

SAVILLS PLC
(“Savills” or “the Group”)

PRELIMINARY STATEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Record revenue drives strong earnings recovery

Savills plc, the international real estate advisor, is pleased to announce its audited results for the year ended 31 December 2010.

Financial Highlights

- **Group revenue up 21% (19% in constant currency “cc”) to £677.0m (2009: £560.7m)**
- **Underlying profit before tax up 88% (83% cc) to £47.3m* (2009: £25.2m)**
- **Profit before tax up 173% to £36.8m (2009: £13.5m)**
- **Underlying basic earnings per share up 92% (86% cc) to 27.9p* (2009: 14.5p)**
- **Basic earnings per share up 181% to 20.5p (2009: 7.3p)**
- **Year end net cash £86.9m (2009: £66.3m)**
- **New Distribution policy: Final ordinary and supplemental interim dividends total 10p per share (2009: 6p), making a 44% increase to 13p for the year (2009: 9p)**

** Underlying profit is calculated by adjusting reported pre-tax profit for profit/loss on disposals, share-based payment adjustment and impairment and amortisation of goodwill and intangibles (excluding software).*

Operating Highlights

- **Strong revenue performance driven by recovery of real estate transaction markets**
- **Record performance from Asia Pacific representing 41% of Group revenue**
- **Continued strength in Prime London Residential and Commercial markets**
- **Significantly improved performance from Continental Europe**
- **Cordea Savills improves profitability with AUM increasing 12% (13%cc) to £2.8bn**
- **Continued investment through recruitment and bolt on acquisitions**

Jeremy Helsby, Group Chief Executive of Savills plc, commented:

“I am pleased to report a strong performance by Savills, driven by a resurgence of investment activity in prime global markets, most notably in London and a number of Asian capitals. It was also encouraging to see conditions improve in the US and the key French and German markets, although the trend was not consistent across all of Continental Europe.

In the near term, it is unclear how markets will react to the recent catastrophic events in Japan, particularly at a time of unprecedented global economic and political change. For the markets of Mainland China, Hong Kong and Singapore these events come on top of Government measures of the last twelve months to address property speculation.

The longer term potential of our Asian business remains compelling, but at this stage, we continue to expect a reduced volume of transactions in the region in 2011.

At the same time we anticipate further recovery in the US and parts of Continental Europe, some growth for the prime London Residential and Commercial businesses and continued growth in Fund Management. Although it is impossible to be certain in current circumstances, we anticipate that any slowdown in Asia should be largely offset by improving performances elsewhere.

We are well placed, thanks to our core strengths in both the Commercial and Prime Residential sectors, to meet the developing needs of our worldwide client base.

Our confidence in the longer term potential of our business is reflected in the substantial increase in annual dividend and our new dividend policy announced today.”

For further information, contact:

Savills 020 7409 8844

Jeremy Helsby, Group Chief Executive

Simon Shaw, Group Chief Financial Officer

Tulchan Communications 020 7353 4200

John Sunnucks

Peter Hewer

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

Online interview with Jeremy Helsby, Group CEO & Rob McKellar, CEO Asia Pacific will be available from 12:00 noon today at www.savills.com

Chairman's statement

Having coped with the downturn of 2008/9, 2010 was characterised by the record performance of Savills Transaction Advisory business in Asia Pacific and continued strength in the Prime Residential and Commercial markets of London. The Group's underlying profit before tax for the year increased by 88% to £47.3m (2009: £25.2m), on revenue which improved by 21% to £677.0m (2009: £560.7m). The Group's reported profit before tax increased by 173% to £36.8m (2009: £13.5m).

Overview

The real estate markets in Asia, which had begun to improve substantially in the second half of 2009, culminated in a record performance from our Asia Pacific business in 2010. In addition, the London Prime Residential market remained strong for longer than we anticipated and the London Commercial market continued to attract significant inflows of both domestic and international capital. In Continental Europe our restructuring activities of the last 18 months have begun to deliver benefit, with losses halving year on year in line with our plans. Cordea Savills, the Group's Fund Management business improved its performance in the first year of Savills full ownership with significant success in investing core funds despite competitive markets.

Our non-transactional businesses performed as anticipated against the backdrop of continuing pressure on margins in most markets. We continued to build the Property Management business, with the recruitment of senior managers in the UK and France and significant operational investment under way in Asia Pacific.

The economic impact of the Chinese real estate market has been the subject of much commentary during the year, alongside the progressive control measures imposed since March 2010 by the Chinese Government. It is too early to predict the outcome of such measures but China remains a key focus for Savills current and future growth plans. To this end, in December 2010 we brought our established businesses in Hong Kong and Mainland China under the single leadership of Raymond Lee, who to date has been the Head of our operations in Hong Kong. Given the importance of Greater China to Savills future prospects, Raymond also joined the Group Executive Board with effect from January 2011.

During the year we made a number of acquisitions to accelerate implementation of our strategy or to improve our service offering to clients. These include the acquisition of the minority interest in Cordea Savills, the Group's Fund Management business, in order to aid the development of that business in line with our strategic intent to grow fund management. We also acquired Incoll Group Pty Ltd, an Australian Project Management business, to build on our capabilities in this area. Since the year end we have acquired Thomas Davidson & Partners, a UK Agency focused on the retail sector in London, and Stadsmuren A.B., a property, project and facilities management business in Sweden, which complements our existing investment agency activities in the region.

Distribution of profits

During the year, the Board conducted a review of its approach to dividends in order to establish a distribution policy which might better stand the test of time and cyclical real estate markets. In so doing, we considered the impact of a number of issues such as the degree of "maintainability" of Savills various different profit streams; the Group's overall exposure to cyclical Transaction Advisory profits and the requirement to maintain a certain level of cash resource for working capital and corporate development purposes. Added to this, was our desire to ensure that the total distribution to shareholders could be better geared to Transaction Advisory profits in a way that a progressive dividend policy alone cannot accomplish.

In future the Board intends to recommend a progressive ordinary dividend broadly reflecting the growth in profits derived from our less volatile businesses. The ordinary dividend would normally be paid at the rate of one third as an interim dividend and two thirds as a final dividend. In addition, when profits from the cyclical Transaction Advisory business are strong, the Board will consider and, if appropriate, declare a "supplemental" interim dividend alongside the final ordinary dividend. The value of any such supplemental dividend will not be progressive and will vary depending on the performance of the Group's Transaction Advisory business and the Group's anticipated working capital and corporate development requirements through the cycle. It is intended that, in normal circumstances, the combined value of the ordinary and any supplemental dividend payable in respect of any year is covered at least 1.5 times by statutory retained earnings and/or at least 2.0 times by underlying profits after taxation.

An initial interim dividend of 3p (net) per share amounting to £3.7m (2009: 3p) was paid on 25 October 2010, and an ordinary final dividend of 6p (2009: 6p) is recommended for the year. In addition, a supplemental interim dividend of 4p (2009: nil) is declared. Taken together, the ordinary and supplemental dividends comprise an aggregate distribution for the year of 13p per share representing an increase of 44% on 2009's uncovered aggregate dividend of 9p. The final ordinary dividend of 6p per ordinary share will, subject to shareholders' approval at the Group's Annual General Meeting on 4 May 2011, be paid alongside the supplemental interim dividend of 4p per share on 16 May 2011 to shareholders on the register at 8 April 2011.

Board and Management

During the course of the year, we have made a number of changes to our internal governance structure to help us better deliver our strategy.

In January 2010, we announced the restructuring of the Board of Savills plc, which now comprises the Non-executive Directors, the CEO, CFO and myself as Chairman. The plc Board remains responsible for the strategy of the Group and, while continuing to hold management responsible for the delivery of our plans and operational performance, has reshaped its agenda to focus on the achievement of our strategic priorities.

The Group Executive Board (GEB), under the Chairmanship of Jeremy Helsby, the Group CEO, comprises the Heads of our principal businesses who report directly to him, the Chief Executive of our business in Greater China, the Group CFO and the Group Legal Director & Company Secretary. The remit of the GEB is to assist the Board of Savills plc to define the Group Strategy, deliver the strategic priorities and be accountable for operational performance.

The Heads of the principal businesses continue to meet with the plc Board on a rotational basis to discuss the strategic development of their businesses.

People

On behalf of the Board, I wish to express my thanks to all our people worldwide for their hard work and continued focus on client service enabling the Group to deliver a strong set of results in recovering markets. Overall, staff costs in the year, including the cost of awards under our deferred share schemes, remained within the range that we expect for these costs over the cycle, of 60% to 65% of revenue.

Outlook

In the near term, it is unclear how markets will react to the recent catastrophic events in Japan, particularly at a time of unprecedented global economic and political change. For the markets of Mainland China, Hong Kong and Singapore these events come on top of Government measures of the last twelve months to address property speculation. The longer term potential of our Asian business remains compelling, but at this stage we continue to expect a reduced volume of transactions in the region in 2011.

At the same time we anticipate further recovery in the US and parts of Continental Europe, some growth for the prime London Residential and Commercial businesses and continued growth in Fund Management. Although it is impossible to be certain in current circumstances, we anticipate that any slowdown in Asia should be largely offset by improving performances elsewhere.

Peter Smith, Chairman

Review of operations

In 2010, Savills benefited from the strength of the recovery in many of the world's real estate markets to register record revenue of £677.0m (2009: £560.7m), 21% ahead of the previous year. Our Asia Pacific business delivered an outstanding performance and elsewhere the London prime residential and commercial markets remained strong for most of the year. The US and Continental European businesses performed as planned, with the latter halving its losses year on year in line with our expectations. The combination of these performances enabled us to increase our underlying profit before tax ("underlying profit") by 88% to £47.3m (2009: £25.2m). On a statutory basis, profit before tax increased 173% to £36.8m (2009: £13.5m).

Savills geographic and business diversity were key to achieving this strong result. Building on the performance of the previous year over 41% of Group revenue (2009: 37%) derived from the dynamic markets of the Asia Pacific region. For the first time in our history, the UK market represented less than half of Savills Group revenues at 49% (2009: 51%). Globally, our residential estate agency business represented 15.3% of revenue (2009: 14.7%).

Our revenue was significantly enhanced by the strength of our Prime Commercial and Residential Transaction Advisory businesses which, taken together, represented just under 40% of Group revenues (2009: 35%). Property and Facilities Management represented 36% of revenues (2009: 38%) and Consultancy 20% (2009: 21%).

This result reflects Savills strategy of having the financial strength to retain the majority of our capability in both the Prime Residential and Commercial Transaction Advisory markets through the downturn, in order to capitalise on the eventual recovery. Allied to this we continue to focus on and build our more stable business streams such as consultancy, property and facilities management and fund management.

Segmental reviews

Transaction Advisory	2010	2009	
Revenue £m	270.7	197.5	+37%
Underlying profit before tax £m	30.8	6.3	+389%

Savills Transaction Advisory businesses continued to recover well during 2010. The lack of debt availability remained an issue in many markets, but the Group was well placed to benefit from the strengthening liquidity of the Residential and Commercial markets in London and certain Asian cities.

UK Residential

The prime residential market, where Savills is a market leader, performed strongly throughout the year. The Residential Transaction Advisory business increased revenue by 22% to £86.8m (2009: £71.3m) primarily as a result of a strong performance from the London and Home Counties markets. The level of activity in London continued to be significantly influenced by overseas buyers, for whom London's market transparency, liquidity and political stability represent an attractive investment destination. In the broader prime market the availability of mortgage finance remained a significant obstacle for buyers and transaction volumes reflected this. With the values of the best prime central London properties having regained peak levels, as anticipated after strong gains since Q1 2009, there was a somewhat slower market in the second half of 2010. The prime London postcodes continue to be in demand and we expect that much of the broader prime UK market will remain somewhat slow through the first half of 2011, but should regain momentum thereafter. Although it is too early to forecast their impact with certainty, the current pace of global political and economic change represents both opportunity and risk to this view.

Our New Homes business had a superb year with revenues more than doubling on 2009 as landmark Central London developments such as One Hyde Park and the Lancasters came to market.

The Residential Transaction Advisory business recorded a 13% increase in underlying profit to £13.3m (2009: £11.8m).

UK Commercial

Revenue from UK Commercial transactions increased by approximately 35% to £48.2m (2009: £35.7m). Trading conditions continued to improve for much of the year. During the first phase of the recovery the UK market was heavily polarised with London performing well and attracting significant demand from both domestic and overseas equity. By contrast, outside London, investment demand was more muted reflecting concerns over the economic fundamentals of the occupier market and continued lack of debt availability. During 2010, the relative lack of supply of prime London assets catalysed renewed interest in high end regional retail assets. At the lower lot sizes, largely equity backed investors also focused on well let regional office, hotel and smaller retail assets.

During the year we were instructed on a number of portfolio transactions coming to market, reflecting a greater general willingness from the banks and other owners to release assets into a strengthening market.

The regional Occupational business in the UK improved over the year as a whole as rents halted their declining trend of the past two years. The London City and West End offices market continued to improve with significant take up during the year. Rental values, particularly in London continued to strengthen and the relative lack of developed supply led to a number of mothballed developments being recommenced.

Overall, buoyed by a strong Central London market, the UK Commercial Transaction Advisory business increased its underlying profit substantially to £7.7m (2009: £1.2m).

Asia Pacific Commercial

The Asia Pacific Transaction Advisory business increased revenue by 76% to £85.5m (2009: £48.7m) in a record year for Savills in the region. On a constant currency basis this represented growth of 68% year on year. The Hong Kong market continued to perform very strongly throughout the year despite the progressive implementation of Government measures to dampen short term speculation. Savills continued to strengthen its leadership position in this market, increasing Transaction Advisory revenues substantially. The high volume of assets changing hands in the period, and the compression in capitalisation rates over the last 18 months, indicates that transaction volumes

are likely to be at reduced levels in 2011. However at the start of 2011 demand has remained relatively high, but supply has become somewhat tighter as investors in the region increasingly adopt a “core” strategy of buy and hold in respect of prime assets.

Our businesses in Singapore, Vietnam, Korea and Taiwan all performed strongly showing revenue growth of between 35% and 48%. Overall, the Asia Pacific Transaction Advisory business recorded a 191% improvement in underlying profit to £13.4m (2009: £4.6m). The increase in underlying profit in constant currency was 178%.

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 included within the Commercial Transaction Advisory business. The majority (by revenue) of business is conducted in China (including Hong Kong), Singapore, Vietnam and Australia. Overall the Asia Pacific residential business grew revenues by 51% to £16.9m (2009: £11.2m), and underlying profit to £4.3m (2009: £2.2m).

Continental European Commercial

The Continental European commercial business increased revenue by approximately 7% to £30.2m (2009: £28.3m). In constant currency the underlying increase was 10%. This was an improved performance against a backdrop of continuing uncertainty in many countries. Transaction Advisory revenues increased in the principal markets of Germany and France where we boosted our leasing capability through recruitment. However we also enjoyed growth in other markets including Spain, Italy and Sweden as a result of some significant transactions.

The growth in revenues, together with the beneficial effects of the last two year’s restructuring programme, combined to reduce substantially our losses in the Continental European Transaction Advisory business to £4.3m (2009: £9.6m loss).

US Commercial

The revenue of our New York based Investment Advisory business increased by 35% (constant currency: 35%) to £3.1m (2009: £2.3m). US transaction markets began to recover, particularly during the second half of 2010, and the pipeline of investment advisory mandates in place for 2011 is considerably improved over the previous year. The underlying loss for 2010 was £3.6m (2009: loss £3.9m), reflecting the impact of increased revenue offset by continued recruitment during the period.

Consultancy	2010	2009	
Revenue £m	134.2	119.4	+12%
Underlying profit before tax £m	10.6	10.9	-3%

Our Consultancy businesses continued to face many challenges related to the planning/development cycle, the rising costs of professional indemnity insurance including the investigation of claims, and market pressure on fees. These factors together with the breadth of our services in many markets ensured that overall consultancy profitability declined somewhat despite the higher level of revenue.

UK Consultancy

Total revenue from UK consultancy services increased by 11% to £97.5m (2009: £88.1m). Our Valuations team grew its revenue although it continued to suffer from fee pressure. Our Housing Investment Consultancy and Building Consultancy teams continued to grow well. Our Planning Consultancy team continued to suffer from challenging conditions at this stage in the cycle with revenue 14% down on the previous year. However, the upturn in developer interest during the period should lead to improvements in 2011. The UK Consultancy business underlying profit in 2010 was £9.1m (2009: £9.2m).

Asia Pacific Consultancy

The Asia Pacific Consultancy business grew revenue by 17% to £26.3m (2009: £22.5m). This growth was primarily associated with Australia, Singapore, Vietnam and increases in valuation business outside Mainland China. In China the cost base of our Valuation business increased as we set up the Beijing office and revenue remained consistent with the previous year in a weakened IPO market.

The effect of the above was to reduce underlying profit by 20% to £1.6m (2009: £2.0m).

Continental European Consultancy

Our Continental European Consultancy business principally comprises valuation services and accordingly faced similar challenges to its UK counterpart. Revenue improved 18% to £10.4m (2009: £8.8m), however the spread of operations amongst the differing Continental European markets meant that profits in the more active markets such as Germany, were outweighed by losses in the less active markets where we continue to maintain the strength of our valuation presence. Overall this resulted in a loss of £0.1m (2009: loss £0.3m).

Property and Facilities Management	2010	2009	
Revenue £m	243.7	215.2	+13%
Underlying profit before tax £m	14.4	12.6	+14%

Our Property Management businesses continued to perform strongly, growing revenue by 13% to £243.7m (2009: £215.2) in a competitive market worldwide. This business represented 36% of our worldwide revenues (2009: 38%) and continued to provide us with a strong revenue stream with relatively low volatility.

UK Property Management

Overall our UK Property Management teams, comprising Commercial, Residential and Rural, grew revenue by 12% to £72.4m (2009: £64.6m). The core UK commercial property management business made a number of expansionary moves during the year. Some 26 individuals including 5 directors were recruited, significantly improving our position in both retail and business space property management; this is expected to improve revenue in 2011. In addition, we made material investments in our IT systems. The UK Commercial business grew its area under management by 5% to approximately 78m sq ft (2009: 74m sq ft). Our Residential and Rural Estate Management business marginally increased revenues year on year. Overall the short term effect of investment and recruitment in the UK business reduced underlying profit by 18% to £5.8m (2009: £7.1m).

Asia Pacific Property Management

Overall the business grew revenue by 18% to £151.0m (2009: £127.6m) which represented a 13% increase on a constant currency basis. 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 is approximately 977m sq ft (2009: 775m sq ft). Incoll Group Pty Ltd, the Australian project management business we acquired in March 2010 contributed approximately £12m in revenue during the nine months since it was acquired and our Property Management operations in China Hong Kong, Thailand, Japan and Vietnam all grew their businesses during the year. Underlying profit grew by 27% to £10.4m (2009: £8.2m)

Continental European Property Management

In Continental Europe revenue declined by 12% to £20.3m (2009: £23.0m) which represented an 8% decrease in constant currency. Unprofitable business was not renewed and we made some strategic recruitment, most notably in France. The combination of these factors reduced the underlying loss for the year to £1.8m (2009: loss £2.7m). By the year end the total area under management had increased to 49m sq ft (2009: 47m sq ft).

Financial Services	2010	2009	
Revenue £m	9.4	11.2	-16%
Underlying loss before tax £m	(1.9)	(2.9)	+34%

Overall revenue from the Financial Services business declined by 16% to £9.4m (2009: £11.2m) primarily reflecting the continuation of a suppressed UK mortgage market. In addition Savills Capital Advisors, a commercial advisory business, was restructured during the period to focus on debt advisory work as part of the UK Commercial team. The combination of reduced revenue, and the net benefit of restructuring over the previous period, reduced the overall losses of the business to £1.9m (2009: loss £2.9m).

Fund Management	2010	2009	
Revenue £m	19.0	17.4	+9%
Underlying profit before tax £m	3.4	2.9	+17%

Cordea Savills revenue increased by 9% to £19.0m (2009: £17.4m) primarily as a result of increased fee income from transactions reflecting the previous year's significant inflows of capital. The future ownership of the business was successfully resolved in March 2010 through Savills acquisition of Cordea Savills management's 40% interest.

During the year, Cordea Savills successfully invested approximately € 500m in real estate assets across a number of pooled funds and segregated mandates. Investment inflows continued well, particularly into the flagship funds (the UK Charities Property Fund and the Euro Commercial Fund for German investors). Indeed the Charities Property Fund marked its tenth anniversary with a latest annual return of 19.1% compared with its IPD bench mark of 18.9% and finished the year with a fund value of just under £400m and a running distribution yield to investors of 7.0%.

Funds under management grew 12% organically to £2.8bn from £2.5bn (13% on constant currency) and underlying profit increased by 17% to £3.4m (2009: £2.9m).

Financial Review

Underlying profit margin

Underlying profit margin increased to 7.0% (2009: 4.5%) reflecting principally the effect of increased Transaction Advisory profits and a reduction in losses from our Continental European business offset in part by continued fee pressure in the Consultancy business and Property Management,.

Net interest

Net finance cost in the year was £1.0m (2009: £nil). During a period of historically low interest rates and expanded credit spreads this primarily reflects the significant differential between interest received on surplus cash deposits and interest paid on borrowings.

Taxation

The tax charge for the year increased to £11.7m (2009: £4.3m), largely reflecting the increase in profits. The effective tax rate was 31.8% (2009: 31.9%). This is higher than the standard UK rate of corporation tax primarily as a result of the effect of non-deductible expenses and impairment charges. The underlying effective tax rate was 27.7% (2009: 28.6%).

Earnings per share

Basic earnings per share were 20.5p (2009: 7.3p). Adjusting on a consistent basis for profit/loss on disposals, share-based payments and amortisation of intangible assets, underlying basic earnings per share increased 92% to 27.9p (2009: 14.5p).

Fully diluted earnings per share were 19.8p (2009: 6.9p). The underlying fully diluted earnings per share increased 96% to 27.0p (2009: 13.8p).

Cash resources, borrowings and liquidity

Year end gross cash and cash equivalents increased 19% to £97.2m (2009: £81.6m) reflecting improved profits and an increase in capital expenditure during the period.

Gross borrowings at year end reduced to £10.3m (2009: £15.3m). These included £9.0m in respect of the US Dollar term loan, taken out to finance the acquisition of Savills US in 2007, £0.7m in overdrafts and £0.4m in loan notes in respect of previous acquisitions.

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 investment requirements where to remit it, would necessitate the Group suffering withholding taxes.

The Group's cash flow profile is weighted towards the second half of the year. This is a consequence of the seasonality of trading and the major cash outflows associated with dividends, profit-related bonus payments and

related payroll taxes in the first half. The Group cash inflow for the year from operating activities was £68.4m (2009: £39.7m), primarily as a result of improved trading in the Transaction Advisory business.

As much of the Group's revenue is transactional in nature and it is a people business, 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 business development opportunities as they arise. After the year end, the Group's £50m revolving credit facility, which was set to expire this year, was renewed for a further 3 years to 31 March 2014. At the year end the Group had undrawn facilities, including overdrafts, of £65.6m.

Net assets

Net assets as at 31 December 2010 were £209.1m (2009: £197.7m). Goodwill and intangible assets remained in line with the previous year save for the acquisition of Incoll Group Pty Ltd, the Australian Project Management business which increased goodwill by £7.6m less a £4.4m provision for impairment of the value of goodwill and intangible assets relating to the Group's investment in Theodore Schone GmbH, a residential property management business in Hamburg. The goodwill arising on the acquisition of the 40% minority interest in Cordea Savills, a business already controlled by the Group, was taken to reserves.

Non-controlling interests

Non-controlling interests represented a loss of £1.3m (2009: profit £0.6m) reflecting losses in Europe and the US which were no longer offset by the positive impact of the 40% interest in Cordea Savills LLP following its acquisition by the Group in March 2010.

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 2010 was a £11.1m increase in revenue and a £1.1m increase in underlying profit.

SAVILLS plc
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Revenue	2	677.0	560.7
Less:			
Employee benefits expense		(437.6)	(357.2)
Depreciation		(6.6)	(7.0)
Amortisation and impairment of goodwill and intangible assets		(8.1)	(7.9)
Other operating expenses		(188.3)	(177.9)
Other operating income		0.3	0.2
Loss on disposal of subsidiary, associate and available-for-sale investments		(0.1)	-
Operating profit		36.6	10.9
Finance income		1.2	2.3
Finance costs		(2.2)	(2.3)
		(1.0)	-
Share of post-tax profit from associates and joint ventures		1.2	2.6
Profit before income tax		36.8	13.5
Income tax expense	3	(11.7)	(4.3)
Profit for the year		25.1	9.2
Attributable to:			
Owners of the Company		25.0	8.9
Non-controlling interests		0.1	0.3
		25.1	9.2
Earnings per share			
Basic earnings per share	6(a)	20.5p	7.3p
Diluted earnings per share	6(a)	19.8p	6.9p

Underlying earnings per share

Basic earnings per share	6(b)	27.9p	14.5p
Diluted earnings per share	6(b)	27.0p	13.8p

SAVILLS plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	2010	2009
	£m	£m
Profit for the year	25.1	9.2
Other comprehensive income:		
Fair value loss on available-for-sale investments	(0.3)	(0.8)
Actuarial gain/(loss) on defined benefit pension scheme	10.5	(12.8)
Tax on items relating to components of other comprehensive income	(2.1)	5.2
Currency translation differences	4.8	(9.8)
Other comprehensive income/(loss) for the year, net of tax	12.9	(18.2)
Total comprehensive income/(loss) for the year	38.0	(9.0)
Total comprehensive income/(loss) attributable to:		
Owners of the company	37.8	(9.1)
Non-controlling interests	0.2	0.1
	38.0	(9.0)

SAVILLS plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2010

	2010	2009
Notes	£m	£m
Assets: Non-current assets		
Property, plant and equipment	17.7	18.3
Goodwill	134.3	128.3
Intangible assets	19.6	20.6

Investments in associates and joint ventures		11.6	12.6
Deferred income tax assets		25.5	27.4
Available-for-sale investments		14.2	14.0
		222.9	221.2
Assets: Current assets			
Work in progress		3.6	2.9
Trade and other receivables		179.2	143.5
Current income tax receivable		2.4	1.9
Derivative financial instruments		-	0.1
Cash and cash equivalents		97.2	81.6
		282.4	230.0
Liabilities: Current liabilities			
Borrowings	9	6.3	6.3
Derivative financial instruments		0.1	-
Trade and other payables		209.9	165.0
Current income tax liabilities		6.6	2.5
Employee benefit obligations		4.7	3.1
Provisions for other liabilities and charges		7.8	5.2
		235.4	182.1
Net current assets		47.0	47.9
Total assets less current liabilities		269.9	269.1
Liabilities: Non-current liabilities			
Borrowings	9	4.0	9.0
Derivative financial instruments		0.4	0.7
Trade and other payables		16.8	11.1
Retirement and employee benefit obligations		29.0	42.6
Provisions for other liabilities and charges		7.8	4.4
Deferred income tax liabilities		2.8	3.6
		60.8	71.4
Net assets		209.1	197.7
Equity: Capital and reserves attributable to owners of the Company			
Share capital		3.3	3.3
Share premium		84.0	83.0
Other reserves		24.2	19.6
Retained earnings		98.9	91.2
		210.4	197.1
Non-controlling interests		(1.3)	0.6
Total equity		209.1	197.7

SAVILLS plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Attributable to owners of the Group						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total			
	£m	£m	£m	£m	£m	£m		
Balance at 1 January 2010	3.3	83.0	19.6	91.2	197.1	0.6	197.7	
Profit for the year	-	-	-	25.0	25.0	0.1	25.1	
Other comprehensive income/(loss):								
Fair value loss on available-for-sale investments	-	-	(0.3)	-	(0.3)	-	(0.3)	
Actuarial gain on defined benefit pension scheme	-	-	-	10.5	10.5	-	10.5	
Tax on items directly taken to reserves	-	-	0.2	(2.3)	(2.1)	-	(2.1)	
Currency translation differences	-	-	4.7	-	4.7	0.1	4.8	
Total comprehensive income for the year	-	-	4.6	33.2	37.8	0.2	38.0	
Transactions with owners:								
Employee share option scheme:								
- Value of services provided	-	-	-	11.3	11.3	-	11.3	
Purchase of treasury shares	-	-	-	(11.2)	(11.2)	-	(11.2)	
Issue of share capital	-	1.0	-	-	1.0	-	1.0	
Dividends	-	-	-	(11.0)	(11.0)	(1.1)	(12.1)	
Transactions with non-controlling interests	-	-	-	(14.6)	(14.6)	(1.0)	(15.6)	
Balance at 31 December 2010	3.3	84.0	24.2	98.9	210.4	(1.3)	209.1	

	Attributable to owners of the Group						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total			
	£m	£m	£m	£m	£m	£m		
Balance at 1 January 2009	3.3	83.0	29.5	92.8	208.6	2.4	211.0	
Profit for the year	-	-	-	8.9	8.9	0.3	9.2	
Other comprehensive								

income/(loss):							
Fair value loss on available-for-sale investments	-	-	(0.8)	-	(0.8)	-	(0.8)
Actuarial loss on defined benefit pension scheme	-	-	-	(12.8)	(12.8)	-	(12.8)
Tax on items directly taken to reserves	-	-	0.5	4.7	5.2	-	5.2
Currency translation differences	-	-	(9.6)	-	(9.6)	(0.2)	(9.8)
Total comprehensive income/(loss) for the year	-	-	(9.9)	0.8	(9.1)	0.1	(9.0)
Transactions with owners:							
Employee share option scheme:							
- Value of services provided	-	-	-	9.8	9.8	-	9.8
Purchase of treasury shares	-	-	-	(4.7)	(4.7)	-	(4.7)
Disposals (net of tax)	-	-	-	(0.1)	(0.1)	-	(0.1)
Dividends	-	-	-	(7.4)	(7.4)	(1.1)	(8.5)
Transactions with non-controlling interests	-	-	-	-	-	(0.8)	(0.8)
Balance at 31 December 2009	3.3	83.0	19.6	91.2	197.1	0.6	197.7

SAVILLS plc
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Cash flows from operating activities			
Cash generated from operations	7	78.2	46.2
Interest received		0.7	2.5
Interest paid		(1.3)	(2.2)
Income tax paid		(9.2)	(6.8)
Net cash generated from operating activities		68.4	39.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0.3	0.5
Proceeds from sale of associates and available-for-sale investments		-	9.2
Dividends received from joint ventures and associates		3.0	1.2
Repayment of loans by associates and joint ventures		0.5	0.7

Loans to associates and joint ventures		(0.3)	(0.6)
Acquisition of subsidiaries, net of cash acquired	8	(8.3)	(7.2)
Deferred consideration paid in relation to prior year acquisitions		(4.0)	(0.8)
Purchase of property, plant and equipment		(5.5)	(3.2)
Purchase of intangible assets		(1.7)	(1.4)
Purchase of investment in associates, joint ventures and available-for-sale investments		(1.2)	(1.0)
Net cash used in investing activities		(17.2)	(2.6)
Cash flows from financing activities			
Proceeds from issue of share capital		1.0	-
Proceeds from borrowings		26.0	20.0
Purchase of own shares for Employee Benefit Trust		(11.2)	(4.7)
Purchase of non-controlling interests		(8.9)	-
Repayments of borrowings		(32.1)	(31.4)
Dividends paid		(12.1)	(8.5)
Net cash used in financing activities		(37.3)	(24.6)
Net increase in cash, cash equivalents and bank overdrafts		13.9	12.5
Cash, cash equivalents and bank overdrafts at beginning of year		80.9	75.3
Effect of exchange rate fluctuations on cash held		1.7	(6.9)
Cash, cash equivalents and bank overdrafts at end of year		96.5	80.9

NOTES

1. Basis of preparation

The results for the year ended 31 December 2010 have been extracted from the audited financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards 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 2010, 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 generally accepted accounting principles 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

	Trans- action Advisory	Consult- ancy	Property & Facilities Manage- ment	Fund Manage- ment	Financial Services	Other	Total
2010	£m	£m	£m	£m	£m	£m	£m
Revenue							
United Kingdom							
- Commercial	48.2	73.2	56.2	19.0	0.7	-	197.3
- Residential	86.8	24.3	16.2	-	8.7	-	136.0
Total United Kingdom	135.0	97.5	72.4	19.0	9.4	-	333.3
Continental Europe	30.2	10.4	20.3	-	-	-	60.9
Asia Pacific							
- Commercial	85.5	26.3	151.0	-	-	-	262.8
- Residential	16.9	-	-	-	-	-	16.9
Total Asia Pacific	102.4	26.3	151.0	-	-	-	279.7
America	3.1	-	-	-	-	-	3.1
Total revenue	270.7	134.2	243.7	19.0	9.4	-	677.0
Underlying profit/(loss) before tax							
United Kingdom							
- Commercial	7.7	6.4	3.9	3.4	(1.1)	(8.0)	12.3
- Residential	13.3	2.7	1.9	-	(0.8)	(2.0)	15.1
Total United Kingdom	21.0	9.1	5.8	3.4	(1.9)	(10.0)	27.4
Continental Europe	(4.3)	(0.1)	(1.8)	-	-	-	(6.2)
Asia Pacific							
- Commercial	13.4	1.6	10.4	-	-	-	25.4

- Residential	4.3	-	-	-	-	-	4.3
Total Asia Pacific	17.7	1.6	10.4	-	-	-	29.7
America	(3.6)	-	-	-	-	-	(3.6)
Underlying profit/(loss) before tax	30.8	10.6	14.4	3.4	(1.9)	(10.0)	47.3

	Trans- action Advisory	Consult- ancy	Property & Facilities Manage- ment	Fund Manage- ment	Financial Services	Other	Total
2009	£m	£m	£m	£m	£m	£m	£m
Revenue							
United Kingdom							
- Commercial	35.7	65.3	50.1	17.4	1.7	-	170.2
- Residential	71.3	22.8	14.5	-	9.5	-	118.1
Total United Kingdom	107.0	88.1	64.6	17.4	11.2	-	288.3
Continental Europe	28.3	8.8	23.0	-	-	-	60.1
Asia Pacific							
- Commercial	48.7	22.5	127.6	-	-	-	198.8
- Residential	11.2	-	-	-	-	-	11.2
Total Asia Pacific	59.9	22.5	127.6	-	-	-	210.0
America	2.3	-	-	-	-	-	2.3
Total revenue	197.5	119.4	215.2	17.4	11.2	-	560.7
Underlying profit/(loss) before tax							
United Kingdom							
- Commercial	1.2	6.9	5.1	2.9	(0.9)	(4.6)	10.6
- Residential	11.8	2.3	2.0	-	(2.0)	-	14.1
Total United Kingdom	13.0	9.2	7.1	2.9	(2.9)	(4.6)	24.7
Continental Europe	(9.6)	(0.3)	(2.7)	-	-	-	(12.6)
Asia Pacific							
- Commercial	4.6	2.0	8.2	-	-	-	14.8
- Residential	2.2	-	-	-	-	-	2.2
Total Asia Pacific	6.8	2.0	8.2	-	-	-	17.0
America	(3.9)	-	-	-	-	-	(3.9)
Underlying profit/(loss) before tax	6.3	10.9	12.6	2.9	(2.9)	(4.6)	25.2

The other segment includes costs and other expenses at both 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.

	2010	2009
	£m	£m
United Kingdom		
- Current tax	10.0	4.7
- Deferred tax	(4.3)	(3.1)
Foreign tax		
- Current tax	6.3	3.5
- Deferred tax	(0.3)	(0.8)
	11.7	4.3

4. Dividends

	2010	2009
	£m	£m
Amounts recognised as distribution to owners in the year:		
Second interim dividend for 2009 of 6p per share	7.3	-
Interim dividend of 3p per share (2009 - 3p)	3.7	3.7
Ordinary final dividend for 2008 of 3p per share	-	3.7
	11.0	7.4

The Board recommends a final dividend of 6p (net) per ordinary share (amounting to £7.4m) is paid, alongside the supplemental interim dividend of 4p per ordinary share (amounting to £4.9m), to be paid on 16 May 2011 to shareholders on the register at 8 April 2011. These financial statements do not reflect this dividend payable.

5. Underlying profit before tax

	2010	2009
	£m	£m
Reported profit before income tax	36.8	13.5
Adjustments:		
Amortisation of intangibles (excluding software)	2.7	2.7
Impairment of goodwill and intangible assets	4.4	4.3
Share-based payment adjustment	3.3	4.7
Loss on disposal of subsidiary, associate and available-for-sale investments	0.1	-
Underlying profit before tax	47.3	25.2

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

The adjustment for share-based payment relates to the impact of the accounting standard for share-based compensation. The annual profit share 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

	2010	2010	2010	2009	2009	2009
	Earnings	Shares	EPS	Earnings	Shares	EPS
	£m	million	pence	£m	million	pence
Basic earnings per share	25.0	122.2	20.5	8.9	122.7	7.3
Effect of additional shares issuable under option	-	4.2	(0.7)	-	5.8	(0.4)
Diluted earnings per share	25.0	126.4	19.8	8.9	128.5	6.9

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

	2010	2010	2010	2009	2009	2009
	Earnings	Shares	EPS	Earnings	Shares	EPS
	£m	million	pence	£m	million	pence
Basic earnings per share	25.0	122.2	20.5	8.9	122.7	7.3
Amortisation of intangibles (excluding software) after tax	2.1	-	1.7	2.2	-	1.8
Impairment of goodwill and intangibles after tax	4.4	-	3.6	4.3	-	3.5
Share-based payment adjustment after tax	2.5	-	2.1	3.4	-	2.8
Loss/(profit) on disposal of subsidiary, associate and available-for-sale investments	0.1	-	-	(1.1)	-	(0.9)
Underlying basic earnings per share	34.1	122.2	27.9	17.7	122.7	14.5
Effect of additional shares issuable under option	-	4.2	(0.9)	-	5.8	(0.7)
Underlying diluted earnings per share	34.1	126.4	27.0	17.7	128.5	13.8

7. Cash generated from operations

	2010	2009
	£m	£m
Profit for the year	25.1	9.2
Adjustments for:		
Income tax (Note 3)	11.7	4.3
Depreciation	6.6	7.0
Amortisation of intangibles and impairment of goodwill and intangible assets	8.1	7.9
Loss on sale of property, plant and equipment	-	0.2
Loss on disposal of subsidiary, associate and available-for-sale	0.1	-

investments		
Net finance expense	1.0	-
Share of post-tax profit from associates and joint ventures	(1.2)	(2.6)
Decrease in employee and retirement obligations	(3.6)	(4.6)
Exchange movement on operating activities	0.2	2.7
Increase in provisions	5.8	1.2
Charge for defined benefit pension scheme	0.9	4.1
Impairment of available-for-sale investments included within operating income	0.3	-
Charge for share based compensation	11.2	9.8
Operating cash flows before movements in working capital	66.2	39.2
Increase in work in progress	(0.7)	(0.1)
(Increase)/decrease in trade and other receivables	(29.4)	1.0
Increase in trade and other payables	42.1	6.1
Cash generated from operations	78.2	46.2

8. Acquisitions

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

On 29 March 2010, the Group acquired 100% of the voting share capital in Incoll Group Pty Ltd., an Australian Project Management business. Cash consideration of £9.0m was paid. Goodwill on acquisition of £7.6m has been determined, and is attributable to Incoll's strong position in the market. None of the goodwill is expected to be deductible for tax purposes. Other intangible assets of £1.3m have been identified and relate to project management contracts. Incoll has been merged with Savills Australia's established specialist project management business to create a stronger business, with the aim of expanding it further across the Savills Asia Pacific network.

IFRS 3 (revised) has been applied to this acquisition which was accounted for using the acquisition method. Acquisition related costs of £0.2m are included in the income statement. These would have previously been included in the consideration for the acquisition.

The acquired business contributed revenue of £12.2m and profit before tax of £1.0m to the Group for the period from 29 March 2010 to 31 December 2010.

8(b). Transactions with non-controlling interests

During the period, the Group had the following transactions with non-controlling interests:

Name	Date	Holding acquired	Total holding at 31 December 2010
Savills Sweden AB	January 2010	47.4%	98.4%
Cordea Savills LLP	March 2010	40.0%	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 of £0.7m have also been recognised in equity.

In January 2010, the Group acquired 47.4% of shares in Savills Sweden AB for cash consideration of £0.9m. This takes the Group's shareholding to 98.4%. The carrying amount of Savills Sweden AB's net assets on the date of acquisition was £0.3m. The Group recognised a decrease in non-controlling interests of £0.1m. The amount charged to equity in respect of this transaction was £0.8m.

In March 2010, the Group acquired 40% of the voting rights in Cordea Savills LLP that it did not already own. Total consideration is up to £16.1m of which £5.3m cash consideration was paid with another £4.5m payable in equal instalments on the first and second anniversaries, and up to a further £6.3m on the second anniversary subject to earnings performance. The carrying amount of Cordea Savills LLP's net assets on the date of acquisition was £1.7m. The Group recognised a decrease in non-controlling interests of £0.7m. The total amount charged to equity in respect of this transaction was £12.0m.

In August 2010, the Group disposed of 10% of Savills Singapore PTE following the exercise of an option granted to a former executive in 2004. In December 2010 this stake was re-acquired by the Group. The purchase consideration was £0.1m and £2.1m respectively. Any excess of purchase consideration over the net assets acquired has been charged to equity. The Group recognised a net decrease in non-controlling interests of £0.2m. The total amount charged to equity in respect of these transactions was £1.8m.

9. Borrowings

Movements in borrowings are analysed as follows:	£m
Opening amount as at 1 January 2009	29.6
Additional borrowings	20.7
Repayments of borrowings	(31.4)
Exchange rate fluctuations	(3.6)
Opening amount as at 1 January 2010	15.3
Additional borrowings	26.0
Repayments of borrowings	(32.1)
Borrowings acquired with subsidiaries	0.5
Exchange rate fluctuations	0.6
Closing amount as at 31 December 2010	10.3

	2010	2009
	£m	£m
Current		
Bank overdrafts	0.7	0.7
Unsecured bank loans due within one year or on demand	5.1	4.9
Loan notes	0.4	0.7
Finance leases	0.1	-
	6.3	6.3
Non-current		
Unsecured bank loans	3.9	8.7
Loan notes	-	0.3
Finance leases	0.1	-
	4.0	9.0

2010 2009

The Group has the following undrawn borrowing facilities:	£m	£m
Floating rate		
- expiring within 1 year or on demand	15.6	20.2
- expiring between 1 and 5 years	50.0	60.0
	65.6	80.2

In September 2010 the £60m multi-currency revolving credit facility was reduced to £50m, by means of a voluntary partial cancellation by Savills as it was surplus to forecast requirements. As at 31 December 2010 this facility was undrawn. This facility was cancelled on 10 March 2011 and replaced with a new £50m multi-currency revolving credit facility, which expires on 31 March 2014.

10. Events after balance sheet date

Thomas Davidson

On 31 January 2011 the Group acquired the business and undertaking of Thomas Davidson & Partners, a London based retail property consultancy business. The business brings with it specialist expertise and knowledge in the retail sector and the acquisition will strengthen the existing Central London retail business.

Consideration of £2.5m was paid on completion with a further £2.5m payable in instalments on the first, second and third anniversaries subject to service conditions. Goodwill and other intangible assets of £1.7m and £0.8m respectively have been provisionally determined.

Sweden

On 25 February 2011 the Group entered into an agreement to acquire 100% of the shares of Stadsmuren AB, a Stockholm based property and project management firm and 70% of the shares of Loudden AB, a Stockholm based facilities management firm, a related company of Stadsmuren. The acquisition will provide a new service offering for the Group's Swedish clients and will add to its European property management network.

Total consideration of up to £5.5m (£3.7m for Stadsmuren and £1.8m for Loudden) will be paid of which £4.1m was paid on transaction close with a further £1.4m payable by February 2012 subject to earnings performance during 2011. All consideration payments will be settled in cash out of existing resources, including debt facilities. Goodwill and other intangible assets of £2.3m and £0.8m respectively have been provisionally determined with respect to Stadsmuren and £1.2m and £0.4m respectively with respect to Loudden.

11. Related party transactions

Marketing services were provided by Adventis Group plc, an associate company, to Savills (L&P) Limited on an arms length basis to the value of £2.7m (2009: £2.6m).

As at 31 December 2010, loans outstanding to associates and joint ventures amounted to £1.9m (2009: £2.2m).

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.

Copies of the Annual Report and Accounts for the year ended 31 December 2010 will be circulated to shareholders on 31 March 2011 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 7409 5444/9928 Fax: 020 7330 8405 Email: companysecretariat@savills.com

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

End