

Directors' report

The Directors present their Report and the audited financial statements for the year ended 31 December 2009.

Principal activity

Savills plc is a holding company. The activities of its principal subsidiaries are to provide transactional advice, consultancy and management services in connection with commercial, residential and agricultural property, and property related financial services and fund management.

Operations

The Group operates through a network of offices and associates in the UK, Europe, Asia Pacific and the USA.

Dividend

The profit attributable to shareholders is £8.9m (2008 loss: £11.3m). An interim dividend of 3.0p (net) per share amounting to £3.7m (2008: £7.3m) was paid on 28 October 2009 and a second interim dividend of 6.0p (net) per share amounting to £7.4m will be paid on 1 April 2010 to shareholders on the register at 12 March 2010. No final dividend is recommended.

Principal developments

The development of the business is detailed in the sections entitled Review of operations and Financial review on pages 07 to 17.

The principal risks and uncertainties are detailed on pages 24 and 25.

Directors

Short biographical details of the current Directors are shown on pages 26 and 27. On 13 February 2009, Mark Dearsley resigned as Group Finance Director and on 16 March 2009, Simon Shaw was appointed to the Board as Group Chief Financial Officer. Since the year end, the Board has been restructured to streamline the management of the Group and provide an improved focus for decision making. As a result of this restructuring, three Executive Directors, Rupert Sebag-Montefiore, Simon Hope and Robert McKellar stood down from the Board on 18 January 2010. All three remain members of the Group Executive Board. Following this restructuring, the Board comprises the Non-Executive Chairman, two Executive Directors and four Independent Non-Executive Directors (full details are provided on page 26). At the conclusion of the forthcoming Annual General Meeting, Fields Wicker-Miurin, who joined the Board in 2002, will retire from the Board.

Martin Angle, who retires by rotation in accordance with the Company's Articles of Association at this year's Annual General Meeting, having been in office for three years since he was last elected, will offer himself for re-election. In accordance with the Combined Code, Charles McVeigh, who has been in office for more than nine years, also stands for re-election, and going forward will stand for re-election annually. The Board is satisfied that each Director who is standing for re-election continues to show the necessary commitment and to be an effective member of the Board due to their skills, expertise and business acumen. Notwithstanding his long service, the Board considers that Charles McVeigh continues to be regarded as entirely independent in character and judgement.

Interests in the issued share capital of the Company held at the beginning and end of the year under review by those who were Directors at 31 December 2009 or their families are set out on page 42 of the Remuneration report. Details of share options held by the Directors pursuant to the Company's share option schemes are given in the Remuneration report on pages 42 to 44. It is the Board's policy that the Executive Directors should retain at least 105,000 shares in the Company and the Group Chief Executive retain at least 150,000 shares.

In accordance with DTR4, the Directors' responsibilities statement is set out on page 46 of this Annual Report.

Enhanced Business Review

In accordance with Section 417 Companies Act 2006, the Company is required to set out in this report a fair review of the business of the Group during the year ended 31 December 2009 and of the position of the Group at the end of that financial year, together with a description of the principal risks and uncertainties facing the Group. The information can be found in the following sections of this Annual Report:

Review of operations	page 07
Group strategy	page 08
Key performance indicators	page 08
Financial review	page 16
Corporate responsibilities	page 18
Risks and uncertainties	page 24

Statement of Disclosure to Auditors

In accordance with Section 418, Companies Act 2006 each Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no information, which would be needed by the Company's Auditors in connection with preparing their audit report, of which the auditors are not aware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any such information and to establish that the auditors are aware of it.

Takeover Directive

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

Share capital and major shareholdings

The share capital of the Company is detailed on page 92.

The Company has only one class of share capital formed of ordinary shares. All shares forming part of the ordinary share capital have the same rights and each carries one vote. There are no unusual restrictions on the transfer of ordinary shares.

The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer is: (i) lodged at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the shares to be transferred and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; or (ii) in respect of only one class of shares.

The Directors may also refuse to register a transfer of a share (whether certificated or uncertificated), whether fully paid or not, in favour of not more than four persons jointly. The Board may also close the register of shareholders for up to 30 days effectively suspending the registration of all transfers; however, in respect of uncertificated shares, consent from CREST would be required for such a closure.

As at 17 March 2010, the latest practicable date before the publication of this Annual Report, the Company had been notified of the following interests in the Company's ordinary share capital in accordance with Chapter 5 of the UK Listing Authority's Disclosure and Transparency Rules:

Shareholders	Number of shares	%
Lloyds TSB Group Plc (including 9,303,391 shares held on behalf of The Savills plc 1992 Employee Benefit Trust)	13,503,271	10.24
BlackRock, Inc	7,220,131	5.48
Majedie Asset Management Limited	6,821,482	5.17
Artisan Partners Limited Partnership	6,613,236	5.02
FIL Limited	6,549,524	4.97
Artemis Investment Management Limited	6,472,808	4.91
Ignis Investment Services Limited	5,365,211	4.07
Legal & General Group Plc	5,230,378	3.97

As at 31 December 2009, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 9,314,386 shares. Any voting or other similar decisions relating to these shares are taken by the trustees of the EBT, who may take account of any recommendation of the Company. The EBT waives all but 0.01p per share of its dividend entitlement. For further details of the EBT please refer to Note 2 to the financial statements.

Purchase of own shares

In accordance with the Listing Rules at the AGM on 6 May 2009, shareholders gave authority for a limited purchase of Savills shares for cancellation of up to 10% of the issued share capital. During the year, no shares were purchased for cancellation under the programme.

The Board proposes to seek shareholder approval at the AGM on 5 May 2010 to renew the Company's authority to purchase its own ordinary shares of 2.5p each for cancellation or to be held in treasury. Details of the proposed resolution are outlined in the Notice of Annual General Meeting circulated to shareholders with this Annual Report and Accounts (AGM Circular).

Change of control

There are no significant agreements which take effect, alter or terminate in the event of change of control of the Company except that under its banking arrangements, a change of control may trigger an early repayment requirement and that in relation to the Italian Opportunities Funds No.1 and 2 managed by Cordea Savills LLP, certain investors in these funds may stop further commitments to the funds, in which case any undrawn elements of commitments will be cancelled.

Articles of Association

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

The Company's rules about the appointment and replacement of Directors are contained in the Articles. The powers of the Directors are determined by UK legislation, and the Memorandum and Articles of Association of the Company in force from time to time.

Annual General Meeting

The Notice convening the Annual General Meeting (AGM), to be held at 20 Grosvenor Hill, Berkeley Square, London W1K 3HQ at 12 noon on 5 May 2010, is contained in the AGM Circular circulated to shareholders with this Annual Report and Accounts. In addition to the normal business to be considered at the AGM, a resolution will be proposed to renew the Company's authority to call general meetings (other than the AGM) on 14 days' notice.

Creditors' payment policy

The Group does not follow any specified code or standard on payment practice. However, the Group aims to settle supplier accounts in accordance with the individual terms of business agreed with each supplier. There were 32 days' purchases outstanding at the end of the year for the Company (2008: 26 days).

Charitable donations and political contributions

The amount paid to charitable organisations during the year was £195,042 (revised 2008: £292,902). In addition to the donations above, the Group also operates a 'Give As You Earn' scheme which allows employees to donate a portion of their monthly salary to a registered charity. The Group also operates a bonus waiver scheme whereby employees can elect to waive an element of any annual bonus in favour of registered charities of their choice upon which the Group augments the donation to the chosen charity by 10%. These additional Group contributions totalled £5,081 (2008: £28,281) during the year. There were no political contributions (2008: £nil).

Corporate governance

The Corporate governance report, the remuneration report and the Directors responsibilities are set out on pages 30 to 35 and form part of this report.

Employees

The Directors recognise that the quality, commitment and motivation of Savills staff is a key element in the success of the Group, see pages 18 to 23 for more information.

Employees are able to share in this success through bonus schemes and share plans, see pages 40 and 41 for more information. The Group encourages its employees to develop their skills through training and continued professional development.

It is the policy of the Group to provide employment on an equal basis irrespective of gender, race, age, marital status, sexual orientation, religion or religious belief, nationality, colour or disability.

Insurance cover

The Company purchases insurance to cover its Directors and Officers against their costs in defending themselves in civil legal proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

As permitted by company law, qualifying third party indemnity provisions (as defined by Section 234 of the Companies Act 2006) are in force for the benefit of the Directors (and for former Directors who held office during the 2009 financial year).

Post balance sheet events

On 5 March 2010, Savills Investments Limited (SIL), which holds 60% of the voting rights in Cordea Savills LLP, entered into a conditional agreement to acquire the B Member Interests, which represent 40% of the voting rights in Cordea Savills. The total consideration payable by SIL is up to £15.4m, of which £4.6m will be paid on transaction close with another £4.5m payable in equal instalments on the first and second anniversaries of close, and up to a further £6.3m payable on the second anniversary, subject to Cordea Savills earnings performance over the period from close. The transaction is conditional on shareholder approval, which will be sought at the General Meeting to be held on 24 March 2010.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the forthcoming AGM.

By order of the Board

Chris Lee

Group Company Secretary

17 March 2010

Registered Office:
20 Grosvenor Hill
Berkeley Square
London W1K 3HQ