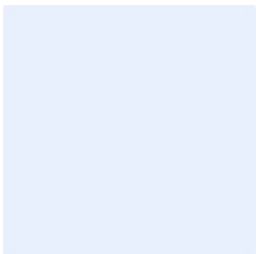
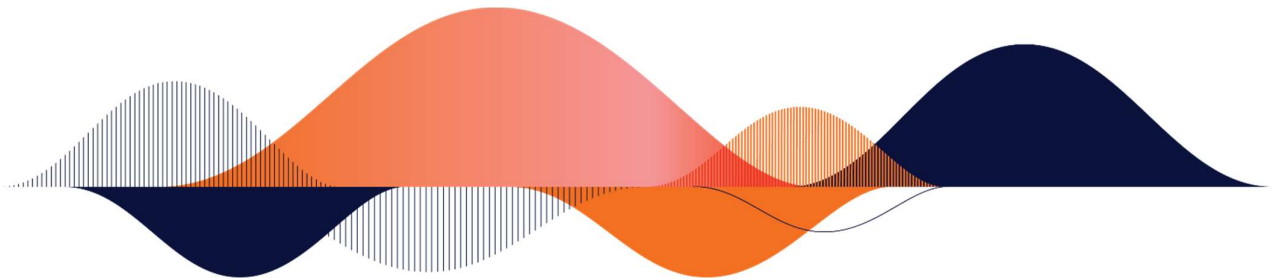


Savills Investment Management LLP

MIFIDPRU disclosure for year ended 31 December 2023

Last updated: 14 November 2024



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1. Introduction

Savills Investment Management LLP (“SIM LLP”, “the Firm” or “we”) is a UK MIFID investment firm undertaking regulated activities in scope of the Markets in Financial Instruments Directive (“MIFID”). SIM LLP is subject to the prudential requirements of the Investment Firms Prudential Regime (“IFPR”) contained in the MIFIDPRU Sourcebook of the Financial Conduct Authority (“FCA”) Handbook.

In line with the requirements under IFPR, SIM LLP is required to publish disclosures in accordance with the FCA rules and guidance outlined in Chapter 8 of the MIFIDPRU Sourcebook. This document supersedes the previous Pillar 3 disclosure.

Basis of Disclosure

This disclosure is for the year ended 31 December 2023, and has been prepared on a solo entity basis. For the purposes of the prudential regulations, SIM LLP is classified as a non-small non-interconnected (“non-SNI”) firm and is subject to the standard requirements. Therefore, the information contained in this disclosure is proportionate for the constitution of SIM LLP with consideration of its size, sector, nature, scope and complexity of activities.

Significant Changes Since Prior Disclosure

This is the second MIFIDPRU disclosure for SIM LLP. There have been no significant changes since the previous disclosure.

2. Governance arrangements

Firm Structure

SIM LLP is a limited liability partnership, which is authorised and regulated by the FCA in the United Kingdom under Firm Reference Number: 615368. SIM LLP provides investment advisory and real estate portfolio management services to its clients through advisory mandates and through real estate funds. SIM LLP is a subsidiary of Savills IM Holdings Limited, each of which are part of the Savills Investment Management Group (“Savills IM Group”). The Savills IM Group is majority owned by Savills

plc, a global real estate company and listed on the London Stock Exchange and a constituent of the FTSE 250 Index. The Savills IM Group has a strategic investment alliance with Samsung Life Insurance Co. Ltd (“Samsung Life”), a leading life insurer in Korea, pursuant to which Samsung Life holds a minority interest in Savills IM Holdings Limited.

SIM LLP’s audited financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

Firm Governance

The Senior Managers and the Members Committee of SIM LLP are responsible for the oversight of implementation of the strategic objectives, risk strategy and internal governance arrangements of the Firm. There are four members of SIM LLP, which includes two Senior Managers and one corporate partner who are each registered with the FCA as Senior Management Functions (SMF27 – Partner) under the Senior Managers & Certification Regime (“SM&CR”); as well as one further corporate member with very limited interest and control rights, linked to the holding of certain co-investment rights in the funds and mandates managed within the Savills IM Group.

As at 31 December 2023, the number of directorships held by each member of the Committee is as follows:

Name	Number of Directorship Positions Held		
	Executive	Non-Executive	Total
Kiran Patel	0	1	1
Richard James	0	1	1
Savills IM Holdings Limited	N/A	N/A	N/A

Please note there have been changes to the list of members during the interval since the end of the disclosure period (31 December 2023). A full list of current members can be found on the Companies House website.

On a quarterly basis, the Senior Managers and the Members Committee of SIM LLP receive reports on issues relevant to its operations from key business functions, as part of the Savills IM Group as a whole and including as to the strategy, direction and business critical issues affecting the Savills IM Group or the Savills Group. SIM LLP also receives further reports on a regular basis from the Global Risk & Compliance Committee (“GRC”) for the Savills IM Group. The functions which report to the Members Committee and Senior Management are representative of the full scope of functions within the Savills

IM Group including Finance, Investment Strategy and Performance, Product Strategy and Client Capital, People, Legal, Risk & Compliance and Internal Audit.

SIM LLP is part of the Savills IM Group and as such certain of the policies and procedures required for SIM LLP to carry out its activities may be those which apply globally to the Savills IM Group. The Members Committee and Senior Managers may decide that appropriate governance in particular areas is effected through adherence to the relevant Savills IM Group policy or procedure, but shall oversee such adherence and shall ensure the activities of SIM LLP are carried out in accordance with the SM&CR and all other applicable law and regulation and as appropriate, the relevant terms of appointment of SIM LLP for each client.

SIM LLP maintains a clear organisational structure and has organised its business in such a way as to maximise the independence of functions and reduce the risk of internal conflicts by means of an appropriate and proportionate segregation of duties and reporting lines in conjunction with the implementation of policies and procedures. The management of conflicts of interest is of paramount importance to SIM LLP and a specific policy and register is maintained accordingly. SIM LLP ensures that its Members Committee, Senior Managers and other staff representing it shall act in the interests of clients and SIM LLP. SIM LLP's control environment encompasses the basis of how risk is perceived and addressed by the Members Committee, Senior Managers and associated staff. As part of the Savills IM Group, SIM LLP has adopted the "Three Lines of Defence" model to align its risk governance structure with market practice.

Diversity and Inclusion

The Savills IM Group has introduced certain diversity & inclusion objectives which include employee engagement scores on inclusion matters, completion of diversity & inclusion training, gender and (in the UK) ethnic minority representation. These are measured and reported on annually (from 2024). It is therefore expected that we can report further on these figures in the disclosure for year ended 31 December 2024.

During 2023, the Savills IM Group implemented its Diversity and Inclusion strategic framework, which sets out the key components of the diversity and inclusion objectives of the Savills IM Group. As part of the implementation process, the Savills IM Group formally adopted the following mission statement:

'Savills Investment Management embraces diversity and inclusion, seeking to provide a platform and a supportive environment for everyone to achieve their potential free from discrimination or prejudice.

Savills Investment Management respects all of its staff, clients, stakeholders and counterparties, challenges stereotypes and celebrates the value of having a diverse range of people in its organisation, providing a rich variety of viewpoints.'

3. Risk management objectives and policies

3.1 Risk management framework

The Senior Managers of SIM LLP have ultimate responsibility for the development of appropriate strategies, systems, and controls for the management of risks within the business.

Being exposed to risk is inherent in providing financial services and Savills IM assumes a variety of risks in the course of its ordinary business activities. Savills IM's Enterprise Risk Management ("ERM") framework provides structure to effectively manage risk across its operations, both with respect to company-specific risks and operational risks related to the asset management activities carried out by the various entities across the Group. Savills IM's Risk and Compliance function is responsible for overseeing the ERM framework which integrates concepts of strategic planning, operational management and internal controls. The ERM framework is directly applicable to SIM LLP as it is the parent entity for the majority of the regulated firms within the Group. SIM LLP also provides services including distribution, investment advice or delegated portfolio management to a number of entities across the Group in respect of investment funds managed by those entities.

3.2 Risk appetite

The risk strategy and risk appetite have been designed to be consistent with the overall business model of the Firm, including its purpose, values, risk culture expectations, corporate strategy and strategic objectives.

The Risk Appetite Statement ('RAS') is part of the Risk Appetite Framework, the governance framework and wider culture of the overall organisation at Savills IM. The RAS defines the types and aggregate levels of risk that the Firm is willing to accept, tolerate or be exposed to in pursuit of its corporate strategy and business objectives. The RAS defines the approach to growth, risk, and return. It is necessary to ensure that the amount of risk taken is within the acceptable boundaries that are commensurate with the financial strength and corporate strategy of the Firm. The ICARA process, which is explained further in section 4.1, takes into account the impact of the risks, in the context of the RAS, and determines the potential harm to the Firm, its clients or financial services markets.

3.3 Key risks

There are several risks associated with the business model, including the real estate market, foreign exchange, client, concentration and other macro-economic risks. Market risk is one of the key risk factors, whereby the business model assumes a certain level of market values for the real estate assets

which SIM LLP manages or advises, which in turn generates, for example, the asset management fees. A material upwards or downwards shift in market value could have a significant impact upon the management fees. Foreign exchange ('FX') risk pertains to any revenues SIM LLP derives in foreign currency, primarily Euro, that could be affected by movements in the exchange rates. This risk is mitigated through hedging which seeks to offset any significant FX impact. Client and concentration risk is apparent if SIM LLP deems to have an over-reliance on one specific client, or if a contract provides for an immediate termination of SIM LLP as manager, which would reduce management fees going forward.

4. 'Own funds' and 'Own funds requirements'

4.1 Internal Capital and Risk Assessment ("ICARA") Document

The provisions of the FCA Rules in the MIFIDPRU Sourcebook require SIM LLP to maintain sufficient capital and liquid resources. The approach of the business to assessing the adequacy of those resources to support current and future activities is contained in SIM LLP's ICARA document. In preparing the ICARA, SIM LLP has identified the material risks facing its business. The ICARA process stress tests against these risks, in order to produce a determination on the level of resources that SIM LLP is required to maintain, which determines the Own Funds requirement as set out in section 4.3 below.

The ICARA process operates on a continuous internal review process, which is designed to support the Firm's management body in the decision-making processes and their exercise of oversight and control over the Firm. The ICARA is updated on at least an annual basis and may be updated more frequently if a material change occurs in the risk or business profile of the firm.

4.2 Financial resources and capital adequacy

The FCA expects firms to have adequate financial resources to (i) ensure they are able to incur losses and remain solvent or fail in an orderly way; and (ii) drive the right behaviour.

The Firm considers the following factors in determining the level of financial resources required:

- Enforcement and fines
- Redress to Clients
- Operational risks
- Orderly Wind-down

The Firm has calculated its own funds which consists solely of Common Equity Tier 1 (or CET1) capital. The Firm does not hold Additional Tier 1 (AT1) capital or Tier 2 (T2) capital. The Firm's own funds consist of: (a) Capital instruments that meet the conditions of Articles 28 or 29 of UK CRR, and (b) Retained earnings.

4.3 Own Funds requirement

As a Non-SNI firm, the Firm is required to maintain an amount of own funds that is the higher or the:

- Permanent minimum capital requirement (PMR);
- Fixed overheads requirement (FOR), which is an amount equal to three months of the firm's relevant expenditure; and
- Total K-Factor requirement, which include:
 - **K-AUM**, assets under management; **K-CMH**, client money held; and **K-ASA**, assets safeguarded and administered
 - **K-COH**, client orders handled; and **K-DTF**, daily trading flow
 - **K-NPR**, net position risk; **K-CMG**, clearing member risk; **K-TCD** trading counterparty default risk; and **K-CON**, concentration risk

Given the Firm's activities, the main exposure of the Firm is K-AUM, which is the risk of managing and advising on investments. The remaining K-Factors do not fall within the scope of the Firm's activities and therefore not considered for the purposes of this disclosure.

The Firm's own funds requirements according to MIFIDPRU 4.3 are as follows:

	£ ('000)	
(a) Permanent minimum requirement (PMR)	75	
(b) Fixed Overhead Requirement (FOR)	5,103	
(c) Sum K-factor capital	684	Sum of (c1) and (c2)
(c1) K-AUM	684	Based on the 15 month average AUM as at 30 June 2024.
(c2) K-COH	-	
Own Funds Requirements	5,103	<i>Higher of (a), (b) and (c)</i>

Please refer to the Annexes for the latest information about the Firm's own funds.

4.4 Concentration risk

Concentration risk is that associated with the firm's exposure to sectoral, geographic and entity or obligor concentrations. Concentration risk has been assessed in the ICARA.

4.5 Liquidity

Liquidity risk is the risk of the Firm failing to meet its obligations as they fall due. The Firm's appetite for concentration risk is averse.

The Firm is required to hold an amount of liquid assets equal to one third of their Fixed Overhead Requirement. This is the basic liquid asset requirement ("BLAR") and is made up of approved liquid assets, which include, cash, units or shares in short-term regulated money market funds and short-term deposits at UK credit institutions. As at 31 December 2023, to meet the BLAR the Firm solely holds cash with a UK credit institution.

However, the basic liquid asset threshold requirement ("LATR") may not be sufficient in times of financial stress, so the Firm has also considered the higher requirement needed to meet:

1. The liquid assets needed at any given point in time to fund ongoing operations as well as to mitigate any adverse trends throughout the economic cycle, or
2. The Firm's assessment of liquid assets required in the event of an orderly wind down.

The Firm identifies and measures risk of harms from its ongoing operations over the next 12 months. The Firm considers for each quarter for the next 12 months the liquidity needs for the Firm from its business operations under stressed conditions. The Firm has broadly split risks arising from stressed conditions into two categories. First, events that can impact payments due to the Firm and second where the Firm is required to make payments. As part of this process, the Firm determines the strength of the controls to determine the impact of the risk to the Firm's liquidity. The Firm has considered stressed circumstances that could result in increased outflows and enhance risks of mismatched cash flows. These include:

- Payments to address failure of IT, cyber security attack and fraud;
- Payments the Firm makes associated with cost cuts such as redundancy payments ;
- The Firm has also considered a fall in payments due from the following:
 - Fees from clients/subsidiaries reduced due to adverse economic conditions;
 - Reduction in all new business due to the adverse economic conditions.

The quarter with the highest liquidity requirement is Q3 with a liquidity requirement of £19,000.

Similar to the assessment from ongoing operations, the Firm has assessed the liquidity needs to undertake an orderly wind down. The likely timing of payments as part of a wind-down plan to ensure that when payments become due, the Firm has sufficient liquid assets is set out in the wind-down policy and summarised below. The Firm expects a large proportion of the costs will become payable at the initial point the Firm decides to wind-down. The Firm will assess the breakdown of income during the wind-down as contracts will need to be terminated and the notice period varies. This will determine the level of liquid assets required to undertake an orderly wind down.

The Firm has considered the expected outflows during the wind-down:

- Payments to advisors, lawyers or consultants to assist with the wind-down;
- Redundancy payments, retainer premiums for essential employees; and
- Cancellation penalties with third party providers.

The Firm has only included contractual income for fees during notice periods during the wind-down.

5. Remuneration policies and practices

5.1 Remuneration policy overview

The Firm is required to comply with the MIFIDPRU Remuneration Code under IFPR, which aims to ensure that we have risk-focused remuneration policies that are consistent with and promote sound and effective risk management in the long-term interests of the Firm and our customers and do not expose the Firm or our clients to excessive risk.

The objectives of our financial incentives are to:

- promote sound and effective risk management in the long-term interests of the Firm and our customers;
- limit risk-taking and avoid conflicts of interest;
- ensure alignment between risk and individual reward;
- supporting positive behaviours and healthy firm cultures;
- encourage responsible business conduct;
- discourage behaviour that can lead to misconduct and poor customer outcomes;
- align employee's interests with the firm's long-term strategy and objectives;
- be gender neutral, in line with the Equality Act 2010; and

- promote sustainable and risk aware behaviours by employees as well as embed sustainability considerations into the business model and business operations.

5.2 Governance and decision-making procedures

The Remuneration Committee is responsible for overseeing the performance management process; reviewing and approving the remuneration policy, variable remuneration pool and caps, eligibility of participation in variable remuneration schemes, as well as the approval of variable remuneration awarded to individuals.

The members of the Remuneration Committee include representatives from Savills plc and Samsung Life. Representatives from Savills Investment Management attend by invitation only. One role of the Remuneration Committee is to ensure the extent of the variable remuneration at the Firm cannot affect the Firm's ability to ensure a sound capital base.

Employees are assessed under our performance management process on an ongoing basis with an annual performance assessment outcome being used as a contributing factor in the determination of remuneration.

The remuneration of senior staff in risk management and compliance functions is directly overseen by the Remuneration Committee. Any remuneration to staff with control functions is awarded according to objectives linked to their functions and remains independent from the business units they oversee.

5.3 Key characteristics of remuneration policies and practices

SIM LLP has taken a risk-based approach to remuneration and implemented a remuneration policy as required by SYSC 19G. A summary of SIM LLP's remuneration framework is set out below:

- **Link between pay and performance:** Remuneration is dependent on both the performance of the Firm and the individual. The fixed and variable elements of remuneration have been developed to attract and retain high calibre staff to ensure the firm is in a position to deliver the business plans and maximise return to shareholders. The remuneration policy and incentive structures apply to all code staff, rewarding them only when their goals are achieved.
- **Decision-making process:** Remuneration within the Savills Investment Management Group is governed by the Remuneration Committee which has established, implemented and maintains remuneration policies, procedures and practices that are consistent with the local regulatory requirements and promote sound and effective risk management.
- **The relationship between the Fixed and Variable remuneration:** SIM LLP ensures that the fixed and variable components of the total remuneration are appropriately balanced. As such, the

fixed component represents a sufficiently high proportion of the total remuneration. This approach allows SIM LLP sufficient flexibility on variable remuneration, including the option of not paying variable remuneration should the circumstances decide this is the most suitable approach in any given performance period.

5.4 Fixed remuneration

The fixed component of remuneration reflects the role held, an employees' soft and hard skills at a level that ensures not only managerial continuity but also relative to market rates for equivalent roles. In addition, the relevance of the fixed component within the overall remuneration package is aimed at reducing the risk of speculative behaviours focused on short term results.

The fixed remuneration component is reviewed normally in March annually through a merit-based review process which may result in increases in base salary. Reviews are applied following market benchmarking in a selective and restrained manner in order to recognise individuals who develop their skills, and/or increase their responsibilities and/or demonstrate the ability to replicate important results over time.

5.5 Variable remuneration

The Savills IM Group Remuneration Policy is designed to incentivise and reward performance, and from the perspective of managing enterprise risk, to ensure that the Savills IM Group's cost base is not over-exposed to fixed costs which remain constant regardless of the performance of the Savills IM Group. Reflecting this, a proportion of the Savills IM Group's annual profit is set aside to form a bonus pool out of which variable remuneration awards will be made. Variable remuneration awards are influenced by a number of factors, some of which relate to corporate and some of which relate to individual performance, informed by the outcome of the annual individual appraisal process. In any case, the bonuses are discretionary and depend on the profitability of the Savills IM Group as a whole. Bonuses may be paid in cash, including on a partially deferred basis, and/or in awards over shares of Savills plc, which vest after a further 3-years to ensure ongoing alignment with longer-term performance, the client and shareholders' experience, as agreed by the Remuneration Committee.

The business strategy, objectives and long-term interests of the firm include consideration of: (1) the firm's risk appetite and strategy, including environmental, social and governance risk factors; (2) the firm's culture and values; and (3) the long-term effects of the investment decisions taken.

Financial performance is an important factor in the determination of any variable remuneration. The measurement of financial performance is based on profit before tax and not on revenue. Where remuneration is performance-related, in addition to the performance of the individual, the Companies also take into account the performance of the relevant business area, remuneration benchmarking of

similar investment/asset management firms, in addition to the recent and long-term performance of the business overall.

Individual performance is not only measured in financial terms but in the achievement of a number of specific objectives. Variable remuneration is discretionary and not directly determined solely on financial performance measures, but also includes an assessment of the individual's conduct, values, sustainability risks in the areas of Environmental, Social and Governance and non-financial outcomes achieved. This considered approach to individual performance and remuneration is evidenced by the Group's appraisal process which considers different factors.

The awarded deferred awards are subject to retention periods, structured in a three-year cliff vesting.

The provisions relating to malus and clawback are detailed in Annex 4.

In addition, a Long-Term Incentive Plan (LTIP) scheme is in place for senior/key employees of the business. The purpose of this scheme is to serve as a key retention tool (adjusted on an annual rolling basis) for key senior individuals who are critical to driving the success of the business and in particular the 5-year plan and to ensure alignment of interests with shareholders. These LTIP awards will vest on the 3rd anniversary of grant, subject to the satisfaction of performance conditions over three years relating to the financial performance of SIM. The Committee also specifically approves where relevant, LTIP participation.

Guarantees

SIM LLP does not typically award guaranteed bonuses, except for in exceptional cases, where guaranteed awards may be agreed at the time of recruitment and are limited to the first year of employment. SIM LLP ensures these awards align to the long-term interests of the Group. This is demonstrated through consideration at the Remuneration Committee where it assesses the affordability of such awards. Award maturity typically aligns to the original vesting dates in respect of remuneration forfeited on leaving the individual's previous employer. If the individual tenders their resignation any unvested deferred share awards will be forfeited. Deferred share awards are subject to malus and clawback as outlined in section 5.7 and Annex 4.

Payments related to early termination

Payments related to the early termination of an employment contract reflect the agreed contractual terms. Redundancy and severance payments are paid in line with the global Savills approach. Any proposed severance payment is considered in the context of Savills Investment Management's overall capital base and affordability.

5.6 Material risk takers

Material risk takers are those staff members and members of Senior Management who have a material impact on the Firm's risk profile, and may include:

- Member of the management body;
- Manager or senior member of staff in a control function;
- Manager or senior member of a business unit carrying regulated activities;
- Manager of a support function who can have a material impact on the Firm's risk profile, such as IT;
- Staff with the authority to approve or veto the introduction of new products;
- Staff responsible for managing a material risk or risk management policies;
- Staff awarded in the previous financial year a total remuneration that is equal to or greater than the average total remuneration awarded in that financial year to any of member of staff who meets the material risk taker qualitative criteria.

5.7 Clawback and malus

The Firm has adopted clawback and malus provisions with a view to further align the interest of any relevant Participant with the long-term interests of the Group and ensure that excessive risk taking is not rewarded. Deferred share awards are subject to malus and clawback as outlined in Annex 4.

5.8 Quantitative disclosures

For the financial year ended 31 December 2023, the number of SIM LLP risk takers is 20 and the GBP amount of remuneration awarded is as follows:

	Total	(i) Senior Management	(ii) Other material risk takers	(iii) Other staff
Total remuneration	16,722,155	1,658,333	4,011,667	11,052,155
(a) Fixed remuneration	12,910,148	1,133,333	2,544,167	9,232,648
(b) Variable remuneration	3,812,007	525,000	1,467,500	1,819,507

We are obliged to provide information on severance payments and guaranteed variable remuneration but have relied on the exemption available to us under the FCA Handbook MIFIDPRU 8.6.8R(7) to prevent individual identification of a material risk taker.

- (i) the breakdown of the total amount of guaranteed variable remuneration awards made during the financial year and the number of material risk takers receiving those awards by categories for senior management and other material risk takers; and
- (ii) the breakdown of the total amount of the severance payments awarded during the financial year and the number of material risk takers receiving those payments by categories for senior management and other material risk takers.

Furthermore, we have not included information detailing the highest severance payment awarded to a material risk taker during the relevant period. This information has been omitted for confidentiality and data protection reasons on this specific occasion.

6. Annexes

6.1 Annex 1: Own funds – Composition of regulatory own funds

	Item	Amount (£ '000)	Source based on reference numbers / letters of the balance sheet in the audited financial statements
1	OWN FUNDS	12,577	
2	TIER 1 CAPITAL	12,577	
3	COMMON EQUITY TIER 1 CAPITAL	12,577	
4	Fully paid-up capital instruments	1,861	Note 15
5	Share premium	-	
6	Retained earnings	16,593	
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	5,877	See note below.
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	

21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	TIER 2 CAPITAL	-	
26	Fully paid-up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Note: total deductions from CET1 include intangible assets and CET1 instruments of financial sector entities, under MIFIDPRU 3.3.6.

6.2 Annex 2: Own funds – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of Consolidation	Cross-reference to Annex 1
		Amount as at period end (£ '000)	Amount as at period end (£ '000)	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Intangible assets	1,515		
2	Property, plant and equipment	2,901		
3	Right of use assets	8,331		
4	Investment in subsidiaries	4,387		
5	Trade and other receivables: current	64,252		
6	Derivative financial instruments	42		
7	Cash and cash equivalents	2,947		
	Total Assets	84,376		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade and other payables: current	65,588		
2	Lease liabilities: current	768		
3	Lease liabilities: non-current	7,167		
	Total Liabilities	77,209		
Members' interests				
1	Members' capital classified as equity	1,861		4
2	Members' other interests	8,992		6
	Total Members' interests	10,853		

6.3 Annex 3: Own funds – Main features of own instruments issued by the firm

Members' capital of £1,861,000 relates to members interests held by Savills IM Holdings Limited and is classified as equity as the capital is repayable only at the discretion of the Members' Committee, in accordance with the Partnership Agreement.

6.4 Annex 4: Malus and Clawback

In respect of any Deferred Share Bonus Award made on or after 1st January 2016 the below provisions relating to malus and clawback will apply.

Malus

1. Regardless of any other term of the Plan, the Remuneration Committee of the Company ("the Committee") may decide at any time prior to the date an Award vests or becomes exercisable that such Award shall irrevocably lapse (and no longer be capable of vesting or becoming exercisable, as the case may be) to such extent as and at such time as the Committee determines if, in the reasonable opinion of the Committee, there has been:

- (i) a material misstatement of results;
- (ii) serious misconduct by the relevant Participant;
- (iii) a factual error in the accounts or the vesting/payment calculations relevant to any Award or any other bonus or incentive award held by the Participant;
- (iv) any other exceptional developments which have an actual or potential material adverse effect on the value or reputation of the Group as determined by the Committee;

provided that if, at a time when an Award would otherwise vest or become exercisable, a criminal or regulatory investigation under paragraphs (i) to (iv) above is ongoing or a Participant is suspended the Committee shall have the discretion to delay such vesting or exercise until six months after that investigation or suspension has concluded so the Committee can make an informed decision and adjust an Award as deemed appropriate.

Clawback

2. Regardless of any other term in the Plan and subject to 3 below the Committee may decide that, within two years after the vesting of an Award or within two years of the date on which an Award becomes exercisable, an amount shall be clawed back from a relevant Participant where one or more of the following has occurred:

- (i) a material misstatement of results;
- (ii) serious misconduct by the relevant Participant;
- (iii) a factual error in the accounts or the vesting/payment calculations relevant to any Award or any other bonus or incentive award held by the Participant;

in each case in the reasonable opinion of the Committee.

3. Where a criminal or regulatory investigation is ongoing or a Participant is suspended at the end of the two year period referred to in 2 above the Committee shall have the discretion to extend the deadline for requiring repayment until six months after the investigation or suspension has concluded so that the Committee can make an informed decision under 2 above.

4. The amount which may be clawed back under 2 above shall be determined by the Committee at its discretion but, unless 5 below applies, may not exceed the net (i.e. after-tax and employee social security contributions) value of the either the Shares or cash amount received on or following the vesting or exercise of an Award.

5. Where the Committee is satisfied that the Participant is able to recover income tax or employee social security contributions either in relation to the amount being clawed back or the relevant Award, the amount which may be clawed back may be increased by the amount of income tax and employee social security contributions determined by the Committee to be recoverable.

6. When an amount is to be clawed back from a Participant under 2 above it may be satisfied, at the discretion of the Committee, in any of the following ways:

- (i) by the reduction or cancellation of any subsisting award under any bonus or share incentive arrangement (except where to do so would remove the tax-favourable status of the relevant share plan);
- (ii) the cancellation of any entitlement to Shares; and/or
- (iii) the payment of a cash amount to the Company (or employing company) by the Participant within 30 days of a written demand for payment.

In accordance with the relevant provisions of the Code the Directors may reduce or withdraw an Award made on or after 8th March 2011 (but before 1st January 2016) in exceptional circumstances of misstatement or misconduct and in such event, Awards will lapse in whole or in part as so determined.

For further information, please contact:

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Important notice

This document is provided by Savills Investment Management LLP of 33 Margaret Street, London W1G 0JD, a limited partnership registered in England, number: OC306423, which is also regulated by the Financial Conduct Authority, number 615368.

This document has been prepared in accordance with our regulatory obligations under the Investment Firms Prudential Regime ("IFPR") contained in the MIFIDPRU Sourcebook of the Financial Conduct Authority ("FCA") Handbook.



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