings Limited ('the Company') who were in office during the year and up to the date of signing the financial statements were:

Simon Shaw
Christopher Lee
Richard James (Chairman)
Kiranbhai Patel
Joonkyu Park
Richard Lake (appointed 30 April 2022)
James Bury (resigned 30 April 2022)

Registered Office

33 Margaret Street, London, United Kingdom, W1G 0JD

Independent Auditor

Ernst & Young LLP, 25 Churchill Place, Canary Wharf, London E14 5EY

Solicitors

CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street, London EC1A 4DD

Principal Bankers

Barclays Bank PLC, 1 Churchill Place, London E14 5HP

The Company

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom (England & Wales).

Savills IM Holdings Limited

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Savills IM Holdings Limited

Strategic Report

For the year ended 31 December 2022

The directors present their Strategic Report of Savills IM Holdings Limited ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 December 2022.

Principal activities

The principal activity of the Group is the provision of real estate investment management services. The principal activity of the Company is to act as a holding company for the Group.

Results

The Group's results for the year are detailed on page 14. The profit of the Group for the financial year is £793,000 (2021 restated: £15,861,000) and the net profit margin for the year was 15% (2021 restated: 21%). The net assets of the Group as at 31 December 2022 are £134,541,000 (2021 restated: £112,601,000).

The loss of the Company for the financial year is £1,987,000 (2021: loss £6,350,000). The net assets of the Company as at 31 December 2022 are £91,874,000 (2021: £77,851,000).

Principal developments

During the year the Group continued to provide real estate investment management services and the Company continuing to act as the holding company for the Group.

During July 2022 the Company acquired 100% ownership of Pitmore (1) Limited (08993599), subsequently renamed Savills IM Residential UK Limited.

During September 2022 the Company acquired 60% ownership of Affordable Accommodation Investment Management LLP (OC425824), subsequently renamed Simply Affordable Homes LLP.

Principal risks and uncertainties

The Group has procedures, systems and controls in place to mitigate any risk that may arise across the Group. Our consideration of the key risks and uncertainties relating to the Group's operations, along with the potential impact and the mitigating factors in place, is set out below.

Regulatory risk

The Group entities are required to meet a broad range of regulatory compliance requirements in each of the markets in which they operate. The Group entities are variously authorised by the Financial Conduct Authority (FCA) in the UK, Bank of Italy in Italy, Monetary Authority of Singapore in Singapore, the Federal Financial Supervisory Authority (BaFin) in Germany, Jersey Financial Services Commission in Jersey, the Commission de Surveillance du Secteur Financier in Luxembourg and the Australian Securities & Investments Commission in Australia. The Company is not a regulated entity within the 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. The Group entities 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. The Group's compliance environment, at all levels, is subject to regular review by internal audit and external assurance providers.

Credit risk

The Group's credit risk management objectives and policies are discussed in Note 2 to the consolidated financial statements.

Market risk

The Group's major source of income is from the operation and management of regulated and unregulated collective investments, investing in real estate. Market conditions and other country/macro-economic risks, may affect attitudes towards investing in real estate assets causing a loss of income or preventing the launch of new products. In particular, the rise in interest rates by central banks in many of the Group's operating markets have increased the cost of borrowing and having adverse impacts on property valuations and transactional volumes.

Savills IM Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2022

Market risk (continued)

The risk is mitigated by having a mix of product types including closed-ended funds, open-ended funds and other mandates. These combine to give the Group a level of stable income over a period of time, and reducing the reliance on one-off fees on the group's operating income.

Counterparty risk

The failure of a client or a third party may impact the Group's financial results. The risk is mitigated by operating strict selection and credit check procedures.

Financial risk management

The Group's financial risk management objectives and policies are discussed in Note 2 to the consolidated financial statements.

Key performance indicators ("KPIs")

The key financial KPIs have been discussed in the results section of the Strategic Report.

Future developments

The directors expect the Group to expand its product range in existing and new markets by providing specialist products for investors. The directors expect the Company to continue to act as a holding company and continue to trade under similar conditions to 2022.

Streamlined Energy and Carbon Reporting (SECR) Statement

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") came into force on 1 April 2019 and apply to financial years starting on or after 1 April 2019. The 2018 Regulations implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). In compliance with this regulation, the required energy and carbon information for the SIM Group is included in the group report for Savills plc, which is published on page 61 of the plc group's 2022 Annual Report and Accounts.

Section 172(1) Statement

The Board of Directors of the Company 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 2022.

In the context of the Board's activities during 2022, the below sets out some examples of how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) when discharging their Section 172 duties and decision making in 2021.

a. The likely consequences of any decision in the long term:

The Board remains mindful that its strategic decisions can have both short and long term implications for the Group and its stakeholders and these implications are considered carefully. We consider our stakeholders when developing and executing our strategy which is reviewed on an annual basis. During the year the Board:

- Reviewed and set the Group's strategy and medium-term plan, including updates on strategic initiatives from across the business and discussion of priorities in the short and long term
- Considered regular reports from Senior Management on business performance, financing and the implementation of strategy throughout the year

Savills IM Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2022

b. The 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. We have continued to use digital learning content to help employees and have provided regular guidance and blogs posted on our intranet relating to health, and safety and wellbeing, and made available facilities such as 'Myndup' to support mental health wellbeing.

We have also expanded our human resources function through the hiring of a Learning & Development advisor to facilitate the delivery of learning and development opportunities for our employees and a Rewards specialist to further implement and manage our global reward strategy.

We also supported events such as Time to Talk Day and World Mental Health Day. During the year we also held a number of events focusing wellbeing and mental health issues supported by webinars provided by external providers.

c. The need to foster the company's business relationships with suppliers, customers and others. During the year the Board reviewed the Business Plan which included the importance of focusing on:

- continuing to deliver the highest standards of client service by having motivated and engaged staff by providing an environment in which our people can succeed so sustaining the inclusive, diverse and supportive culture that is encapsulated in our business philosophy and our values; and
- continuing to innovate and extend our client offering to ensure that we can meet the evolving requirements of our clients in particular in areas such as sustainability.

d. The impact of the company's operations on the community and the environment:

The Board supports management's approach to Environmental, Social and Governance ("ESG") 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.

As a dedicated and responsible corporate entity, we acknowledge the importance of Environmental, Social and Governance (ESG) best practices and our role in contributing to a restorative future. Our Board fully endorses our management's comprehensive approach to ESG matters, and we remain steadfast in our commitment to advancing our knowledge of sustainability-related risks and holistically supporting the resilience of our clients' portfolios.

At the heart of our vision is the imperative to address the sustainability challenges facing our community, and we are determined to play our part in transitioning towards a greener, safer and more robust economy. As part of this, we strive to reduce the impact of our operations, whilst aspiring to achieve net zero by 2040, and adopt restorative practices, thereafter, collaborating with our clients, suppliers, and local communities.

Our unwavering dedication to ESG practices can be seen in our Savills IM net zero carbon pathway report linked below, which highlights our aspirational journey towards a restorative real estate industry. Moving forward, we remain committed to delivering against our ambitious goals in the years ahead.

[Savills IM net zero carbon pathway report](#)

Savills IM Holdings Limited

Strategic Report (continued) For the year ended 31 December 2022

Section 172(1) Statement (continued)

e. The desirability of the company maintaining a reputation for high standards of business conduct:

- Our Code of Conduct sets out our commitment to operate responsibly wherever we work in the world, to work professionally, fairly and with integrity.
- We are committed to ensuring that we take all appropriate steps to prevent Modern Slavery from occurring in our business or supply chain.
- We continued to provide training on modern slavery and have taken steps to make sure our staff and supply chain partners are aware of the Act and its requirements.

The Board is committed to maintaining the highest standards of corporate governance, which are fundamental to discharging our responsibilities. The Board is committed to ensuring that its composition provides the necessary balance of diversity, skills experience, independence and knowledge to ensure we continue to run the business effectively and deliver sustainable growth.

During the year the Board:

- Considered the composition and effectiveness of the Board;
- Reviewed and validated the effectiveness of the Group's systems of internal controls and risk management framework;
- Considered reports on specific risk areas across the business; and
- Reviewed and approved the Group's full-year 2022 and half-year 2022 results, as well as the regulatory announcements and the Group's Going Concern status.

f. The need to act fairly between members of the company:

The Directors understand their duty to act fairly between different shareholders as required by UK company law and the Company's regulatory obligations. We are in regular contact with our Shareholders. During the year the Board reviewed and approved the following activities and documents and in doing so considered that they were acting fairly between members:

- Full Year results for the year ending 31 December 2021
- Annual Report and Accounts 2021

On behalf of the Board



Richard James
Director
29 September 2023

Savills IM Holdings Limited

Directors' Report

For the year ended 31 December 2022

The directors present the Annual Report and audited financial statements of the Group and the Company for the year ended 31 December 2022. In accordance with section 414C(11) of the Companies Act 2006, the directors have set out the "Review of the business" and "Principal risks and uncertainties" within the Group's Strategic Report.

Directors

The current directors of the Company are shown on page 1.

Directors' interests

None of the Directors had an interest in the share capital of the Company at 31 December 2022, however the Directors hold interests in the shares of the ultimate parent company, Savills plc. No Director has a material interest in any contract with the Company or any Group entity.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the 2021 financial year and remains in force at the date of approving the Directors' Report. The Group also purchased and maintained during the financial year Directors' and Officers' liability insurance in respect of itself and the Company's directors.

Dividends

No dividend was paid in the year ended 31 December 2022 (2021: £nil) and the Directors do not currently propose the payment of a dividend with respect to the year ended 31 December 2022 (2021: £nil).

Financial risk management

The Group's financial risk management objectives and policies are discussed in Note 2 to the consolidated financial statements.

Future developments

A review of the future developments of the business can be found in the Strategic Report on page 3.

Corporate responsibility

The Group is committed to being a good corporate citizen in all aspects of its operations and activities and adopts the Savills plc group's policies as outlined in the Savills plc group's 2022 Annual Report and Accounts.

Employees

The Group is committed to adopting arrangements aimed at involving employees in the Group's affairs and to providing employment on an equal basis. The Group adopts the Savills plc group policies as outlined in the Savills plc group's 2022 Annual Report and Financial Statements.

Disclosure of information to independent auditor

In accordance with Section 418, Directors' Reports shall include a statement, in the case of each director in office at the date the Directors' Report is approved, that:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditor are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditor are aware of that information.

Independent auditor

Ernst & Young LLP were appointed as the auditor of Savills IM Holdings Limited for the financial year ending 31 December 2022. In accordance with sections 485 and 487 of the Companies Act 2006 the directors have resolved to re-appoint Ernst & Young LLP as auditor of the Group and Company.

Savills IM Holdings Limited

Directors' Report (continued)

For the year ended 31 December 2022

Going concern

The Group's business activities, profitability and financial position, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Details of the Group's treasury activities and exposure to financial risk is included in Note 2 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 Strategic Report and the Board's risk appetite as detailed in the Strategic Report. Sensitivity analysis was also undertaken, including financing projections, to flex the financial forecasts.

A substantial portion of revenue is generated from long term contractual income, providing stability and reasonable assurance to the Group's ability to remain profitable. In addition, the Group has considerable financial resources together with a stable client base to meet its day-to-day working capital requirements.

As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the period to 30 September 2024, being a period of at least twelve months from the date of approval of the financial statements. On preparing the annual report and financial statements, the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern.

Subsequent events

There have been no other events that require adjustment to the Financial Statements or are considered to have a material impact on the understanding of the company's current financial position.

On behalf of the Board



Richard James
Director
29 September 2023

Savills IM Holdings Limited

Statement of directors' responsibilities in respect of the financial statements For the year ended 31 December 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards (IASs) and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 Company and of the profit of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply these consistently;
- state whether applicable IASs have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, 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 Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the Board



Richard James
Director

29 September 2023

Savills IM Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVILLS IM HOLDINGS LIMITED

Opinion

We have audited the financial statements of Savills IM Holdings Limited ('the Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 36, including a summary of significant accounting policies and the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion: the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period to 30 September 2024, being a period of at least 12 months from when the financial statements are authorised for issue.

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

Savills IM Holdings Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Savills IM Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

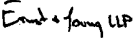
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant are those relevant to the reporting framework (UK adopted International Accounting Standards, FRS 101 and the Companies Act 2006) and the relevant international tax laws and regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being relevant international financial services legislation, those laws and regulations relating to employee matters and pensions legislation, and data protection requirements in the jurisdictions in which the Group operates.
- We understood how the Group is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and regulatory bodies, reviewed minutes of meetings of those charged with governance and gained an understanding of the Group's governance framework.
- We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating revenue recognition as a fraud risk. We incorporated data analytics and performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business. We tested a sample of invoices issued to funds managed / advised by the Group by recalculating the amounts in the invoices and agreed the fee rate, any performance conditions (including completeness of any management fee offsets) and other inputs, including fair value of assets under management, NAV or investor commitments, to agreements and other supporting documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making inquiries of legal counsel, executive management, and internal audit, reviewing legal and professional expenses incurred, reviewing of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Group.

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

Savills IM Holdings Limited

Use of our report

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

DocuSigned by:

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Ahmer Huda (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
29 September 2023

Savills IM Holdings Limited

Consolidated Statement of Profit or Loss For the year ended 31 December 2022

	Note	2022 £'000	2021 (restated) £'000
Revenue	4	112,733	112,253
Operating expenses			
Administrative and other operating expenses		(95,465)	(89,092)
Operating profit	5	17,268	23,162
Finance income	7	175	139
Finance costs	7	(526)	(397)
Share of profit of associates		-	1,127
Acquisition-related costs	8	(11,776)	(6,349)
Gain on disposal of associate and subsidiary	9	68	3,224
		(12,058)	(2,256)
Profit before income tax		5,209	20,906
Income tax expense	10	(4,416)	(5,045)
Profit for the financial year		793	15,861
Profit for the financial year attributable to:			
Non-controlling interests		(243)	270
Owners of the parent company		1,036	15,591
		793	15,861

All results in the Consolidated Statement of Profit or Loss were derived from continuing operations.

The prior year has been restated to reflect an error made in the prior period in relation intangible assets. Refer to note 31 for further detail.

Revenue is presented gross of costs, with cost of funds presented within other operating expenses. Refer to Note 5 for further details.

The notes on pages 20 to 66 form part of the Consolidated Financial Statements.

Savills IM Holdings Limited

Consolidated Statement of Comprehensive Income For the year ended 31 December 2022

		2022	2021 (restated)
		£'000	£'000
	Note		
Profit for the financial year		793	15,861
Remeasurement of defined benefit pension scheme and employee benefit obligations – net of tax	6	2,068	1,930
Total items that will not be reclassified to profit or loss		2,068	1,930
Currency translation differences		1,786	(1,964)
Total items that may be reclassified subsequently to profit or loss		1,786	(1,964)
Total other comprehensive income for the year, net of tax		3,854	(34)
Total comprehensive income for the year, net of tax		4,648	15,827
Total comprehensive income for the year attributable to:			
Non-controlling interests		(243)	270
Owners of the parent company		4,890	15,557
		4,648	15,827

The notes on pages 20 to 66 form part of the Consolidated Financial Statements.

Savills IM Holdings Limited

Consolidated Statement of Financial Position As at 31 December 2022

		31 December 2022	31 December 2021 (restated)	1 January 2021 (restated)
	Note	£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	11	4,855	1,229	896
Right-of-use assets	12	12,849	4,498	3,580
Goodwill	13	36,435	33,818	6,267
Intangible assets	13	25,941	29,032	4,972
Investment in associates	15	0	-	16,542
Financial assets at FVPL	17	20,967	13,708	6,500
Contract assets	18	2,377	3,413	1,398
Other receivables		22	21	19
Deferred tax assets	19	3,021	3,719	4,190
Retirement and employee benefit surplus	6	3,206	704	-
		109,673	90,143	44,364
Current assets				
Trade and other receivables	20	58,347	47,661	48,219
Contract assets	18	461	452	-
Derivative financial instruments	24	307	4	10
Cash and cash equivalents	21	46,047	29,173	1,259
Current income tax receivable		255	1,278	2,673
		105,417	78,568	52,161
Total assets		215,090	168,710	94,308
Current liabilities				
Trade and other payables	22	38,233	36,383	49,952
Current interest-bearing loans and borrowings	23	2,653	-	-
Derivative financial instruments	25	129	95	-
Lease liabilities	24	2,310	1,345	1,402
Income tax liabilities		3,223	1,912	2,376
Provisions	28	1,150	1,051	2,924
		47,698	40,786	56,654
Non-current liabilities				
Deferred tax liabilities	19	5,749	6,145	219
Other payables	26	16,502	5,888	-
Retirement and employee benefit obligations	6	0	-	1,708
Lease liabilities	24	10,600	3,291	2,725
		32,851	15,324	4,652
Total liabilities		80,549	56,110	57,161
Net assets		134,541	112,601	45,059
Equity				
Share capital	30	4,097	4,097	4,097
Retained earnings		72,664	52,404	35,276
Other reserves		57,380	55,552	5,431
Total equity attributable to owners of the parent		134,141	112,053	44,804
Non-controlling interests	34	400	548	255
Total equity		134,541	112,601	45,059

Savills IM Holdings Limited

Consolidated Statement of Financial Position (continued)

As at 31 December 2022

The prior year has been restated to reflect amendments made to the accounting policy applied to the revaluation of the Financial Assets. Refer to note 32 for further detail.

The Consolidated Financial Statements on pages 14 to 65 were approved by the directors on 29 September 2023 and signed on the Group's behalf by



Richard James
Director
29 September 2023

The notes on pages 20 to 66 form part of the Consolidated Financial Statements.

Savills IM Holdings Limited

Consolidated Statement of Changes in Equity For the year ended 31 December 2022

	Share capital	Retained earnings*	Non- controlling interest	Other reserves**	Total equity
	Note 29				
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022 (restated)	4,097	52,404	548	55,552	112,601
Total comprehensive income for the period					
Profit for the year	-	1,036	(243)	-	793
Remeasurement of defined benefit pension scheme and employee benefit obligations - net of tax (Note 6)	-	2,068	-	-	2,068
Currency translation movement	-	-	-	1,786	1,786
Total other comprehensive income	-	2,068	-	1,786	3,854
Total comprehensive income	-	3,104	(243)	1,786	4,648
Transactions with owners of the Group					
Share based payments - net of tax	-	2,082	-	-	2,082
Other reserves movement	-	15,074	95	41	15,210
Balance at 31 December 2022	4,097	72,664	400	57,380	134,541
Balance at 1 January 2021	4,097	35,276	255	5,431	45,059
Total comprehensive income for the period					
Profit for the year (restated)	-	15,591	270	-	15,861
Remeasurement of defined benefit pension scheme and employee benefit obligations - net of tax (Note 6)	-	1,930	-	-	1,930
Currency translation movement	-	-	-	(1,964)	(1,964)
Total other comprehensive income	-	1,930	-	(1,964)	(34)
Total comprehensive income	-	17,521	270	(1,964)	15,827
Transactions with owners of the Group					
Share based payments - net of tax	-	1,078	-	-	1,078
Other reserves movement	-	(1,471)	23	52,085	50,637
Balance at 31 December 2021	4,097	52,404	548	55,552	112,601

* Included within retained earnings on the face of the Consolidated Statement of Financial Position are share-based payments reserve and the profit and loss account. Refer to note 31 for further detail.

** Included within other reserves on the face of the Consolidated Statement of Financial Position are the, foreign exchange reserve, parent capital contribution reserve and revaluation reserve. Refer to note 31 for further detail.

The notes on pages 20 to 66 form part of the Consolidated Financial Statements.

Savills IM Holdings Limited

Consolidated Statement of Cash Flows For the year ended 31 December 2022

		2022	2021 (restated)
	Note	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	33	36,075	23,534
Interest received		175	139
Interest paid		(526)	(805)
Income taxes paid		(5,663)	(5,295)
Net cash from operating activities		30,062	17,573
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(3,775)	(701)
Proceeds from sale of property, plant and equipment	11	25	102
Purchases of intangibles assets	13	(435)	(237)
Acquisition of financial assets through FVPL investments	17	(8,502)	(8,941)
Acquisition of subsidiaries, net of cash acquired		(3,688)	(28,502)
Dividends received from associates	15	-	2,670
Net cash used in investing activities		(16,375)	(35,610)
Cash flows from financing activities			
Principal elements of lease payments	24	(2,333)	(1,514)
Payment of loan (to)/from parent undertaking		1,081	30,559
Proceeds of short term borrowings	23	2,653	-
Net cash from financing activities		1,401	29,045
Net increase in cash and cash equivalents		15,088	11,008
Cash and cash equivalents at beginning of year		29,173	20,670
Effect of exchange rate fluctuations on cash held in foreign currencies		1,786	(2,505)
Cash and cash equivalents/(bank overdrafts) at end of year	21	46,047	29,173

The notes on pages 20 to 66 form part of the Consolidated Financial Statements.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements For the year ended 31 December 2022

1. Accounting policies

Basis of preparation

The consolidated financial statements of Savills IM Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue on 29 September 2023. Savills IM Holdings Limited (the Company or the parent) is a private, limited company incorporated and domiciled in England and Wales. The registered office is located at 33 Margaret Street, London W1G 0JD.

The Group is principally engaged in the provision of real estate investment management services. Information on the Group's structure and other related party relationships is provided in Note 33.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31 December 2022 are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated. These financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified to include the revaluation of financial assets at fair value through other comprehensive income and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The Group's financial statements are presented in British Pound Sterling, which is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pound (£'000) except where otherwise indicated.

Going concern

The Group's business activities, profitability and financial position, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Details of the Group's treasury activities and exposure to financial risk included in Note 2 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 Strategic Report and the Board's risk appetite as detailed in the Strategic Report. Sensitivity analysis was also undertaken, including financing projections, to flex the financial forecasts.

A substantial portion of revenue is generated from long term contractual income, providing stability and reasonable assurance to the Group's ability to remain profitable. In addition, the Group has considerable financial resources together with a stable client base to meet its day-to-day working capital requirements.

As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the period to 30 September 2024, being a period of at least twelve months from the date of approval of the financial statements.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Going concern (continued)

On preparing the annual report and financial statements, the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Group to continue as a going concern.

Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations endorsed by the UK and mandatorily effective for the first time for the financial year beginning 1 January 2022 are not relevant or considered to have a significant impact on the Group and its financial statements.

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

Group financial statements

The consolidated financial statements include those of the Company and its subsidiaries undertakings up to 31 December 2022.

Consolidation

(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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

(b) Acquisition of subsidiaries

The Group applies the acquisition method of accounting to account for business combinations.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Consolidation (continued)

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

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

(c) Investment management funds

The Investment Management business enters into 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.

(d) Disposal of subsidiaries

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

(e) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 15).

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

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

(e) Associates (continued)

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 the accounting policy 'Impairment of non-financial assets' included below.

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

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 assets' 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.

Depreciation

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:

Equipment and motor vehicles	3–6 years
Short leasehold property (less than 50 years)	Lower of estimated useful life and unexpired term of lease

Useful lives and residual values 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.

Goodwill

Goodwill represents the excess of the cost of acquisition of a subsidiary or associate over the Group's share of the fair value of identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Separately recognised goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Impairment losses 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.

Goodwill is regarded to have an indefinite useful economic life and as a result, the Company has elected to account for goodwill in accordance with IFRS 3 Business Combinations in order to maintain consistency of accounting policies throughout the group and to reflect the indefinite useful life of the asset. The effect of which is to reduce the cumulative charge to the statement of profit or loss and increase the value of fixed assets held on the balance sheet, in instances where the asset has not been impaired.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Intangible assets other than goodwill

Intangible assets arising from business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life. Fair value on acquisition is determined by third party valuation where the acquisition is significant. Acquired investment management contracts relating to open-ended funds have been attributed indefinite useful lives, reflecting the open-ended nature of the funds, the Group's intention to continue with the management of the funds and the expectation that these contracts are expected to generate net cash inflows for the Group.

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. 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
Customer contracts	2–20 years
Brands	2–6 years
Computer software	3–7 years

Intangible assets other than goodwill

Intangible assets are tested for impairment where there is an indication that an asset may be impaired. 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.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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.

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. Financial assets and liabilities are offset and the net amount reported in the consolidated 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.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Financial instruments (continued)

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Equity investments

The Group has made an irrevocable election at initial recognition for certain equity investments to be classified as FVTPL. The Group holds loans and other debt like financial instruments at fair value with changes in fair value recognised through profit or loss. Any gains or losses that arise when such instruments are disposed are recognised in operating profit/(loss) within the income statement.

Trade receivables

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less provision for impairment. Receivables are discounted where the time value of money is material. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, bank overdrafts and working capital overdraft, which are subject to an insignificant risk of changes in value.

Bank overdraft

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.

Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables

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

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Provisions for liabilities

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

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.

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 years. 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 (the "SFM Plan") is the present value of the defined benefit obligation at

Savills IM Holdings Limited

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

1. Accounting policies (continued)

Pension obligations (continued)

defined benefit obligations are determined by discounting the estimated future cash outflows. A full actuarial valuation of the SFM Plan was carried out as at 31 December 2022 by a qualified independent actuary. The SFM Plan 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.

Share-based payments

The Group adopted the Savills Deferred Share Bonus Plan ('the DSBP'), Savills Deferred Share Plan ('the DSP') and the save-as-you-earn share option scheme ('SAYE'). Details of the accounting policy applied to share-based payments are provided in the Accounting policies on page 166 of the plc group's 2022 Annual Report and Financial Statements.

Revenue recognition

Base management fees are received for the provision of fund and asset management services. Fund management fees are typically either fixed or calculated as a fixed percentage of the actual net asset value or actual gross asset value of the underlying portfolio of investments. Asset management fees are typically calculated as a fixed percentage of actual gross rental income or actual passing rents. Revenue is recognised over a period of time as services are rendered in accordance with the contract terms. Revenue is recognised over the life of a contract on a straight line basis, which is in line with the satisfaction of the performance obligation. Customers are generally invoiced quarterly in advance with consideration payable upon the issue of an invoice, as a result a contract liability will be recognised as the payments received will exceed services rendered.

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

Performance fees are received when a fund's performance exceeds a designated return hurdle rate or predefined 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.

The Group pays placement fees to third parties for sourcing new investors and equity for a fund. These costs are capitalised and amortised on a straight-line basis over the life of the fund, consistent with the pattern of transfer of service to which the asset relates. The amortisation of these costs are recognised in the statement of profit or loss, within other operating expenses. Incremental costs of obtaining a contract are recognised in the statement of profit or loss, within other operating expenses, when

Savills IM Holdings Limited

incurred when the amortisation period of the asset that would otherwise have been recognised is less than a year.

Notes to the Consolidated Financial Statements (continued) **For the year ended 31 December 2022**

1. Accounting policies (continued)

Finance income

Interest income is recognised on a time-proportion basis using the effective interest method.

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 each entity operates ('the functional currency').

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other operating expenses'.

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 within 'other operating expenses'. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the acquisition date.

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 statement of profit or loss 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

Savills IM Holdings Limited

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.

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Leases (continued)

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 statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

2. Financial risk management

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 of financial risks on the financial performance of the Group. In addition, the Group uses financial instruments to hedge certain risk exposures in line with its treasury policy. The treasury and risk 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.

Interest rate risk

The Group's interest rate risk arises from borrowings. As the Group has interest bearing instruments, its income, expenses and cash flows are dependent on changes in market interest rates. The Group

Savills IM Holdings Limited

finances its operations through its retained profits and working capital loans from its ultimate parent. The Group does not use hedging instruments to manage its interest rate risk.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

2. Financial risk management (continued)

Credit risk

Credit risk arises from cash and cash equivalents, 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 business commences. A risk control framework is used to assess the credit quality of clients, taking into account financial position, past experience and other factors. The aging analysis of trade receivables is detailed in Note 20.

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 balance sheet date, no significant credit risk existed in relation to banking counterparties. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. 31 December 2022

Liquidity risk

Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is consolidated by plc Group, which is responsible for securing finance. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these targets.

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 balance sheet date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

2. Financial risk management (continued)

Liquidity risk (continued)

2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
£'000				
Trade and other payables	38,096	-	-	-
Current interest-bearing loans and borrowings	2,653	-	-	-
Derivative financial instruments	129	-	-	-
Lease liabilities	2,310	2,073	4,094	4,433
Income tax liabilities	3,321	-	-	-
Provisions	1,150	-	-	-
Deferred tax liabilities	1,210	1,010	2,599	930
Other payables	-	16,000	502	-
Retirement and employee benefit obligations	138	-	-	-
	49,009	19,083	7,195	5,364

2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
£'000				
Trade and other payables	36,383	-	-	-
Derivative financial instruments	95	-	-	-
Lease liabilities	1,345	1,466	1,600	225
Income tax liabilities	1,477	-	-	-
Provisions	1,051	-	-	-
Deferred tax liabilities	920	920	2,938	1,367
Other payables	-	-	5,888	-
Retirement and employee benefit obligations	-	-	-	-
	41,271	2,386	10,426	1,592

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

2. Financial risk management (continued)

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks primarily with respect to the Euro. For the years ended 31 December 2022 and 31 December 2021, if the average currency conversion rates for the years had increased by 5% with all other variables held constant, the Group post tax profit for the following years would have decreased as shown below:

By currency:	2022 £'000	2021 £'000
Euro	(1,195)	(150)
Singapore Dollar	3	3
Hong Kong Dollar	3	(10)
Japanese Yen	(22)	42
Other currencies	143	(61)
	(1,068)	(175)

Capital risk management

The Group's objectives when managing capital are:

1. to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders; and
2. to ensure capital requirements set by the relevant regulatory bodies are complied with

The Group is not subject to any externally imposed capital requirements, with the exception of our regulated entities, which complied with all capital requirements during the year ended 31 December 2022. The Group has regulated entities in the UK, Jersey, Luxembourg, Germany, Italy, Japan, Singapore and the US. For more information on the Group's regulated entities and regulatory requirements, please visit www.savillsim.com.

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Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

2. Financial risk management (continued)

Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022:

	Level 2 £'000	Level 3 £'000
2022		
Assets		
Financial assets held at fair value through profit and loss (unlisted)	-	20,967
Derivative financial instruments	307	-
Total assets	307	20,967
Liabilities		
Derivative financial instruments	129	-
Total liabilities	129	-
2021 (restated)		
Assets		
Financial assets held at fair value through profit and loss (unlisted)	-	13,708
Derivative financial instruments	4	-
Total assets	4	13,708
Liabilities		
Derivative financial instruments	95	-
Total liabilities	95	-

The fair value of derivative financial instruments relating to forward foreign exchange contracts are determined using valuation techniques based on 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.

The fair value of unlisted financial assets held at fair value through OCI / P&L investments is determined using valuation techniques using observable market data where available and, to some extent, unobservable inputs to measure fair value to the extent that relevant observable inputs are not available. The fair value of investment funds are based on underlying asset values determined by the quarterly fund valuation reports from market participants. However, there are other assets and liability adjustments to the asset valuations that are based on unobservable data. These instruments are included in Level 3.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

2. Financial risk management (continued)

The significant unobservable inputs used in the fair value measurement of the Group's equity investments held in real estate funds include complex market valuations, mathematical models and subjective assumptions. Significant changes in any of those inputs in isolation would result in a significantly higher or lower fair value measurement.

3. Critical accounting estimates and management judgements

Critical accounting estimates and assumptions

Estimates and judgements 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 and assumptions 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.

Income taxes

Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxes

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the Company or tax group in which the deferred tax asset has been recognised, especially with regard to the extent that future taxable profits will be available against which losses can be utilised. Additional information is disclosed in Note 10 and Note 19.

Pension benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 6b.

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 13, 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.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2022

3. Critical accounting estimates and management judgements (continued)

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.

4. Revenue

The Group's revenue relates to real estate investment management and advisory services and is derived from the United Kingdom, Continental Europe and Asia Pacific:

	2022 £'000	2021 £'000
UK	53,401	55,485
Continental Europe	51,579	47,232
Asia Pacific	7,753	9,536
	112,733	112,253

5. Operating profit

Operating profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Staff costs (Note 6)	60,423	54,493
Cost of funds	10,067	12,108
Depreciation (Note 11 & 12)	2,317	1,782
Amortisation (Note 13)	4,453	2,378
Net foreign exchange (gains) / losses	(786)	335

Fees payable to the Group's auditors:

Audit services

- Fees payable to the Company's auditors for the audit of the parent Company	98	15
- Fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries	705	724
	802	739
- Fees payable for audit-related assurance services	109	80
Total	911	819

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

6. Staff and directors

a) Staff costs

	2022	2021
	£'000	£'000
Wages and salaries	50,897	46,975
Social security costs	4,663	4,086
Other pension costs	1,769	1,409
Share based payment expense	3,094	2,023
	60,423	54,493

No emoluments have been paid to the directors of the Company during the year (2021: £nil). The value of these services were negligible.

b) Pension scheme

The Group operates both defined benefit and defined contribution plans.

Defined contribution plan

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 years. The total pension charges in respect of these plans were £1.7m (2021: £1.3m). The amount outstanding as at 31 December 2022 in relation to defined contribution schemes is £1.6m (2021: £1.2m).

Defined benefit plan

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 liability recognised in the statement of financial position in respect of defined benefit pension plans (the 'SFM Plan') is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. A full actuarial valuation of the SFM Plan was carried out as at 31 December 2022 by a qualified independent actuary.

The SFM Plan 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 year in which they arise. The table below outlines the Group's defined benefit pension amounts in relation to the SFM Plan:

	SFM Plan	
	2022	2021
	£'000	£'000
(Asset) in the statement of financial position	(3,206)	(704)
Current service cost included in employee benefits expense	22	33
Actuarial (gain) included in other comprehensive income	(2,068)	(1,930)

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued)

6. Staff and directors (continued)

b) Pension scheme (continued)

Section 5.2 of the SFM Plan Trust Deed provides the Trustor (Savills Fund Management GmbH, Savills Fund Management Holding AG, and Savills Investment Management (Germany) GmbH respectively) with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up.

Furthermore, in the ordinary course of business neither Trustor nor Trustee have any rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme.

Based on these rights, any net surplus in the scheme is recognised in full.

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

	SFM Plan	
	2022 £'000	2021 £'000
Present value of funded obligations	9,946	13,503
Fair value of plan assets	(13,152)	(14,207)
(Asset) recognised in the statement of financial position	(3,206)	(704)

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

	SFM Plan		
	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
At 1 January 2022	13,503	(14,207)	(704)
Current service cost	22	-	22
Interest expense	182	(195)	(13)
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	2,019	2,019
- Gain from change in financial assumptions	(4,435)	-	(4,435)
- Experience gains	348	-	348
Employer contributions	-	(405)	(405)
Benefit payments	(405)	405	-
Exchange movement	731	(769)	(37)
At 31 December 2022	9,946	(13,152)	(3,206)

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

6. Staff and directors (continued)

b) Pension scheme (continued)

	SFM Plan		
	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
At 1 January 2021	16,314	(14,606)	1,708
Current service cost	34	(150)	(116)
Interest expense/(income)	165	-	165
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	(418)	(418)
- Loss from change in financial assumptions	(643)	-	(643)
- Experience gains	(869)	-	(869)
Employer contributions	-	(418)	(418)
Benefit payments	(418)	418	-
Exchange movement	(1,080)	966	(113)
At 31 December 2021	13,503	(14,207)	(704)

The significant actuarial assumptions were as follows:

As at 31 December	SFM Plan	
	2022	2021
Expected rate of salary increases	2.50%	2.50%
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	2.20%	1.75%
Discount rate	4.24%	1.35%
Inflation assumption	2.20%	1.75%

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

6. Staff and directors (continued)

b) Pension scheme (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	
		2021	2021
Retiring at the end of the reporting year	- Male	85.6	85.5
	- Female	89.0	88.9
Retiring 20 years after the end of the reporting year	- Male	88.4	88.2
	- Female	91.3	91.1

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	SFM Plan
	Impact on present value of scheme obligations £'000
0.1% increase in discount rates	(125)
0.1% increase in inflation rate	93
0.1% increase in salary increase rate	3
1 year increase in life expectancy	369

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

SFM Plan assets are comprised of investment funds. No SFM Plan assets are the Group's own financial instruments or property occupied or used by the Group. The fair values of the SFM Plan assets are determined based on quoted market prices in active markets. The fund managers use best practice techniques to value their holdings in investment funds, with valuations validated by an independent appraisal firm. Where available, fair values are determined based on quoted market prices in active markets.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

6. Staff and directors (continued)

b) Pension scheme (continued)

	SFM Plan			
	2022		2021	
	Unquoted £m	%	Unquoted £m	%
Investment funds	13.2	100%	14.2	100%
Total	13.2	100%	14.2	100%

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 SFM Plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if SFM Plan assets underperform this yield, this will create a deficit. The SFM Plan holds a significant proportion of equities and investment 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 SFM Plan's liabilities, although this will be partially offset by an increase in the value of the SFM Plan's bond holdings.

(c) Inflation risk

Higher inflation will lead to higher liabilities. The majority of the SFM 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 SFM 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 SFM Plan's liabilities.

Expected contributions to post-employment benefit plans for the year ending 31 December 2022 are £485,000.

The weighted average duration of the defined benefit obligation is 16 years for the SFM Plan.

Expected maturity analysis of the undiscounted pension benefits:

	Less than a year £m	Between 1–2 years £m	Between 2–5 years £m	Over 5 years £m	Total £m
At 31 December 2022					
Pension benefit payments					
– SFM Plan	0.5	0.5	1.5	16.5	19.0

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

6. Staff and directors (continued)

c) Staff numbers

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

	2022 Number	2021 Number
United Kingdom	134	112
Continental Europe	189	170
Asia Pacific	34	29
Australia	4	3
North America	-	1
	360	315

d) Key management compensation

	2022 £'000	2021 £'000
Key management		
Short-term employee benefits	2,965	3,662
Post-employment benefits	197	206
Share-based payments	570	1,005
Total key management compensation	3,731	4,873

The key management of the Group for the year ended 31 December 2022 comprised the Board of Directors and the Global Strategy Committee ("GSC") members. During the year, 3 GSC members (2021: 2) made aggregate losses totalling £54k (2021: aggregate gains totalling £174k) on the exercise of options under DSBP and DSP schemes (2021: DSBP and DSP schemes). Retirement benefits under the defined benefit scheme are accruing for 3 GSC members (2021: 3).

7. Finance income and costs

	2022 £'000	2021 (restated) £'000
Interest receivable	175	114
Fair value gain on financial instruments	-	434
Finance income	175	547
Interest payable	(295)	(661)
Fair value loss on financial instruments	(47)	(506)
Interest expense on lease liabilities	(197)	(111)
Defined benefit pension scheme interest cost	13	(15)
Finance costs	(526)	(1,294)

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

8. Acquisition-related costs

	2022	2021
	£'000	£'000
Acquisition-related costs	11,776	6,349

Acquisition-related costs relate to the acquisition of Pitmore (1) Ltd (subsequently renamed Savills IM Residential UK Ltd) and Affordable Accommodation Investment management LLP (subsequently renamed Simply Affordable Homes LLP) in the current year (refer to note 14), and the continued amortisation of the final consideration due as part of the acquisition of DRC Capital LLP ('DRC') in the prior year. These costs have been expensed as incurred to the Statement of Profit or Loss and classified within operating expenses.

9. Gain on disposal of associate and subsidiary

	2022	2021
	£'000	£'000
Disposal of associate	-	2,783
Disposal of subsidiary	68	441
Gain on disposal of associate and subsidiary	68	3,224

The gain on disposal of subsidiary relates to the 5% disposal of Savills Investment Management LLP's interest in Savills Investment Management (Luxembourg) Sàrl. Refer to note 16 for further information.

The gain on disposal of associate in the prior year relates to the 75% interest acquisition of DRC, refer to note 14.

10. Income tax expense

Analysis of tax charge for the year		
	2022	2021
	£'000	£'000
Current tax:		
Current tax on profits for the financial year	5,363	6,123
Adjustments in respect of prior years	(473)	(62)
Total current tax	4,889	6,061
Deferred tax – current year (Note 19)	(363)	(1,206)
Deferred tax – prior year adjustment (Note 19)	(110)	190
Total tax charge	4,416	5,045

The tax for the year is higher (2021: higher) than the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below:

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

10. Income tax expense (continued)

	2022	2021 (restated)
	£'000	£'000
Profit before taxation (restated)	5,209	20,906
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	990	3,962
Tax effects of:		
- Expenses and other charges not deductible for tax purposes	3,759	1,047
- Foreign tax rates	1,356	1,070
- Adjustments in respect of prior years	(583)	128
- Utilisation of previously unprovided tax losses	(267)	(424)
- Income not taxable	(838)	(748)
Tax charge	4,416	5,045
The effective tax rate for the year is:	84.76%	24.13%

The main UK rate for 1 April 2021 is set at 19%. An increase in the main rate to 25% as from 1 April 2023 has been enacted in Finance Act 2021. Deferred tax has been determined using the applicable effective future tax rate that will apply in the expected financial year of utilisation of the deferred tax asset or liability.

11. Property, plant and equipment

	2022	2021
	£'000	£'000
Cost		
At 1 January	2,464	1,829
Additions	3,745	692
Additions through business combinations	30	9
Disposals	(25)	(102)
Exchange and other movement	15	37
Reclassification	-	(1)
At 31 December	6,229	2,464
Accumulated depreciation		
At 1 January	857	933
Charge for the year	576	297
Exchange and other movement	(48)	(21)
Disposals	(10)	(352)
At 31 December	1,374	857
Net book value		
At 31 December	4,855	1,607

There were no impairments to property, plant and equipment identified.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

12. Right of use assets

Leasehold assets:

	2022 £'000	2021 £'000
Cost		
At 1 January	8,319	6,525
Additions	10,376	2,739
Disposals	(1,869)	(474)
Exchange and other movement	457	(471)
At 31 December	17,282	8,319
Accumulated depreciation		
At 1 January	4,199	2,945
Charge for the year	1,741	1,486
Exchange and other movement	250	(36)
Disposals	(1,756)	(196)
At 31 December	4,434	4,199
Net book value		
At 31 December	12,849	4,120

13. Goodwill and intangible assets

	Goodwill £'000	Customer contracts £'000	Customer relationships £'000	Brands £'000	Computer software £'000	Total £'000
Cost						
At 1 January 2022	33,818	22,415	6,698	2,888	2,993	68,812
Additions through business combinations	2,457	1,119	-	-	-	3,576
Other additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange and other movement	160	144	-	-	161	466
At 31 December 2022	36,435	23,678	6,698	2,888	3,154	72,854
Accumulated amortisation						
At 1 January 2022	-	4,433	391	168	970	5,963
Exchange and other movement	-	144	-	-	(82)	63
Amortisation charge for the year	-	3,010	670	289	484	4,453
At 31 December 2022	-	7,588	1,061	457	1,372	10,478
Net book value at 31 December 2022	36,435	16,091	5,637	2,431	1,782	62,376

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

13. Goodwill and intangible assets (continued)

	Goodwill £'000	Customer contracts £'000	Customer relationships £'000	Brands £'000	Computer software £'000	Total £'000
Cost						
At 1 January 2021	6,267	4,666	-	-	2,943	13,876
Additions through business combinations	27,764	17,749	6,698	2,888	-	55,099
Other additions	-	-	-	-	176	176
Disposals	(3)	-	-	-	(276)	(280)
Exchange and other movement	(210)	-	-	-	91	(119)
At 31 December 2021	33,818	22,415	6,698	2,888	2,993	68,813
Accumulated amortisation						
At 1 January 2021	-	1,857	-	-	780	2,637
Exchange and other movement	-	-	-	-	98	98
Impairment	-	850	-	-	-	850
Amortisation charge for the year	-	1,726	391	168	93	2,378
At 31 December 2021	-	4,433	391	168	971	5,963
Net book value at 31 December 2021	33,818	17,982	6,307	2,720	2,023	62,850

The customer contracts in the Group relate to IPAM, Merchant Capital, Skandinaviska Enskilda Banken Asset Management ('SEBAM') and the Charities Property Fund ('CPF'). The CPF contract has an indefinite useful life, whilst the IPAM, SEBAM and Merchant Capital contracts do not have indefinite useful lives. No impairment charges have been recognised in the year to 31 December 2022 (2021: impairment charge of £850,000 recognised in relation to Japanese investment management contracts where revenue is no longer expected to be generated from these contracts).

Customer contracts also includes the investment management contract asset identified on the acquisition of DRC in May 2021. This intangible asset is amortised over 6 years, with the amortisation period ending in May 2027. The carrying value of this intangible asset as at 31 December 2022 totals £13.1m (2021: £16.0m).

In addition, a customer contracts intangible asset was identified on the acquisition of Pitmore in July 2022. This intangible asset is amortised over 9 years, with the amortisation period ending in July 2031. The carrying value of this intangible asset as at 31 December 2022 totals £1.1m (2021: 0).

a) Impairment tests for goodwill

Management reviews the business performance based on geography and type of business. It has identified IPAM/SEBAM (Europe), DRC Savills Investment Management LLP, Charities Property Fund Merchant Capital (Asia), Savills IM Residential Limited (Pitmore) and SIMPLY Affordable Homes LLP as being cash-generating units ('CGUs') with identifiable goodwill. Goodwill is monitored by the management at each CGU level. The following is a summary of goodwill and indefinite useful life intangible assets for each CGU:

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

13. Goodwill and intangible Assets (continued)

a) Impairment tests for goodwill (continued)

	Opening £'000	Addition £'000	Disposal £'000	Impairment £'000	Exchange movement £'000	Closing £'000
2022						
Goodwill:						
IPAM/SEBAM (Europe)	4,650	-	-	-	160	4,810
Merchant Capital (Asia)	1,404	-	-	-	-	1,404
DRC Savills Investment Management LLP	27,764	-	-	-	-	27,764
SIM Residential Ltd	-	2,207	-	-	-	2,207
SIMply Affordable	-	250	-	-	-	250
Indefinite life intangible assets:						
Charities Property Fund	1,959	-	-	-	-	1,959
Total	35,777	2,457	-	-	160	36,435
2021						
Goodwill:						
IPAM/SEBAM (Europe)	4,863	-	(3)	-	(210)	4,650
Merchant Capital (Asia)	1,404	-	-	-	-	1,404
DRC Savills Investment Management LLP	-	27,764	-	-	-	27,764
Indefinite life intangible assets:						
Charities Property Fund	1,959	-	-	-	-	1,959
Merchant Capital (Asia)	850	-	-	(850)	-	-
Total	9,076	27,764	(3)	(850)	(210)	35,777

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The projected cash flows were discounted at CGU specific, risk adjusted, discount rates to calculate their net present value.

For each of the CGUs with significant amount of goodwill the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

	IPAM/SEBAM (Europe)	Merchant Capital (Asia)	DRC Savills Investment Management LLP	SIM Residential Ltd	SIMply Affordable Homes
2022					
Revenue growth rate	0.8%	0.4%	0.8%	0.8%	1.7%
Costs growth rate	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	10.6%	14.2%	12.0%	12.0%	12.0%
Gross margin	14.6%	20.6%	33.6%	1.1%	26.0%

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

13. Goodwill and intangible Assets (continued)

a) Impairment tests for goodwill (continued)

2021	IPAM/SEBAM (Europe)	Merchant Capital (Asia)	DRC Savills Investment Management LLP
Revenue growth rate	(16.7)%	56.0%	-
Costs growth rate	1.2%	109.4%	-
Pre-tax discount rate	9.6%	12.5%	10.6%
Gross margin	15.9%	10.1%	41.3%

b) Sensitivity to changes in assumptions

There are no CGUs which management considers a reasonable possible change in a key assumption would give rise to an impairment. Future impairments on goodwill and intangible assets relating to any of the Group's investments may be impacted by the following factors:

Market conditions – the expectations for future market conditions are key assumptions in the determination of the cash flow projections. For purposes of the impairment tests, management expects the markets to remain stable. Cost base – the cost base assumptions reflect costs for the year with limited growth in the fixed cost base going forward.

14. Acquisitions of subsidiaries

On 30 July 2022, the Group acquired 100% equity interest in Pitmore (1) Ltd, subsequently renamed Savills IM Residential UK Ltd, a UK development and build-to-rent ('BTR') specialist. The acquisition will assist the continued expansion of the Savills IM's European Living Platform and is a pivotal part of plans to grow the UK residential and BTR platform.

Total acquisition consideration is provisionally determined at £3.4m, all of which was settled on completion. In addition to the above, an earn-out is payable in the first quarter of 2029 and is measured against income targets. The earn-out consideration is deemed to be linked to continued active engagement with the business. As required by IFRS 3 (revised), the expected value of these payments will be expensed to the income statement over the relevant period of engagement.

Acquisition-related costs of £0.7m have been expensed as incurred to the income statement and classified within other operating expenses. Goodwill of £2.2m has been determined. Goodwill is attributable to the experience and expertise of the team and the strong industry reputation. It is not expected to be deductible for tax purposes. Intangible assets recognised on acquisition include £1.1m of investment management contracts.

The acquired business contributed revenue of £0.6m and a loss of £0.5m to the Group for the period from acquisition to 31 December 2022. Had the acquisition been made at the beginning of the financial year, revenue would have been £1.5m and the loss would have been £0.8m. The fair value of trade and other receivables is £0.3m, £0.1m of which relates to trade receivables. The gross contractual amount for trade receivables is £0.1m, all of which expected to be collectible.

On 8 September 2022, Savills IM Holdings Limited ("SIM") acquired a 60% interest in Simply Affordable Homes LLP ("SAH"), which is the ultimate holding entity of Simply Affordable Homes RP Limited, an entity which is regulated by the Regulator of Social Housing – a "Registered Provider" or "RP". The initial consideration amounts to £250k. The deal includes SIM having the right, but not the obligation, to exercise a call option to acquire all but not some of the remaining 40% at a point between the 5th and

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

14. Acquisitions of subsidiaries (continued)

6th anniversaries following completion. The consideration payable on the exercise of the call option would be determined by applying a multiple of 8x to the normalised EBITDA in the 12-month period ending on the quarter end immediately preceding the exercise date. This sum would be pro-rated to reflect the 40% minority interest being acquired. The full consideration of £250k was deemed to be the goodwill as no assets or liabilities were identified, therefore goodwill is recognised.

15. Investment in associates

	2022 £'000	2021 £'000
At 1 January	-	16,542
Disposal	-	(17,784)
Share of associate profit	-	1,127
Revaluation movement to equity	-	2,784
Dividends received	-	(2,670)
At 31 December	-	-

16. Transactions with non-controlling interests

Under IFRS 10, transactions with non-controlling interests must be accounted for as equity transactions. On 25 May 2022 Savills Investment Management LLP (SIM LLP) disposed of 5% of Savills Investment Management (Luxembourg) Sarl's total shareholding for a total consideration of £72,755. The sale reduced the LLP's shareholding in Savills Investment Management (Luxembourg) Sarl from 94.9% to 89.9%, resulting in a gain on disposal totalling £68,000 as disclosed in "Gain on disposal of associate and subsidiary" of the Statement of Comprehensive Income.

	Holding before disposal	Disposed shareholding	Remaining shareholding
Savills Investment Management (Luxembourg) Sarl	94.9	5.0	89.9

17. Financial assets at FVPL

	2022 £'000	2021 (restated) £'000
At 1 January	13,708	6,500
Additions	8,723	8,941
Exchange movement	221	(537)
Revaluation through P&L	(557)	233
Disposals	(1,129)	(1,429)
At 31 December	20,967	13,708

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

17. Financial assets at FVPL (continued)

The Group holds the following financial assets at fair value through profit and loss:

Entity invested in	Investment
Savills IM UK Property Ventures No.1 GP Limited	Partnership Share
Savills IM Dawn GP Limited	Partnership Loan
Serviced Land Fund No. 2 LP	Partnership Share
Prime London Residential Development LP	Partnership Loan
Prime London Residential Development Co-Investment LP	Partnership Share
Prime London Residential Development Co-Investment II LP	Partnership Share
Savills IM SLP General Partner LLP	Partnership Share
Savills IM Euro V Co-Investment LP	Partnership Share
Savills IM JVF II Co-Investment LP	Partnership Share
Savills IM Japan Residential Fund II LP	Partnership Share
Savills IM SEB European Real Estate II	Partnership Share
Vestas European Strategic Allocation Logistics Fund I	Partnership Share
Vestas European Strategic Allocation Logistics Fund II	Partnership Share
Savills IM Asia Pacific Income and Growth Fund	Partnership Share
Savills IM UK Value Boxes Fund FCP-RAIF	Partnership Share
Savills IM UK Value Add Residential Fund	Partnership Share
EPISO 4 Rebound Holding S.à r.l.	Equity Instrument
ELF 2 Zaandam Verwaltungs GmbH	Partnership Share
ELF 2 Moerdijk Verwaltungs GmbH	Partnership Share
ELF 2 Ris Orangis Verwaltungs GmbH	Partnership Share
ELF 2 Orléans Verwaltungs GmbH	Partnership Share
Savills IM Beteiligungs GmbH	Partnership Share
Savills IM Berlin Südkreuz GmbH & Co. KG	Partnership Share
DRC European Real Estate Debt Fund IV L.P.	Partnership Share
Pitmore, Northants	Partnership Share

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

17. Financial assets at FVPL (continued)

The Group does not exert significant influence over these businesses, and therefore does not equity account for these investments. Breakdown of total additions and disposals for the financial assets at fair value through profit and loss:

	2022	2021
	£'000	£'000
Additions		
Prime London Residential Development Co-Investment LP	-	3
Savills IM JVF II Co-Investment LP	218	1,055
Savills IM Japan Residential Fund II LP	-	952
Savills IM Asia Pacific Income and Growth Fund	1,629	1,328
Savills IM UK Value Boxes Fund FCP-RAIF	2,139	1,394
Savills IM UK Value Add Residential Fund	535	-
EPISO 4 Rebound Holding S.à r.l.	-	1,016
Vestas European Strategic Allocation Logistics Fund I	-	3,071
Vestas European Strategic Allocation Logistics Fund II	1,064	-
Aomi TK, KR Investments, Sakurdai TK	-	121
Pitmore, Northants	140	-
DRC European Real Estate Debt Fund IV LP	2,995	-
Other	3	1
Total additions	8,723	8,941

	2022	2021
	£'000	£'000
Disposals		
Prime London Residential Development Co-Investment II LP	135	155
Savills IM JVF II Co-Investment LP	74	16
Savills IM Japan Residential Fund II LP	25	11
Savills IM SEB European Real Estate II	-	1,077
Vestas European Strategic Allocation Logistics Fund I	118	169
Vestas European Strategic Allocation Logistics Fund II	25	-
Savills IM UK Value Boxes Fund FCP-RAIF	474	-
Savills IM Asia Pacific Income and Growth Fund	156	-
Aomi TK, KR Investments, Sakurdai TK	121	-
Total disposals	1,129	1,429

At 31 December 2022 the Group held conditional commitments to co-invest in a number of Savills IM funds including, £nil in the Savills IM Japan Value Fund II (2021: £0.7m), £3.7m in the Asia Pacific Income and Growth Fund (2021: £5.0m) over the next three years, £1.8m in Savills IM UK Value Boxes Fund FCP-RAIF over the next two years (2021: £3.6m), £2.0m in DRC ERED Fund IV over the next two years (2021: £nil), £3.2m in VESALF II over the three years (2021: £nil), £2.8m in the Savills IM UK Value Add Residential Fund over the next two years (2021: £nil) and £nil (2021: £0.2m) in the Cordea Savills UK Property Ventures Fund No. 1 LP, which is in the process of disposing of its assets and winding up.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

18. Contract related assets

The Group recognised the following revenue-related contract assets:

	2022 £'000	2021 £'000
Contract related assets (non-current)		
- Asset recognised for upfront placement fees	2,377	3,413
Contract related assets (current)		
- Asset recognised for upfront placement fees	461	452

These placement fees recognised above are being amortised over the life of the Funds to which the costs relate to.

19. Deferred tax

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

The deferred tax assets and liabilities are offset when realised through current tax. The deferred income tax assets and liabilities at 31 December, without taking into consideration the offsetting balances within the same jurisdiction, are as follows:

	2022 £'000	2021 £'000
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	3,021	3,719

Deferred income tax assets have been recognised in respect of temporary differences to the extent that the related tax benefit is probable over the next 3-5 years of taxable profits.

	2022 £'000	2021 £'000
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	5,749	6,145

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

19. Deferred tax (continued)

The movement on the deferred tax accounts are shown below:

Deferred tax assets	Accelerated capital allowances £'000	Intangibles £'000	Tax Losses £'000	Provisions £'000	Other employee benefit obligations £'000	Share based payments £'000	Retirement benefits £'000	Total £'000
At 1 January 2022	-	1	514	601	2,053	271	279	3,719
Amount credited/(charged) to the income statement	11	1	3	23	(148)	-	(49)	(159)
Exchange movement	-	-	46	(8)	83	7	9	161
Reserves movement	-	-	-	-	(538)	-	(138)	(655)
At 31 December 2022	11	3	563	616	1,450	278	102	3,021

Deferred tax liabilities	Accelerated capital allowances £'000	Intangibles £'000	Provisions £'000	Share based payments £'000	Total £'000
At 1 January 2022	-	5,969	177	-	6,145
Amount charged/(credited) to the income statement	58	(754)	(28)	53	(671)
Additions through business combinations	-	275	-	-	275
At 31 December 2022	58	5,490	157	52	5,749

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

20. Trade and other receivables

	2022	2021
	£'000	£'000
Trade receivables	13,327	15,575
Other receivables	28,528	7,246
Prepayments and accrued income	16,492	24,840
	58,347	24,840
Allowance for expected credit losses	-	-
	58,347	47,661

The carrying value of trade and other receivables is approximate to their fair value. There is no concentration of credit risk with respect to trade and other receivables as the Group has a large number of clients internationally dispersed with no individual client owing a significant amount. The credit quality of receivables is managed at a local subsidiary level.

The group maintains a provision matrix to calculate expected credit loss (ECL) for trade receivables. The provision rates are based on historical losses, grouped by geographical area of customer. The group's credit exposure will be affected by the macro-economics of the relevant jurisdictions, with GDP growth being the most indicative factor. The group has historically incurred extremely low levels of credit losses over the past 3 years, and there is a high level of certainty to recover receivables once revenue has been recognised. Therefore, very low (if any) credit losses are to be expected. The calculated ECL provision for 2022 was deemed to be immaterial to the group's total receivables, and therefore a value of 0 (2021: 0) was recognised as provision for expected credit losses.

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.

The ageing analysis of trade receivables is as follows:

	2022	2021
	£'000	£'000
Up to 3 months	12,407	15,246
3 to 6 months	23	20
6 to 12 months	897	309
	13,327	15,575

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

21. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents	46,047	29,173

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2022 £'000	2021 £'000
Cash and cash equivalents	46,047	29,173
Cash and cash equivalents are denominated in the following currencies:		
British Pound Sterling	10,037	6,679
Euro	29,940	20,279
Swedish Krona	302	1
Singapore Dollar	2,118	398
Hong Kong Dollar	83	75
Japanese Yen	2,486	1,179
Australian Dollar	512	304
Other currencies	569	258
	46,047	29,173

22. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	509	178
Amounts owed to group undertakings	4,040	744
Other taxation and social security	1,929	314
Other payables	4,026	4,411
Accruals and deferred income	27,729	30,736
	38,234	36,383

Amounts owed to group undertakings are repayable on demand and interest is charged on the loan at 12-month SONIA plus 1.5%.

23. Financial liabilities: Interest-bearing loans and borrowings

	Interest Rate	Maturity	2022 £'000	2021 £'000
Bank overdrafts	BOE Base Rate + 0.75%	On demand	2,653	0
Total current interest-bearing loans and borrowings			2,653	0

There are no covenants or compliance certificates related to the facilities above.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

24. Lease liabilities

	2022 £'000	2021 £'000
At 1 January	4,636	3,819
Additions	10,558	2,549
Repayments of lease liabilities	(2,464)	(1,540)
Unwinding of discount	131	26
Exchange and other movement	49	(218)
At 31 December	12,910	4,636
Current	2,310	1,345
Non-current	10,600	3,291

25. Derivative financial instruments

	2022 £'000	2021 £'000
Forward foreign exchange contract assets – at fair value	307	4
Forward foreign exchange contract liabilities – at fair value	(129)	(95)

The Group operates internationally and is exposed to foreign exchange risks primarily with respect to the Euro, Australian Dollar, US Dollar, Polish Zloty, Singapore Dollar and Japanese Yen. The Group enters into forward foreign exchange contracts in order to hedge risks arising from foreign currency translation.

26. Other payables – non-current

	2022 £'000	2021 £'000
Accruals – relating to deferred business acquisition payments linked to employment conditions	16,502	5,888

All deferred consideration relates to the deferred business acquisition payments for the purchase of the remaining 75% of DRC in 2021, and the full purchase of Savills IM Residential UK Limited in 2022, refer to note 14.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

27. Financial Instruments

Assets	2022	2021
	£'000	£'000
<i>Assets held at fair value:</i>		
Financial assets at fair value through profit & loss ('FVPL')	20,967	13,708
Forward foreign exchange contracts	307	-
<i>Assets held at cost or amortised cost:</i>		
Trade receivables	13,327	15,575
Other receivables	28,528	7,246
Cash and cash equivalents	46,047	29,173
	109,176	65,701
Liabilities	2022	2021
	£'000	£'000
<i>Liabilities held at fair value:</i>		
Forward foreign exchange contracts	(129)	91
<i>Liabilities held at cost or amortised cost:</i>		
Trade payables	509	178
Current interest-bearing loans and borrowings	2,653	-
Amounts owed to group undertakings	4,040	744
Other payables	4,026	4,411
	11,358	5,424

28. Provisions

	Employment related provision	Transfer tax provision
	£'000	£'000
At 1 January 2022	259	792
Additions	61	-
Used (amounts charged against the provision)	(7)	-
Exchange rate movement	2	42
At 31 December 2022	316	834
At 1 January 2021	547	847
Additions	-	-
Used (amounts charged against the provision)	(275)	-
Exchange rate movement	(13)	(55)
At 31 December 2021	259	792

The provisions relate to a potential Hungarian real estate transfer tax ("RETT") due in relation to the acquisition of Savills Fund Management Holding AG in 2015 and other employment related provisions.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

28. Provisions (continued)

As at the date of approval of the financial statements, there has been no demand to pay any Hungarian RETT with respect to this transaction and the timing of the tax liability is uncertain.

The Directors have agreed that it is more likely than not, that a constructive obligation arises and can be measured reliably therefore a provision has been recognised. The tax advisor who provided advice on the acquisition of Savills Fund Management Holdings AG has agreed to settle any tax liability due in connection with the Hungarian RETT.

29. Share-based payments

Savills plc 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 £3.1m (2021: £2.0m). The Group also recognises capital contributions from its ultimate parent, Savills plc, in relation to the expense of share schemes granted to the employee's within the Group. The contribution recognised in 2022 is £3,094k (2021: £2,023k).

Payments made by the Group to Savills plc to fund the share-based payment scheme are treated as repayments of previous capital contributions made to the Group and are recorded as distributions in the statement of changes in equity. The payments made to Savills plc in the year were £1,692k (2021: £756k). Further details of the schemes are included in the Remuneration Report on pages 116 to 136 in the Savills plc 2022 Annual Report and Accounts.

2022 number of awards ('000)	Sharesave awards	DSP awards	DSBP awards
Outstanding at 1 January	1	258	293
Granted	31	155	333
Exercised / cancelled	(1)	(41)	(70)
Forfeited / lapsed	-	(4)	(23)
Outstanding at 31 December	31	368	533
Exercisable at 31 December	-	98	-
Weighted average exercise price for awards outstanding at end of the year (pence)	759	-	-
Weighted average remaining contractual life (years)	2.8	1.4	2.1
Weighted average share price at the date of exercise for awards exercised in the year (pence)	1,214.0	946.9	1,072.5

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

29. Share-based payments (continued)

2021 number of awards ('000)	Sharesave awards	DSP awards	DSBP awards
Outstanding at 1 January	8	181	244
Granted	-	117	109
Exercised / cancelled	(7)	(40)	(60)
Forfeited / lapsed	-	-	-
Outstanding at 31 December	1	258	293
Exercisable at 31 December	1	-	-
Weighted average exercise price for awards outstanding at end of the year (pence)	640	-	-
Weighted average remaining contractual life (years)	-	2	2
Weighted average share price at the date of exercise for awards exercised in the year (pence)	1,408.8	1,193.6	1,202.3

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 Sharesave schemes. The fair values of options granted in the period are shown below.

Grant	Grant date	Deferred period	Fair value pence
DSBP 2022	20-Apr-22	3 years	1,095.00
DSP 2022	20-Apr-22	3 years	1,095.00
SAYE 2022	29-Sep-22	3 years	180.20

30. Share capital

	Number of shares	Ordinary Shares £	Deferred Shares £	Share Premium £'000	Total £'000
As at 31 December 2022	210	200	0.1	4,097	4,097
As at 31 December 2021	200	200	-	4,097	4,097

The total authorised number of ordinary shares is 200 (2021: 200) with a par value of £1 per share. Each issued, called up and fully paid ordinary share of £1 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.

The total authorised number of deferred shares is 10 (2021: 0) with a par value of £0.01 per share. Shares in the deferred share class confer no right on the deferred shareholders to receive notice of, or to attend or vote at, any general meeting of the company, but does confer the right to receive notice and attend and to vote at any separate class meeting of the holders of deferred shares. The deferred shareholders are not entitled to participate in the profits of the Company and on winding-up is not entitled to participate in the assets of the Company.

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

31. Prior period adjustment

The Company's prior year Statement of Financial Position included financial assets held at FVPL incorrectly classified as financial assets held at FVOCI. These financial assets had originally been classified as equity instruments, with the Company making an irrevocable election for these to be classified as FVOCI. In the current year, the Company made further investments and reassessed the accounting treatment for all financial assets previously classified as FVOCI. It was determined that these financial assets do not meet the definition of an equity instrument under IFRS 9: 'Financial Instruments' and as a result should be classified as financial assets held at FVPL with changes in fair value recognised through the income statement. The 2021 fair value gains and losses recognised in OCI and the cumulative fair value gains and are correctly reflected in the current year's financial statements and the prior period comparatives have been restated in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to meet the presentation requirements of IAS 1 'Presentation of financial statements'.

These adjustments have been corrected in the current year and the prior period comparatives have been restated accordingly.

Line item description	Restated figure (£'000)	Adjustment (£'000)	Amount before restatement (£'000)
Consolidated Statement of Profit and Loss (For the year ending 31 December 2021)			
Administrative and other operating expenses	89,092	355	88,736
Operating profit	23,162	(355)	23,517
Finance Costs	397	(408)	805
Profit before income tax	20,906	53	20,853
Profit for the financial year	15,861	53	15,808

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

31. Prior period adjustment (continued)

Line item description	Restated figure (£'000)	Adjustment (£'000)	Amount before restatement (£'000)
Consolidated Statement of Comprehensive Income (For the year ending 31 December 2021)			
Profit for the financial year	15,861	53	15,808
Changes in fair value of equity investments at FVOCI	0	(408)	408
Currency translation differences	1,964	(355)	2,319
Total items that may be reclassified subsequently to profit or loss	(1,964)	355	(2,319)
Total comprehensive (loss)/income for the year	(34)	(53)	19
Consolidated Statement of Financial Position (As at 31 December 2021)			
Financial assets at FVOCI	-	(13,708)	13,708
Financial assets at FVTPL	13,708	13,708	-
Consolidated Statement of Changes in Equity			
Profit for the year	15,861	53	15,808
Changes in fair value of equity investments at FVOCI	0	(408)	408
Currency translation movement	(1,964)	355	(2,319)
Total other comprehensive income	(34)	(53)	19

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

32. Retained earnings and other reserves

The share-based payments reserve, which is included as part of retained earnings, is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. The foreign exchange reserve primarily records exchange differences arising from the translation of the balance sheets of foreign currency denominated subsidiaries.

33. Cash generated from operations

	2022 £'000	2021 £'000
Profit before income tax	5,209	20,853
<i>Adjustments for:</i>		
Depreciation expense (Note 11,12)	2,317	1,783
Amortisation of intangibles (Note 13)	4,453	2,378
Acquisition-related costs	10,614	6,680
Gain on disposal of associate and subsidiary	(68)	(3,224)
Increase in contract related assets	1,027	(2,467)
(Gain)/loss on financial instruments (Note 7)	47	(8)
Decrease in retirement/pension expense	138	93
Net finance expense (Note 7)	303	674
Impairment losses on intangible assets and goodwill	0	850
Share based payment charge	3,791	852
	27,831	28,464
Operating cash flows before movements in working capital:		
(Increase)/decrease in debtors	7,781	(12,731)
Increase/(decrease) in payables	464	7,801
Cash generated from operations	36,074	23,534

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

34. Related party transactions

During the year ended 31 December 2022 transactions occurred between the Group and Savills plc and its subsidiaries. These included recharges of shared costs and fees. All transactions were undertaken as per the agreed terms. Amounts due/(owed) at year end are as follows:

	Year ending 31 December 2022	Year ending 31 December 2021	Amounts due at 31 December 2022	Amounts due at 31 December 2021
	£'000	£'000	£'000	£'000
Savills Holding Company Limited	(1)	20,776	-	1
Savills Finance Holdings Plc	16,754	-	16,754	-
Savills (UK) Limited	(469)	292	(469)	-
Savills Plc	(646)	29	(1,194)	(548)
SOH European Group	(10)	-	-	-
Savills Co-Investment Holdings Limited	(2,336)	-	(2,335)	-
Savills Aguirre Newman SAU	5	-	(12)	-
1992 EBT Holdings Limited	585	-	585	-

Subsidiary undertakings	Holding	Principal activities	Registered address
Savills Investment Management (UK) Limited	100%	Provision of fund management services (regulated by FCA)	33 Margaret Street, London, UK, W1G 0JD
Savills Investment Management (Jersey) Limited	100%	Provision of fund management services	3rd Floor Liberation House, Castle Street, St Helier, Jersey, JE1 1BL
Savills Investment Management SP Z.O.O	100%	Provision of investment advisory services	Ul. Miła 2, 00-180, Warszawa, Poland
Savills Investment Management SGR SpA	100%	Provision of fund management services (regulated by Bank of Italy)	Via San Paolo 7, 20121 Milan, Italy
Savills Investment Management (Germany) GmbH	100%	Provision of investment advisory services	Sonnenstrasse 19, Munich
Savills Investment Management (Luxembourg) S.à.r.l.	89.9%	Provision of fund management services (regulated by the Commission De Surveillance Du Secteur Financier)	10, rue C.M. Spoo, L-2546, Luxembourg
Savills Investment Management Overseas Holdings Limited	100%	Holding Company	33 Margaret Street, London, UK, W1G 0JD
Stratland Management Limited	100%	Provision of asset management services	33 Margaret Street, London, UK, W1G 0JD
Savills Investment Management AB	100%	Provision of investment advisory services	Kungsgatan 56, 111 22 Stockholm
SIM Real Estate GK	100%	Investment Management	3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041
Savills Investment Management S.L.U	100%	Provision of investment advisory services	Calle Velazquez 78 1, 28001 Madrid
Savills Investment Management (Australia) Pty Limited	100%	Provision of investment advisory services	Level 36, Gateway, 1 Macquarie Place, Sydney NSW 2000, Australia
Savills Investment Management SAS	100%	Provision of investment advisory services	54-56 avenue Hoche, 75008 Paris
Savills Investment Management Pte Limited	100%	Provision of investment advisory services	80 Robinson Road, #02-00, Singapore 068898

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

34. Related party transactions (continued)

Subsidiary undertakings	Holding	Principal activities	Registered address
Savills Investment Management Asia Limited	100%	Provision of investment advisory services	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Savills Investment Management (Hong Kong) Limited	100%	Provision of investment advisory services	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Savills IM Single Asset Vehicle Fund ICC	100%	Collective Investment Fund	3rd Floor, Liberation House, Castle Street, St Helier, Jersey, Channel Islands JE1 2LH
Savills IM SLP General Partner LLP	100%	General partner to limited partnership	Wemyss House, 8 Wemyss Place, Edinburgh, United Kingdom, EH3 6DH
Savills IM SLP II GP LLP	100%	General partner to limited partnership	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Savills IM Euro V Co-Investment LP	100%	Investment management – General Partner	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM Euro V Co-Investment GP LLP	100%	Investment management – General Partner	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM UK Property Ventures No.1 GP Limited	100%	General partner to limited partnership	33 Margaret Street, London, UK, W1G 0JD
Savills IM Dawn GP Limited	100%	General partner to limited partnership	33 Margaret Street, London, UK, W1G 0JD
Serviced Land No.2 GP Limited	100%	General partner to limited partnership	33 Margaret Street, London, UK, W1G 0JD
Serviced Land No.2 JV GP Limited	100%	General partner to limited partnership	33 Margaret Street, London, UK, W1G 0JD
Savills IM JVF II Co-Investment LP	100%	Investment management – General Partner	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills IM JVF II Co-Investment GP LLP	100%	Investment management – General Partner	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
Savills Investment Management B.V.	100%	Provision of investment advisory services	Vida Building, Kabelweg 57, 1014 BA Amsterdam
Shanghai Shan Mei Real Consulting Limited	100%	Real Estate business consulting	Room 5, 2F, No. 707 Zhangyang Road, Pilot Free Trade Zone, Shanghai
Shanghai XinMin Equity Investment Management Co. Ltd	100%	Real Estate business consulting	Unit 602, No. 4, Lane 541, Wenshui East Road, Hongkou District, Shanghai City
Savills IM Japan Value Fund II GP Pte Ltd	100%	Investment management – General Partner	61 Robinson Road #16-02, Robinson Centre Singapore
Savills IM Japan Residential Fund GP Pte Ltd	100%	Investment management – General Partner	61 Robinson Road #16-02, Robinson Centre Singapore
Savills IM Japan Residential Fund II GP Pte Ltd	100%	Investment management – General Partner	61 Robinson Road #16-02, Robinson Centre Singapore
Savills IM Japan Residential Fund II Feeder GP Ltd	100%	Investment management – General Partner	c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.
Savills IM UK One Limited	100%	Holding company	33 Margaret Street, London, UK, W1G 0JD
Savills IM UK Two Limited	100%	Holding company	33 Margaret Street, London, UK, W1G 0JD
Cordea Savills SLP GP Ltd	100%	General partner to limited partnership	Wemyss House, 8 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savills SLP LP	100%	Fund limited partnership	Wemyss House, 3 Wemyss Place, Edinburgh, EH3 6DH
Cordea Savills SLP II LP	100%	Fund limited partnership	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

34. Related party transactions (continued)

Subsidiary undertakings	Holding	Principal activities	Registered address
Savills IM SLP III GP LLP	100%	Fund limited partnership	Citypoint, 65 Haymarket Terrace, Edinburgh, Scotland, EH12 5HD
Prime London Residential Development Co-Investment LP	100%	Fund limited partnership	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-Investment II LP	100%	Fund limited partnership	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Jersey GP Ltd	100%	General partner to limited partnership	3rd Floor Liberation House, Castle Street, St Helier, Jersey, JE1 1BL
Prime London Residential Development Jersey II GP Ltd	100%	General partner to limited partnership	3rd Floor Liberation House, Castle Street, St Helier, Jersey, JE1 1BL
Savills Investment Management KVG GmbH	89.9%	Provision of fund management services (regulated by BaFin)	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Prime London Residential Development GP LLP	100%	General partner to limited partnership	33 Margaret Street, London, UK, W1G 0JD
Prime London Residential Development II GP LLP	100%	General partner to limited partnership	33 Margaret Street, London, UK, W1G 0JD
Prime London Residential Development Co-investment GP LLP	100%	General partner to limited partnership	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Prime London Residential Development Co-investment II GP LLP	100%	General partner to limited partnership	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Savills IM InvestCo Limited	100%	Provision of fund management services	33 Margaret Street, London, UK, W1G 0JD
Savills Fund Management Holding AG	100%	Holding company	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills Fund Management GmbH	94%	Provision of fund management services	Rotfeder-Ring 7, D-60327 Frankfurt-am-Main
Savills IM SLP II GP LLP	100%	Investment management – General Partner	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Savills IM European Fund V GP S.a.r.l	100%	Dormant	10, rue C.M. Spoo
Savills Investment Management Inc	100%	Provision of investment advisory services	251 Little Falls Drive, Wilmington, DE 19808
Savills Investment Management LLP	100%	Provision of investment management services	33 Margaret Street, London, UK, W1G 0JD
DRC Savills Investment Management LLP	100%	Provision of debt investment management services	4th Floor, 6 Duke Street St James's, London, United Kingdom, SW1Y 6BN
Savills Investment Architecture Design GK	100%	Investment management	3F BPR Place Kamiyacho, 1-11-9 Azabudai, 1 Chome-11 Azabudai, Minato-ku, Tokyo 106-0041
JVF GP GK	100%	General partner to limited partnership	Akasaka International Accounting Office 2-10-5 Akasaka, Minato-ku, Tokyo, Japan
DRC European Real Estate Debt Fund III (GP) Ltd	100%	General partner to limited partnership	The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey
DRC European Real Estate Debt Fund III (SLI GP) Ltd	100%	General partner to limited partnership	The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey
European Real Estate Debt Fund II (GP) Ltd	100%	General partner to limited partnership	94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands
European Real Estate Senior Debt (GP 1) Ltd	100%	General partner to limited partnership	94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

34. Related party transactions (continued)

Subsidiary undertakings	Holding	Principal activities	Registered address
European Real Estate Senior Debt (GP 2) Ltd	100%	General partner to limited partnership	94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands
European Real Estate Senior Debt (GP 3) Ltd	100%	General partner to limited partnership	94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands
DRC UK Whole Loan Fund (GP) Ltd	100%	General partner to limited partnership	94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands
DRC UK Whole Loan Fund II (GP) Ltd	100%	General partner to limited partnership	The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey
European Real Estate Senior Debt 4 (GP) Ltd	100%	General partner to limited partnership	The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey
European Real Estate Senior Debt 5 (GP) Sarl	100%	General partner to limited partnership	Airport Center Luxembourg 5, Heienhaff, L-1736
European Real Estate Senior Debt 6 (GP) Sarl	100%	General partner to limited partnership	Senningerberg, Luxembourg Airport Center Luxembourg 5, Heienhaff, L-1736
European Real Estate Senior Debt Fund (GP 7) Ltd	100%	General partner to limited partnership	Senningerberg, Luxembourg IFC 5, St Helier, JE1 1ST, Jersey
European Real Estate Senior Debt 8 Sarl	100%	General partner to limited partnership	6H Route de Treves, Senningerberg L-2633, Luxembourg
DRC Evergreen Whole Loan (GP) Ltd	100%	General partner to limited partnership	The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey
DRC UK Whole Loan Fund (Feeder) (GP) Ltd	100%	General partner to limited partnership	94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands
DRC European Real Estate Debt Fund IV (GP) Ltd	100%	General partner to limited partnership	The Forum, 4 Grenville Street, St Helier, JE2 4UF, Jersey
DRC European Real Estate Debt Fund IV (GP II) Sarl	100%	General partner to limited partnership	6H Route de Treves, Senningerberg L-2633, Luxembourg
DRC European Real Estate Debt Fund IV (SLI) L.P.	100%	Fund Limited Partnership	4th Floor, Ensign House, 29 Seaton Place, St. Helier, JE2 3QL, Jersey
Savills IM Residential UK Ltd	100%	Investment Management	33 Margaret Street, London, United Kingdom, England, W1G 0JD
Simply Affordable Homes LLP	60%	Investment management	33 Margaret Street, London, United Kingdom, England, W1G 0JD
Simply Affordable Homes GP LLP	60%	Investment management – General Partner	33 Margaret Street, London, United Kingdom, England, W1G 0JD
SAH Limited Partnership	60%	Investment management	33 Margaret Street, London, United Kingdom, England, W1G 0JD
SAH Investments Holdings Ltd	60%	Holding Company	33 Margaret Street, London, United Kingdom, England, W1G 0JD
Simply Affordable Homes RP Ltd	60%	Property Consultancy - Asset Management	33 Margaret Street, London, United Kingdom, England, W1G 0JD

Savills IM Holdings Limited

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2022

34. Related party transactions (continued)

The total non-controlling interest at the end of the year is £400,000 (2021: £548,000). 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.

Total dividends paid by subsidiaries not wholly owned, to the non-controlling interests were £0 (2021: £22,000).

Entity	Minority interest %	Net assets as at 31 December 2022 £'000	Minority interest as at 31 December 2022 £'000
Savills Investment Management (Luxembourg) S.a.r.l	10.1	1,236	125
Savills Investment Management KVG GmbH	10.1	7,428	750
Savills Fund Management GmbH	6.0	(1,461)	(88)
Simply Affordable Homes LLP	40.0	(968)	(387)
			<u>400</u>

35. Parent undertakings

The immediate parent undertaking of the Group is Savills Finance Holdings plc, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Savills plc, a company incorporated in England and Wales.

The intermediate parent entities, Savills Holding Company Ltd and Savills Finance Holdings plc, do not prepare consolidated Financial Statements. Savills plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of Savills plc are available from its registered office at 33 Margaret Street, London, W1G 0JD or by visiting www.savills.com.

36. Events after the reporting date

There have been no events that require adjustment to the Financial Statements or are considered to have a material impact on the understanding of the Group's current financial position.

Savills IM Holdings Limited

Company Statement of Financial Position
As at 31 December 2022

Registered number: 09660111

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments in associates	6	-	-
Investments in subsidiaries	7	83,487	79,799
Deferred tax asset	9	20	14
		83,507	79,813
Current assets			
Debtors: current	8	33,916	9,727
Deferred tax asset	9	-	6
Income tax receivable	10	4	756
Cash and cash equivalents		5	5
		33,925	10,494
Current liabilities			
Current interest-bearings loans and borrowings	11	2,653	-
Trade and other payables: current	12	6,352	6,567
		9,005	6,567
Net current assets		24,919	3,927
Total assets less current liabilities		108,427	83,740
Long term liabilities			
Creditors: amounts falling due after more than one year	13	16,502	5,889
Deferred tax liability		50	
		16,552	5,889
Net assets		91,874	77,851
Capital and reserves			
Called up share capital	14	4,097	4,097
Capital contribution reserve		51,316	51,316
Profit and loss account		36,461	22,438
Total equity		91,874	77,851

As permitted by Section 408 of the Companies Act 2006, the statement of profit or loss and statement of comprehensive income of the Company are not presented as part of these financial statements. The loss for the financial year of the Company was £1,987,000 (2021: loss £6,350,000).

The financial statements on pages 67 to 75 were approved by the Board and signed on its behalf by:



Richard James
29 September 2023

The notes on pages 69 to 75 form part of the Company financial statements.

Savills IM Holdings Limited

Company Statement of Changes in Equity For the year ended 31 December 2022

	Called-up share capital £'000	Profit and loss account £'000	Other reserves £'000	Total Equity £'000
Balance at 1 January 2022	4,097	22,438	51,316	77,851
Loss for the financial year	-	(1,987)	-	(1,987)
Total comprehensive profit for the year	-	(1,987)	-	(1,987)
Capital contribution reserve*	-	-	-	-
Other reserves movement	-	22	-	22
Inter-group dividend received	-	15,988	-	15,988
Balance at 31 December 2022	4,097	36,461	51,316	91,874
Balance at 1 January 2021	4,097	28,568	-	32,665
Loss for the financial year	-	(6,350)	-	(6,350)
Total comprehensive loss for the year	-	(6,350)	-	(6,350)
Other reserves movement*	-	220	51,316	51,536
Balance at 31 December 2021	4,097	22,438	51,316	77,851

*Other reserves movement primarily relates to movement in the capital contribution reserve due to a capital contribution made in 2021 of £51,316,000 received from Savills Finance Holdings PLC, the immediate parent. The capital contribution was made in order to provide the Company with sufficient capital to pay back the intercompany loan payable from Savills IM Holdings Limited to Savills Holding Company Limited.

The notes on pages 69 to 75 form part of the Company financial statements.

Savills IM Holdings Limited

Notes to the Company Financial Statements For the year ended 31 December 2022

1. Accounting policies

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

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 as applicable using the Financial Reporting Standard 101 ('FRS 101') Reduced Disclosure Framework.

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

The Company's financial statements are presented in British Pound Sterling, which is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pound (£'000) except where otherwise indicated.

The accounting policies for the Group, included from page 20 to 65, also apply to the Parent Company.

Going Concern

The Savills Investment Management Group's ('the Group') business activities, together with the factors likely to affect its future development, performance and position are set out in the 2023 Group Budget. The Group Budget projects a healthy net profit margin. The analysis for the Group on forecasted revenues are comprised of growth in existing products and launch of new Funds.

The Company does not generate any revenue and its principle activity is to act as a holding company for the Group entities. The Company has considerable financial resources to meet its day-to-day working capital requirements.

As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the period to 31 July 2024, being a period of at least twelve months from the date of approval of the financial statements. On preparing the annual report and financial statements, the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations endorsed by the UK and mandatorily effective for the first time for the financial year beginning 1 January 2022 are not relevant or considered to have a significant impact on the Group and its financial statements.

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

Savills IM Holdings Limited

Notes to the Company Financial Statements (continued) For the year ended 31 December 2022

1. Accounting policies (continued)

Disclosure exemptions under FRS 101

The following disclosure exemptions have been adopted under the FRS 101 Reduced Disclosure Framework and are material to the Company:

- Presentation of a cash flow statement;
- Presentation of a statement of profit or loss
- Disclosure of key management personnel compensation; and
- Disclosure of related party transactions;

The following disclosure exemptions have been adopted under the same framework, on the basis that the equivalent disclosures have been included in the consolidated financial statements of the Company's ultimate parent company, Savills plc:

- Disclosure of key assumptions used in the determination of recoverable amounts for impairment purposes;
- Financial instrument disclosures except the disclosures required by SI 2008/410 section 55 of the Companies Act for financial instruments valued at fair value; and
- Disclosures in relation to fair value measurement.
- Statement of compliance of paragraph 16 of IAS 1 'Presentation of Financial Statements'; all the requirements of UK-adopted IFRS;
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company 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.

Investments in subsidiaries are held at cost, less any provisions for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2. Financial risk management

Interest rate risk

The Company had no long term borrowings (2021: nil) as at 31 December 2022.

Credit risk

The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to clients, including outstanding receivables and committed transactions.

Savills IM Holdings Limited

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2022

3. Critical accounting estimates and management judgements

Critical accounting estimates and assumptions

Estimates and judgements 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 and assumptions 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.

Income taxes

Judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxes

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the Company or tax group in which the deferred tax asset has been recognised, especially with regard to the extent that future taxable profits will be available against which losses can be utilised.

4. Staff and Directors

(a) Staff numbers

The Company had no employees during the year (2021: nil).

(b) Directors' emoluments

Directors of the Company were not remunerated by the Company for their services provided to the Company for the year ended December 2022 (2021: nil). All Directors were employed and remunerated as Directors or executives of the Group in respect of their services as a whole and their remuneration has been paid by other Group entities. It is estimated that the remuneration for their services to the Company in the current year totalled £24,000 (2021: £24,000).

5. Auditor's remuneration

Fees payable to the Company's auditors:

	2022 £'000	2021 £'000
Audit of financial statements:		
Remuneration for audit of company financial statements	98	15
Other services:		
Compliance costs and other work	39	-

Savills IM Holdings Limited

Notes to the Company Financial Statements (continued) For the year ended 31 December 2022

6. Investments in associates

	2022 £'000	2021 £'000
At 1 January	-	16,542
Disposal	-	(17,784)
Share of associate profit	-	1,127
Revaluation movement to equity	-	2,785
Dividends received	-	(2,670)
At 31 December	-	-

On 28 September 2018, the Group acquired a 25% interest in DRC, a commercial real estate debt investment advisor for consideration of £15,000,000, with the option to purchase the remaining 75% of DRC in the 2021 Financial year. In May 2021, the Company completed the acquisition of the outstanding 75% of DRC. In accordance with IFRS 3, the Company remeasured its previously held equity interest and derecognised its "Investment in Associate".

7. Investments in subsidiaries

	Investment in Group undertakings £'000
Cost and net book value	
At 1 January 2022	79,799
Additions	3,688
At 31 December 2022	83,487
Cost and net book value	
At 1 January 2021	33,483
Additions	46,316
At 31 December 2021	79,799

The direct subsidiaries of the Company and their principal activity is shown below. The subsidiaries are 100% owned (excluding Simply Affordable Homes LLP), have share capital wholly comprised of ordinary shares, are registered in the United Kingdom, operate globally and are consolidated into the Group's financial statements.

Subsidiary undertaking	Holding	Principal activity
Savills Investment Management LLP	100%	Provision of investment management services
DRC Savills Investment Management LLP	100%	Provision of investment management services
Savills IM Investco Limited	100%	Holding company for acquisition of subsidiaries
Savills IM Residential UK Ltd	100%	Provision of investment management services
Simply Affordable Homes LLP	60%	Provision of investment management services

Investments in subsidiary undertakings are recorded at cost less any provision for impairment. The value of the investments are supported by their underlying assets and the Directors are satisfied with the carrying value of the investments based on the financial performance of the subsidiary undertakings.

Savills IM Holdings Limited

Notes to the Company Financial Statements (continued) For the year ended 31 December 2022

8. Debtors: current

	2022 £'000	2021 £'000
Trade and other receivables	25,173	984
Amounts owed by group undertakings	8,743	8,743
	33,916	9,727

Amounts owed by group undertakings include intercompany loans which are repayable on demand and interest is charged on the loan at 12-month SONIA plus credit adjustment spread plus 1.5%.

9. Deferred tax

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

The deferred tax assets and liabilities are offset when realised through current tax. The deferred income tax assets and liabilities at 31 December, without taking into consideration the offsetting balances within the same jurisdiction, are as follows:

	2022 £'000	2021 £'000
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	20	20

Deferred income tax assets have been recognised in respect of temporary differences to the extent that the related tax benefit is probable over the next 3-5 years of taxable profits.

	2022 £'000	2021 £'000
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	50	-

10. Income tax receivable

	2022 £'000	2021 £'000
Income tax asset	-	756
	-	756

Savills IM Holdings Limited
Notes to the Company Financial Statements (continued)
For the year ended 31 December 2022

11. Current interest-bearing loans and borrowings

	Interest Rate	Maturity	2022 £'000	2021 £'000
Bank overdrafts	BOE Base Rate + 0.75%	On demand	2,653	0
Total current interest-bearing loans and borrowings			2,653	0

12. Trade and other payables

	2022 £'000	2021 £'000
Accruals	186	218
Amounts owed to group undertakings	6,166	6,349
	6,352	6,567

Amounts owed to group undertakings include intercompany loans which are repayable on demand and interest is charged on the loan at 12-month SONIA plus credit adjustment spread plus 1.5%.

13. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Accruals – relating to deferred business acquisition payments linked to employment conditions	16,502	5,889
	16,502	5,889

Deferred consideration relates to the deferred business acquisition payments for the purchase of the remaining 75% of DRC Savills Investment Management LLP in 2021, and the purchase of 100% of Savills IM Residential UK Ltd in 2022.

14. Called up share capital

	Number of shares	Ordinary Shares £	Share Premium £'000	Total £'000
As at 31 December 2021	200	200	4,097	4,097
As at 31 December 2022	200	200	4,097	4,097

The total authorised number of ordinary shares is 200 (2021: 200) with a par value of £1 per share. All issued shares are fully paid. Each issued, called up and fully paid ordinary share of £1 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.

15. Related party undertakings

For the related party undertakings refer to Note 34 of the consolidated notes to the financial statements.

Savills IM Holdings Limited

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2022

16. Parent undertaking

The immediate parent undertaking of Savills IM Holdings Limited is Savills Finance Holdings plc.

The smallest group to consolidate these financial statements is one in which the Company is parent. The ultimate parent undertaking and controlling party is Savills plc, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the plc group's Annual Report and Financial Statements are available from the Company Secretary at 33 Margaret Street, London, W1G 0JD.

17. Events after the reporting date

There have been no events that require adjustment to the Financial Statements or are considered to have a material impact on the understanding of the Company's current financial position.