

News Release

Knight Frank reports record profit and turnover for 2015

London, UK - Knight Frank today announces its financial results for the year ended 31 March 2015 reporting a record £162m profit and £443m turnover.

Highlights:

- ◆ Group profit before tax **up 19%** to £162.0m (2014: **£136.6m**)
- ◆ Group turnover **up 13%** to £443.1m (2014: **£392.7m**)
- ◆ Strong balance sheet with net cash balances at £167.8m (2014: **£141.7m**)

Alistair Elliott, group chairman and senior partner, Knight Frank said: "I am pleased to report another strong set of results for our latest financial year. We have achieved a 19% increase in profit, whilst continuing to invest significantly in recruitment and expanding our global platform.

"We continue to grow our network, recruiting the best people in key markets across the world. We believe it is this approach, as well as our unique partnership model that allows us to maintain a strong unified culture, the benefits of which our clients experience across our network.

"Our priority for the year ahead is to continue to develop our key services in the principal cities of the world.

"Our global strategy is working and we are winning more best-in-class instructions especially in capital markets, valuations, residential sales, tenant representation and office leasing. The benefits of a balanced business are, I believe, being delivered.

"At a time when activity in commercial occupier markets is increasing in many cities around the world, we see the return of rental growth drawing more investor interest. For many investors, total returns still represent fair value. As yields harden further, we believe this will culminate in an increasingly active development market with investors focussing on development returns to counterbalance the flatter yield profile.

"Cross-border growth in residential development and investment continues. While some of this activity relates to portfolio and risk diversification, in the main it is a reflection of the closer economic interdependence of our key markets. In particular our growing presence in prime locations across London and our enhanced coverage of New York, Miami, LA and Sydney has helped to cement our offering to clients looking for access to the world's leading employment centres.

"The specialist property sectors (including hotels, student property, healthcare, residential capital markets and automotive) are becoming a more central part of investors' portfolios and solid returns over turbulent periods have increased their appeal. We will continue to invest in these key components of Knight Frank's global offering.

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Our network

"We have seen strong performances across our network.

"In Asia Pacific, where many countries have been affected by China's slowing economic growth and the imposition of property cooling measures, Knight Frank India and Knight Frank Australia have both performed exceptionally and increased their profiles significantly.

"In the Middle East we have opened a new office in the Kingdom of Saudi Arabia to join those in Abu Dhabi and Dubai. Positive results from strategic hires in the region highlight that considered recruitment suits our model and the requirements of our clients.

"Africa continues to offer enormous opportunity. We already have more than 700 people in 24 offices across the continent. 2015 saw particularly strong results in the retail markets in Kenya and Uganda and we are set to expand further in locations where client needs are greatest - as part of this approach we have recently opened a new office in Kigali, Rwanda.

"In Europe, fortunes are varied. This reflects the reality of the multi-speed markets across the Eurozone. Dublin and Madrid have outperformed while the French and German markets remain mixed. With the exception of Russia, the real estate markets in Central and Eastern Europe remain strong.

"In the UK, commercial real estate activity has increased and there is now significant life in the sector. Our 10 commercial offices across the UK have had their best year ever. The residential market is more mixed, with the prime sector still absorbing the changes to stamp duty made last December, especially in central London. That said, the market continues to be underpinned by a combination of under-supply of housing, the improving economy and the low interest rate environment."

Key assignments of global relevance are as follows:

Dubai, Jebel Ali Freezone – Dubai - Valued the World's largest Freezone, Jebel Ali FreeZone, with a valuation totalling US\$4.5bn.

Dublin, Irish Life - Acquired 26,500 sq m retail investment portfolio on behalf of Irish Life for in excess of €150,000,000. The portfolio which produces a rent of €7.4 million includes properties on Grafton Street, Henry Street and Dawson Street with tenants including McDonalds, Waterstones, Clarks and Brown Thomas.

London, Southbank Place – We have been advising on multiple aspects of the strategically important redevelopment of the Shell Centre. The development includes 868 homes, 530,000 sq. ft of office space and 48,000 sq. ft of shops, restaurants and cafés and is expected to be completed by 2019.

Singapore, Straits Trading Building - Sold off market to Sun Venture for US\$332m. This translates to US\$2,086 per sq ft, the highest US\$ per sq ft achieved since 2008.

London, French Embassy - Knight Frank is currently working with the French Government on the acquisition of a new, fit-for-purpose Embassy building and the disposal of their existing facilities located in Kensington and Knightsbridge.

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UK, The Ardent Portfolio - Knight Frank's Student Property team is currently marketing the Ardent Portfolio, on behalf of The International Mutual Fund, which comprises a collection of 25 student accommodation properties located across 12 UK university cities. The portfolio provides accommodation for 5,507 students and is being sold off an asking price of offers in excess of £400m.

Brisbane, Sydney, Australia – Knight Frank sold one of the city's most prominent and high-profile office and retail towers, 215 Adelaide Street, for AUD224 million on behalf of Pramerica Real Estate Investors to Australian investment management company Challenger Life.

UK, Meridian Healthcare - Knight Frank's Healthcare team sold a portfolio consisting of 30 care homes on behalf of Meridian Healthcare Ltd to Formation Capital and HCPI, for in excess of £100 million.

London, 10 Park Drive - Having been involved in the consultancy of the scheme for the past four years, Knight Frank's residential development team, working alongside Canary Wharf Group, launched 10 Park Drive, the first phase of Canary Wharf's new residential offering on its 128 acre private estate. Upon completion, the development will comprise 3,200 new homes, shops, restaurants, parks and a school.

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Notes to Editors

Knight Frank LLP is a leading independent global property consultancy. Headquartered in London, the firm operates from more than 370 offices, in 55 countries, across six continents and has over 12,000 people. This includes Newmark Grubb Knight Frank in the Americas, and Douglas Elliman Fine Homes in the USA. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about our business, please visit knightfrank.com.

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Knight Frank LLP Consolidated Profit and Loss Account

	2015	2014
	Unaudited	
	£M	£M
Turnover	443.1	392.7
Staff costs	(172.9)	(158.8)
Depreciation and amortisation	(4.0)	(3.7)
Other operating income	6.3	4.9
Other operating costs	(115.5)	(103.4)
Operating profit	157.0	131.7
Share of operating profits of associated undertakings	2.3	2.0
Income from fixed asset investments	0.7	0.8
Profit before interest and taxation	160.0	134.5
Interest receivable and similar income	1.9	2.7
Interest payable and similar charges	(0.8)	(0.8)
Other financial income	0.9	0.2
Profit on ordinary activities before taxation	162.0	136.6
Tax on profit on ordinary activities	(2.8)	(2.8)
Profit before members' remuneration and profit share	159.2	133.8

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Knight Frank LLP Consolidated Balance Sheet

	2015	2014
	Unaudited	
	£M	£M
Intangible assets	-	-
Other fixed assets	22.8	21.5
Fixed assets	22.8	21.5
Cash at bank and in hand	168.3	142.4
Other net current assets	51.8	46.8
Net current assets	220.1	189.2
Creditors: amounts falling due after more than one year	(0.8)	(1.0)
Provision for liabilities and charges	(14.8)	(21.8)
Pension liabilities	(16.5)	(13.5)
Net assets	210.8	174.4