

14 March 2013

Savills plc
(“Savills” or “the Group”)

PRELIMINARY RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2012

Savills plc, the international real estate adviser, today announces a strong performance across the Group reflecting improving markets and the positive impact of prior years’ acquisitions and appointments

Key financial highlights

- Group revenue up 12% to £806.4m (2011: £721.5m)
- Group underlying profit before tax* up 21% to £60.8m (2011: £50.4m)
- Group profit before tax up 36% to £54.2m (2011: £40.0m)
- Underlying basic EPS up 22% to 35.3p (2011: 29.0p)
- Total dividend for the year up 19%. Final ordinary and supplementary interim dividends total 12.7p per share (2011: 10.35p) taking the total dividend for the year to 16.0p per share (2011: 13.5p)

* Underlying profit is calculated on a consistent basis in accordance with note 5 to the preliminary statement

Key operational highlights

- Group performance benefiting from strategic acquisitions and recruitment during the past few years which are delivering market share gains and margin improvements in core markets
- Transaction Advisory revenues up 13% and underlying profit before tax up 36% driven by strong performance in Asia Pacific and an improved share of Prime Central London commercial transactions; UK Residential business remains strong with revenues up 2%
- Record year in Asia Pacific business with profits up 18% to £32.6m
- Continuing strong growth across Savills non-transactional businesses with Consultancy revenues up 20% and Property and Facilities Management revenues up 8%
- Cordea Savills revenues up 13% on AUM up 29% to €4.4bn, through the combination of acquisition, new mandates, fund launches and inflows into existing funds

Commenting on the results, Jeremy Helsby, Group Chief Executive, said:

“I am delighted to report a strong set of results from the Group in 2012 with record revenues up 12% and profits up 21%. Our positions in both prime commercial and residential markets have enabled us to benefit from improving transaction volumes through 2012, particularly in the final quarter in Asia and the UK. We have reduced the losses in Continental Europe and our Investment Management business grew assets under management substantially. The changes we have made to our business over the last few years, including acquisitions, recruitment and restructuring, have improved the Group’s underlying profit margin.

We have made a strong start to 2013, particularly in the UK and Asia, and we expect to make further progress across the Group in the year ahead. We anticipate delivering continued improvements in our businesses in Continental Europe and the US although we are mindful of the risk of further weakness in some of these markets. Our Investment Management business has a good pipeline of funds to invest through its European platform. In Asia, whilst we anticipate that the most recent in a succession of control measures imposed in Mainland China and Hong Kong will have an impact on transaction volumes towards the second half of the year, the medium and long term characteristics of these markets remain compelling.

In summary, we have started 2013 more strongly than last year and we are confident in the Group’s prospects for the coming period.”

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There will be an analyst presentation today at 9.30am at UBS, 1 Finsbury Avenue, London EC2M 2PP

A video interview with Jeremy Helsby, Group CEO will be available from 11.00am today at www.savills.com

Chairman's statement

Results

The Group's underlying profit before tax for the year increased by 21% to £60.8m (2011: £50.4m) on revenue which improved by 12% to £806.4m (2011: £721.5m). The Group's reported profit before tax increased by 36% to £54.2m (2011: £40.0m).

Overview

2012 demonstrated the importance of Savills position in the prime markets of the world's key cities and the benefits of the progressive growth strategy we have pursued in recent years. Our Transaction Advisory revenue grew by 13%, our Consultancy business revenue by 20% and our Property Management revenue by just under 8%. The principal Commercial markets in which we operate experienced a strong finish to the year, including a record performance in Asia, and our Residential business continued to benefit from a strong market in Prime Central London.

In Continental Europe, despite economic turmoil continuing to affect our predominantly transaction orientated businesses, revenue increased by 7% and we reduced overall losses by 27% in weak markets.

Cordea Savills, the Group's Investment Management business, delivered a good performance across its European platform increasing assets under management by 29% and winning some high quality mandates, which drove an increase in revenue of 13%.

Business Development

Savills strategy is to be a leader in the key markets in which we operate. Our global strategy is delivered locally by those close to the market with flexibility to adapt quickly to changes in circumstances and opportunities. They are supported by our regional and cross-border specialists. Over the last few years we have added smaller acquisitions, teams and individual hires to our strong core business, particularly when markets have been weak. At the beginning of 2012 we completed two small acquisitions - Gresham Down Capital Partners LLP, a Central London commercial investment business; and International Property Asset Management GmbH, an asset management business in Germany. Aside from buy-outs of minority interests and other deferred payments on past acquisitions and senior recruitments, the year was largely one of consolidation to ensure delivery of the benefits of the business development activities of prior periods. The overall margin improvement in the year, benefiting from stronger transactional markets and market share gains, shows that our business performance is on the right trajectory.

In the UK in 2012 we took the decision to prepare our two hitherto separate operating companies, Savills (L&P) Limited (essentially our residential agency and development business) and Savills Commercial Limited, for formal merger into one entity. This took effect on 1 January 2013 when Savills (UK) Limited, trading simply as "Savills" came into being. In conjunction with the merger, the decision was taken to move the two head offices in the West End of London into one new head office at 33 Margaret Street. This will take place during May and June 2013. The benefits of this merger are more associated with client service improvements than with cost savings, but we have rationalised our leases in the UK and eliminated a small number of duplicated support roles, giving rise to an overall restructuring charge of £4.0m in the year.

We have also continued to strengthen our cross-border investment capability, particularly in Hotels and Retail in the Asia Pacific region, to ensure that we continue to deliver a world class service to both our global and local clients.

Dividends

An initial interim dividend of 3.3p per share (2011: 3.15p) amounting to £4.1m was paid on 15 October 2012, and a final ordinary dividend of 6.7p (2011: 6.35p) is recommended, making the ordinary dividend 10.0p for the year (2011: 9.5p). In addition, a supplemental interim dividend of 6.0p (2011: 4.0p) is declared, based upon the underlying performance of our Transaction Advisory business. Taken together, the ordinary and supplemental dividends comprise an aggregate distribution for the year of 16.0p per share, representing an increase of 19% on the 2011 aggregate dividend of 13.5p. The final ordinary dividend of 6.7p per ordinary share will, subject to shareholders' approval at the Annual General Meeting on 8 May 2013, be paid alongside the supplemental interim dividend of 6.0p per share on 13 May 2013 to shareholders on the register at 12 April 2013.

Board and Governance

In January Tim Freshwater joined the Board as a Non-Executive Director and member of the Audit Committee, Remuneration Committee and Nominations Committee. In April, Clare Hollingsworth joined the Board as a Non-Executive Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominations Committee. The Board has already benefited greatly from Tim's experience of Asian markets and Clare's knowledge of the service sector.

On the retirement of Timothy Ingram from the Board in May, Martin Angle became the Senior Independent Director.

The Board believes that its Directors and the Group's management team should reflect the diversity of Savills international business and that both are representative of the Group's culture and the markets in which we operate. We will continue to appoint those whose skills and experience we believe will make a real contribution to the continuing success of Savills.

People

On behalf of the Board, I wish to express my thanks to all our people worldwide for their hard work, commitment and continued focus on client service enabling the Group to deliver a strong performance overall.

Outlook

We have made a strong start to 2013, particularly in the UK and Asia, and we expect to make further progress across the Group in the year ahead. We anticipate delivering continued improvements in our businesses in Continental Europe and the US although we are mindful of the risk of further weakness in some of these markets. Our Investment Management business has a good pipeline of funds to invest through its European platform. In Asia, whilst we anticipate that the most recent in a succession of control measures imposed in Mainland China and Hong Kong will have an impact on transaction volumes towards the second half of the year, the medium and long term characteristics of these markets remain compelling.

In summary, we have started 2013 more strongly than last year and we are confident in the Group's prospects for the coming period.

Peter Smith
Chairman

Review of operations

Operating highlights

The strength of our key Commercial and Residential market positions drove an improved performance for Savills in 2012. As anticipated, we experienced a quieter first half followed by progressive improvement thereafter, with Group revenue growing to a record £806.4m (2011: £721.5m), 12% ahead of the previous year.

Our business in the Asia Pacific region had a record year and the two main UK businesses, in their last year as separate entities before the merger into Savills UK, also posted strong results with a particularly significant improvement in the Commercial Transaction Advisory business. The US business saw a slight decline, but we anticipate a stronger performance in 2013. Cordea Savills underlying business continued to grow, but profitability was affected by expansion costs. In Continental Europe, we substantially reduced losses in markets which remained challenging during the year. This was due to improvements in a number of countries as the Group benefited from previous restructuring activities. Overall, the strength of the Group enabled us to increase our underlying profit before tax ('underlying profit') by 21% to £60.8m (2011: £50.4m). On a statutory basis, profit before tax increased 36% to £54.2m (2011: £40.0m).

Savills geographic and business diversity were key to achieving the year's result. Our performance analysed by region was as follows:

	Revenue £m			Underlying Profit/(Loss) £m		
	2012	2011	%grth	2012	2011	%grth
UK	399.1	352.3	13	45.9	41.5	11
Asia Pacific	331.0	297.4	11	32.6	27.7	18
Continental Europe	70.2	65.5	7	(7.0)	(9.6)	27
USA	6.1	6.3	(3)	(2.1)	(1.4)	(50)
Unallocated Cost	n/a	n/a	n/a	(8.6)	(7.8)	10
Total	806.4	721.5	12	60.8	50.4	21

Our Asia Pacific business represented 41% of Group revenue (2011: 41%) and our overseas businesses as a whole continued to represent 51% of Group revenue (2011: 51%), despite a year of strong revenue growth in the UK. Our Commercial Transaction Advisory businesses in both Asia and the UK grew strongly on the back of increased international inflows of investment capital. Our Residential Transaction Advisory business represented 14% of Group revenue for the year (2011: 16%).

Overall our Prime Commercial and Residential Transaction business revenues together represented 38% of Group revenue (2011: 38%). Our Property and Facilities Management businesses continued to perform well, growing overall revenue by 8% to represent just above 37% of revenue (2011: 39%). Consultancy increased slightly to 21% of revenues (2011: 20%).

Operational Development

During the year we have focused on integrating the various small acquisitions and the teams and individuals we had recruited around the world over the course of the market downturn. The benefit of this was seen in substantial improvements in revenue and profitability in key transaction markets such as Central London. Our Consulting and Property Management teams also benefited from past acquisitions and we undertook significant structural reorganisations in both the UK and Hong Kong businesses, which are designed to enhance client service and create improved operating platforms for future growth. In the UK we commenced the merger of our two main businesses, which had hitherto operated separately, to form Savills (UK) Limited. This took significant preparation during 2012 and the merger took effect on 1 January 2013. As part of the merger, we also plan to amalgamate the two West End head offices and move into one new head office at 33 Margaret Street. The building, currently at fit out stage, will be occupied from mid May 2013 and will not only be a physical manifestation of Savills UK, but will create significant opportunities to improve our client service across the company.

Transaction Advisory

	2012	2011	+/-
Revenue £m	310.0	275.3	+13%
Underlying profit before tax £m	32.8	24.2	+36%

2012 showed a significant difference in performance between the first and second half of the year, as normal business seasonality was increased by stronger H2 performances in both Asian and UK commercial markets. This, together with progressively stronger performance from recruits and acquisitions of the recent past, resulted in the underlying profit margin of the Transaction Advisory business increasing to 10.6% (2011: 8.8%).

Asia Pacific Commercial

As anticipated, the Asia Pacific commercial business enjoyed a significantly stronger second half of the year as investment markets adjusted to the impact of progressive Government controls over residential investment in Greater China, which resulted in stronger demand for commercial assets by private investors, particularly in Hong Kong. Revenue grew by 23%, to £98.4m (2011: £80.2m). On a constant currency basis, this represented an increase of 21% year on year.

In Mainland China, where we have 12 offices, our business continued to grow well with Transaction Advisory revenues increasing by over 13% year on year as some significant transactions occurred during the final quarter. Our Hong Kong commercial business increased revenue by just under 24% as we benefited from increased private investment into commercial real estate assets. Our Japanese business grew transaction revenue by over 130% on renewed activity in the region and the Japanese banks' relative willingness to provide debt for acquisition and re-financing transactions. Our businesses in Australia, Singapore and Taiwan all increased transaction revenues which made up for shortfalls in Vietnam and relatively stable performances elsewhere in the region. Overall, the Asia Pacific Commercial Transaction Advisory business recorded a 30% increase in underlying profit to £14.6m (2011: £11.2m). The increase in underlying profit in constant currency was 28%.

UK Residential

The Prime Residential market, where Savills is a market leader, continued to perform well with Savills acting on a similar number of sales of existing homes as last year (exchanges up 2% year on year). In the Prime Central London market volumes decreased by approximately 7% year on year in the light of changes made to stamp duty and the taxation on foreign and corporate owners of residential property. Transaction volumes in the country market increased by approximately 5%, with the biggest rise being in properties just below the upper threshold for stamp duty (£2m). In the new homes market we saw a significant increase in transactions, buoyed by continued strong overseas interest in high quality developments and good levels of stock availability. A good example was the Fitzroy Place development in Central London, which resulted in the single largest volume of sales by Savills in one weekend of marketing in Hong Kong and Singapore. The Residential Transaction Advisory business increased revenue by 2% to £97.0m (2011: £95.0m). Despite reduced volumes in London, price growth remained over 5% for the year, although there is evidence that the drivers of growth are the core Prime Central London locations of Knightsbridge, Chelsea, Mayfair and Belgravia, where 2012 represented a record year for properties over £5m, with volumes up approximately 14%. Despite its relative strength as a market, Savills sales volumes in Central London remain 25% below the 2007 peak. In the broader market the availability of mortgage finance remained a significant obstacle for buyers and transaction volumes continue to reflect this. There is, however, some evidence of movement from London to the Home Counties, as the relative buying power of a London householder in the country market is significant. During the year we opened new offices in Notting Hill and Chelsea and rationalised some regional office space as part of the Savills UK merger.

The Residential Transaction Advisory business, as a whole, recorded slightly reduced underlying profits of £14.7m (2011: £14.8m).

UK Commercial

Revenue from UK Commercial transactions increased 26% to £60.4m (2011: £47.9m). This performance reflected significant gains in our share of Prime Central London transactions during the year. During the strong fourth quarter Savills advised on one in four transactions in this market. As we anticipated, trading conditions in the first part of the year were relatively weak but the Central London market strengthened through the second half, with market volumes in the fourth quarter up 87% year on year. London continued to be the focal point for overseas investment interest in both prime retail and office properties. The same was true of the occupier market which, in London, started quietly and rallied through the year with take up in the City market finishing 18% up on 2011. Take up in the West End remained somewhat lower than the previous year. Regionally, the investment and occupier markets remained relatively subdued outside the prime retail and office sectors. Outside London, we benefited from improved market share, particularly in the retail sector, in markets which remained weaker than the previous year.

Many of the expansion activities of previous periods began to demonstrate their potential, particularly in the Central London market where our revenue increased by over 80% year on year. This positively affected the UK Transaction Advisory margin which rose to 11.6% (2011: 9.6%). In absolute terms, Transaction Advisory underlying profits grew 52% to £7.0m (2011: £4.6m).

Asia Pacific Residential

The Residential Transaction Advisory business in Asia is focused primarily on new developments and secondary sales and leasing of prime properties in the region. It excludes mixed use developments, which represent a significant proportion of the region's development and are accounted for within the Commercial Transaction Advisory business. Overall the Asia Pacific residential business recorded a 7% reduction in revenue to £18.5m (2011: £19.9m). This result reflected the effect of Government measures to control activity, particularly in Hong Kong, and a weak market in Vietnam together with stronger performances from Singapore, Thailand and Mainland China and resulted in the region reporting a 21% increase in underlying profit to £4.6m (2011: £3.8m).

Continental European Commercial

The Continental European Commercial business saw revenue increase by 14% to £29.6m (2011: £26.0m). In constant currency the underlying increase was 21%. For much of the year capital markets remained very weak as a result of macro-economic factors. There were marked improvements in revenue in Ireland, France, the Netherlands and Belgium which offset weaker market performances in Sweden, Italy and Germany. The restructuring activities of recent years, together with leadership changes made during the year in the Netherlands and Germany helped to reduce the overall underlying loss by 32% to £6.0m (2011: £8.8m loss). Within this loss the business incurred approximately £0.6m of redundancy costs in Germany and Sweden.

US Commercial

The revenue of our New York based Investment Advisory business remained largely flat at £6.1m (2011: £6.3m) although we have seen increased interest in the US from international investors. The Healthcare, Retail and Cross-Border teams enjoyed stronger market conditions than in 2011 with some significant domestic and cross border transactions. In the third quarter, approaching the fifth anniversary of the acquisition of Granite Partners, we were able to make management changes and revise the local compensation plan for periods beginning 1 January 2013. This resulted in a small redundancy cost and a more muted Q4 than the previous year. As a result of these factors, the underlying loss for the year increased to £2.1m (2011: £1.4m loss). However, on the basis of the deal pipeline going into the new year, we anticipate an improved performance in 2013.

Consultancy

	2012	2011	+/-
Revenue £m	172.2	143.4	+20%
Underlying profit before tax £m	14.8	12.6	+17%

Our Consultancy business improved its performance, demonstrating its overall strength in markets which continue to experience pressure on fees and the high costs of professional indemnity insurance.

UK Consultancy

Consultancy service revenue in the UK increased by 23% to £132.3m (2011: £107.4m). Strong all round performances in Building Consultancy, Lease Consultancy, Planning, Development, Public Sector and the Housing Consultancy practices each contributed to the increase. Our Valuations teams enjoyed stable revenues despite continued fee pressure and profitability was marginally affected by an increase in new insurance provisions year on year. Overall, underlying profit from the UK Consultancy business increased by 14% to £12.4m (2011: £10.9m).

Asia Pacific Consultancy

Revenue in the Asia Pacific Consultancy business increased by 11% to £27.6m (2011: £24.9m) with increased valuation and feasibility study assignments in Greater China, Taiwan and Vietnam offsetting the effect of marginally reduced activity in Australia and Singapore. This improved underlying profit by 61% to £2.9m (2011: £1.8m).

Continental European Consultancy

Our Continental European Consultancy business, which principally comprises valuation services, faced continued challenges through the year in line with the performance of most European markets. Revenue improved by 11% to £12.3m (2011: £11.1m) with stronger performances in Germany, Poland and Spain offsetting flat or marginally decreased revenues in other markets. In the fourth quarter action was taken to restructure certain teams, particularly in Sweden, which resulted in increased overall losses for the European Consultancy business of £0.5m (2011: loss £0.1m).

Property and Facilities Management

	2012	2011	+/-
Revenue £m	300.6	278.6	+8%
Underlying profit before tax £m	18.2	16.7	+9%

Our Property and Facilities Management businesses continued to perform strongly, growing revenue by 8% and underlying profit by 9% in markets which were both competitive and subject to wage inflation. This business continues to provide Savills with a strong recurring revenue stream with relatively low volatility.

Asia Pacific Property Management

Overall the business grew revenue by 8% to £186.5m (2011: £172.4m). The Property and Facilities Management business is a significant strength for Savills in Asia, complementing our Transaction Advisory businesses in the region. The total square footage under management in the region was up 33% to approximately 1.6bn sq ft (2011: 1.2bn sq ft). During the year the Guardian Facilities Management business and the Hong Kong Property Management business were merged from a management and operational perspective under new leadership. This gave rise to some additional one-off costs within the period which, together with some restructuring in Mainland China, resulted in a marginal decrease in underlying profit to £10.5m (2011: £10.9m).

UK Property Management

Overall our UK Property Management teams, comprising Commercial, Residential and Rural, grew revenue by 10% to £85.8m (2011: £77.8m). The core UK Commercial Property Management business performed well with revenue growth of 8% and a 35% improvement in underlying profit. The Residential management business and the UK Commercial business together grew area under management by 20% to approximately 136m sq ft (2011: 113m sq ft). Our Residential and Rural Estate Management business, including lettings, increased revenue by 18% and underlying profit by 9% despite incurring expansion costs during the year. Overall the net effect of revenue growth and investment in the UK business improved underlying profit by 26% to £8.2m (2011: £6.5m).

Continental European Property Management

In Continental Europe revenue was flat at £28.3m (2011: £28.4m). Contract wins and the termination of unprofitable contracts helped to reduce the underlying loss for the year to £0.5m (2011: loss £0.7m). By the year end the total area under management had increased to 49m sq ft (2011: 45m sq ft).

Investment Management

	2012	2011	+/-
Revenue £m	23.5	20.8	+13%
Underlying profit before tax £m	3.6	4.7	-23%

Cordea Savills revenue increased by 13% to £23.5m (2011: £20.8m) on assets under management ('AUM') which increased by 29% to €4.4bn (2011: €3.4bn) through the combination of an acquisition, new segregated mandates, two fund launches and inflows into existing funds. During the year, Cordea acquired International Property Asset Management GmbH to enhance its German platform and made a number of senior appointments in Italy, Germany and the UK. The costs associated with these activities, and the formation of a proprietary KAG investment vehicle in Germany, resulted in additional business development costs during the year which reduced the underlying profit margin to 15.3% (2011: 22.6%) reducing underlying profits by 23% to £3.6m (2011: £4.7m). Having completed a year of change and operational development, Cordea Savills is well positioned to grow its business.

Summary

Overall, in 2012 Savills delivered a strong performance in markets in which activity levels and confidence varied enormously. Our positions in the UK and Asia, in both the Prime Residential and Commercial markets, were substantially enhanced by the acquisitions and appointments we have made over the course of the market downturn of the last few years. Our strong and growing non-transactional business continued to provide a solid foundation for this performance. We remain focused on further reducing our losses in Continental Europe while at the same time developing our operations in the core markets of France and Germany. Encouraged by the interests of our clients, we also look to develop further the Savills strategic footprint in North America. On a Group basis, Savills is well positioned for further progress in 2013.

Financial review

Underlying profit margin

Underlying profit margin increased to 7.5% (2011: 7.0%) reflecting the effect of increased Transaction Advisory, Consultancy and Property Management activity including progressively improving performance from many of the Group's recruitment and bolt-on acquisition activities of the last few years.

Net interest

Net finance income in the year was £0.3m (2011: £0.1m). With continuing low interest rates this primarily reflects efficiencies in treasury management and the continued reduction in gross debt outstanding.

Taxation

The tax charge for the year increased to £15.4m (2011: £13.2m). The effective tax rate decreased to 28.4% (2011: 33.0%) largely reflecting the 2% reduction in the UK tax rate and the effect of share price movements on allowances related to share based incentive schemes. The underlying effective tax rate was 27.1% (2011: 28.6%).

Restructuring and impairment charges

During the period the Group incurred an aggregate restructuring charge of £4.0m (2011: £1.9m). This related to the merger of the two UK trading businesses into Savills (UK) Limited, which became effective on 1 January 2013. The charge comprised amounts in respect of: the closure of some regional offices, an onerous lease provision and the amalgamation of two West End offices into one new head office at 33 Margaret Street. In addition, the Group incurred costs of approximately £1.3m (2011: £1.6m) relating to redundancy and other cost reduction initiatives primarily in Continental Europe. These latter costs have not been classified as restructuring costs.

At year end the Group recognised an impairment charge in respect of its interest in an available for sale investment managed by Cordea Savills. The total impairment charge amounted to £1.2m. In 2011 the impairment charge of £5.4m related predominantly to goodwill in our Italian and Spanish businesses.

The restructuring charge and impairment provision have been taken into account in the calculation of underlying profit before tax in line with Group policy.

Earnings per share

Basic earnings per share increased by 43% to 30.8p (2011: 21.5p). Adjusting on a consistent basis for restructuring costs and impairment charges, profits and losses on disposals, certain share-based payment charges and amortisation of intangible assets, underlying basic earnings per share increased by 22% to 35.3p (2011: 29.0p).

Fully diluted earnings per share increased by 41% to 29.5p (2011: 20.9p). The underlying fully diluted earnings per share increased by 20% to 33.7p (2011: 28.2p).

Cash resources, borrowings and liquidity

Year end gross cash and cash equivalents increased 16% to £92.8m (2011: £80.0m) reflecting improved profits and working capital during the period.

Gross borrowings at year end reduced to £1.2m (2011: £6.4m). These included £1.1m in respect of a working capital loan in Australia and £0.1m in overdrafts. Cash is typically retained in a number of subsidiaries in order to meet the requirements of commercial contracts or capital adequacy. In addition, cash in certain territories is retained to meet future growth requirements where to remit it would result in the Group suffering withholding taxes.

The Group's cash flow profile is biased towards the second half of the year. This is as a result of seasonality in trading and the major cash outflows associated with dividends, profit related remuneration payments and related payroll taxes in the first half. The Group cash inflow for the year from operating activities was £59.7m (2011: £35.7m), primarily as a result of improved trading in the Transaction Advisory business. As much of the Group's revenue is transactional in nature, the Board's strategy is to maintain low levels of gearing, but retain sufficient credit facilities to enable it to meet cash requirements during the year and finance business development opportunities as they arise. During the year the Group's revolving credit facility, which expires on 31 March 2014, was increased by £15m to £65m. After the year end, the Group entered into a £12m amortising term loan, which expires on 1 May 2015, to finance the fit out of Savills (UK) Limited's new head office. This loan amortises over the rent free period allowed under the 20 year lease.

At the year end the Group had undrawn facilities, including overdraft facilities of £86.3m (2011: £63.5m).

Savills Pension Scheme

The funding level of the Savills Pension Scheme, which is closed to future service based accrual, improved during the year as a result of the rise in asset values. Increased contributions and investment returns were partially offset by an increase in the valuation of long term liabilities as a result of the expected continuation of low interest rates into the future. The plan deficit at the year end amounted to £27.9m (2011: £35.6m).

Net assets

Net assets as at 31 December 2012 were £233.1m (2011: £204.4m). This movement reflected increased receivables and cash balances derived from the Group's trading performance together with reduced borrowings and provisions for retirement and employee benefit obligations.

Business development

During the year the Group made its final payment under the 2007 contract to acquire its US business and further increased its shareholding in Savills Vietnam under pre-existing deferred consideration arrangements. In January 2012 the Group acquired Gresham Down Capital Partners LLP, a specialist Central London investment and asset management business for total consideration of £3.0m, of which £1.6m was paid in the year. Also in January 2012 Cordea Savills acquired International Property Asset Management GmbH, a German real estate asset management company for provisional total consideration of £3.1m, of which £2.3m was paid during the year. These acquisitions, together with the payment of deferred consideration on previous transactions, resulted in the Group investing a total of £21.5m net of cash acquired (2011: £12.4m) in the year.

Foreign currency

The Group operates internationally and is exposed to foreign exchange risks. As both revenue and costs in each location are generally denominated in the same currency, transaction related risks are relatively low and generally associated with intra group activities. Consequently, the overriding foreign currency risk relates to the translation of overseas profits and losses into sterling on consolidation. The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature and the high costs associated with such hedging. The net impact of foreign exchange rate movements in 2012 was a £0.6m decrease in revenue (2011: £3.1m increase) and an increase of £0.6m in underlying profit (2011: £0.1m decrease).

SAVILLS plc
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2012

	Notes	2012 £m	2011 £m
Revenue	2	806.4	721.5
Less:			
Employee benefits expense		(513.1)	(458.8)
Depreciation		(7.2)	(7.1)
Amortisation and impairment of goodwill and intangible assets		(3.7)	(9.1)
Other operating expenses		(237.8)	(213.4)
Other operating income		0.5	0.5
Profit on disposal of subsidiaries, joint venture and available-for-sale investments		1.7	2.3
Operating profit		46.8	35.9
Finance income		1.2	1.4
Finance costs		(0.9)	(1.3)
		0.3	0.1
Share of post-tax profit from associates and joint ventures		7.1	4.0
Profit before income tax		54.2	40.0
Income tax expense	3	(15.4)	(13.2)
Profit for the year		38.8	26.8
Attributable to:			
Owners of the Company		38.5	26.5
Non-controlling interests		0.3	0.3
		38.8	26.8
Earnings per share			
Basic earnings per share	6(a)	30.8p	21.5p
Diluted earnings per share	6(a)	29.5p	20.9p
Underlying earnings per share			
Basic earnings per share	6(b)	35.3p	29.0p
Diluted earnings per share	6(b)	33.7p	28.2p

SAVILLS plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	2012	2011
	£m	£m
Profit for the year	38.8	26.8
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments	0.2	(0.9)
Fair value loss on available-for-sale investments released to income statement	0.9	-
Actuarial loss on defined benefit pension scheme	(0.1)	(20.3)
Tax on items relating to components of other comprehensive income	1.4	5.0
Currency translation differences	(3.6)	0.1
Other comprehensive loss for the year, net of tax	(1.2)	(16.1)
Total comprehensive income for the year	37.6	10.7
Total comprehensive income attributable to:		
Owners of the Company	37.2	10.4
Non-controlling interests	0.4	0.3
	37.6	10.7

SAVILLS plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2012

	Notes	2012 £m	2011 £m
Assets: Non-current assets			
Property, plant and equipment		18.5	18.4
Goodwill		136.7	135.6
Intangible assets		17.1	16.9
Investments in associates and joint ventures		14.7	13.8
Deferred income tax assets		29.9	29.4
Available-for-sale investments		15.0	14.4
Non-current receivables		1.3	3.0
		233.2	231.5
Assets: Current assets			
Work in progress		3.0	4.2
Trade and other receivables		220.8	191.2
Current income tax receivable		0.9	0.8
Derivative financial instruments		-	0.1
Cash and cash equivalents		92.8	80.0
		317.5	276.3
Liabilities: Current liabilities			
Borrowings	9	1.2	6.3
Derivative financial instruments		0.1	0.1
Trade and other payables		236.8	208.7
Current income tax liabilities		10.1	6.7
Employee benefit obligations		5.9	6.7
Provisions for other liabilities and charges		7.9	11.1
		262.0	239.6
Net current assets		55.5	36.7
Total assets less current liabilities		288.7	268.2
Liabilities: Non-current liabilities			
Borrowings	9	-	0.1
Trade and other payables		0.6	9.0
Retirement and employee benefit obligations		35.6	43.1
Provisions for other liabilities and charges		17.7	9.5
Deferred income tax liabilities		1.7	2.1
		55.6	63.8
Net assets		233.1	204.4
Equity: Capital and reserves attributable to owners of the Company			
Share capital		3.3	3.3
Share premium		87.3	85.3
Other reserves		20.8	23.6
Retained earnings		121.1	93.4
		232.5	205.6
Non-controlling interests		0.6	(1.2)
Total equity		233.1	204.4

SAVILLS plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Attributable to owners of the Group					Non- controlling interests £m	Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m		
Balance at 1 January 2012	3.3	85.3	23.6	93.4	205.6	(1.2)	204.4
Profit for the year	-	-	-	38.5	38.5	0.3	38.8
Other comprehensive income/(loss):							
Fair value gain on available- for-sale investments	-	-	0.2	-	0.2	-	0.2
Fair value loss on available- for-sale investments released to income statement	-	-	0.9	-	0.9	-	0.9
Actuarial loss on defined benefit pension scheme	-	-	-	(0.1)	(0.1)	-	(0.1)
Tax on items directly taken to reserves	-	-	(0.2)	1.6	1.4	-	1.4
Currency translation differences	-	-	(3.7)	-	(3.7)	0.1	(3.6)
Total comprehensive (loss)/income for the year	-	-	(2.8)	40.0	37.2	0.4	37.6
Transactions with owners:							
Employee share option scheme:							
- Value of services provided	-	-	-	10.4	10.4	-	10.4
Purchase of treasury shares	-	-	-	(1.6)	(1.6)	-	(1.6)
Issue of share capital	-	2.0	-	-	2.0	-	2.0
Dividends	-	-	-	(16.9)	(16.9)	(0.8)	(17.7)
Transactions with non- controlling interests	-	-	-	(4.2)	(4.2)	2.2	(2.0)
Balance at 31 December 2012	3.3	87.3	20.8	121.1	232.5	0.6	233.1

SAVILLS plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Attributable to owners of the Group					Non- controlling interests £m	Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m		
Balance at 1 January 2011	3.3	84.0	24.2	98.9	210.4	(1.3)	209.1
Profit for the year	-	-	-	26.5	26.5	0.3	26.8
Other comprehensive income/(loss):							
Fair value loss on available- for-sale investments	-	-	(0.9)	-	(0.9)	-	(0.9)
Actuarial loss on defined benefit pension scheme	-	-	-	(20.3)	(20.3)	-	(20.3)
Tax on items directly taken to reserves	-	-	0.2	4.8	5.0	-	5.0
Currency translation differences	-	-	0.1	-	0.1	-	0.1
Total comprehensive (loss)/income for the year	-	-	(0.6)	11.0	10.4	0.3	10.7
Transactions with owners:							
Employee share option scheme:							
- Value of services provided	-	-	-	11.3	11.3	-	11.3
Purchase of treasury shares	-	-	-	(10.1)	(10.1)	-	(10.1)
Issue of share capital	-	1.3	-	-	1.3	-	1.3
Dividends	-	-	-	(16.3)	(16.3)	(0.6)	(16.9)
Non-controlling interest arising on business combination	-	-	-	-	-	0.5	0.5
Transactions with non- controlling interests	-	-	-	(1.4)	(1.4)	(0.1)	(1.5)
Balance at 31 December 2011	3.3	85.3	23.6	93.4	205.6	(1.2)	204.4

SAVILLS plc
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

Notes	2012 £m	2011 £m
Cash flows from operating activities		
7	71.5	47.1
	1.0	1.1
	(0.8)	(1.0)
	(12.0)	(11.5)
	59.7	35.7
Cash flows from investing activities		
	0.7	0.2
	2.8	2.0
	-	(1.4)
	0.7	-
	6.0	1.9
	0.7	0.7
	-	(2.3)
8(a)	(2.5)	(7.2)
	(3.9)	(1.3)
	(7.7)	(9.2)
	(3.1)	(1.2)
	(1.7)	(2.0)
	(8.0)	(19.8)
Cash flows from financing activities		
	2.0	1.3
	49.0	29.5
	(1.6)	(10.1)
8(b)	(11.8)	(1.5)
	(3.3)	(2.4)
	(52.9)	(33.8)
	(17.7)	(16.9)
	(36.3)	(33.9)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		
	15.4	(18.0)
	78.8	96.5
	(1.5)	0.3
	92.7	78.8

NOTES

1. Basis of preparation

The results for the year ended 31 December 2012 have been extracted from the audited financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information in this statement does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2012, on which the auditors have given an unqualified audit report, have not yet been filed with the Registrar of Companies.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

2. Segment analysis

2012	Trans- action Advisory £m	Consult- ancy £m	Property & Facilities Manage- ment £m	Investment Manage- ment £m	Other £m	Total £m
Revenue						
United Kingdom						
- Commercial	60.4	104.2	65.2	23.5	0.1	253.4
- Residential	97.0	28.1	20.6	-	-	145.7
Total United Kingdom	157.4	132.3	85.8	23.5	0.1	399.1
Continental Europe						
	29.6	12.3	28.3	-	-	70.2
Asia Pacific						
- Commercial	98.4	27.6	186.5	-	-	312.5
- Residential	18.5	-	-	-	-	18.5
Total Asia Pacific	116.9	27.6	186.5	-	-	331.0
America	6.1	-	-	-	-	6.1
Total revenue	310.0	172.2	300.6	23.5	0.1	806.4
Underlying profit/(loss) before tax						
United Kingdom						
- Commercial	7.0	8.7	5.8	3.6	(8.6)	16.5
- Residential	14.7	3.7	2.4	-	-	20.8
Total United Kingdom	21.7	12.4	8.2	3.6	(8.6)	37.3
Continental Europe						
	(6.0)	(0.5)	(0.5)	-	-	(7.0)
Asia Pacific						
- Commercial	14.6	2.9	10.5	-	-	28.0
- Residential	4.6	-	-	-	-	4.6
Total Asia Pacific	19.2	2.9	10.5	-	-	32.6
America	(2.1)	-	-	-	-	(2.1)
Underlying profit/(loss) before tax	32.8	14.8	18.2	3.6	(8.6)	60.8

2011	Trans- action Advisory £m	Consult- ancy £m	Property & Facilities Manage- ment £m	Investment Manage- ment £m	Other £m	Total £m
Revenue						
United Kingdom						
- Commercial	47.9	79.5	60.3	20.8	0.6	209.1
- Residential	95.0	27.9	17.5	-	2.8	143.2
Total United Kingdom	142.9	107.4	77.8	20.8	3.4	352.3
Continental Europe	26.0	11.1	28.4	-	-	65.5
Asia Pacific						
- Commercial	80.2	24.9	172.4	-	-	277.5
- Residential	19.9	-	-	-	-	19.9
Total Asia Pacific	100.1	24.9	172.4	-	-	297.4
America	6.3	-	-	-	-	6.3
Total revenue	275.3	143.4	278.6	20.8	3.4	721.5
Underlying profit/(loss) before tax						
United Kingdom						
- Commercial	4.6	7.8	4.3	4.7	(8.1)	13.3
- Residential	14.8	3.1	2.2	-	0.3	20.4
Total United Kingdom	19.4	10.9	6.5	4.7	(7.8)	33.7
Continental Europe	(8.8)	(0.1)	(0.7)	-	-	(9.6)
Asia Pacific						
- Commercial	11.2	1.8	10.9	-	-	23.9
- Residential	3.8	-	-	-	-	3.8
Total Asia Pacific	15.0	1.8	10.9	-	-	27.7
America	(1.4)	-	-	-	-	(1.4)
Underlying profit/(loss) before tax	24.2	12.6	16.7	4.7	(7.8)	50.4

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

For 2011, the Other segment includes Savills Private Finance Limited up to the date of disposal (£2.9m revenue and £0.3m underlying profit), as well as costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

A reconciliation of underlying profit before tax to profit before tax is provided in Note 5.

3. Income tax expense

The income tax expense has been calculated on the basis of the underlying rate in each jurisdiction adjusted for any disallowable charges.

	2012	2011
	£m	£m
United Kingdom		
- Current tax	13.0	11.7
- Deferred tax	(2.8)	(2.8)
Foreign tax		
- Current tax	6.6	6.2
- Deferred tax	(1.4)	(1.9)
	15.4	13.2

4. Dividends

	2012	2011
	£m	£m
Amounts recognised as distribution to owners in the year:		
Ordinary final dividend for 2011 of 6.35p per share (2010: 6.0p)	7.8	7.4
Supplemental interim dividend for 2011 of 4.0p per share (2010: 4.0p)	5.0	5.0
Interim dividend of 3.3p per share (2011: 3.15p)	4.1	3.9
	16.9	16.3

The Board recommends a final dividend of 6.7p per ordinary share (amounting to £8.5m) is paid, alongside the supplemental interim dividend of 6.0p per ordinary share (amounting to £7.5m), to be paid on 13 May 2013 to shareholders on the register at 12 April 2013. These financial statements do not reflect this dividend payable.

5. Underlying profit before tax

	2012	2011
	£m	£m
Reported profit before tax	54.2	40.0
Adjustments:		
Amortisation of intangible assets (excluding software)	2.4	2.6
Impairment of goodwill	-	5.4
Impairment of investment in associate and available-for-sale investment	1.2	2.0
Share-based payment adjustment	0.7	0.8
Restructuring costs	4.0	1.9
Profit on disposal of subsidiaries, joint venture and available-for-sale investment	(1.7)	(2.3)
Underlying profit before tax	60.8	50.4

The Directors regard the above adjustments necessary to give a fair picture of the underlying results of the Group for the year.

The adjustment for share-based payment relates to the impact of the accounting standard for share based compensation. The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge and the effective value of the annual share award in order better to match the underlying staff costs in the year with the revenue recognised in the same period.

6(a). Basic and diluted earnings per share

	2012	2012	2012	2011	2011	2011
	Earnings	Shares	EPS	Earnings	Shares	EPS
	£m	million	pence	£m	million	pence
Basic earnings per share	38.5	124.8	30.8	26.5	123.3	21.5
Effect of additional shares issuable under option	-	5.7	(1.3)	-	3.4	(0.6)
Diluted earnings per share	38.5	130.5	29.5	26.5	126.7	20.9

6(b). Underlying basic and diluted earnings per share

	2012	2012	2012	2011	2011	2011
	Earnings	Shares	EPS	Earnings	Shares	EPS
	£m	million	pence	£m	million	pence
Basic earnings per share	38.5	124.8	30.8	26.5	123.3	21.5
Amortisation of intangible assets (excluding software) after tax	1.9	-	1.5	2.1	-	1.7
Impairment of goodwill after tax	-	-	-	5.4	-	4.4
Impairment of investment in associate and available-for-sale investment after tax	1.2	-	1.0	2.0	-	1.6
Share-based payment adjustment after tax	0.5	-	0.4	0.6	-	0.5
Restructuring costs after tax	3.2	-	2.6	1.4	-	1.2
Profit on disposal of subsidiaries, joint venture and available-for-sale investment after tax	(1.3)	-	(1.0)	(2.3)	-	(1.9)
Underlying basic earnings per share	44.0	124.8	35.3	35.7	123.3	29.0
Effect of additional shares issuable under option	-	5.7	(1.6)	-	3.4	(0.8)
Underlying diluted earnings per share	44.0	130.5	33.7	35.7	126.7	28.2

7. Cash generated from operations	2012	2011
	£m	£m
Profit for the year	38.8	26.8
Adjustments for:		
Income tax (Note 3)	15.4	13.2
Depreciation	7.2	7.1
Amortisation of intangible assets	3.7	3.7
Loss on sale of property, plant and equipment	0.1	0.3
Impairment of goodwill	-	5.4
Profit on disposal of subsidiaries, joint venture and available-for-sale investment	(1.7)	(2.3)
Net finance income	(0.3)	(0.1)
Share of post-tax profit from associates and joint ventures	(7.1)	(4.0)
Decrease in employee and retirement obligations	(7.2)	(3.5)
Exchange movement on operating activities	(0.1)	(0.2)
Increase in provisions	5.1	4.2
Credit for defined benefit pension scheme	(0.8)	(1.0)
Impairment of associated undertaking and available-for-sale investment included within operating income	1.2	2.0
Charge for share-based compensation	10.4	11.3
Operating cash flows before movements in working capital	64.7	62.9
Decrease/(increase) in work in progress	1.2	(0.6)
Increase in trade and other receivables	(31.3)	(9.5)
Increase/(decrease) in trade and other payables	36.9	(5.7)
Cash generated from operations	71.5	47.1

8. Business combinations

8(a). Acquisitions accounted for under IFRS 3 (revised)

Gresham Down Capital Partners LLP

On 5 January 2012 the Group acquired the specialist Central London investment and asset management business Gresham Down Capital Partners LLP. The business provides investment advisory and brokerage advice focusing primarily on the Group's Central London Commercial property market, as well as asset management services, and will strengthen the existing Central London presence.

Consideration of £1.6m was paid on completion, with a further total of £1.4m payable across the subsequent four anniversaries subject to service conditions. Goodwill and other intangible assets of £0.9m and £0.7m have been determined. Goodwill represents synergies that the Group expects to gain as a result of the acquisition.

IFRS 3 (revised) has been applied to this acquisition which was accounted for using the acquisition method. Acquisition related costs for this transaction were negligible.

International Property Asset Management GmbH

On 20 January 2012 Cordea Savills acquired International Property Asset Management GmbH (IPAM), a German real estate asset management company. The acquisition complements and expands the Group's existing German business and investment platform.

Total consideration was £3.1m, of which £2.3m was paid on completion. Contingent consideration is payable in 2013 and 2014 based on the actual performance of the business. Goodwill on acquisition of £1.6m has been determined, and is attributable to key staff and their industry reputation. Other intangible assets of £0.4m have been identified and relate to asset management contracts.

IFRS 3 (revised) has been applied to this acquisition which was accounted for using the acquisition method. Acquisition related costs of £0.3m are included in the income statement.

		Fair value to the Group £m
<hr/>		
Subsidiaries acquired		
<hr/>		
Current assets:	Trade and other receivables	0.2
	Cash and cash equivalents	1.4
<hr/>		
Total assets		1.6
Current liabilities:	Trade and other payables	0.5
	Current income tax liabilities	0.1
<hr/>		
Net assets		1.0
Other intangible assets		1.1
<hr/>		
Fair value of net assets acquired		2.1
Goodwill		2.5
<hr/>		
Purchase consideration		4.6
<hr/>		
Consideration satisfied by:		
Net cash paid as per cash flow statement		2.5
Cash acquired		1.4
Deferred consideration owing at reporting date		0.7
<hr/>		
		4.6

For these acquisitions, there was no difference between the fair value and carrying value of net assets acquired, except for intangible assets. The Group acquires businesses intended for use on a continuing basis. There were no significant changes to the provisional goodwill that arose in the previous year on acquisitions.

Included in Group operating profit relating to acquisitions is:

	£m
Turnover	5.4
Staff costs	(2.8)
Depreciation	(0.1)
Other operating charges	(0.8)
Operating profit (before finance charges)	1.7

If the date for all acquisitions made during the year had been 1 January 2012, the amounts included in Group operating profit would have been:

	£m
Turnover	5.4
Staff costs	(2.8)
Depreciation	(0.1)
Other operating charges	(0.8)
Operating profit (before finance charges)	1.7

8(b). Transactions with non-controlling interests

During the year, the Group undertook the following transactions with non-controlling interests:

Name	Date	Holding acquired	Total holding at 31 December 2012
Savills (Vietnam) Limited	October 2012	20.0%	92.1%
Savills LLC	December 2012	25.0%	100.0%

Under IAS 27 (revised), transactions with non-controlling interests must be accounted for as equity transactions, therefore no goodwill has been recognised. Acquisition costs relating to these transactions were not significant.

In October 2012, the Group acquired an additional 20.0% of the shares in Savills (Vietnam) Limited for cash consideration of £3.5m. This takes the Group's shareholding to 92.1%. The carrying amount of Savills (Vietnam) Limited's net assets on the date of acquisition was £0.3m. The Group recognised a decrease in non-controlling interest of £0.1m. The amount charged to retained earnings in respect of this transaction was £3.4m.

In December 2012, the Group acquired the remaining 25.0% of the shares in Savills LLC, which operates in the United States of America. Cash consideration of £8.3m was paid. The carrying amount of Savills LLC's net liabilities on the date of acquisition was £8.7m. The Group recognised an increase in non-controlling interests of £2.3m. A corresponding decrease in retained earnings was recognised in respect of this transaction.

An amount of £1.5m was credited to retained earnings reflecting a reduction in deferred consideration payable to non-controlling interests.

In 2011 the Group acquired additional stakes in Savills Italy SRL and Savills (Vietnam) Limited for a total consideration of £1.2m.

9. Borrowings

Movements in borrowings are analysed as follows:

	£m
Opening amount as at 1 January 2011	10.3
Additional borrowings	29.7
Repayments of borrowings	(33.5)
Exchange rate fluctuations	(0.1)
Opening amount as at 1 January 2012	6.4
Additional borrowings	49.1
Repayments of borrowings	(54.1)
Exchange rate fluctuations	(0.2)
Closing amount as at 31 December 2012	1.2

	2012	2011
	£m	£m
Current		
Bank overdrafts	0.1	1.2
Unsecured bank loans due within one year or on demand	1.0	5.0
Finance leases	0.1	0.1
	1.2	6.3
Non-current		
Finance leases	-	0.1
	-	0.1

2012 2011

The Group has the following undrawn borrowing facilities:	£m	£m
Floating rate		
- expiring within 1 year or on demand	21.3	13.5
- expiring between 1 and 5 years	65.0	50.0
	86.3	63.5

During the year the Group's revolving credit facility, which expires on 31 March 2014, was increased by £15m to £65m. As at 31 December 2012 this facility was undrawn. After the year end, the Group entered into a £12m amortising term loan, which expires on 1 May 2015, to finance the fit out costs for the Group's new head office.

10. Capital Commitments

	2012	2011
	£m	£m
Contracts placed for future expenditure not provided for in the financial statements	7.1	-

Capital commitments of £7.1m (2011: £nil) reflect contracts placed for the fit out of the Group's new head office at 33 Margaret Street, London.

11. Related party transactions

There were no significant related party transactions during the year. All related party transactions take place on an arm's length basis.

As at 31 December 2012, loans outstanding to associates and joint ventures amounted to £2.5m (2011: £3.3m).

12. Contingent liabilities

In common with comparable professional services businesses, the Group is involved in a number of disputes in the ordinary course of business. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Group carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

Directors' responsibility statement

The Savills Report and Accounts for year end 31 December 2012 contains a responsibility statement in the following form:

The Directors confirm that pursuant to DTR4, to the best of each person's knowledge:

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

On behalf of the Board

Jeremy Helsby
Group Chief Executive

Chris Lee
Group Legal Director & Company Secretary

13 March 2012

Forward-looking statements

The financial information contained in this announcement has not been audited. Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements.

Copies of the Report and Accounts for the year ended 31 December 2012 will be circulated to shareholders on 2 April 2013 and will also be available from the investor relations section of the Company website at www.savills.com or from:

Savills plc, 20 Grosvenor Hill, Berkeley Square, London W1K 3HQ
Telephone: 020 3107 5444 Fax: 020 7330 8405

In addition, with prior notice, copies in alternative formats i.e. large print, audio tape, braille are available if required from:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

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