Savills plc
(Registered Number 2122174)

Directors' Report and Accounts

For the year ended 31 December 2010

36

Graphic removed

Serving prime real estate markets

Annual Report and Accounts 2010

Graphic removed

Savills is a global real estate services provider listed on the London Stock Exchange. We have an international network of over 200 offices and associates throughout the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

Our people combine entrepreneurial spirit and a deep understanding of specialist property sectors with the highest standards of client care.

Reported results

Revenue

£677.0m

(2009 £560 7m)

Underlying profit before tax*

£47.3m

(2009 £25 2m)

*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)

Underlying basic earnings per share

27.9p

(2009 14 5p)

Total dividend per share

13.0p

(2009. 9 0p)

Shareholders' funds

£209.1m

(2009 £1977m)

Find out more…

Graphic removed

Graphic removed

Savills website
www savills com

Savills Apps available for:
iPhone®
iPad®

Vision

Our vision is 'to become the real estate advisor of choice in our selected markets'

Strategy

- Commitment to clients
- Business diversification
- Geographical diversification
- Maintaining financial strength

Key performance indicators

We aim to serve our clients better than the competition by providing them with a wide range of services across the diverse geographical locations in which they operate

Revenue	£677 0m
Underlying profit	£47 3m
Operating margin	5 4%
Operating cash generation	£68 4m
Underlying earnings per share	27 9p
Geographical spread (% non-UK)	51%
Breadth of service offerings (% non-transactional income)	60%
Assets under management	£2 8bn
Property under management (sq ft)	1,105m

Contents

Our business

Our governance

Our results

Our people

The best people in the industry

Our success has been built on providing an environment which attracts and retains the best people in our industry We value and reward innovation and entrepreneurialism and are proud of a culture which encourages our people to continually seek out new markets, opportunities and solutions for our clients

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Group overview

We operate on a global scale…

Through our international network of over 200 offices and associates, we offer a range of expertise which covers all the key segments of residential, office, industrial, retail, leisure, healthcare, rural and hotel property, and mixed use development schemes Through Cordea Savills we also offer specialist fund and investment management capabilities.

21,588
employees globally

Over
200
international offices

Graphic removed

United States
Revenue
£3.1m
Offices 6 Total staff 34

United Kingdom
Revenue
£333.3m
Offices 94 Total staff 3 222

…and offer a full range of services

Transaction Advisory
The Transaction Advisory business stream comprises commercial, residential, agricultural agency and investment advice on purchases and sales

See page 10

Consultancy
Provision of a wide range of professional property services including valuation, building consultancy, environmental consultancy, landlord and tenant, rating, planning, strategic projects and research

See page 11

Property and Facilities Management
Management of commercial, residential and agricultural property for owners Provision of a comprehensive range of services to occupiers of property, ranging from strategic advice through project management to all services relating to a building

See page 12

Financial Services
Mortgage broking, financial planning and corporate finance advice

See page 12

Fund Management
Investment management of commercial and residential property portfolios for institutional or professional investors, on a pooled or segregated account basis

See page 13

Graphic removed

Continental Europe
Revenue
£60.9m
Offices 51 Total staff 692

Asia Pacific
Revenue
£279.7m
Offices 44 Total staff 17,640

Graphic removed

Chairman's statement

Graphic removed

Having coped with the downturn of 2008/09, 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.

Results

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 the 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 exhibiting 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 earnings per share and/or at least 2 0 times by underlying earnings per share

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 in light of 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, however 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

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

Peter Smith
Chairman

Group Chief Executive's review
Review of operations

Graphic removed

We have made good progress in implementing our strategy, investing in both our transactional and non-transactional businesses through targeted recruitment and selective acquisitions. 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.

Operating highlights

- Strong revenue performance driven by recovery of real estate transaction markets
- Record performance from Asia Pacific region
- Continued strength in Prime London Residential and Commercial markets
- Significantly improved performance from Continental Europe
- Continued investment through recruitment and bolt on acquisitions

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.

People

During the year, we have continued to focus on growth through the recruitment of teams and individuals around the world. Significant additions to our teams have been made across our business streams in New York, throughout Asia, in the UK and Continental Europe. It is both exciting and refreshing to bring in new talent, however I am equally proud of the fact that across the world many of our businesses are led by senior professionals who have built their careers in this industry with Savills. For those at the beginning of their careers, I am delighted that Savills UK business was awarded the Times Graduate Recruitment Award for Property, for the fourth consecutive year.

Key Performance Indicators

Financial KPIs

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Non-financial KPIs

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Group Chief Executive's review
Segmental reviews

The Savills Group advises on commercial, rural, residential and leisure property We also provide corporate finance advice, fund management and a range of property related financial services. Operations are conducted internationally through five business streams.

Business diversification

Non-transactional business represents approximately 35% of our underlying profit The growth of property management income, now representing 36% of Group revenues, and the relative stability of both Fund Management and the Consultancy business, together comprising 23%, show the benefit of a diversified strategy over the course of the property cycle

Strong positions in both commercial and residential markets

We believe that it is important to be a significant force in both commercial and residential property in our chosen markets Experience across the range of services we provide in both these disciplines adds to the quality and depth of our service to clients and differentiates us from our competitors. By being strong in both markets, we can best serve the needs of developers, owners, occupiers and investors in the increasing global trend toward mixed use projects

Geographical diversification

Our objective is to mitigate the risk of exposure to any one economy or market by being market leaders both in our domestic UK markets and also in our selected overseas markets In 2010 we saw the benefit of this as the UK and Asia Pacific markets performed well at a time when recovery in the US and many Continental European markets remained subdued In 2010, 51% of Group revenues now come from outside the UK, led by Asia Pacific which accounted for 41% of global revenue

Maintaining financial strength

We seek to maintain our financial strength in order to withstand volatile market conditions and to take advantage of opportunities as they arise In a people business we do not believe it is appropriate to take on material amounts of debt over the long term Rather we maintain adequate banking facilities to meet short- and medium-term requirements

Commitment to our clients

Throughout the cycle, we seek to serve our clients in the principal locations in which they operate by providing them with the services that they require. This means that we have continued to build our transaction advisory businesses in Continental Europe and the US through the course of the downturn in those markets

Transaction Advisory

Graphics removed

Consultancy

Graphics removed

Property Management

Graphics removed

Fund Management

Graphics removed

Financial Services

Graphics removed

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

Group Chief Executive's review
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.

Property: Shanks House, Wincanton, Somerset

Shanks House is an exceptional Grade I Listed country manor house As a result of a joint marketing campaign between the Salisbury office and Country Department, in London, considerable competition was generated and contracts exchanged in excess of the guide price of £5,500 000 within two months of coming to the open market.

Services Offered
National and International marketing
Strategic and marketing advice prior to and during the sale process

Geographic Locations
Somerset/Wiltshire/Dorset, South West offices, London Country Department

Graphic removed

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 such as 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 was considerably improved over the previous year The underlying loss for 2010 was £3 6m (2009 loss £3 9m), reflecting the impact of increased revenues 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

Client DekaBank

The W Union Square Hotel is a 270-room luxury hotel located in the fashionable Union Square area of Midtown-South Manhattan

Graphic removed

Services Offered
Savills served as exclusive financial advisor to DekaBank in the restructuring of the Hotel's outstanding debt and arranged the sale of DekaBank's interest in the property to Host Hotels & Resorts DekaBank recovered 100% of its loan in a transaction that represented the highest value per room during 2010 for an operating hotel in New York City

Geographic Locations
Savills LLC provides investment sales, debt and equity financing, advisory and other related services to clients throughout the United States, Mexico and the Caribbean Basin

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 lack of revenue at this stage in the cycle to finish 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).

Group Chief Executive's review
Segmental reviews

Property: Grand Millennium Plaza

An investment sale transaction situated in Hong Kong's CBD district, the hotel benefits from its excellent accessibility to all modes of transport Shopping, restaurant and entertainment facilities are within a few minutes' walk.

Service Offered
Private treaty

Geographic Location
Central Hong Kong

Graphic removed

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).

Property: Manulife Tower

A grade 'A' office building situated a few steps from the Fortress Hill MTR Station along the Victoria Harbour coastline. The property comprises a gross area of 395,939 sq ft with 10 passenger lifts serving 41 floors.

Service Offered
Private treaty

Geographic Location
North Point Hong Kong

Graphic removed

Property: One Hyde Park

This development has created the ultimate London address for global billionaires and consists of 86 apartments. It combines world class apartments with an on-site concierge service provided by the five star hotel, Mandarin Oriental, setting a new city standard in private amenities and leisure facilities. Completed sales so far total over £900 million and are expected to top £1 billion by 31 March 2011.

Service Offered
Marketing and Sales

Geographic Location
London Hyde Park

Graphic removed

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 6.9%.

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).

Summary

During 2010, 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.

We have made good progress in implementing our strategy, investing in both our transactional and non-transactional businesses through targeted recruitment and selective acquisitions. 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.

Jeremy Helsby
Group Chief Executive

Group Chief Financial Officer's report
Financial review

Graphic removed

The continued strength of the Group's Transaction Advisory business, particularly in the UK and Asia resulted in revenue for the year increasing by approximately 21% to £677.0m (2009. £560.7m) which represented growth of 19% in constant currency. Underlying profit grew by 88% to £47.3m (2009. £25.2m).

Financial highlights
Revenue of £677.0 (2009: £560.7m)
Underlying profit before tax £47.3m (2009: £25.2m)
Underlying basic earnings per share 27.9p (2009: 14.5p)
Year end net cash £86.9m (2009: £66.3m)

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 greater 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 profits/losses 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 by 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 biased towards the second half of the year This is as a result of seasonality 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 three years to 31 March 2014 At the year end the Group had undrawn facilities, including overdrafts of £65 6m

Capital and shareholders' 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

During the year ended 31 December 2010, 0 3 million new shares were allotted to participants exercising their options under the Savills Sharesave Scheme and no shares were repurchased for cancellation (2009 nil). The total number of ordinary shares in issue at 31 December 2010 was 132 1m (2009 131 8m).

Savills pension scheme

The funding level of the Savills pension scheme improved during the year through the rise in asset values, and as a consequence of the increased contributions and revaluation of the liabilities upon the closure of the scheme to future service accrual in April 2010 The Plan deficit at year end amounted to £22 3m (2009 £37 7m).

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, 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

Business development

During the year the Group increased its shareholding in a number of existing subsidiaries such as our businesses in Singapore and Cordea Savills, the Fund Management business Also, in March, Savills Australia acquired Incoll Management Pty Ltd, a Project Management business in the region. The Group paid total consideration of £17 4m (2009 £7 2m) in the year

Key performance indicators

The Group uses a number of key performance indicators (KPIs) to measure its performance and review the impact of management strategies. These KPIs are detailed under the Key Performance Indicators section of the Operating Review on page 7 The Group continues to review the mix of KPIs to ensure that these best measure our performance against our strategic objectives, in both financial and non-financial areas.

Financial policies and risk management

The Group has financial risk management policies which cover financial risks considered material to the Group's operations and results. These policies are subject to continuous review in light of developing regulation, accounting standards and practice Compliance with these policies is mandatory for all Group companies and is reviewed regularly by the Board

Treasury policies and objectives

The Group Treasury policy is designed to reduce the financial risks faced by the Group, which primarily relate to funding and liquidity, interest rate exposure and currency rate exposures The Group does not engage in trades of a speculative nature and only uses derivative financial instruments to hedge certain risk exposures

The Group's financial instruments comprise borrowings, cash and liquid resources and various other items such as trade receivables and trade payables that arise directly from its operations

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates Borrowings issued at variable rates expose the Group cash flow to interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 70% of its borrowings in fixed rate instruments.

Liquidity risk

The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months These requirements are expected to be met through existing cash balances, loan facilities and expected cash flows for the year

Foreign currency

The Group operates internationally and is exposed to foreign exchange risks. As both revenue and costs in each location are generally denominated in the same currency, transaction related risks are relatively low and generally associated with intra group activities Consequently, the overriding foreign currency risk relates to the translation of overseas profits and losses into sterling on consolidation The Group does not actively seek to hedge risks arising from foreign currency translations due to their non-cash nature and the high costs associated with such hedging The net impact of foreign exchange rate movements in 2010 was a £11 1m increase in revenue and a £1 1m increase in underlying profit.

Simon Shaw
Group Chief Financial Officer

Corporate responsibilities

Key highlights in 2010

People

- Continued to embed the Savills Values through the appraisal process and integration into promotion and reward criteria
- 'Savills training forum' was established to provide a cross-business forum for individuals with responsibility for people development.

Clients

- We maintained our focus on continuously improving client service, for example by further developing our cross border service capacity by better linking the investment agency teams across the Group to meet our clients global and regional investment requirements.
- We have developed a client care training programme, which was piloted in our UK Property Management business, and will be progressively extended across the wider business from 2011

Environment

- We continued our programme of environmental initiatives to secure significant reductions in energy consumption, paper usage and travel One of our technology based paper saving initiatives saved the equivalent of 1,680 trees and 180,000 kgs of CO_2 in 2010

Community

- Savills Guardian, our Facilities Management business in Hong Kong, was awarded the '5 Years Plus Caring Company Logo' during the year in recognition of its commitment to good corporate citizenship, reflecting the more than 11,000 hours of work logged by the volunteer team in 2010
- Our UK graduate programme was extended to include the mentoring of students to help them develop employability skills.

We have retained our membership of FTSE4Good, evidencing our commitment to meeting globally recognised corporate responsibility standards

Our stewardship of corporate responsibility

Our definition of corporate responsibility (CR) remains unchanged – it is our commitment to the positive impact that our business, through our people, can make on the stakeholders and communities with whom we interface

Our CR programme has further evolved through 2010, with objectives being selected following analysis of the appropriate stakeholder needs and programmes being developed to support the achievement of our goals

The Board as a whole is responsible for determining our CR strategy The Group Executive Board ('GEB') is responsible for delivering it on a day to day basis The GEB is also responsible for ensuring compliance with our corporate values and standards. The framework for delivering our CR objectives is focused by a CR Working Group which is chaired by the Group Chief Executive and comprises senior representatives from a range of business and central teams In this capacity, the CR Working Group is responsible for co-ordinating activity to deliver our agreed goals and for monitoring Group-wide progress and performance Operational forums, reporting to the CR Working Group, are established as necessary to develop and deliver initiatives at business level in the four critical areas of CR, namely People, Clients, Environment and Community

We continue to maintain our focus on ensuring that our people worldwide work to within our specified financial, operational and compliance framework, and that these are standards consistently applied We demand the highest professional standards from all of our people all of the time However, given the breadth of activities and the number of people we employ there may be occasions when we do not meet the high standards we aspire to Where we fail to reach these high standards, we treat any breach with the utmost seriousness.

We continue to include the consideration of CR related issues in our Key Risk Registers ensuring that we can readily identify emerging issues and respond to these on a timely basis

People

Our vision to be the real estate advisor of choice in our selected markets and deliver superior financial performance can only be achieved through the dedication, commitment and excellence of our people

Our people strategy remains focused on supporting delivery of the highest standards of client service through motivated and engaged people We believe that a positive culture is essential to high quality client service This positive culture is encapsulated in our Values, which are reflected in all our practices and procedures Our reputation has been built on our people and we believe that employees whose behaviours reflect our Values deliver the excellent client service that we strive to provide Our Values are

Pride in everything we do

We

- take great pride in delivering services of the highest quality;
- always go 'the extra mile' to meet our clients' objectives, and
- seek to employ only the best people

Always act with integrity

We

- behave responsibly;
- act with honesty and respect for other people, and
- adhere to the highest standards of professional ethics.

Take an entrepreneurial approach to business

We

- seek out new markets and opportunities for clients, and take a creative and entrepreneurial approach to delivering value,
- are forward thinking, and always aim to build long term client relationships,
- aim to be a leader in every market we enter, and commit ourselves with passion, energy and expertise, and
- approach problems with a proactive, practical attitude, delivering robust solutions

Help our people fulfil their true potential

We

- encourage an open and supportive company culture in which every individual is respected,
- help our people to excel through appropriate training and development;
- share success and reward achievement; and
- recognise that our people's diverse strengths combined with good teamwork produces the best results

We continue to work to be an employer of choice and to provide an environment in which our people can flourish and succeed We support the Core Principles of the International Labour Organisation. We engage with our people to communicate our vision and strategy through well established internal channels Most of our businesses have an intranet through which key messages are communicated, while all major corporate announcements are communicated across the Group as they are released externally, along with a senior management briefing to allow full details to be cascaded though the businesses Individual businesses use a variety of methods to communicate, including regular face to face briefings led by senior management, which also provide us with a mechanism for receiving employee feedback.

To enhance operational efficiency and allow us to deliver a high quality service to our employees, we have continued to extend the HR and Payroll System that we launched during 2009 This is now live in our UK businesses and will be progressively implemented across our European businesses during 2011 This system allows our people to take the lead in administering their personal information and enables line managers to manage and administer changes which occur during the course of their peoples' employment and supports the business through real time management reporting

We continue to invest in training and have further developed the Savills leadership programme by broadening membership and increasing the scope of the programme This is fundamental to our talent management and development strategy, and supports the development of high potential individuals so that they are equipped to become the next generation of leaders in the Group Its core elements include strategic leadership training, provided by external as well as internal mentors, and exposure to business and sector leaders We also continue to focus on attracting and recruiting the best graduates

Corporate responsibilities
continued

Health and safety

Savills is committed to the health, safety and welfare of our employees, contractors and members of the public We actively promote a safety culture and are strongly committed to key improvements in health and safety To this end our Safety Strategy is focused on priorities such as reducing significant occupational exposure to workplace hazards and maintaining regulatory compliance Our 'positive safety' programme has continued to be developed in 2010 to actively promote a safety culture within the business Key achievements were further raising hazard awareness and improving our internal safety management system to reflect the additional controls implemented to protect our employees and clients This has been rolled out in the form of a manual which codifies and brings together what we already had in place to prevent harm to the health of employees, contractors and the public

During 2010 we continued to focus on addressing key risk areas through use of our health and safety champion network. Health and safety champions are senior leaders appointed in each country and service line and are responsible for the delivery of specific health and safety risk agenda. We have in place systems, processes and metrics for reporting personal and process safety performance that support internal performance management, promote learning and enable public reporting

Our health and safety framework meets the requirements of HSG65 and we have continued our implementation of more rigorous standards During 2010 an audit of our health and safety performance was undertaken by Crowe Clark Whitehill and they confirmed our health and safety framework meets the requirements of HSG65 and is in line with our international peers

To enhance the management of health and safety risks across the Group further, we continue the systematic reporting of recordable occupational accidents to executive level management. Governance of health and safety has been further improved by changes in the membership and terms of reference of the Health and Safety Committee Further training was conducted within the businesses to raise hazard awareness and health and safety standards by way of seminars, briefings and leadership forums throughout the UK. We aim to roll out further health and safety training progressively across our businesses during 2011

Clients

We strive to encourage our people to deliver the highest standards of client care We measure the standards we achieve by seeking regular feedback from our clients This is augmented by independent market research, which along with other measures, provides a rating combining brand recognition and client service levels. Supporting this commitment and to provide independent endorsement of the quality of service that we deliver for our clients, we continue to work towards accreditation under ISO 9001 2000 (Quality Management) across our UK office network. This accreditation also makes us more competitive when tendering for work, particularly when bidding for public sector contracts At the end of 2010, 49 UK locations were ISO 9001 2000 accredited

The green agenda continues to be encouraged by Governments and public opinion and influences thinking in our area of advising clients We have long established and highly regarded teams which advise both Governments and clients on sustainability issues across the built environment. For example, our UK Energy team has been operating in the renewable and conventional energy sectors for 15 years, and is now a leading advisor on renewal energy projects, working with clients to deliver wind, solar and other clean energy projects.

In Asia, Savills Guardian was again awarded the 'Class of Excellence' Wastewi$e Label in Hong Kong's 2010 Awards for Environmental Excellence Its sister company in Hong Kong, Savills Property Management, maintained its focus on fostering environmental awareness with clients by producing an annual environment report and inviting them to participate in the annual Savills Green Gathering event to share ideas and understand the latest developments for energy efficiency and water saving During 2010, more than 80 buildings managed by Savills in Hong Kong collected more than 184,000 kgs of paper, 11,000 kgs of plastic and almost 6,900 kg of metal for recycling Similarly, 28 buildings managed by Savills participated in promoting low carbon emissions and energy efficiency of buildings facilities in 2010 Our efforts were recognised with the award of three certificates for Excellence and Certificates of Environmental Good The reduction in emissions achieved amounted to over 2 8 million kgs of carbon

Environment

The direct impact of our operations on the environment is low compared to many other industries. The most significant contribution we can make is through providing quality advice to our clients, incorporating the principles of sustainability wherever appropriate However, we also recognise the value of reducing the direct impact of our activities on the environment to as low a level as is reasonably practicable By seeking to reduce our environmental impact we are able to achieve increased operational efficiencies and savings. It also improves our attractiveness as an employer of choice

Our Group Environmental Policy is based on these principles which are implemented via our operating companies through both their services and day to day actions As an example of our focus on minimising our direct impact, we have adopted an ongoing programme of office based environmental initiatives which include reduced printed paper wastage, sourcing recycled or sustainable paper products, powering down idle desktop equipment and encouraging a wide range of recycling initiatives We are also increasingly using the internet for the dissemination of marketing materials and brochures (such as a well received iPhone 'app' launched in the UK as a residential property locator) to reduce paper usage as well as enhance client services and encouraging the use of online and telephone conferencing to reduce travel

Our cross-company UK 'Green Group' co-ordinates our internal actions and communicates the results and good practice to our staff Building on the progress made over the last few years, more than 80% of our UK locations now have their energy needs satisfied by one supplier Likewise, our German offices now source their electricity from a single supplier with savings being generated both in costs and emissions A key selection criterion is the use of renewable energy resources to reduce further our environmental impact

As part of our drive to control our environmental impact and to act as a hallmark of quality for our clients we have continued to encourage our offices to adopt BS EN ISO 14001 2004 (Environmental Management) This is designed to achieve sound environmental performance by using a proactive range of practical office management measures consistent with our aim of carbon reduction As an example of the additional measures we continue to implement, video conferencing facilities were increased to provide 17 installations across four countries in Asia and three locations in the UK We intend to expand this capacity further in 2011 Energy savings, in terms of reduced emissions from travel, have been realised especially within China For the third year we have also carried out a greenhouse gas emissions assessment of our three main London offices Linked to this was our participation in the 2010 Carbon Disclosure Project Two further offices in the UK operations and two teams operating across offices have gained accreditation under BS EN ISO 14001.2004 (Environmental Management) during 2010 Between 2008 and 2010 overall Electricity consumption in our three principal UK offices reduced by 225 293 KWh, which is the equivalent to saving 169 tonnes of CO_2 Overall energy consumption in these primary locations has been reduced each year since 2007

In Asia Pacific, properties managed by Savills Guardian continued to gain awards from the Environmental Protection Department for its performance in protecting the environment via promotion of waste separation facilities for facilities management clients. In addition the Property Management team in Hong Kong also received a number of awards and certifications, including ISO 14001 (energy efficiency, waste reduction, indoor air quality and water quality) in recognition of its commitment to improving environmental performance

UK Environmental Reporting 2009/10 GHG Emissions[1]

	2010		2009		+/-
	Unit	t/CO2e	Unit	t/CO2e	Change %
Business mileage	**6,514**	**2,217 2**	6 177	2,013 8	+10 1

[1] (business mileage increased during the year reflecting increased volumes in our UK Residential Agency business)

Community

Globally, we have continued to support charitable causes At country level our teams across our businesses continue to support local initiatives In the UK we focused on raising money and awareness for various causes or through events in support of our two main corporate charities, Honeypot and LandAid For a Cambridge to London bike ride we managed to enrol the support of one of our trade magazines Property Week which, in assisting in promoting the event through its website, made this event a 'must' in the UK property calendar During 2010, around one third of our Irish team joined the Pedometer Challenge where money was raised for the Irish Heart Foundation

In 2010 Savills UK graduates continued to support I CAN, a charity assisting children with speech, language and communication needs by carrying out projects at the Meath School in Surrey raising money and spending a day per person at the school to work on a project to build an outdoor classroom

In Asia, Savills Guardian launched its first Education Fund Scheme in 2000 and has since then consecutively run this programme every year The scheme extends to all children residing in our managed properties and the purpose is to reward students with good results and to relieve burdens on families with financial hardship In recognition of these efforts, Savills Guardian, which was first awarded the Caring Company logo in 2002/03, was awarded the 'Caring Company 5 consecutive years' logo, in recognition of its continual efforts in this area. Savills Hong Kong was also awarded the Caring Company award during the year

A team at Savills Property Management in Hong Kong collaborated in 2010 with the Boys' & Girls' Clubs of Hong Kong to organise programmes to help children living below the poverty line During the year, members of the team held private tutorial sessions with youngsters as well as helping with an outdoor activity field trip

At an international level, Savills contributed to the relief effort following the Haiti earthquake in January 2010 and to the Australian floods at the end of December 2010

Future plans

We continued to make progress during 2010 on our CR development, building on the work done in previous years, we remain committed to continuous improvement in this area. During 2011 and subsequent years we will seek to further develop our CR approach, focusing on those activities where we are best placed to make a significant contribution

Risks and uncertainties facing the business

Given the scale and diversity of our businesses, the Board of Directors recognises that the nature, scope and potential impact of our key business and strategic risks are subject to constant change The Board has implemented an appropriate framework to ensure that it has sufficient visibility of the Group's key risks and the opportunity regularly to review the adequacy and effectiveness of the controls and strategies for managing and mitigating these risks

The Corporate Governance report on pages 27 to 31 describes the systems and processes through which the Board manages and mitigates risks.

Our consideration of the key risks and uncertainties relating to the Group's operations, along with their potential impact and the mitigating factors in place, is set out below It is not possible to mitigate fully all of our risks and there may be other risks and uncertainties besides those listed below which may also adversely affect the Group

Key risk	Description	Mitigating factors
Volatility in the markets in which we operate	– Market conditions globally remain volatile There is currently particular uncertainty in China and Hong Kong due to certain government initiatives in the real estate sector The restrictions facing our clients on credit availability are ongoing Added to these, a continuing shortage of quality assets for sale may constrain many of the key global real estate markets in 2011, and particularly reduce the volume of commercial real estate transactions with the resultant adverse impact on our capital markets businesses and overall Group earnings If these conditions continue for an extended period, or deteriorate again, Group earnings and/or our financial condition could be adversely affected	– Our strategy of diversity of product and geographic spread continues to reduce the impact on the business of weak market conditions, but these factors cannot entirely mitigate the overall risk to earnings To offset these risks, we continually focus on our cost base and seek to improve operational efficiencies. In line with our strategy of being the property adviser of choice, we have continued to invest selectively in our business where new opportunities present themselves to enhance our services to our clients. – Our continual monitoring of market conditions and review of market changes against our Group strategy, supported by the quarterly reforecasting and reporting undertaken by all of our businesses, remain key to our ability to respond rapidly to further changes in our operating environment.
Achieving the right market positioning in response to the needs of our clients	– The markets in which we operate remain highly competitive and we need to ensure that we continue to reflect the changing needs of our clients	– To remain competitive in all markets it is imperative that we continue to provide the quality of client care and service that our clients expect from us. This need drives our strategy to continuously grow the capabilities and strengthen the services offered by the Group and actively invest in the development of client relationships globally
Reputational and brand risk	– Savills is a brand with an excellent reputation in the principal markets in which we operate We recognise the need to maintain our reputation as a quality brand and ensure the quality of the service we provide	– We recognise that our brand strength is vital to maintaining market share and expanding into new markets To this end, we have a brand management programme in place to ensure the brand's positioning, identity and personality is clearly and consistently promoted – We recognise that the quality of the service we offer is vital to maintaining the brand and we have in place controls and processes to ensure quality assurance
Recruitment and retention of high calibre staff	– We recognise that our ability to deliver our strategy is dependent on us attracting, developing, motivating and retaining people of the highest quality This is fundamental to the future success of our business.	– During 2010 we continued our investment in talent management and extended our development programmes across a number of businesses – To augment our profit sharing approach to remuneration, we continue to make selective use of share based and other longer term incentives to ensure that our people are incentivised to perform However, we consider it important that an element of our people's rewards is not based on financial performance and this is reflected in departmental scorecards and individual appraisals.

Key risk	Description	Mitigating factors
Maintaining standards of professional, regulatory and statutory compliance	– We are required to meet a broad range of regulatory compliance requirements in each of the markets in which we operate. For example, in the UK, the Financial Services Authority (FSA) regulates the conduct of Savills Private Finance, Savills Capital Advisors and Cordea Savills Investment Management, and the insurance intermediary services we provide to clients in our UK commercial businesses. In addition, the UK Office of Fair Trading regulates our Residential business in the UK. A number of the services we provide through our UK businesses are also regulated by The Royal Institution of Chartered Surveyors (RICS) and a number of our employees are qualified members. Failure to satisfy regulatory compliance requirements may result in fines being imposed, adverse publicity and brand reputational damage and ultimately the withdrawal of regulatory approvals. – We also have a number of key statutory obligations including the protection of the health, safety and welfare of our employees and others affected by our activities.	– All areas relating to professional, regulatory and statutory compliance, and business conduct have benefited by the continuing review of our Group Policy Framework which defines the compliance standards we expect from our businesses. In support of this Framework each of our businesses has their own regulatory and statutory compliance resources in place and they maintain the internal processes and controls required to fulfil our compliance obligations. Our compliance environment, at all levels, is subject to regular review by internal audit and other assurance providers.
Legal risk	– Failure to fulfil our regulatory obligations or contractual obligations to clients could subject the Group to regulatory action and/or claims from clients. The adverse outcome of such action/claims could negatively impact our reputation, financial condition and/or the results of our businesses. For example: – in accepting client engagements, group companies may be subject to standard of care obligations. Failure to fulfil these obligations could result in claims being made against the relevant group company and/or its employees. – in our Property Management business, we may assume responsibility for appointing and/or supervising third party contractors that provide construction and engineering services for our managed properties. Again, failure to discharge these responsibilities in accordance with our obligations could result in claims being made against the group companies. – in our valuations consultancy businesses, we can be subject to claims alleging the over-valuation of a property.	– The Group has Legal and Regulatory Compliance Policies which are designed to mitigate against the risk of such action/claims being made and where such claims occur, to limit liability, particularly in relation to consultancy services such as valuations. – The Group maintains appropriate levels of professional indemnity insurance to respond to such claims and mitigate the Group's financial exposure to such claims.
Managing our financial risks	– For all areas of financial risk we have an established financial control framework with clear responsibilities for operational and finance teams at all levels of the Group.	– The key financial risks and uncertainties are covered in the Financial review on pages 14 and 15.

Board of Directors

Top row (left to right)
Peter Smith, Jeremy Helsby, Simon Shaw, Martin Angle

Bottom row (left to right)
Timothy Ingram, Charles McVeigh

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Graphic removed

Peter Smith
Chairman of Savills plc and Chairman of the Nomination Committee †#

Aged 64, was appointed to the Board as a Non-Executive Director on 24 May 2004 and was elected Chairman with effect from 1 November 2004. His other non-executive appointments are: N M Rothschild & Sons Limited, Rothschild Bank AG, Associated British Foods plc and Chairman of Templeton Emerging Markets Investment Trust plc. Formerly, Peter was Senior Partner of PricewaterhouseCoopers (PwC) and served for two years as Chairman of Coopers & Lybrand International and as a member of the global leadership team of PwC. He served as Chairman of RAC plc and was a Non-Executive Director of Safeway plc and the Equitable Life Assurance Society.

Jeremy Helsby
Group Chief Executive #•

Aged 55, joined Savills in 1980 and was appointed to the Board in 1999. He was Chairman and Chief Executive Officer of Savills Commercial and Savills Europe for seven years until he was appointed as Group Chief Executive on 7 May 2008. He remains a Director of Savills Asia Pacific.

Simon Shaw
Group Chief Financial Officer •

Aged 46, joined Savills as Group Chief Financial Officer in March 2009. Simon is a Chartered Accountant. He is one of the two Authorised Representatives of Savills on the Members' Committee of Cordea Savills. He is Non-Executive Chairman of Synairgen plc and was Chief Financial Officer of Gyrus Group PLC from 2003 until its sale to Olympus Corporation in 2008, having previously been Chief Operating Officer of Profile Therapeutics plc between 1998 and 2003. Between 1991 and 1997 he was a corporate financier, latterly at Hambros Bank Limited.

Martin Angle
Independent Non-Executive Director and Chairman of the Audit Committee *†#

Aged 60, was appointed to the Board on 2 January 2007. He is a Non-Executive Director of OAO Severstal, Pennon Group plc, Chairman of The National Exhibition Group, and Shuaa Capital psc. Formerly he was Group Finance Director of TI Group plc and held various executive roles with Terra Firma Capital Partners and its portfolio companies, including The Waste Recycling Group (Executive Chairman) and Le Meridien Hotel Group (Deputy Chairman). He is also a member of the Advisory Board of the Warwick Business School and is a Trustee of the FIA Foundation.

Timothy Ingram
Senior Independent Non-Executive Director *†#

Aged 63, was appointed to the Board on 27 June 2002. He was Chief Executive of Caledonia Investments plc from 2002 until his retirement in July 2010. He is now Chairman of Collins Stewart plc and is a Non-Executive Director of Alliance Trust plc, The Sage Group plc and Alok Industries Limited. He was formerly Chief Executive of First National Finance Corporation, a main Board Director of Abbey National plc and a Non-Executive Director of Hogg Robinson plc.

Charles McVeigh
Independent Non-Executive Director and Chairman of the Remuneration Committee *†#

Aged 68, was appointed to the Board as a Non-Executive Director on 1 August 2000. He is currently Chairman of Citigroup's Corporate and Investment Banking – Global Wealth Management Partnership. He serves on the Board of EFG-Hermes, Petropavlosk plc (formerly Peter Hambro Mining plc) and has recently been appointed to Landmark Trust. Formerly he was Co-Chairman of Citigroup's European Investment Bank and served on the Boards of Witan Investment Company plc, Clearstream, the London Stock Exchange, LIFFE, British American Business Inc and was a member of both the Development Board and Advisory Council of the Prince's Trust. He was also appointed by the Bank of England to serve on the City Capital Markets Committee and the Legal Risk Review Committee and was a member of the Fulbright Commission.

* Audit Committee
† Remuneration Committee
\# Nomination Committee
• Group Executive Board

Group Executive Board

Top row (left to right)
Rupert Sebag-Montefiore, Mark Ridley, Robert McKellar, Raymond Lee

Bottom row (left to right)
Simon Hope, Borja Sierra, John Lyons, Justin O'Connor

Graphic removed | Graphic removed | Graphic removed | Graphic removed

Graphic removed | Graphic removed | Graphic removed | Graphic removed

Jeremy Helsby
Group Chief Executive #•

For photograph and full biography see opposite page

Simon Shaw
Group Chief Financial Officer •

For photograph and full biography see opposite page

Chris Lee
Group Legal Director & Company Secretary •

Not photographed

Aged 45, joined Savills in June 2008 and was appointed to the Group Executive Board in August 2008. He has responsibility for legal and compliance issues globally. He is one of the two Authorised Representatives of Savills on the Members' Committee of Cordea Savills. He held equivalent roles with Alfred McAlpine plc, Courts plc and Scholl plc between 1997 and 2008, prior to which he was Deputy Group Secretary of Delta plc from 1990 to 1997.

Rupert Sebag-Montefiore
Chairman and Chief Executive – L&P •

Aged 57, joined Savills in 1980 and was appointed to the Group Executive Board when it was formed in February 2008. On 26 October 2004, he became Chairman and Chief Executive of Savills (L&P) Limited, having served as its Managing Director since May 2000. He is responsible for the UK Residential and general practice surveying business. He is also appointed to the Winchester College Investment Committee and Chairman of The Regent's Park Open Air Theatre Development Council.

Mark Ridley
Chairman and Chief Executive – UK Commercial •

Aged 49, joined Savills in July 1996 and was appointed to the Group Executive Board when it was formed in February 2008. He was appointed Chairman and Chief Executive of Savills Commercial Limited in January 2008 and prior to this appointment was head of the Manchester office, which he set up in 1996.

Robert McKellar
Chief Executive – Asia Pacific •

Aged 51, was appointed to the Group Executive Board when it was formed in February 2008. He was appointed Chief Executive of Asia Pacific on 31 March 2005 having served as the Group Finance Director since June 2000 and prior to this since December 1994 acted as Finance Director of Savills Commercial Limited.

Raymond Lee
Chief Executive – Savills Greater China •

Aged 49, joined Savills in 1989 and was appointed to the Group Executive Board in January 2011. Raymond took over the Hong Kong office in 2003. In 2009 Raymond was made the Chief Executive of Savills Group in Hong Kong and Macau and in 2010 was appointed Chief Executive of Greater China. Raymond is a Fellow of the Hong Kong Institute of Directors and holds an honorary fellowship at the Guangxi Academy of Social Sciences.

Simon Hope
Chairman – Continental Europe •

Aged 46, joined Savills in September 1986 and was appointed to the Group Executive Board when it was formed in February 2008. He is responsible for our Capital Markets team and Head of Savills Commercial Investment. He is also Chairman of the Management Board of our European businesses and a member of the Charities Fund Property Board.

Borja Sierra
Chief Executive – Continental Europe •

Aged 42, joined Savills in 1998 and was appointed to the Group Executive Board in January 2011. He is responsible for Savills Continental European offices. Formerly he was Head of Savills in Spain for ten years, and in February 2008 he was appointed as Executive Managing Director of Savills New York office, where he assumed responsibility for Savills cross-border business.

John Lyons
Chief Executive – America •

Aged 53, was appointed to the Group Executive Board in January 2009. He is President and Chief Executive of Savills LLC, which encompasses the New York and Mexico City offices. Formerly, he was a Principal and Managing Director of Eastdil Realty from 1985 and in 1996 founded and became Chief Executive of Granite Partners LLC, until it was acquired by Savills in 2007. He is an active member of the Wharton-Zell Lurie Real Estate Institute, Urban Land Institute and the Mortgage Bankers Association.

Justin O'Connor
Chief Executive – Cordea Savills •

Aged 51, joined Cordea Savills in January 2004 as Head of Business Development, he was subsequently appointed CEO of Cordea Savills in January 2006 and was appointed to the Group Executive Board in September 2010. Justin also sits on the Boards of Cordea Savills European subsidiaries, Cordea Savills SGR and Cordea Savills GmbH.

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2010.

Principal activity

Savills plc (the 'Company') 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, property related financial services and fund management.

Operations

The Company and its subsidiaries (together the 'Group') operates through a network of offices and associates in the Americas, the UK, Continental Europe, Asia Pacific, Africa and the Middle East.

Dividend

The profit attributable to shareholders is £25.0m (2009: £8.9m). An interim dividend of 3p (net) per share amounting to £3.7m (2009: £3.7m) was paid on 25 October 2010. It is recommended that 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 declared by the Board on 16 March 2011, on 16 May 2011 to shareholders on the register at 8 April 2011.

Principal developments

The development of the business is detailed in the sections entitled Review of operations and Financial review on pages 6 to 15.

The principal risks and uncertainties are detailed on pages 20 and 21.

Directors

Short biographical details of the current Directors are shown on pages 22 and 23. During the year the Board was restructured to streamline the management of the Group and provide an improved focus on 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. At the conclusion of the Annual General Meeting on 5 May 2010, Fields Wicker-Miurin, who joined the Board in 2002, retired from the Board. Following these changes the Board comprises the Non-Executive Chairman, two Executive Directors and three Independent Non-Executive Directors (full details are provided on page 22).

In accordance with the recommendations of the UK Corporate Governance Code (which applies to financial years starting on or after 29 June 2010), the Board has resolved, that all Directors should stand for annual re-election. 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 appointment in 2000, the Board considers that Charles McVeigh continues to be 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 2010 or their families are set out on page 36 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 36 to 38. It is the Board's policy that the Executive Directors should retain at least 105,000 shares (valued at 31.12.10: £405,510) in the Company and that the Group Chief Executive retain at least 150,000 shares (valued at 31.12.10: £579,300).

In accordance with DTR4, the Directors' responsibilities statement is set out on page 40 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 2010 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 6
Key performance indicators	page 7
Financial review	page 14
Corporate responsibilities	page 16
Risks and uncertainties	page 20

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 88

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 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 16 March 2011, 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	%
Artisan Partners Limited Partnership	14,464,091	10 93
Franklin Templeton Institutional, LLC	7,038,217	5 32
FIL Limited	6,549,524	4 95
Majedie Asset Management Limited	6,489,019	4 90
Artemis Investment Management Limited	6,472,808	4 89
BlackRock, Inc	5,463,712	4 13
Ignis Investment Services Limited	5,262,038	3 98
Legal & General Group Plc	5,230,378	3 95

As at 31 December 2010, the Savills plc 1992 Employee Benefit Trust (the 'EBT') held 9,613,393 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 Annual General Meeting on 5 May 2010, 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 Annual General Meeting on 4 May 2011 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 ('the 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.

Articles of Association ('Articles')
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 Articles of the Company in force from time to time

Annual General Meeting

The Annual General Meeting ('AGM') is to be held at 20 Grosvenor Hill, Berkeley Square, London W1K 3HQ at 12 noon on 4 May 2011, the details of which are 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 introduce a new Performance Share Plan, details of which are set out in the Remuneration report on pages 32 and 33 and in the AGM Circular

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 35 4 days' purchases outstanding at the end of the year for the Company (2009 32 0 days)

Directors' report
continued

Charitable donations and political contributions

The amount paid to charitable organisations during the year was £370,242 (2009 £195,042) 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 profit share bonus waiver scheme whereby employees can elect to waive an element of any annual profit share 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 £195,140 (2009 £5,081) during the year There were no political contributions (2009 £nil)

Corporate governance

The Corporate Governance report, the Remuneration report and the Directors responsibilities are set out on pages 27 to 40 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 16 to 19 for more information

Employees are able to share in this success through profit share bonus schemes and share plans, see pages 35 and 36 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, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age

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

In accordance with the Articles, the Directors and the Group Company Secretary have been granted an indemnity issued by the Company to the extent permitted by law in respect of liabilities incurred as a result of their office The indemnity would not provide any coverage to the extent that a Director or the Group Company Secretary is proved to have acted fraudulently or dishonestly The Company also maintains appropriate insurance cover in respect of legal action against its Directors and Officers

Auditors

In accordance with Section 489, 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 Legal Director & Company Secretary

16 March 2011

Registered Office
20 Grosvenor Hill
Berkeley Square
London W1K 3HQ

Corporate Governance report

The Board is responsible to shareholders for the management and control of the Company's activities and is committed to the highest standards of Corporate Governance, as set out in the UK Corporate Governance Code ('the Code') published by the Financial Reporting Council in June 2010 It is the Board's view that the Company was fully compliant with the provisions of the Code or its predecessor in force during the year, save in the brief period to 18 January 2010 before the Board was restructured

The following section together with the Directors' report on pages 24 to 26 and the Directors' Remuneration report on pages 32 to 39 provides details of how the Company applies the principles and complies with the provisions of the Code

Board composition and balance

Following the restructuring of the Board effective 18 January 2010, the Board comprised a Non-Executive Chairman, four Independent Non-Executive Directors and two Executive Directors

The restructuring of the Board was designed to streamline management of the Group and provide an improved focus on 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, although all three continue to be members of the Group Executive Board with unchanged responsibilities The Board is satisfied that this restructuring has delivered the targeted benefits of streamlining decision making and allowing the Board to focus on strategy, risk management and governance

Following the retirement of Fields Wicker-Miurin, who was appointed to the Board in 2002, from the Board effective 5 May 2010, the Board has comprised a Non-Executive Chairman, three Independent Non-Executive Directors and two Executive Directors

Since the restructuring of the Board effective 18 January 2010, the Company is in full compliance with the Code which requires that at least half the Board, excluding the Chairman, are Independent Non-Executive Directors

The posts of Chairman and Group Chief Executive are separated The Chairman is responsible for the workings and leadership of the Board and for the balance of its membership The Group Chief Executive is responsible for leading and managing the business within the authorities delegated by the Board

Martin Angle, Timothy Ingram and Charles McVeigh are Independent Non-Executive Directors The Board considers that the Non-Executive Directors are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgement

Since 1 November 2004, Timothy Ingram has been the Senior Independent Director He is available to shareholders if they have concerns which have not been addressed by contact with the Chairman and/or Group Chief Executive

The biographies of the current Board members appear on pages 22 and 23

Functioning of the Board

The Directors receive management information, including financial, operating and strategic reports, in advance of Board meetings From time to time the Board receives presentations from non-Board members on matters of significance The Non-Executive Directors periodically visit different Group companies to gain greater insight into the business. The Group Company Secretary provides the Board with ongoing reports that cover legal and regulatory changes and developments

The Board has adopted a formal schedule of matters specifically reserved to it for decision making, although its primary role is to provide leadership and to review the overall strategic development of the Group as a whole In addition, the Board sets the Group's values and standards and ensures that it acts ethically and that its obligations to its shareholders are understood and met The Board is specifically responsible for

- approval of Group strategy and its budgetary and business plans,
- approval of significant investments, any decision to divest or close any Group business and capital expenditure,
- review of performance, assessed against the Group's strategy, objectives, business plans and budgets,
- approval of annual and half year results and interim management statements, accounting policies and the appointment and, subject to shareholder approval, remuneration of the external auditors,
- approval of the dividend policy and interim dividends and the recommendation of final dividends,
- changes to the Group's capital structure and the issue of any securities,
- establishing the Group's risk appetite, system of internal control, governance and approval authorities,
- executive performance and succession planning, including the appointment of new Directors, and
- determining standard of ethics and policy in relation to business practice, health, safety, environment, social and community responsibilities.

At its meetings during the year, the Board discharged the duties above and received updates on the following financial performance, key management changes, material new projects, financial plans, legal and regulatory updates, and in particular

- concluded its own restructuring effective 18 January 2010,
- reviewed the growth strategy and optimum ownership structure for the Group's Fund Management business, Cordea Savills, resulting in the Group, with shareholder approval, acquiring the 40% of the voting rights in Cordea Savills not previously owned by the Group,
- reviewed the strategies and policies being pursued to mitigate risks, particularly those in relation to financial services, and
- maintained the Directors' conflicts of interests register

One of the Board's meetings during the year was specifically devoted to the review and approval of the Group's strategy Members of the Group Executive Board joined this meeting to present the proposed strategy of the business for which they were responsible The delivery of strategic plans is continually monitored and reviewed by the Board and periodic updates on progress and market developments are presented by the heads of the Group's businesses

As well as planned briefings, Directors are also expected to take responsibility for identifying their own individual needs and to take appropriate steps to ensure that they are properly informed about the Group and their responsibilities as a Director

The Board has delegated authority to certain committees to carry out specified objectives as defined by their terms of reference Additional information on the responsibility of each of the Board Committees appears on pages 29 and 30

Corporate Governance report
continued

Board performance and evaluation

The Board engaged Linstock Limited ('Linstock') to undertake an independent evaluation of Board and Board Committee performance and to identify areas where performance and procedures might be further improved In particular the review considered the following issues

- Board composition, expertise and dynamics,
- Board support, time management and Board Committee performance,
- strategic, operational and risk oversight,
- succession planning and human resource management, and
- priorities for change

On completion of the review process, Linstock presented a report, considering the key themes and issues raised, and formulated a number of recommendations to further enhance Board effectiveness The programme of regular presentations by the heads of the Group's businesses to the Board was maintained to ensure that the Board, following its restructuring, continued to have full visibility over the performance of each business and to have exposure to management below Group Executive Board level, in particular to support succession planning

A performance assessment of the Non-Executive Directors and the Group Chief Executive was undertaken by the Chairman during the year In addition, the Group Chief Executive conducted a performance review of the Group Chief Financial Officer and the Senior Independent Director led a review of the Chairman's performance, with input from all Directors.

The individual assessments of each Director confirmed that performance was effective, and the Board subsequently endorsed these assessments and confirmed that the contributions made by each Director, each of whom, in accordance with the Code, offers themselves for re-election at the AGM on 4 May 2011, continued to be effective and that the Company should support their re-election The details of the Directors, are set out on page 22

Linstock have been engaged on a three year programme, so that the review content for each subsequent evaluation is designed to build upon learning gained in the previous year and to allow measurement of year on year progress

Directors' conflicts of interest

From 1 October 2008, Directors have had a statutory duty to avoid situations in which they have, or could have, an interest that conflicts or possibly may conflict with the interests of the Company A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles by the other Directors The Board has adopted a set of guiding principles on managing conflicts and approved a process for identifying current and future actual and potential conflicts of interest. It was also agreed that the Nominations Committee would review authorised conflicts at least annually or if and when a new potential conflict situation was identified or a potential conflict situation materialised During 2010, actual and potential conflicts of interest that were identified by each Director were subsequently authorised by the Committee, subject to appropriate conditions in accordance with the guiding principles

Board meetings

During the year the Board held seven scheduled meetings and a separate strategic review to confirm Group strategy Directors' attendance at scheduled Board and Committee meetings convened in the year ended 31 December 2010 was as follows

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings in year	**7**	**5**	**4**	**2**
	Attended	Attended	Attended	Attended
Non-Executive Directors				
Peter Smith	7	–	4	2
Martin Angle	7	5	4	2
Timothy Ingram	7	4	3	2
Charles McVeigh	7	5	3	2
Fields Wicker-Miurin (retired 5 May 2010)	3	2	2	1
Executive Directors				
Jeremy Helsby*	7	–	–	2
Simon Shaw*	7	–	–	–
Simon Hope* (resigned 18 January 2010)	–	–	–	–
Robert McKellar* (resigned 18 January 2010)	–	–	–	–
Rupert Sebag-Montefiore* (resigned 18 January 2010)	–	–	–	–

* Members of the Group Executive Board

The Board and Committee meetings are structured to allow open discussion All Directors receive detailed papers in advance of Board meetings When unable to be present in person, Directors may attend by audio or video conference When Directors are not able to attend Board or Committee meetings, their comments on the papers to be considered at that meeting are relayed in advance to the Chairman of that meeting

The Non-Executive Directors meet separately at least twice each year without the presence of the Executive Directors and also meet at least once a year without the Chairman, at which time the Chairman's performance is appraised

The Group Company Secretary, who was appointed by the Board, is responsible for advising and supporting the Chairman and the Board on company law and corporate governance matters and for ensuring that Board procedures are followed, as well as ensuring that there is a smooth flow of information to enable effective decision making All the Directors have access to the advice and services of the Group Company Secretary and through him have access to independent professional advice in respect of their duties at the Company's expense

Board committees

The Board has delegated certain authorities to committees each with formal terms of reference, which are available on request or on the Company's website (www savills com) The membership of each committee is detailed on page 22 The principal committees of the Board are as follows

Nomination Committee

Following the retirement of Fields Wicker-Miurin from the Board with effect from 5 May 2010, the Committee comprises the three Independent Non-Executive Directors, together with the Chairman and Group Chief Executive The Committee is chaired by the Group Chairman, Peter Smith (save in circumstances where the Chairman's succession is considered) The Committee meets at least once a year and met twice during 2010

The Committee provides a forum to consider Board succession planning, whether to recommend the re-election of a Director and to make recommendations to the Board on certain matters including its composition, structure, size and balance

The Articles provide that Directors must submit themselves for re-election every three years and that newly appointed Directors must submit themselves for reappointment at the first AGM after their appointment Notwithstanding the requirements provided by the Articles, the Board has resolved, consistent with the recommendations of the Code (which applies to financial years starting on or after 29 June 2010), that all Directors should stand for annual re-election. In making recommendations to shareholders for the reappointment/re-election of any Director, the Nomination Committee considers the Director's performance and their ongoing contribution to the success of the Company and makes its relevant recommendation to the Board

Audit Committee

Following the retirement of Fields Wicker-Miurin from the Board with effect from 5 May 2010, the Committee has consisted of the three Independent Non-Executive Directors and has been chaired by Martin Angle The Committee met five times during the year
The meetings are also attended by the Group Chairman (Non-Executive), Group Chief Executive, Group Chief Financial Officer, Group Financial Controller, representatives from the internal and the external auditors, Group Director of Audit and Risk, Group Legal Director & Company Secretary and other senior executives of the Group by invitation Martin Angle has recent relevant financial experience and the Board considers that the members of the Audit Committee collectively have sufficient recent and relevant financial experience to carry out the functions of the Committee

The Committee is authorised to investigate any matter within its terms of reference and, where necessary, to obtain external legal or other independent professional advice The Committee's activities during the year have included

- reviewing the half year and annual financial statements with particular reference to accounting policies, together with significant estimates and financial reporting judgements and the disclosures made therein,
- monitoring the financial reporting process,
- reviewing management representations made to the external auditors,
- reviewing the Group's procedures to ensure that all relevant information is disclosed,
- discussing any issues arising out of the half year review or the full year audit with the external auditors (in the absence of management where appropriate),
- making recommendations to the Board with regard to continuing the appointment and remuneration of the external auditor;
- overseeing the Group's relations with the external auditor and the effectiveness of the audit process,
- reviewing and assessing the effectiveness of the Group's internal financial controls,
- monitoring and reviewing the effectiveness of the internal audit function and reviewing all reports prepared by the internal auditors and assessing management's responsiveness to such reports, and
- reviewing and assessing the effectiveness of the Group's internal control and risk management systems (see pages 20 and 21)

Over the last 12 months the Committee in particular considered its annual work plan to ensure that this was appropriately focused, oversaw the satisfactory closure of the FSA's 'Arrow-Lite' review of Savills Private Finance Limited's processes and procedures (which focused on the suitability of mortgage and other regulated products sold to clients, and its 'Treating Customers Fairly' protocols) and reviewed the arrangements for the quality assurance of professional work. The Committee also considered the implications of the UK Bribery Act 2010 and the controls designed to prevent the Group, and/or its associates, joint venture partners and agents, breaching the Act. The Committee will further consider these when the Government's guidance on the 'adequate procedures' required to mitigate this risk are published

The Committee also considers on an ongoing basis the independence of the external auditors and has established policies to consider the appropriateness or otherwise of appointing the external auditors to perform non-audit services including consideration as to whether the auditors are the most suitable supplier of such services

As detailed on page 26 the external auditors are PricewaterhouseCoopers LLP The external auditors are responsible for the annual audit and have also provided certain non-audit services to the Company, principally advice on taxation matters The approval of the Committee is required prior to awarding contracts to the external auditors for non-audit services in excess of £100k. Below this level the Chairman is kept appraised of new instructions given to the external auditors for the delivery of non-audit services The Audit Committee is satisfied that such work was best undertaken by PricewaterhouseCoopers LLP and the objectivity of the external auditors has not been impaired by reason of this further work.
The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness and continued independence Accordingly, it has not considered it necessary to tender the audit work since the audit was last tendered

Corporate Governance report
continued

in 2000 The external auditors are required to rotate the audit partner responsible for the Group audit every five years. There are no contractual obligations restricting the Company's choice of external auditor The Auditors' report appears on page 41

The provision of internal audit services during 2010 was jointly delivered by the Group's internal audit team and KPMG (KPMG having previously provided internal audit services on an outsourced basis) The Board's responsibility for internal control and risk is detailed on pages 20 and 21

Globally, all of our businesses have established whistle-blowing procedures to enable employees to raise concerns about possible improprieties in financial reporting and other matters on a confidential basis

Remuneration Committee
Following the retirement of Fields Wicker-Miurin from the Board with effect from 5 May 2010, the Committee has consisted of the three Independent Non-Executive Directors and the Chairman (who was appointed as a Committee member in March 2010) It is chaired by Charles McVeigh and meets at least three times a year The Group Company Secretary is secretary to the Committee and also provides advice to it

The Committee's principal responsibilities are to determine Company policy on senior executive remuneration and to agree the remuneration packages of the Executive Directors The Committee (excluding the Chairman) also determines the level of fees payable to the Chairman

In addition to the above responsibilities, the Committee in particular considered the renewal of the Group's longer term incentives To date, the longer term incentive has been provided through the Executive Share Option Scheme 2001 This Scheme reaches the end of its agreed ten year life span in May 2011 (although options granted pursuant to its terms up to and including May 2011 will continue to be exercisable subject to the satisfaction of the performance conditions attaching to them) After review, and having considered the alternatives, it is proposed that the Scheme is replaced by a Performance Share Plan, details of which are set out in the Remuneration report and in the AGM Circular

Given the central part that remuneration plays in the success of the Group, in terms of recruitment, motivation and retention of high quality employees, the Group Chief Executive is consulted on the remuneration packages of the Group Chief Financial Officer and Group Executive Board members and attends Committee meetings by invitation

The Committee is advised by Towers Watson and the Group Company Secretary The Committee does not deal with the fees paid to the Non-Executive Directors, which are decided by the Executive Directors and the Chairman (except when his own fee is being discussed)

The report of the Remuneration Committee is set out on pages 32 to 39 The Remuneration report will be put to shareholders at the AGM on 4 May 2011

Group Executive Board ('GEB')

The GEB comprises the Group Chief Executive, the Group Chief Financial Officer, the heads of the Group's businesses and the Group Legal Director & Company Secretary Under the leadership of the Group Chief Executive, the GEB is responsible for overseeing the development and implementation of strategy, the operational performance of the Group and other specific matters delegated to it by the Board

Members of the GEB are detailed on page 23

Relations with shareholders

The Group recognises the importance of maintaining regular dialogue with its shareholders. The Group Chief Executive and Group Chief Financial Officer have a regular programme of meetings and presentations with analysts and investors, including presentations following the publication of the Company's full and half year results This programme maintains the ongoing two-way dialogue between the Company and shareholders, and helps to ensure that the Board is aware of shareholders' views on a timely basis The Board also receives feedback at least twice each year from its corporate brokers on investors' and the market's perceptions of the Company

The AGM provides the Board with a valuable opportunity to communicate with private shareholders and is generally attended by all the Directors Shareholders are given the opportunity to ask questions during the meeting and to meet Directors following the conclusion of the formal part of the meeting In accordance with the Code, the level and manner of voting of proxies lodged on each resolution at the AGM is declared at the meeting and published on the Company's website The Directors aim to give as much notice of the AGM as possible which will be at least 21 clear days, as required by the Articles In accordance with the Articles, electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a general meeting

The Company has taken advantage of the provisions within the Companies Act 2006 which allow communications with shareholders to be made electronically where shareholders have not requested hard copy documentation Details of the information available for shareholders can be found on page 96 Information about the Company is also available on the Company's website (www savills com)

Internal control and risk management

The Board has overall responsibility for establishing and maintaining the Group's system of risk management and internal control to safeguard shareholders' investments and the Group's assets, and for reviewing the effectiveness of this system However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss

Key elements of the Group's system of risk management and internal control are

- a comprehensive system for planning and reporting the performance of each operating subsidiary The GEB and the Board meet regularly and review the Group's results against plan and the previous year The Group regularly reviews performance forecasts Clear responsibilities are given to operational and financial managers for the maintenance of effective financial controls and the production of accurate and timely financial management information,
- the regular review and assessment of the performance of the business including in relation to risk management and internal control by the Board and its subcommittees, including the GEB,

- attendance at operating subsidiary and associate boards by the Group Chief Executive and Group Chief Financial Officer These boards and their associated committees also meet regularly and have formal reporting structures. Directors of operating subsidiaries are also closely involved in the day to day business of their respective operations and are tasked with identifying key risks and ensuring that appropriate action is taken to mitigate and manage these,
- a Group Risk Management Policy which sets out the process for identifying, evaluating, assessing and managing the key risks to the Group's business objectives, supported by an appropriate organisational structure and clearly defined management responsibilities;
- a Group Risk Committee which reports to the GEB and is tasked with the review, discussion and challenge of key risks reported, the ongoing Group-wide development of internal control and the monitoring of internal audits and other sources of assurance on the effectiveness of internal controls. The Committee consists of the Group Chief Financial Officer, senior subsidiary business management and Group function heads including the Group Director of Audit and Risk, Group Legal Director & Company Secretary and Group IT Director;
- whistle-blowing procedures available to employees who are concerned about possible impropriety, financial or otherwise, and who may wish to ensure that action is taken without fear of victimisation or reprisal,
- a programme of assurance activities which assesses the effectiveness of our internal controls in respect of our key risks which includes
  - a programme of internal audits undertaken in accordance with an annual risk based plan approved by the Audit Committee The plan is designed to ensure that internal audit reviews are focused on priority controls across the Group to provide both independent review and challenge on the effectiveness of these controls, and the promotion of good practice and consistency in their development,
  - compliance programmes within our regulated businesses in support of the Group's commitment to conduct its business responsibly and in accordance with all laws and regulations to which its business activities are subject, and
  - an annual self assessment and certification by management of the existence and effectiveness of the controls within each of our operating subsidiaries The results are collated for review and challenge by the Group Risk Committee and onward reporting to the GEB and Audit Committee

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the system of risk management and internal control In performing its review of effectiveness, the Audit Committee considered the following reports and activities.

- internal audit reports on the review of priority controls across the Group and the monitoring of management actions arising,
- management's own assessment of the performance of the system of risk management and internal control during 2010,
- invitation of key financial and operational managers to present on the operation of the system of risk management and internal control within their businesses,
- reports from the Group Risk Committee including reporting on Group-wide key risk assessment activity and annual self assessment findings, and
- reports from the external auditors on any issues identified during the course of their work.

The Board, having reviewed the effectiveness of the system of internal control, can confirm that necessary actions have been, or are being, taken to remedy any significant failings or weaknesses identified

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business review on pages 6 to 13 The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 14 and 15 In addition, Note 3 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The Group has considerable financial resources, including a £50m committed revolving credit facility that matures on 31 March 2014, together with a broad spread of businesses across different geographic areas and sectors some of which enjoy stable revenue under contract with a number of customers As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts

By order of the Board

Peter Smith
Chairman

16 March 2011

Remuneration report

Remuneration Committee

The Board presents its Remuneration report, which has been prepared on the recommendation of the Remuneration Committee and in accordance with the Companies Act 2006 Shareholders will be invited to approve the report at the AGM on 4 May 2011

The Committee is responsible for the broad policy governing senior employees' pay and remuneration It sets the actual levels of all elements of the remuneration of the Executive Directors and reviews that of the members of the GEB The Committee also oversees the administration of Savills employee share schemes The Committee's terms of reference are available at the Company's website (www savills com)

The Committee aims to ensure that senior employees (including Executive Directors and GEB members) are rewarded for their contribution to Savills and are motivated to enhance returns to shareholders It advises the Board on the remuneration framework and policy for such senior executives and, once formally endorsed by the full Board, it applies the policy The Committee members are the Independent Non-Executive Directors and the Chairman During the year the Committee comprised the following

Charles McVeigh (Committee Chairman),

Martin Angle,

Timothy Ingram,

Peter Smith, and

Fields Wicker-Miurin (until retirement as a Director and a Committee member on 5 May 2010)

Biographical details of the current Committee members are set out on page 22 The Committee met on four occasions during the year Attendance details are shown on page 28

Advice

During the year Towers Watson advised the Committee on appropriate salary and incentive arrangements for the Executive Directors and GEB members The Committee was also advised and supported by the Group Company Secretary

Remuneration policy

It is essential that the Group provides remuneration packages which attract, retain and motivate Executive Directors, GEB members and employees of the highest quality Benefit packages awarded to Executive Directors and GEB members are structured to provide a competitive mix of performance and non-performance related remuneration The arrangements are reviewed on a regular basis In setting the remuneration of the Executive Directors and GEB members the Committee is able to consider corporate performance on environmental, social and governance issues

The Board accepted all of the recommendations relating to the Executive Directors' and GEB members' remuneration made by the Remuneration Committee during the financial year ended 31 December 2010

The remuneration for each of the Directors is shown on page 34

Base salary

Savills' business philosophy is founded on the premise that employees should be motivated through highly incentive-based (and therefore variable) remuneration Salaries for fee-earners, particularly more senior ones, are generally below market medians for similar businesses and a greater emphasis is placed on the performance related elements of either profit share bonus or commission in the total remuneration package These lower salary levels help to limit related costs (e g pension) and also have the effect of reducing the fixed element of the Group's cost base For support staff, salaries are generally set closer to market median levels Salaries for all employees are reviewed annually (although not necessarily increased) by each Group business

Jeremy Helsby's salary which was held at £195,000 p a , throughout 2009 in line with the cost reduction initiatives implemented across the Group in response to the global financial crisis, reverted to £210,000 p a., the level as originally proposed with effect from 1 January 2010 Simon Shaw's salary was not increased during 2010 Salaries will be reviewed, although not necessarily increased, in 2011 as part of the broader review of salaries across the Group's businesses

Performance related profit share bonus

In general, each Group business has a fee-earner discretionary profit share bonus scheme where the annual profit share bonus pool available for distribution is directly related to the profit of that Group business after charging all costs (pre-profit share bonus) including central overheads and finance charges The profit share bonus pool for each subsidiary company is generated by a formula. In the UK and Europe, the amounts available for distribution within these profit share bonus pools are calculated in bands between 30% of the pre-tax and pre-profit share bonus profits through to 65% for excellent performance, based on the achievement of predetermined targets These bands are reviewed regularly

The Committee expects, over the cycle, profit share bonuses and commissions, in aggregate, to be in the order of 55% to 65% of each Group business' pre-tax profits excluding charges for such payments Awards to fee-earning employees are assessed by reference to fee earning achievements, the profitability of the individual's area of responsibility, contribution to business development and managerial responsibilities

Equivalent arrangements are in place in the US and Asia Pacific, tailored to the particular requirements of each individual market

A portion of the profit share bonus of senior employees, GEB members and Executive Directors may be deferred for a period of not less than three years and awarded in shares under the Savills Deferred Share Bonus Plan, details of which can be found on page 35

Senior employees, GEB members and Executive Directors may participate in the Savills Deferred Share Bonus Plan, the Savills Executive Share Option Scheme (2001), the Savills Share Incentive Plan and the Savills Sharesave Scheme, details of which are given on pages 35 and 36 Details of any awards made to Executive Directors under these schemes are given on pages 36 to 38

Senior employees and GEB members, but not the Executive Directors, may also participate in the Savills Deferred Share Plan, details of which are given on page 35

Longer term incentives

To date, longer term incentives have been provided through the grant of options pursuant to the Savills Executive Share Option Scheme (2001) ('the Scheme') The Scheme reaches the end of its agreed ten year life span in May 2011 (although options granted pursuant to its terms up to and including May 2011 will continue to be exercisable subject to the satisfaction of performance criteria attaching to them)

During the year, the Committee, advised by Towers Watson, undertook a review of long term incentives and concluded that these would be better provided through a Performance Share Plan ('PSP'), rather than an option scheme, as this would be better aligned to the Group's strategic objectives and would better link reward with shareholder value creation

It is therefore proposed that a PSP is introduced, effective May 2011, and a resolution to this effect is included for shareholder consideration in the AGM business Under the proposed PSP, Executive Directors, GEB members and certain other senior executives will be granted nil cost options or conditional shares (or CSOP options) which will become exercisable/vest dependent on performance measured against two distinct metrics over at least a three year period

It is intended, subject to shareholders approving the implementation of the PSP, that the first awards under the PSP are granted in 2011

For the Executive Directors and GEB members awards granted in 2011 will be subject to the following performance conditions

(a) 50% of the initial value of an award will be subject to Total Shareholder Return ('TSR') performance measured against the TSR of the FTSE Mid 250 Index (excluding investment trusts) providing alignment with shareholder value creation,

(b) the other 50% of the initial value of an award will be subject to real (i e growth in excess of RPI) Group Earnings per Share ('EPS') growth performance, to provide a close focus on earnings growth over the performance period

Awards would vest as follows.

(a) for the TSR linked part of an award, 25% (i e threshold) will vest if the Company's TSR matches Index performance, rising to 100% (i e maximum) if the Company's TSR outperforms the Index by 8% p a., compound with sliding scale vesting between the two points, and

(b) for the EPS growth linked part of an award, 25% (i e threshold) will vest if the Company's real EPS growth (i e growth in excess of RPI) is 3% p a , compound rising to 100% (i e maximum) if the Company's real (i e growth in excess of RPI) EPS growth is 8% p a , compound with sliding scale vesting between the two points.

Full details of the proposed PSP, including a summary of its key rules and the performance criteria which would apply to the first awards granted pursuant to it, are included in the separate AGM Circular

Pension
The Pension Plan of Savills ('the Plan'), which provided final salary pension benefits to employees who joined the Group before 2000 (including Jeremy Helsby) closed to future benefit accrual with effect from 31 March 2010 (full details of the pension benefits provided by the Plan for Executive Directors are on page 34) From 1 April 2010 pension benefits for former members of the Plan were instead provided through the Group's defined contribution Personal Pension Plan ('GPP'), or for those individuals (including the Group Chief Executive) who were precluded from joining another Registered Pension Scheme due to A-Day rules, through a separate non-pensionable salary supplement (equal in value to the contributions that would otherwise have been paid on their behalf into the GPP) As a transitional arrangement, employer contributions in relation to all former Plan members, including Jeremy Helsby, were set at 20% of pensionable salary for the period until March 2015, thereafter employer contributions for former Plan members, including Jeremy Helsby, will reduce to 14% of pensionable salary

Benefits
Executive Directors, GEB members and senior employees are provided with a company car (or car allowance) and they and their immediate families are members of the Group's private medical or hospital insurance schemes

External directorships
The Executive Directors and GEB members are allowed to accept external non-executive directorships, subject to approval by the Board and any conditions that it might impose For non-executive directorships which are considered to arise by virtue of an Executive Director's or GEB member's position within Savills, the fees are paid directly to Savills. During 2010 and unrelated to his employment with the Group, Simon Shaw received a fee of £30,000 in relation to his continuing appointment as Non-Executive Chairman of Synairgen plc

Non-Executive Directors' remuneration

The fees for the Chairman are determined by the Board

The fees for the other Non-Executive Directors are set by the Board, excluding the Non-Executive Directors, within the limits set in the Articles. The Non-Executive Directors do not receive any share options, profit share bonuses or any other performance related payments nor do they receive any pension entitlement The fees payable to the Non-Executive Directors were not increased during 2010 but will increase from 1 July 2011 to align fees more closely to market levels reflecting their responsibilities and commitment Peter Smith's fee as Group Chairman was also not increased during 2010

Executive Directors' remuneration

Salary and profit share bonus
The salary and profit share bonus arrangements of the Executive Directors are structured by reference to their primary role within the Group The base salaries for all Executive Directors are set at levels which are significantly below market medians

The profit share bonuses for Executive Directors in respect of the 2010 financial year reflect, firstly, the Group's financial performance and secondly an objectives-based element reflecting individual performance/contribution during the course of the year measured against criteria pre-set by the Committee

The maximum profit share bonus potential for the Group Chief Executive is £2m in any year and for the Group Chief Financial Officer is £1 5m Part of the profit share bonus is delivered in the form of deferred shares with the proportion that is delivered in the form of deferred shares rising as profit share bonus increases

The above arrangements also apply for the 2011 financial year

Pension
Jeremy Helsby participated in the Plan until the closure of the Plan to future accrual with effect from 31 March 2010 Thereafter, as an individual subject to A-Day pension limits, he received a non-pensionable salary supplement (which at 20% of pensionable salary was equal in value to the contributions that would otherwise have been paid on his behalf into the GPP) For Simon Shaw, the Company contributes 18% of pensionable salary to his personal pension plan (equal in value to the contributions that would otherwise have been paid on his behalf into the GPP)

Under the Plan and the GPP only base salary is pensionable
The current normal retirement age under the Plan is 60 although as a result of Age Discrimination legislation the Company's normal retirement age has increased to 65 The current normal retirement age under the GPP is age 65

Remuneration report
continued

Analysis of Directors' remuneration (audited)

Executive Directors	Salary/fees Year to 31 December 2010 £	Profit share bonus Year to 31 December 2010 Cash# £	Profit share bonus Year to 31 December 2010 Deferred Shares* £	Benefits Year to 31 December 2010 £	Employer pension contribution (including final salary, GPP and profit share bonus waived) Year to 31 December 2010 £	Total Year to 31 December 2010 £	Total Year to 31 December 2009 £
Jeremy Helsby	210,000	632,100	276,900	10,675	48,485	1,178,160	771,283
Simon Shaw++	175,000	523,600	232,400	9,000	31,500	971,500	580,929
Former Executive Directors							
Simon Hope (resigned 18 January 2010)+	5,081	–	–	518	–	5,599	590,450
Robert McKellar (resigned 18 January 2010)+	8,937	–	–	4,348	447	13,732	754,032
Rupert Sebag-Montefiore (resigned 18 January 2010)+	4,839	–	–	515	–	5,354	706,189
Non-Executive Directors							
Martin Angle (Chairman – Audit Committee)***	44,490	–	–	–	–	44,490	40,000
Timothy Ingram**	40,000	–	–	–	–	40,000	40,000
Charles McVeigh (Chairman – Remuneration Committee)***	47,500	–	–	–	–	47,500	47,500
Peter Smith	150,000	–	–	–	–	150,000	150,000
Fields Wicker-Miurin (retired 5 May 2010)***	16,399	–	–	–	–	16,399	47,500

* For details of the Deferred Share Bonus Plan please refer to page 35
** Payment of £22,258 was made to Caledonia Investments plc for the period from 1 January 2010 to 21 July 2010, when he retired as Chief Executive of the company
*** The Chairmen of the Audit and Remuneration Committees each receive £7,500 for undertaking these additional responsibilities. Martin Angle became Chairman of the Audit Committee with effect from 5 May 2010 on the retirement of Fields Wicker-Miurin.
\+ To date of resignation from the Board
++ Simon Shaw was appointed to the Board on 16 March 2009
\# Excluded from the cash profit share bonus figures for 2010 for Jeremy Helsby and Simon Shaw are the amounts of £14,000 and £25,000 which were waived in favour of contributions to registered charities (2009 Jeremy Helsby waived £10,000)

Fees payable to the Non-Executive Directors were not increased during 2010 but will increase from 1 July 2011 to £45,000 p a. From the same date, the Chairman of the Audit Committee will receive an additional fee of £10,000 p a., the Chairman of the Remuneration Committee an additional fee of £7,500 p a , and the Senior Independent Director an additional fee of £5,000 p a , in recognition of the additional services provided by them to the Company in their respective roles

Pensions disclosure (audited)

Executive Directors	Increase/(decrease) in accrued pension during the year in excess of inflation[1] 31 December 2010 £	31 December 2009 £	Transfer value of the increase/(decrease) less Director's contributions[1] 31 December 2010 £	31 December 2009 £	Accumulated total accrued pension at the end of the year[2] 31 December 2010 £	31 December 2009 £	Total increase in accrued pension during the year[2] 31 December 2010 £	31 December 2009 £	Transfer value of total pension at start and end of the year[3] 31 December 2010 £	31 December 2009 £	Increase/(decrease) in transfer value over the year, less Director's contributions[4] 31 December 2010 £	31 December 2009 £
Jeremy Helsby	(1,080)	2,692	(26,374)	40,910	49,958	49,504	454	2,692	1,046,450	983,494	61,049	165,407

Notes
1 The table shows the increase/(decrease) in accrued pension during the year excluding any increase for inflation The transfer value of this increase/(decrease) in pension is also shown less the contributions made by the Director during the year
2 The accumulated accrued pension entitlement shown is that which would be paid annually on retirement based on service to the year end The actual increase in pension over the year is also shown (with no allowance for the increase in inflation)
3 The transfer value of the total pension accrued at the year end determined at the year end is set out along with the comparative amounts at the end of the previous year
4 The increase/(decrease) in the amount of this transfer value less the contributions made by the Director during the period, has also been determined
5 The transfer value represents the amount payable by the pension plan should the Director transfer his pension rights to another provider However, the Plan is underfunded at present and therefore any transfer values paid would be reduced from the amount shown to reflect the underfunded percentage

The transfer value represents the amount payable by the pension plan should the Director transfer his pension rights to another provider All transfer values quoted are calculated on the basis of actuarial advice in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008

Share related incentives

Directors' Deferred Share Bonuses and other schemes
The Group operates five employee share schemes, details of which are below The Committee keeps these schemes under review to ensure their continued effectiveness and compliance with best practice and contribution to shareholder value

The Savills Deferred Share Bonus Plan ('the DSBP') and the Savills Deferred Share Plan ('the DSP')
The DSBP was adopted by the Board on the recommendation of the Remuneration Committee in 2001 The DSBP reaches the end of its ten year life span in May 2011, when it will be renewed for a further ten year term (without any change of substance except for the introduction of claw-back provisions – see paragraph below) The DSBP (as amended) will provide for the award of nil cost options or conditional shares based on performance achievements measured over the immediately preceding financial year The performance targets are specific to each individual and either relate to Group thresholds, business unit targets or a combination of both In order to support retention of key fee-earners, a proportion of any profit share bonus is required to be taken in the form of deferred shares. The DSBP remains closely aligned to Savills successful executive remuneration strategy, which is to include a meaningful performance related pay element and to control the level of base annual salaries at senior levels significantly below market comparables.
The deferred element provides an added incentive in the form of potential share price growth over the deferred period together with an important retention aspect in that awards normally lapse in the event of executives leaving service before the vesting date

Awards of nil cost options/conditional shares normally vest after a deferral period of not less than three years although a longer deferral period may apply The shares are subject to forfeiture if the executive leaves service prior to the vesting date other than in defined 'good leaver' situations (e g redundancy or ill-health) The shares to satisfy awards are acquired by purchase in the market through an independent employee benefit trust ('the EBT') with funds provided by the relevant employing company For awards made from 2006 onwards, the number of shares awarded is increased on the vesting date to reflect final and interim dividends paid to ordinary shareholders throughout the deferral period There are no powers to issue new shares (or to reissue existing treasury shares) under either the DSBP or the EBT and therefore there is no dilution of existing shareholdings The EBT can hold up to 15% of the Company's issued share capital This limit was agreed after full consultation with institutional shareholders in 2002–2003 and approved by ordinary resolution of shareholders at the AGM in 2003

In summary, the combination of a profit share bonus award system which is highly geared to reward performance together with a deferred element in the form of Savills shares provides a key element in Savills remuneration strategy both as an incentive and as a retention tool

The DSP provides for the grant of awards of deferred shares which normally vest not earlier than three years from the award date (the deferral period may be longer) The DSP provides the scope for the Board to make such awards to key executives where the Board considers that there are particular business reasons, in the interests of the Company, for applying a retention element to remuneration (for example on the acquisition of a business) Awards under the DSP are forfeited if the executive leaves the employment of the Group before the end of the deferral/option period (with exceptions for 'good leavers') The shares required to satisfy DSP awards are funded through the EBT in the same manner as DSBP awards are funded (see paragraph two of the previous section) There are no powers to issue new shares or to reissue existing treasury shares under the DSP and therefore there is no dilution of existing shareholdings
The Executive Directors are not eligible to receive awards under the DSP

In accordance with current best corporate governance practice introduced in 2010, both the DSBP and DSP will now include claw-back provisions which can be applied in exceptional circumstances of the misstatement of performance or misconduct.

The Savills Executive Share Option Scheme (2001) ('the 2001 Scheme')
The 2001 Scheme was authorised by shareholders at the AGM in 2001 and comprises a scheme approved by HM Revenue and Customs ('HMRC') and a schedule under which options which do not fall within the HMRC approval limits may be granted The 2001 Scheme reaches the end of its ten year agreed life span in May 2011, although options granted up to and including May 2011 will continue to be exercisable in the normal fashion, subject to the satisfaction of performance conditions attaching to them, i e options granted under the 2001 Scheme are normally exercisable not earlier than three years following the date of grant and not later than ten years from the date of grant (with exceptions for 'good leavers') Grants are normally made annually on a phased basis and the exercise of options is subject to the achievement of a performance target related to the increase in the Company's earnings per share compared with a stated percentage above inflation over a fixed three year period The ability to re-measure performance over a later period if not met within the initial three year period was removed in 2004 subject to one transitional grant whereby the performance could, if necessary, be re-measured over an extended period of four years. Options are currently satisfied by the issue of new shares within the ABI's dilution limits

The performance target that applies to options granted between 2001 and 2005 requires that the Company's earnings per share must increase over the period of three consecutive financial years by an average of at least 3% p a., above inflation (as measured by the Retail Prices Index (all items) ('RPI')) Options granted from 2006 onwards are subject to a tiered approach whereby, in respect of any grant, the first one-third of the number of shares under option is subject to the above RPI + 3% p a., target with an escalating performance requirement in respect of the remaining two-thirds as follows

Second one-third of the number of shares – RPI + 4% p a

Final one-third of the number of shares – RPI + 5% p a.

As explained above and on pages 32 and 33, and more fully in the AGM Circular, it is proposed that the 2001 Scheme is replaced when it reaches the end of its agreed ten year lifespan in May 2011 by a Performance Share Plan

Remuneration report
continued

The Savills Sharesave Scheme ('the Sharesave Scheme')
Executive Directors are eligible to participate in the Sharesave Scheme, which is an HMRC approved scheme open to all employees of nominated participating companies who have a minimum of three months' service at the date of invitation The Sharesave Scheme was adopted by shareholders in 1998 with a ten year life and, following shareholder approval, replaced in 2008 with an updated scheme The Sharesave Scheme is linked to a monthly savings contract and options are granted at a maximum 20% discount to market price The most recent invitation was limited to three year savings contracts, although the rules currently allow three or five year savings contracts to be offered

The Savills Share Incentive Plan ('SIP')
At the AGM on 7 May 2003, shareholders approved the introduction of the SIP This is a share purchase plan approved by HMRC available to all employees including the Executive Directors The scheme is aimed at encouraging employee share ownership and an interest in the Company's performance Employees invest in Savills plc shares by making contributions from their gross salary subject to a current statutory annual limit of £1,500 (£125 per month) If the shares are held in the SIP for five years no income tax or NICs are payable The scheme was launched in May 2004 There are other elements of the SIP authorised by shareholders but it is not the present intention to offer these elements

Ordinary shares (audited)

Interests in the share capital of the Company beneficially held by the Directors as at 31 December 2010 are detailed below

	At 31 December 2010 or date of resignation/ retirement	31 December 2009
Martin Angle	**–**	–
Jeremy Helsby	**604,849**	604,849
Simon Hope (resigned 18 January 2010)	**105,555**	105,516
Timothy Ingram	**24,000**	24,000
Robert McKellar (resigned 18 January 2010)	**132,048**	132,048
Charles McVeigh	**–**	–
Rupert Sebag-Montefiore (resigned 18 January 2010)	**263,994**	263,955
Simon Shaw	**655**	192
Peter Smith	**20,000**	20,000
Fields Wicker-Miurin (retired 5 May 2010)	**1,360**	1,360

No Directors have bought or sold shares since 31 December 2010, with the exception of Simon Shaw who is a member of the SIP and as such has acquired 103 shares through the SIP

It is the Board's policy that each Executive Director should aim to hold at least 105,000 shares (valued at 31 12 10 £405,510) in the Company (except for the Group Chief Executive who should own at least 150,000 shares (valued at 31 12 10 £579,300)) Directors are expected to build holdings to this level over time, principally through the retention of shares released to them (after settling any tax due) following the vesting of share awards Above these limits the Board takes the view that the Directors may retain or sell shares as they see fit

The Savills Sharesave Scheme (audited)

	Number of shares							
Directors	At 31 December 2009	Granted during year	Exercised during year	Lapsed during year	At 31 December 2010 or date of resignation	Market price on date of exercise	Exercise price per share	Exercisable within six months from
Jeremy Helsby	1,098	–	–	1,098	–	–	510 5p	01 07 09
Simon Hope (resigned 18 January 2010)	3,018	–	–	–	3,018	–	318p	01 12 10
Rupert Sebag-Montefiore (resigned 18 January 2010)	3,398	–	–	–	3,398	–	267p	01 12 12
Simon Shaw	3,398	–	–	–	3,398	–	267p	01 12 12

The Savills Executive Share Option Scheme (2001) (audited)

Directors	At 31 December 2009	Granted during year	HMRC Approved/ Unapproved	Exercised during year	Lapsed during year	At 31 December 2010 or date of resignation	Market price on date of exercise	Exercise price per share	Date normally first exercisable	Expiry date
	Number of shares									
Jeremy Helsby	9,338	–	Approved	–	–	9,338	–	321 25p	14 03 08	14 03 15
	23,662	–	Unapproved	–	–	23,662	–	321 25p	14 03 08	14 03 15
	50,000	–	Unapproved	–	–	50,000	–	300 125p	16 04 11	16 04 18
	135,064	–	Unapproved	–	–	135,064	–	288 75p	17 04 12	17 04 19
	–	114,386	Unapproved	–	–	114,386	–	340 95p	19 04 13	19 04 20
Simon Hope (resigned 18 January 2010)	9,338	–	Approved	–	–	9,338	–	321 25p	14 03 08	14 03 15
	22,662	–	Unapproved	–	–	22,662	–	321 25p	14 03 08	14 03 15
	36,666	–	Unapproved	–	–	36,666	–	300 125p	16 04 11	16 04 18
	72,727	–	Unapproved	–	–	72,727	–	288 75p	17 04 12	17 04 19
Robert McKellar (resigned 18 January 2010)	9,338	–	Approved	–	–	9,338	–	321 25p	14 03 08	14 03 15
	20,662	–	Unapproved	–	–	20,662	–	321 25p	14 03 08	14 03 15
	36,666	–	Unapproved	–	–	36,666	–	300 125p	16 04 11	16 04 18
	72,727	–	Unapproved	–	–	72,727	–	288 75p	17 04 12	17 04 19
Rupert Sebag-Montefiore (resigned 18 January 2010)	46,000	–	Unapproved	–	–	46,000	–	217 75p	30 03 07	30 03 14
	9,338	–	Approved	–	–	9,338	–	321 25p	14 03 08	14 03 15
	23,662	–	Unapproved	–	–	23,662	–	321 25p	14 03 08	14 03 15
	36,666	–	Unapproved	–	–	36,366	–	300 125p	16 04 11	16 04 18
	72,727	–	Unapproved	–	–	72,727	–	288 75p	17 04 12	17 04 19
Simon Shaw	10,389	–	Approved	–	–	10,389	–	288 75p	17 04 12	17 04 19
	114,286	–	Unapproved	–	–	114,286	–	288 75p	17 04 12	17 04 19
	–	61,592	Unapproved	–	–	61,592	–	340 95p	19 04 13	19 04 20

Remuneration report
continued

The Savills Deferred Share Bonus Plan (DSBP) (audited)

Directors	At 31 December 2009	Awarded during year	Vested during year	At 31 December 2010 or date of resignation	Closing mid-market price of a Savills plc share the day before grant*	Market value at date of vesting	Normal vesting date
	Number of shares						
Jeremy Helsby	11,284	–	11,284	–	642 5p	356 5p	14 03 10
	26,676	–	26,676	–	656p	356 5p	19 03 10
	60,929	–	–	60,929	328 25p	–	17 03 11
	72,727	–	–	72,727	288 75p	–	17 04 12
	–	34,538	–	34,538	340 2p	–	13 04 13
Simon Hope (resigned 18 January 2010)	113,618	–	–	113,618	642 5p	–	14 03 10
	57,164	–	–	57,164	656p	–	19 03 10
	45,696	–	–	45,696	328 25p	–	17 03 11
	51,948	–	–	51,948	288 75p	–	17 04 12
Robert McKellar (resigned 18 January 2010)	15,564	–	–	15,564	642 5p	–	14 03 10
	11,432	–	–	11,432	656p	–	19 03 10
	30,464	–	–	30,464	328 25p	–	17 03 11
	25,974	–	–	25,974	288 75p	–	17 04 12
Rupert Sebag-Montefiore (resigned 18 January 2010)	30,487	–	–	30,487	656p	–	19 03 10
	60,929	–	–	60,929	328 25p	–	17 03 11
	10,389	–	–	10,389	288 75p	–	17 04 12
Simon Shaw	–	42,621	–	42,621	340 2p	–	13 04 13

* Mid market prices for awards prior to 11 May 2006 have not been adjusted to account for the 2 1 share subdivision on that date

No options granted under the Executive Share Option Scheme (2001) were exercised by Directors during the year Under the DSBP 37,960 shares vested during the year, no DSBP awards lapsed Under the Executive Share Option Scheme (2001) options no ordinary shares lapsed during the year The mid-market price of the shares at 31 December 2010 was 386 2p and the range during the year was 273 1p to 399p

Directors' service contracts

The Group Chief Executive and Group Chief Financial Officer both have service agreements with Savills plc These agreements can be terminated by the Company on provision of 12 months' notice The Chairman's letter of engagement allows for six months' notice Other Non-Executive Directors are appointed for an initial period of three years. These appointments may also be renewed for subsequent terms Details are as follows

	Date appointed to Board	End date of current letter of appointment	Notice period
Martin Angle	2 January 2007	1 January 2013	Terminable at will
Jeremy Helsby	1 May 1999	n/a*	12 months
Timothy Ingram	27 June 2002	26 June 2011	Terminable at will
Charles McVeigh	1 August 2000	31 July 2012	Terminable at will
Simon Shaw	16 March 2009	n/a*	12 months
Peter Smith	24 May 2004	25 May 2013	6 months

* But subject to the Articles of Association

The Company may, if it chooses, terminate an Executive Director's service contract by making a payment in lieu of notice to him No Executive Director, except for the Group Chief Executive, is entitled to receive any unpaid profit share bonus on termination of employment unless he is employed by the Company on the first day of the month in which such profit share bonus is payable and has not previously given notice
The Group Chief Executive is entitled to receive a pro rata profit share bonus on termination of employment in respect of the period up to the date of expiry of his contractual notice period provided he is a 'good leaver' (which expression does not include dismissal due to poor performance)

Performance graph

The total shareholder return delivered by the Company over the last five years is shown in the chart below Over this period the Company has delivered total shareholder return of -2% (FTSE 250 (excluding investment trusts) 9%) Savills was ranked 126th by performance in the FTSE 250 (excluding investment trusts) over the five years to 31 December 2010

The Directors believe that the FTSE 250 (excluding investment trusts) is the most appropriate index against which to compare total shareholder return as it is an index of companies of similar size to Savills plc

Below is a graph showing total shareholder return for Savills plc against the FTSE 250 (excluding investment trusts) Index over the last five years

Graphic removed

By order of the Board

Charles McVeigh
Chairman of the Remuneration Committee

16 March 2011
Registered Office 20 Grosvenor Hill, Berkeley Square, London W1K 3HQ

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' responsibility statement

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

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- the Directors' report contained on pages 24 to 26 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

By order of the Board

Jeremy Helsby
Group Chief Executive

Chris Lee
Group Legal Director & Company Secretary

16 March 2011

Independent auditors' report to the members of Savills plc

We have audited the financial statements of Savills plc for the year ended 31 December 2010 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated statement of changes in equity and Company statement of changes in equity, the Consolidated and Company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2010 and of the Group's profit and Group's and parent company's cash flows for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 31, in relation to going concern,
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration

John Waters
Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

16 March 2011

Consolidated income statement
for the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Revenue	5	**677 0**	560 7
Less			
Employee benefits expense	8(a)	**(437 6)**	(357 2)
Depreciation	15	**(6 6)**	(7 0)
Amortisation and impairment of goodwill and intangible assets	14	**(8.1)**	(7 9)
Other operating expenses		**(188.3)**	(177 9)
Other operating income	6	**0 3**	0 2
Loss on disposal of subsidiary, associate and available-for-sale investments	6	**(0 1)**	–
Operating profit		**36 6**	10 9
Finance income	10	**1 2**	2 3
Finance costs	10	**(2 2)**	(2 3)
		(1 0)	–
Share of post-tax profit from associates and joint ventures	16(a)	**1.2**	2 6
Profit before income tax		**36 8**	13 5
Income tax expense	11	**(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	13(a)	**20.5**	7 3p
Diluted earnings per share	13(a)	**19.8**	6 9p
Underlying earnings per share			
Basic earnings per share	13(b)	**27 9**	14 5p
Diluted earnings per share	13(b)	**27 0**	13 8p

Consolidated statement of comprehensive income
for the year ended 31 December 2010

	Notes	2010 £m	2009 £m
Profit for the year		**25 1**	9 2
Other comprehensive income			
Fair value loss on available-for-sale investments	16(b)	**(0 3)**	(0 8)
Actuarial gain/(loss) on defined benefit pension scheme	9	**10 5**	(12 8)
Tax on items relating to components of other comprehensive income	11	**(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)

Consolidated and Company statements of financial position
at 31 December 2010

	Notes	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Assets. Non-current assets					
Property, plant and equipment	15	**17 7**	18 3	**1 3**	0 9
Goodwill	14	**134 3**	128 3	–	–
Intangible assets	14	**19 6**	20 6	**1 5**	1 1
Investments in subsidiaries	16(c)	–	–	**126 6**	133 9
Investments in associates and joint ventures	16(a)	**11 6**	12 6	–	–
Deferred income tax assets	17	**25 5**	27 4	**1 6**	1 7
Available-for-sale investments	16(b)	**14.2**	14 0	–	0 2
		222 9	221 2	**131 0**	137 8
Assets. Current assets					
Work in progress		**3 6**	2 9	–	–
Trade and other receivables	18	**179 2**	143 5	**14 5**	11 3
Current income tax receivable		**2 4**	1 9	**4 9**	1 8
Derivative financial instruments	23	–	0 1	–	–
Cash and cash equivalents	19	**97 2**	81 6	–	19 2
		282 4	230 0	**19 4**	32 3
Liabilities Current liabilities					
Borrowings	22	**6 3**	6 3	**6.3**	–
Derivative financial instruments	23	**0 1**	–	–	–
Trade and other payables	20	**209 9**	165 0	**12 4**	14 7
Current income tax liabilities		**6 6**	2 5	–	–
Employee benefit obligations	24(b)	**4 7**	3 1	–	–
Provisions for other liabilities and charges	24(a)	**7 8**	5 2	**0 2**	0 3
		235 4	182 1	**18 9**	15 0
Net current assets		**47.0**	47 9	**0.5**	17 3
Total assets less current liabilities		**269 9**	269 1	**131 5**	155 1
Liabilities Non-current liabilities					
Borrowings	22	**4 0**	9 0	–	–
Derivative financial instruments	23	**0.4**	0 7	–	–
Trade and other payables	21	**16 8**	11 1	**5.3**	13 7
Retirement and employee benefit obligations	9 & 24(b)	**29.0**	42 6	**1 2**	2 1
Provisions for other liabilities and charges	24(a)	**7.8**	4 4	**1 2**	1 2
Deferred income tax liabilities	17	**2 8**	3 6	–	–
		60.8	71 4	**7 7**	17 0
Net assets		**209 1**	197 7	**123 8**	138 1
Equity Capital and reserves attributable to owners of the Company					
Share capital	25	**3 3**	3 3	**3 3**	3 3
Share premium		**84 0**	83 0	**84 0**	83 0
Other reserves	27	**24 2**	19 6	**3 3**	3 3
Retained earnings	27	**98 9**	91 2	**33 2**	48 5
		210 4	197 1	**123.8**	138 1
Non-controlling interests		**(1 3)**	0 6	–	–
Total equity		**209 1**	197 7	**123 8**	138 1

The consolidated financial statements of Savills plc, registered number 2122174, were approved by the Board of Directors on 16 March 2011 and signed on its behalf by

J C Helsby S J B Shaw

Consolidated statement of changes in equity
for the year ended 31 December 2010

		Attributable to owners of the Group						
	Notes	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £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	16(b)	–	–	(0.3)	–	(0.3)	–	(0.3)
Actuarial gain on defined benefit pension scheme	9	–	–	–	10.5	10.5	–	10.5
Tax on items directly taken to reserves	11	–	–	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	27	–	–	–	11.3	11.3	–	11.3
Purchase of treasury shares	27	–	–	–	(11.2)	(11.2)	–	(11.2)
Issue of share capital	26(b)	–	1.0	–	–	1.0	–	1.0
Dividends	12	–	–	–	(11.0)	(11.0)	(1.1)	(12.1)
Transactions with non-controlling interests	16(f)	–	–	–	(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						
	Notes	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £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	16(b)	–	–	(0.8)	–	(0.8)	–	(0.8)
Actuarial loss on defined benefit pension scheme	9	–	–	–	(12.8)	(12.8)	–	(12.8)
Tax on items directly taken to reserves	11	–	–	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	27	–	–	–	9.8	9.8	–	9.8
Purchase of treasury shares	27	–	–	–	(4.7)	(4.7)	–	(4.7)
Disposals (net of tax)		–	–	–	(0.1)	(0.1)	–	(0.1)
Dividends	12	–	–	–	(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

Company statement of changes in equity
for the year ended 31 December 2010

Attributable to owners of the Company

	Share capital £m	Share premium £m	Share-based payments reserve* £m	Currency translation reserve £m	Capital redemption reserve £m	Other reserves £m	Retained earnings* £m	Total shareholders' equity £m
Balance at 1 January 2010	3.3	83.0	0.9	–	0.3	3.0	47.6	138.1
Profit for the year	–	–	–	–	–	–	5.0	5.0
Other comprehensive income								
Actuarial gain on defined benefit pension scheme	–	–	–	–	–	–	0.6	0.6
Tax on items directly taken to reserves	–	–	–	–	–	–	(0.3)	(0.3)
Total comprehensive income for the year	–	–	–	–	–	–	5.3	5.3
Employee share option scheme								
– Value of services provided	–	–	0.6	–	–	–	–	0.6
– Exercise of share options	–	–	(0.4)	–	–	–	(9.7)	(10.1)
Issue of share capital	–	1.0	–	–	–	–	–	1.0
Distribution for Employee Benefit Trust	–	–	–	–	–	–	(0.1)	(0.1)
Dividends	–	–	–	–	–	–	(11.0)	(11.0)
Balance at 31 December 2010	3.3	84.0	1.1	–	0.3	3.0	32.1	123.8

Attributable to owners of the Company

	Share capital £m	Share premium £m	Share based payments reserve* £m	Currency translation reserve £m	Capital redemption reserve £m	Other reserves £m	Retained earnings* £m	Total shareholders' equity £m
Balance at 1 January 2009	3.3	83.0	1.1	2.6	0.3	3.0	55.6	148.9
Profit for the year	–	–	–	–	–	–	3.1	3.1
Other comprehensive income								
Actuarial loss on defined benefit pension scheme	–	–	–	–	–	–	(0.7)	(0.7)
Tax on items directly taken to reserves	–	–	–	–	–	–	0.2	0.2
Total comprehensive income for the year	–	–	–	–	–	–	2.6	2.6
Employee share option scheme								
– Value of services provided	–	–	0.3	–	–	–	–	0.3
– Exercise of options	–	–	(0.5)	–	–	–	(5.8)	(6.3)
Transfer between equity accounts	–	–	–	(2.6)	–	–	2.6	–
Dividends	–	–	–	–	–	–	(7.4)	(7.4)
Balance at 31 December 2009	3.3	83.0	0.9	–	0.3	3.0	47.6	138.1

* Included within retained earnings on the face of the Statement of Financial Position is tax on items taken directly to other comprehensive income (Note 11), share-based payments reserve and retained earnings as disclosed above

Consolidated and Company statements of cash flows
for the year ended 31 December 2010

		Group		Company	
	Notes	2010 £m	2009 £m	2010 £m	2009 £m
Cash flows from operating activities					
Cash generated from/(used in) operations	30	**78.2**	46 2	**(13.0)**	1 5
Interest received		**0.7**	2 5	**1.1**	2 2
Interest paid		**(1 3)**	(2 2)	**(0 1)**	(0 1)
Income tax (paid)/received		**(9 2)**	(6 8)	**(1 6)**	3 8
Net cash generated from/(used in) operating activities		**68.4**	39 7	**(13.6)**	7 4
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, joint ventures and subsidiaries		**0 5**	0 7	**8.2**	5 4
Loans to associates, joint ventures and subsidiaries		**(0 3)**	(0 6)	**(8.4)**	(2 1)
Acquisition of subsidiaries, net of cash acquired	16(e)	**(8.3)**	(7 2)	**–**	–
Deferred consideration paid in relation to prior year acquisitions		**(4 0)**	(0 8)	**–**	–
Purchase of property, plant and equipment	15	**(5 5)**	(3 2)	**(0 9)**	(0 3)
Purchase of intangible assets	14	**(1 7)**	(1 4)	**(0 7)**	(0 7)
Purchase of investment in associates, joint ventures and available-for-sale investments		**(1.2)**	(1 0)	**–**	(0 2)
Net cash (used in)/generated from investing activities		**(17.2)**	(2 6)	**(1.8)**	2 1
Cash flows from financing activities					
Proceeds from issue of share capital		**1 0**	–	**1.0**	–
Proceeds from borrowings		**26 0**	20 0	**–**	–
Purchase of own shares for Employee Benefit Trust	27	**(11 2)**	(4 7)	**–**	–
Contribution to Employee Benefit Trust		**–**	–	**(0.1)**	–
Purchase of non-controlling interests	16(f)	**(8.9)**	–	**–**	–
Repayments of borrowings		**(32.1)**	(31 4)	**–**	–
Dividends paid	12	**(12.1)**	(8 5)	**(11 0)**	(7 4)
Net cash used in financing activities		**(37.3)**	(24 6)	**(10 1)**	(7 4)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**13.9**	12 5	**(25.5)**	2 1
Cash, cash equivalents and bank overdrafts at beginning of year		**80 9**	75 3	**19 2**	17 1
Effect of exchange rate fluctuations on cash held		**1 7**	(6 9)	**–**	–
Cash, cash equivalents and bank overdrafts at end of year	19, 22	**96 5**	80 9	**(6.3)**	19 2

Notes to the financial statements
Year ended 31 December 2010

1 General information

Savills plc (the 'Company') and its subsidiaries (together the 'Group') is a leading international property advisory Group The Group operates through a network of offices in the UK, Europe, Asia Pacific and the US Savills is listed on the London Stock Exchange and employs 21,588 staff worldwide

The Company is a public limited company incorporated and domiciled in England and Wales The address of its registered office is 20 Grosvenor Hill, Berkeley Square, London W1K 3HQ

These consolidated financial statements were approved for issue by the Board of Directors on 16 March 2011

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated, and are also applicable to the parent Company

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 statements have been prepared under the historical cost convention, as modified to include the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and for management to exercise judgement in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4

Consolidation
The consolidated accounts include the accounts of the Company and its subsidiary undertakings, together with the Group's share of results of its associates and joint ventures

Subsidiaries
A subsidiary is an entity controlled by the Group, where control is the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Group controls another entity Subsidiaries are fully consolidated from the date on which control is transferred to the Group

The acquisition of subsidiaries is accounted for using the acquisition method For the purpose of consolidation, the purchase consideration is allocated between the underlying net assets acquired, including contingent liabilities and intangible assets other than goodwill, on the basis of their fair value The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement Acquisition related costs are expensed as incurred

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The results of subsidiary undertakings that have been sold during the year are included up to date of disposal The profit or loss is calculated by reference to the net asset value at the date of disposal, adjusted for purchased goodwill previously included on the balance sheet and foreign exchange reserve balances on retranslation

Inter-company transactions, balances and unrealised gains arising between Group companies are eliminated in preparing the consolidated financial statements Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

Investments in subsidiaries held by the Company are held at cost, less any provision for impairment

Transactions with non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity Gains or losses on disposals to non-controlling interests are also recorded in equity

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights Investments in associates are accounted for using the equity method and are initially recognised at cost The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 16(a))

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income The cumulative post-acquisition movements are adjusted against the carrying amount of the investment

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred

Accounting policies of associates have been aligned to ensure consistency with the policies adopted by the Group Gains and losses on dilution of the Group's share of equity in associates are recognised in the income statement

2 Accounting policies continued

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers. The Group's joint ventures are accounted for using the equity method.

Segment reporting

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

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

As the Group is strongly affected by both differences in the types of services it provides and the geographical areas in which it operates, the matrix approach of disclosing both the business and geographical segments formats is used.

Revenues and expenses are allocated to segments on the basis that they are directly attributable or the relevant portion can be allocated on a reasonable basis.

Foreign currency translation

– Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is also the Company's functional and presentation currency.

– Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss and are recognised in the income statement, except for available-for-sale equity investments, which are recognised in other comprehensive income. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

The differences between retained profits of foreign subsidiaries and associated undertakings translated at average and closing rates of exchange are taken to reserves, as are differences arising on the retranslation of foreign net assets to Sterling at the end of the year (using closing rates of exchange). Any differences that have arisen since 1 January 2004 are presented as a separate component of equity. As permitted under IFRS 1, any differences prior to that date are not included in this separate component of equity.

When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to acquisition. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Provision for depreciation is made at rates calculated on a straight-line basis to write off the assets over their estimated useful lives as follows:

Freehold property	50 years
Leasehold property (less than 50 years)	over unexpired term of lease
Furniture and office equipment	3–6 years
Motor vehicles	3–5 years
Computer equipment	3 years

Useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Goodwill

Goodwill represents the excess of the cost of acquisition of a subsidiary or associate over the Group's share of the fair value of identifiable net assets acquired.

In respect of associates, goodwill is included in the carrying value of the investment.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes to the financial statements
continued

2 Accounting policies continued

Goodwill continued
Goodwill is allocated to cash-generating units for the purpose of impairment testing The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose The Group allocates goodwill to each business segment in the geographical region in which it operates (Note 14)

Intangible assets other than goodwill
Intangible assets acquired as part of business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life Fair value on acquisition is determined by third-party valuations where the acquisition is significant

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software Costs associated with maintaining computer software programmes are recognised as an expense as incurred Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met

- it is technically feasible to complete the software product so that it will be available for use,
- management intends to complete the software product and use or sell it,
- there is an ability to use or sell the software product,
- it can be demonstrated how the software product will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available, and
- the expenditure attributable to the software product during its development can be reliably measured

Measurement subsequent to initial recognition is at cost less accumulated amortisation and impairment.

Intangible assets are tested for impairment where there is an indication that an asset may be impaired An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value-in-use Amortisation charges are spread on a straight-line basis over the period of the assets' estimated useful lives as follows

Computer software	3 – 5 years
Property management contracts	2 – 10 years
Incremental contract costs	10 years
Business and customer relationships	6 – 10 years
Brands	5 years

Impairment of non-financial assets
Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever an indicator of impairment exists An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value-in-use

Value-in-use is determined using the discounted cash flow method, with an appropriate discount rate to reflect market rates and specific risks associated with the asset

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

Financial instruments
Financial assets and liabilities are recognised on the Group's balance sheet at fair value when the Group becomes party to the contractual provisions of the instrument. Subsequent measurement depends on the classification and is discussed below·

Available-for-sale investments
Available-for-sale investments are stated at fair value, with changes in fair value being recognised in other comprehensive income When such investments are disposed or become impaired, the accumulated gains and losses, previously recognised in other comprehensive income, are recognised in the income statement.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Receivables are discounted where the time value of money is material

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other operating expenses' When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the income statement.

2 Accounting policies continued

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short-term highly liquid investments with original maturities of three months or less and working capital overdrafts, which are subject to an insignificant risk of changes in value Bank overdrafts are included under borrowings in the statement of financial position

Bank borrowings
Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method

Trade payables
Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method Trade payable are classified as current liabilities if payment is due within one year or less If not, they are presented as non-current liabilities

Derivative financial instruments and hedging
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged

Certain derivatives do not qualify for hedge accounting In these cases, changes in the fair value of all derivative instruments are recognised immediately in the income statement.

Gains and losses relating to the effective portion of hedges of net investments in foreign operations are recognised in other comprehensive income Gains or losses relating to the ineffective portion are recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed or sold

Share capital
Ordinary shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a charge to equity Repurchased shares which are not cancelled, or shares purchased for the Employee Share Ownership Trusts, are classified as treasury shares and presented as a deduction from total equity

Taxation
Taxation is that chargeable on the profits for the period, together with deferred taxation The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income Where applicable tax regulations are subject to interpretation, provisions are established where appropriate on the basis of amounts expected to be paid

Deferred income tax is recognised using the liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax base Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that it will not reverse in the foreseeable future

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised Deferred income tax assets and liabilities are not discounted Deferred income tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled Income tax and deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income

Pension obligations
The Group has both defined benefit and defined contribution plans A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows

The defined benefit scheme charge consists of current service costs, interest costs, expected return on plan assets, past service costs and the impact of any settlements or curtailments and is charged as an expense as they fall due

All actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise

The Group also operates a defined contribution Group Personal Pension Plan for new entrants and a number of defined contribution individual pension plans Contributions in respect of defined contribution pension schemes are charged to the income statement when they are payable The Group has no further payment obligations once the contributions have been paid Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

The net defined benefit cost is allocated amongst participating Group subsidiaries on the basis of pensionable salaries

Share-based payments
The Group operates equity-settled share-based compensation plans The fair value of the employee services received in exchange for the grant of the options is recognised as an expense

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity

Notes to the financial statements
continued

2 Accounting policies continued

Share-based payments continued
Equity-settled share-based payments granted after 7 November 2002 that had not vested as of 1 January 2005 are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest

The fair value of equity-settled share-based payments is measured by the use of Actuarial Binomial option pricing model At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised

Employee Benefit Trust
The Company has established the Savills plc 1992 Employee Benefit Trust (the EBT), the purposes of which are to grant awards to employees, to acquire shares in the Company pursuant to the Savills Deferred Share Bonus Plan and the Savills Deferred Share Plan and to hold shares in the Company for subsequent transfer to employees on the vesting of the awards granted under the schemes The assets and liabilities of the EBT are included in the Group statement of financial position Investments in the Group's own shares are shown as a deduction from equity

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material

Revenue
Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities Revenue is shown net of value-added tax and amounts due to third parties and after elimination of revenue within the Group

– Residential transactional fees

Generally, where contracts are unconditional, revenue is recognised on exchange of contracts, however, on more complex contracts, revenue will be recognised on the date of completion On multi-unit developments, revenue is recognised on a staged basis, commencing when the underlying contracts are exchanged

– Commercial transactional fees

Generally, revenue is recognised on the date of completion or when unconditional contracts have been exchanged

– Property consultancy

Revenue in respect of property consultancy represents commissions and fees recognised on a time basis, fixed fee or percentage of completion

– Property and facilities management

Revenue represents fees earned for managing properties and providing facilities and is generally recognised in the period the services are provided using a straight-line basis over the term of the contract

– Fund management

Revenue represents commissions and fees receivable, net of marketing costs in accordance with the relevant fee agreements

Annual management fees are recognised, gross of costs, in the period to which the service has been provided, in accordance with the contracted fee agreements Transaction fees are recognised on the date of completion of a purchase or sale transaction Distribution fees are recognised on the completion of a signed subscription agreement and performance fees are recognised as earned and when approved by the fund

– Financial services

Insurance commission revenue is recognised when the insurance policy sold is in effect and the amount of commission earned is determinable Indemnity commission is recognised when the policy sold is in effect Mortgage commission is recognised on completion

– Work in progress

Work in progress generally relates to consultancy revenue and is stated at the lower of cost and net realisable value Cost includes an appropriate proportion of overheads

– Interest income

Interest income is recognised on a time-proportion basis using the effective interest method

– Dividend income

Dividend income is recognised when the right to receive payment is established

– Other income

Other income includes interest and dividend income on available-for-sale investments plus fair value gains and losses on assets at fair value through profit or loss

Leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases

Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease The assets are then depreciated over the lower of the lease terms or the estimated useful lives of the assets.

The capital elements of future obligations under finance leases are included as liabilities in the balance sheet Leasing payments comprise capital and finance elements and the finance element is charged to the income statement.

The annual payments under all other lease agreements (operating leases) are charged to the income statement on a straight-line basis over the lease term Benefits received and receivable as an incentive to enter into the operating lease are also spread on a straight-line basis over the lease term

2 Accounting policies continued

Leases continued
A lease is classified as onerous where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Dividends
Dividend distributions are recognised as a liability in the Group's financial statements in the period in which they are approved by the Company's shareholders.

Standards, amendments and interpretations to standards effective in 2010
The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010

- IAS 27 (revised) 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The revised standard was applied to the acquisition of further interests in Savills Sweden AB and Cordea Savills LLP and the sale and repurchase of a non-controlling share in Savills Singapore PTE. These were accounted for as transactions with non-controlling equity holders and £14.6m was charged to equity as a result. Previously this would have been capitalised to goodwill. See note 16(f) for further details of these transactions. The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.
- IFRS 3 (revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The revised standard was applied to the acquisition of 100% of the voting share capital of Incoll Management Pty Limited. Acquisition costs of £0.2m have been included in the income statement. Previously, these would have been included in the consideration for the acquisition. See Note 16(e) for further details of this transaction. The change in accounting policy has been applied prospectively and consequently no adjustments were necessary to any of the amounts previously recognised in the financial statements.
- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This does not have a material impact on the Group's financial statements.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group. This interpretation does not have a material impact on the Group's financial statements.
- IAS 38 (amendment), 'Intangible assets'. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. This amendment does not have a material impact on the Group's financial statements.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This amendment does not have a material impact on the Group's financial statements.
- IAS 36 (amendment), 'Impairment of assets'. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments'. This amendment does not have a material impact on the Group's financial statements.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance does not have a material impact on the Group's financial statements.

Notes to the financial statements
continued

2 Accounting policies continued

Standards, amendments and interpretations to standards effective in 2010 continued

- IFRS 8, 'Operating segments' The amendment changes 'total assets' from a mandatory reporting requirement for reportable segments to only being required where total assets for segments are regularly reported to the chief operating decision maker The Group does not disclose segmental assets to the chief operating decision maker, but voluntarily discloses non-current assets on a geographical basis
- IAS 18, 'Revenue' The amendment provides additional guidance regarding the determination as to whether an entity is acting as an agent or principal The new guidance does not have a material impact on the Group's financial statements

Other standards, amendments and interpretations effective in 2010 and not discussed above are not relevant to the Group These include

- IFRS 1 (amendment), 'First time adoption' – additional exemptions, effective for accounting periods beginning on or after 1 January 2010
- IAS 39 (amendment), 'Financial instruments Recognition and measurement', on 'Eligible hedged items', effective for accounting periods beginning on or after 1 July 2009
- IFRIC 12, 'Service concession arrangements', effective for accounting periods beginning on or after 30 March 2009
- IFRIC 18, 'Transfer of assets from customers', effective for transfers of assets from customers received on or after 31 October 2009
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations', disclosure of non-current assets (or disposal groups) classified as held for sale or discontinued operations, effective for accounting periods beginning on or after 1 January 2010
- IAS 7, 'Statement of cash flows', classification of expenditures on unrecognised assets, effective for accounting periods beginning on or after 1 January 2010
- IAS 17, 'Leases', classification of leases of land and buildings, effective for accounting periods beginning on or after 1 January 2010
- IAS 39, 'Financial Instruments Recognition and measurement', treating loan prepayment penalties as closely related embedded derivatives, scope exemption for business combination contracts, cash flow hedge accounting, effective for accounting periods beginning on or after 1 January 2010
- IFRIC 9, 'Reassessment of embedded derivatives', effective for accounting periods beginning on or after 1 July 2009

Standards, amendments and interpretations to standards that are not yet effective and have not been early adopted by the Group
The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2011, and have not been early adopted

- IFRS 9, 'Financial instruments' This standard is the first step in the process to replace IAS 39, 'Financial instruments recognition and measurement' IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption However, the standard has not yet been endorsed by the EU The Group is yet to assess IFRS 9's full impact However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments and the Group makes an irrevocable election to present gains and losses on that investment in other comprehensive income In the current reporting period, the Group recognised £1 0m of such losses in other comprehensive income
- IAS 32 (amendment), 'Classification of rights issues' The amendment applies to annual periods beginning on or after 1 February 2010 Earlier application is permitted The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated Previously, these issues had to be accounted for as derivative liabilities The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' The Group will apply the amended standard from 1 January 2011 It is not expected to have any impact on the Group's financial statements
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010 The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to its creditor to extinguish all or part of the financial liability (debt for equity swap) It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished The Group will apply the interpretation from 1 January 2011 It is not expected to have any impact on the Group or the parent entity's financial statements

2 Accounting policies continued

Standards, amendments and interpretations to standards that are not yet effective and have not been early adopted by the Group continued

- IFRS 3 (amendment), 'Business combinations' Firstly, the amendments clarify that the requirements in IAS 39 do not apply to contingent consideration that arose from a business combination whose acquisition date preceded the application of IFRS 3 (revised 2008) and to provide guidance on how to account for such balances Secondly, it limits the choice of accounting applied to non-controlling interests to those that are present ownership instruments and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation Thirdly, it now provides guidance on share-based payment transactions of an acquiree that the acquirer chooses to replace and clarifies that those awards should be accounted for in the same way as acquiree awards that the acquirer is obliged to replace The Group will apply these amendments from 1 January 2011 It is not expected to have a material impact on the Group's financial statements.
- IFRS 7 (amendment), 'Financial instruments. Disclosures' The amendment clarifies that the disclosure requirement in respect of maximum exposure to credit risk applies only to financial assets whose carrying amounts do not show the reporting entity's maximum exposure to credit risk in order to avoid repetition The requirements to disclose the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated and the fair value of collateral and other credit enhancements have been removed The Group will apply these amendments from 1 January 2011 It is not expected to have a material impact on the Group's financial statements
- IAS 1 (amendment), 'Presentation of financial statements' The amendment clarifies that entities may present required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements It also reinforces the disclosure of dividends per share either in the statement of changes in equity or the notes to the financial statements The Group will apply these amendments from 1 January 2011 It is not expected to have a material impact on the Group's financial statements
- IAS 34 (amendment), 'Interim Financial Reporting' The amendment aligns the disclosures required by IAS 34 with those of other IFRSs and takes into account some of the disclosures required by IFRS 7, 'Financial instruments. Disclosures' around fair value measurement. The Group will apply these amendments from 1 January 2011 It is not expected to have a material impact on the Group's financial statements
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14) The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions This was not intended when IFRIC 14 was issued, and the amendments correct this The amendments are effective for annual periods beginning 1 January 2011 Earlier application is permitted The amendments should be applied retrospectively to the earliest comparative period presented The Group will apply these amendments for the financial reporting period commencing on 1 January 2011 It is not expected to have a material impact on the Group's financial statements

Other standards, amendments and interpretations not yet effective and not discussed above are not relevant to the Group These include

- IFRS 7 (amendment), 'Financial instruments. Disclosures on derecognition – transfers of financial assets, effective for accounting periods beginning on or after 1 July 2011
- IFRS 1 (amendment), 'First time adoption' – financial instrument disclosures, effective for accounting periods beginning on or after 1 July 2010, accounting policy changes in the year of adoption, revaluation basis as deemed cost, use of deemed cost for operations subject to rate regulation, effective for accounting periods beginning on or after 1 January 2011
- IAS 24 (amendment), 'Related party disclosures', disclosures for state-controlled entities, effective for accounting periods beginning on or after 1 January 2011
- IFRIC 13, 'Customer loyalty programmes', fair value of award credits, effective for accounting periods beginning on or after 1 January 2011

Notes to the financial statements
continued

3 Financial risk management

Financial risk factors
The Group's activities expose it to a variety of financial risks. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group. Occasionally, the Group uses financial instruments to manage foreign currency and interest rate risk.

The treasury function is responsible for implementing risk management policies applied by the Group and has a policy and procedures manual that sets out specific guidelines on financial risks and the use of financial instruments to manage these.

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risks primarily with respect to the Euro, Hong Kong dollar, Australian dollar and US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group finances some overseas investments through the use of foreign currency borrowings. 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, however when there is a material committed foreign currency exposure the foreign exchange risk will be hedged.

For the year ended 31 December 2010, if the average currency conversion rates against Sterling for the year had changed with all other variables held constant, the Group post tax profit for the year would have increased or decreased as shown below:

	Movement of currency against Sterling			
£m	-20%	-10%	+10%	+20%
2010				
Estimated impact on post-tax profit				
Euro	**0.9**	**0.5**	**(0.6)**	**(1.4)**
Hong Kong dollar	**(1.2)**	**(0.6)**	**0.8**	**1.8**
US dollar	**0.7**	**0.4**	**(0.5)**	**(1.1)**
Estimated impact on components of equity				
Euro	**5.2**	**2.8**	**(3.4)**	**(7.7)**
Hong Kong dollar	**(16.3)**	**(8.9)**	**10.9**	**24.5**
US dollar	**3.0**	**1.6**	**(2.0)**	**(4.5)**
2009				
Estimated impact on post-tax profit				
Euro	0.8	0.4	(0.5)	(1.2)
Hong Kong dollar	(0.6)	(0.3)	0.4	0.8
US dollar	1.7	0.9	(1.1)	(2.5)
Estimated impact on components of equity				
Euro	3.9	2.1	(2.6)	(5.9)
Hong Kong dollar	(13.0)	(7.1)	8.6	19.5
US dollar	3.7	2.0	(2.5)	(5.6)

Price risk
The Group is not materially exposed to equity securities price risk because listed investments held on the balance sheet are not significant. The Group is not exposed to commodity price risk.

Interest rate risk
The Group has both interest-bearing assets and liabilities. The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group cash flow to interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain at least 70% of its borrowings in fixed rate instruments.

For the year ended 31 December 2010, if the average interest rate for the year had changed with all other variables held constant, the Group post tax profit for the year would have increased or decreased as shown below:

	Increase in interest rates			
£m	+0.50%	+1.00%	+1.50%	+2.00%
2010				
Estimated impact on post-tax profit	**0.2**	**0.3**	**0.5**	**0.7**
2009				
Estimated impact on post-tax profit	0.0	0.0	0.0	0.1

	Decrease in interest rates			
£m	-0.50%	-1.00%	-1.50%	-2.00%
2010				
Estimated impact on post-tax profit	**(0.2)**	**(0.3)**	**(0.3)**	**(0.2)**
2009				
Estimated impact on post-tax profit	0.0	0.0	0.0	(0.1)

Credit risk
Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. The Group has policies that require appropriate credit checks on potential customers before business commences. A risk control framework is used to assess the credit quality of clients, taking into account financial position, past experience and other factors.

Individual risk limits for banks and financial institutions are set based on external ratings and in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

As at the balance sheet date, no significant credit risk existed in relation to banking counterparties. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. There were no other significant receivables or individual trade receivable balances as at 31 December 2010.

3 Financial risk management continued

Credit risk continued
The table below shows Group cash balances split by counterparty ratings at the balance sheet date

Counterparty rating (provided by S&P)	2010 £m	2009 £m
AAA	–	5 1
AA	12 2	11 8
AA–	32.2	23 1
A+	30.5	23 5
A	8.3	5 4
A–	7 6	5 6
BBB+ or below	6.4	7 1
Total	97 2	81 6

Liquidity risk
The Group maintains appropriate committed facilities to ensure the Group has sufficient funds available for operations and expansion The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities (Note 22) and cash and cash equivalents (Note 19)) on the basis of expected cash flow This is carried out at local level in the operating companies of the Group in accordance with Group practice as well as on a Group consolidated basis

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2010			
Borrowings	5 8	3.9	–
Loan notes	0 4	–	–
Finance leases	0 1	0 1	–
Derivative financial instruments	0 1	0 4	–
Trade and other payables	185 7	16 8	0 5
	192 1	21 2	0 5

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2009			
Borrowings	5 6	4 9	3 8
Loan notes	0 7	0 3	–
Derivative financial instruments	–	–	0 7
Trade and other payables	141 6	10 8	1 1
	147 9	16 0	5 6

Capital risk management
The Group's objectives when managing capital are

- to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital

Savills plc is not subject to any externally imposed capital requirements, with the exception of our FSA regulated entities, which complied with all capital requirements during the year ended 31 December 2010

In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The Board has put in place a distribution policy which takes into account the degree of maintainability of Savills' different profit streams and the Group's overall exposure to cyclical Transaction Advisory profits, as well as the requirement to maintain a certain level of cash resources for working capital and corporate development purposes The Board will recommend an ordinary dividend broadly reflecting the profits derived from our less volatile businesses In addition, when profits from the cyclical Transaction Advisory business are strong, the Board will consider and, if appropriate, recommend the payment of a supplemental dividend alongside the final ordinary dividend The value of any such supplemental dividend 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 supplemental dividends declared in respect of any year are covered at least 1 5 times by statutory retained earnings and/or at least 2 0 times by underlying profits after taxation

Notes to the financial statements
continued

3 Financial risk management continued

The Group's policy is to borrow centrally if required to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are then on-lent or contributed as equity to certain subsidiaries. The Board of Directors monitors a number of debt measures on a rolling forward 12 month basis including gross cash by location, gross debt by location, cash subject to restrictions, total debt servicing cost to operating profit, gross borrowings as a percentage of EBITDA (earnings before interest, tax, depreciation and amortisation), and forecast headroom against available facilities These internal measures indicate the levels of debt that the Group has and are closely monitored to ensure compliance with banking covenants and that the Group has sufficient unused facilities

The capital structure is as follows

	Group		Company	
£m	2010	2009	2010	2009
Equity	**209 1**	197 7	**123 8**	138 1
Cash and cash equivalents	**97.2**	81 6	**–**	19 2
Bank overdrafts	**(0 7)**	(0 7)	**(6 3)**	–
Borrowings	**(9 6)**	(14 6)	**–**	–
Net cash/(debt)	**86 9**	66 3	**(6 3)**	19 2

Fair value estimation
The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010

£m	Level 1	Level 2	Level 3	Total
2010				
Assets				
Available-for-sale investments				
– Unlisted	**–**	**14 2**	**–**	**14 2**
Total assets	**–**	**14 2**	**–**	**14.2**
Liabilities				
Derivative financial instruments	**–**	**0 5**	**–**	**0 5**
Total liabilities	**–**	**0.5**	**–**	**0.5**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009

£m	Level 1	Level 2	Level 3	Total
2009				
Assets				
Available-for-sale investments				
– Unlisted	0 2	13 8	–	14 0
Derivative financial instruments	–	0 1	–	0 1
Total assets	0 2	13 9	–	14 1
Liabilities				
Derivative financial instruments	–	0 7	–	0 7
Total liabilities	–	0 7	–	0 7

The fair value of listed available-for-sale investments is based on quoted market prices at the balance sheet date The quoted market price is the current bid price These instruments are included in Level 1

The fair value of unlisted available-for-sale investments is determined using valuation techniques using observable market data where available and rely as little as possible on entity estimates The fair value of investment funds is based on underlying asset values determined by the Fund Managers audited annual financial statements Fair value of other unlisted investments is based on price earnings models These instruments are included in Level 2

The fair value of derivative financial instruments is determined by using valuation techniques using observable market data. The fair value of derivative financial instruments is based on the market value of similar instruments with similar maturities These instruments are included in Level 2

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3

4 Critical accounting estimates and management judgements

Critical accounting estimates and assumptions
Estimates and judgements are continually evaluated and are based on historical experience, current market conditions and other factors including expectations of future events that are believed to be reasonable under the circumstances Actual results may differ from these estimates Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Pension benefits
The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate Any changes in these assumptions will impact the carrying amount of pension obligations The Group determines the appropriate discount rate at the end of each year In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability Other key assumptions for pension obligations are based in part on current market conditions Additional information is disclosed in Note 9

Income taxes
The Group is subject to income taxes in numerous jurisdictions Judgement is required in determining the provision for income taxes There are transactions and calculations for which the ultimate tax determination is uncertain Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

4 Critical accounting estimates and management judgements continued

Fair value of options granted to employees
The Group uses the Binomial Model in determining the fair value of options granted to employees under the Group's various schemes as detailed in the Remuneration Report. Information on such assumptions is contained in Note 26. The alteration of these assumptions may impact charges to the income statement over the vesting period of the award.

Estimated impairment of assets
The Group tests annually whether goodwill has suffered any impairment. All other assets are tested for impairment where there are indicators of impairment.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The use of this method requires the estimate of future cash flows expected to arise from the continuing operation of the cash-generating unit and the choice of a suitable discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates. The estimates used in these financial statements are contained in Note 14.

Valuation of intangible assets and useful life
The Group has made assumptions in relation to the potential future cash flows to be determined from separable intangible assets acquired as part of business combinations. This assessment involves assumptions relating to potential future revenues, appropriate discount rates and the useful life of such assets. These assumptions impact the income statement over the useful life of the intangible asset.

Provisions
The Group and its subsidiaries are party to various legal claims. Provisions made within these financial statements are contained in Note 24(a). Additional claims could be made which might not be covered by existing provisions or by insurance as detailed in Note 28.

Critical judgements in applying the entity's accounting policies
The application of the Group's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognised in the consolidated financial statements. Such judgements include:

Award of options and deferred shares to employees
The Group applies judgement in deciding the proportion of the available bonus pool to be awarded to employees under its long-term share-based incentive scheme. The Group's current policy is to deduct from the bonus pool an amount equal to the market value of the share price on the date of award. Under IFRS, the value of award is spread over the vesting period and charged to the income statement. The charge to the income statement is currently lower than the market value of shares to be awarded.

5 Segment analysis

Operating segments reflect internal management reporting to the Group's chief operating decision maker, defined as the Group Executive Board (GEB) The operating segments are determined based on differences in the nature of their services and geographical location as the Group is strongly affected by both factors The reportable operating segments derive their revenue primarily from property related services Refer to the Group overview on pages 2 and 3 and the Segmental reviews on pages 8 to 13 for further information on revenue sources

Operations are based in four main geographical areas The UK is the home of the parent Company with segment operations throughout the region Asia Pacific segment operations are based in Hong Kong, Macau, China, Korea, Japan, Taiwan, Thailand, Singapore, Vietnam and Australia. Europe segment operations are based in Germany, France, Spain, Netherlands, Belgium, Sweden, Italy, Ireland and Poland America segment operations are based in New York The sales location of the client is not materially different from the location where fees are received and where the segment assets are located

Within the UK, commercial and residential activities are managed separately Other geographical areas, although largely commercial based, also provide residential services, in particular Hong Kong, China, Vietnam and Singapore

All operations are continuing 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

The GEB assesses the performance of operating segments based on a measure of underlying profit before tax which adjusts reported pre-tax profit by profit on disposals, share-based payments adjustment and impairment and amortisation of goodwill and intangibles (excluding software) Segmental assets and liabilities are not measured or reported to the GEB, but non-current assets are disclosed geographically below

The segment information provided to the GEB for revenue and profits for the year ended 31 December 2010 is as follows

2010		Transactional Advice £m	Consultancy £m	Property and Facilities Management £m	Fund Management £m	Financial Services £m	Other £m	Total £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

Included within the Other UK residential segment is the Group's share of post tax losses of £2 0m (2009 £nil) from an associated company Management believes this amount cannot be reasonably allocated to an operating segment. The associated company provides marketing and media services. The losses primarily relate to the impairment of goodwill

A reconciliation of underlying profit before tax to profit before tax is provided in Note 7

Inter segmental revenue is not material

5 Segment analysis continued

2009	Transactional Advice £m	Consultancy £m	Property and Facilities Management £m	Fund Management £m	Financial Services £m	Other £m	Total £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

Non-current assets by geography comprise

	2010 £m	2009 £m
Non-current assets		
United Kingdom	**69.4**	73 7
Continental Europe	**46.2**	51 6
Asia Pacific	**63.9**	50 9
America	**17 9**	17 6
Total non-current assets	**197 4**	193 8

Non-current assets include goodwill and intangible assets, plant, property and equipment, investments in joint ventures and associates and available-for-sale investments Deferred tax assets are not included

Notes to the financial statements
continued

6(a) Operating profit

Operating profit is stated after charging/(crediting)

Other operating expenses include	Group 2010 £m	2009 £m
– Net foreign exchange losses/(gains)	0 1	(1 0)
– Loss on sale of property, plant and equipment	–	0 2
– Operating lease rentals – Hire of plant and machinery	2.2	1 5
– Property	21.6	21 0
Other income – dividend and investment income	(0.3)	(0 2)

(Loss)/profit on disposals is made up as follows		
(Loss)/profit on disposals – Available-for-sale investments	–	0 2
– Associate	–	(0 2)
– Subsidiary	(0 1)	–
	(0 1)	–

6(b) Income Statement of the Company

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company is not presented as part of these accounts The Company has produced its own income statement and statement of comprehensive income for approval by its board The Company receives dividends from subsidiaries and charges subsidiaries for the provision of Group related services The profit after income tax of the Company for the year was £5 0m (2009 £3 1m)

6(c) Fees payable to the Company's auditor, PricewaterhouseCoopers LLP, and its associates

	Group 2010 £m	2009 £m
Audit services		
Fees payable to Company's auditor for the audit of parent Company and consolidated accounts	0 2	0 2
Other services		
Fees payable to the Company's auditor and its associates for other services		
The audit of the Company's subsidiaries pursuant to legislation	0 8	0 8
Tax services	0 3	0 6
	1 3	1 6

7 Underlying profit before tax

	2010 £m	2009 £m
Reported profit before tax	36 8	13 5
Adjustments.		
Amortisation of intangibles (excluding software) (Note 14)	2.7	2 7
Impairment of goodwill and intangible assets (Note 14)	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 year

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

8(a) Employee benefits expense – Staff and Directors

	Group 2010 £m	Group 2009 £m
Basic salaries and wages	**258.1**	227 2
Incentive bonuses and commissions	**122.3**	81 1
Wages and salaries	**380 4**	308 3
Social security costs	**31 0**	26 5
Other pension costs	**14 9**	12 6
Share-based payments	**11 3**	9 8
	437.6	357 2

8(b) Staff numbers

The average number of employees (including Directors) during the year was

	Group 2010	Group 2009
United Kingdom	**3,222**	3,079
Continental Europe	**692**	731
Asia Pacific	**17,640**	16,104
America	**34**	34
	21,588	19,948

The average number of UK employees (including Directors) during the year included 91 employed under fixed term and temporary contracts (2009 60) The average number of employees of the Company was 113 (2009 102) who are all located in the UK.

8(c) Key management compensation

	Group 2010 £m	Group 2009 £m
Key management		
– Remuneration and fees excluding bonuses	**2 0**	1 4
– Bonuses	**3 8**	2 1
– National Insurance	**0 7**	0 5
– Share-based payments	**1.4**	0 4
	7 9	4 4

The key management of the Group for the year ended 31 December 2010 comprised Savills plc Board Directors during the year and the Group Executive Board The key management of the Group for the year ended 31 December 2009 comprised Savills plc Board Directors and the Chairman and Chief Executive of Savills Commercial Limited Details of Directors' remuneration is contained in the Remuneration Report on pages 32 to 39

During the year five (2009 five) Executives made gains totalling £1 1m on the exercise of options under the DSBP, ESOP, Sharesave and 2001 Option Schemes (2009 £0 5m)

The pension annuity for the highest paid Executive was £49,958 with no lump sum accrued (2009 £49,504 with no lump sum accrued) Retirement benefits under the defined benefit scheme are accruing for three (2009 three) Executives and benefits are accruing under a defined contribution scheme in Hong Kong for one (2009 one) Executive

Notes to the financial statements
continued

9. Pension scheme

Defined contribution plans

The Group operates the Savills UK Group Personal Pension Plan, a defined contribution scheme, a number of defined contribution individual pension plans and a Mandatory Provident Fund Scheme in Hong Kong, to which it contributes The total pension charges in respect of these plans were £14 0m (2009 £8 5m)

Defined benefit plan

The Pension Plan of Savills (the Plan) provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010 From 1 April 2010, pension benefits for former employees of the Plan are provided through the Group's defined contribution Personal Pension Plan

The assets of the scheme are held separately from those of the Group, and invested in managed funds units The contributions are determined by an independent qualified actuary on the basis of triennial valuations

A full actuarial valuation is currently being carried out as at 31 March 2010 and has been updated to 31 December 2010 by a qualified independent actuary The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments pre-retirement, the rates of increase in salaries and the post-retirement investment return The draft valuation showed that the market value of the scheme's assets was £109 6m and that the actuarial value of those assets represented 80% of the benefits that had accrued to members, after allowing for expected future increases in earnings The scheme has been closed to new joiners for pension benefits since 1 April 2000

	Group	
Principal assumptions at 31 December	2010	2009
Expected return on plan assets		
– Equities	**8 10%**	8 30%
– Gilts	**4 00%**	–
– Bonds	**5 20%**	5 30%
– Property	**7 10%**	7 30%
– Diversified growth funds	**7 80%**	8 00%
– Other	**0 50%**	0 30%
Expected rate of salary increases	**4 50%**	5 00%
Rate of increase to pensions in payment		
– accrued before 6 April 1997	**3.00%**	3 00%
– accrued after 5 April 1997	**3.60%**	3 60%
– accrued after 5 April 2005	**2.40%**	2 40%
Rate of increase to pensions in deferment		
– accrued before 6 April 2001	**5 00%**	5 00%
– accrued after 5 April 2001	**2 90%**	3 70%
Discount rate	**5.50%**	5 60%
Inflation assumption	**3.60%**	3 70%

9 Pension scheme continued

Using post-retirement mortality assumptions, the assured life expectations on retirement at age 60 (2009 60) are as follows

		Group	
		2010	2009
Retiring today	– Male	**88.1**	87 1
	– Female	**89.1**	89 7
Retiring in 20 years	– Male	**89.5**	89 2
	– Female	**90.8**	91 7

Sensitivity analysis of the discount rate

Change in assumption	Decrease by 0 5% p a (2009 decrease by 0 5% p a)
Impact on liabilities	Increase by 12% (2009 increase by 12%)

The amounts recognised in the balance sheet are as follows

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Fair value of plan assets	**119 5**	103 5	**6 6**	5 7
Present value of funded obligations	**(141.8)**	(141 2)	**(7 8)**	(7 8)
Deficit	**(22 3)**	(37 7)	**(1 2)**	(2 1)
Related deferred tax asset	**6 1**	10 7	**0 3**	0 6
Net liability	**(16 2)**	(27 0)	**(0 9)**	(1 5)

The amounts recognised in the income statement

	Group	
	2010 £m	2009 £m
Current service cost	**0 9**	3 2
Interest cost	**7 9**	7 0
Expected return on plan assets	**(7 9)**	(6 1)
Total included in staff costs	**0 9**	4 1

All net actuarial gains or losses for each year are recognised in full in the year in which they are incurred in the statement of comprehensive income

Change in defined benefit obligation.

	Group	
	2010 £m	2009 £m
Present value of defined benefit obligation at start of year	**141.2**	110 5
Current service cost	**0 9**	3 2
Interest cost	**7.9**	7 0
Plan participants contributions	**0 3**	1 1
Actuarial (gain)/loss	**(7 2)**	20 7
Benefits paid	**(1 3)**	(1 3)
Present value of defined benefit obligation at end of year	**141 8**	141 2

Notes to the financial statements
continued

9 Pension scheme continued

Change in plan assets

	Group	
	2010 £m	2009 £m
Fair value of plan assets at start of year	**103.5**	85 9
Expected return on plan assets	**7 9**	6 1
Actuarial gain	**3.3**	7 9
Employer contributions	**5 8**	3 8
Plan participants contributions	**0 3**	1 1
Benefits paid	**(1 3)**	(1 3)
Fair value of plan assets at end of year	**119 5**	103 5

The actual return on plan assets was £11 2m (2009 £14 0m) The overall expected return on assets is determined as the weighted average of the expected returns on each separate asset class shown below The expected return on plan assets is determined by the expected rate of return over the remaining life of the related liabilities held by the scheme The expected rate of return on equities is based on market expectations of dividend yields and price earnings ratios Expected returns on bonds are based on gross redemption yields as at the balance sheet date

The amounts recognised in the consolidated statement of comprehensive income

	Group	
	2010 £m	2009 £m
Actuarial losses brought forward	**(37.6)**	(24 8)
Net actuarial gain/(loss) for the year	**10 5**	(12 8)
Accumulated net actuarial losses	**(27.1)**	(37 6)

The major categories of assets as a percentage of total plan assets are as follows

	2010	2009
Equities	**51%**	53%
Gilts	**4%**	–
Bonds	**23%**	23%
Property	**3%**	3%
Diversified Growth Funds	**19%**	20%
Cash	**–**	1%
Total	**100%**	100%

No plan assets are the Group's own financial instruments or property occupied or used by the Group

Amounts for the current and previous four years are as follows

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Plan assets	**119 5**	103 5	85 9	103 4	96 6
Defined benefit obligation	**(141 8)**	(141 2)	(110 5)	(113 4)	(112 1)
Deficit	**(22 3)**	(37 7)	(24 6)	(10 0)	(15 5)
Experience gain/(loss) on plan liabilities	**2%**	2%	1%	(5%)	(3%)
Experience gain/(loss) on plan assets	**3%**	8%	(35%)	(4%)	3%

The Group expects to contribute £6 0m to its pension plan in the period to 31 December 2011 (2010 – £5 8m) The Company expects to contribute £0 3m (2010 – £0 3m)

10 Finance income and costs

	Group	
	2010 £m	2009 £m
Bank interest receivable	0.9	1 9
Fair value gain – interest rate swaps	0 3	0 4
Finance income	1.2	2 3
Bank interest payable	(2 2)	(2 3)
Finance costs	(2.2)	(2 3)
Net finance costs	(1 0)	–

11 Income tax expense

	Group	
Analysis of tax expense for the year	2010 £m	2009 £m
Current tax		
United Kingdom		
Corporation tax at 28 0% (2009 28 0%)	10 1	7 6
Adjustment in respect of previous years	(0 1)	(2 9)
	10 0	4 7
Foreign tax	6 7	3 5
Adjustment in respect of previous years	(0 4)	–
Total current tax	16 3	8 2
Deferred tax		
Representing		
United Kingdom	(4 1)	(4 4)
Foreign tax	(0.3)	(0 8)
Adjustment in respect of previous years	(0.2)	1 3
Total deferred tax (Note 17)	(4 6)	(3 9)
Income tax expense	11 7	4 3

The tax (charged)/credited to other comprehensive income is as follows

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Current tax credit on employee benefits	2 6	1 4	–	–
Current tax credit on foreign exchange reserves	–	0 8	–	–
Current tax credit on retirement benefits	1 4	–	0 1	–
Deferred tax (charge)/credit on pension actuarial (gains)/losses	(3 2)	3 6	(0 2)	0 2
Deferred tax on pension additional contributions	(1.4)	–	(0 1)	–
Deferred tax charge on employee benefits	(1 7)	(1 1)	–	–
Deferred tax credit on revaluations of available-for-sale investments	0 1	0 2	–	–
Deferred tax credit on foreign exchange reserves	0 1	0 3	–	–
Tax on items relating to components of other comprehensive income	(2 1)	5 2	(0 2)	0 2

Notes to the financial statements
continued

11 Income tax expense continued

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to Group profits The tax for the year is higher (2009 higher) than the standard rate of corporation tax in the UK (28%) The total tax charge on profit can be reconciled to the accounting profit as follows

	Group	
	2010 £m	2009 £m
Profit before tax	**36.8**	13 5
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 0% (2009 28 0%)	**10 3**	3 8
Effects of		
Adjustments to tax in respect of previous years	**(0 7)**	(1 6)
Adjustments in respect of foreign tax rates	**(3.0)**	(1 1)
Impact of rising share price compared to the fair value of share awards/options at date of grant	**(0 6)**	(0 7)
Income not subject to tax	**–**	(0 2)
Non-deductible tax losses	**2 6**	2 3
Expenses and other charges not deductible for tax purposes	**3.1**	1 8
Income tax expense on profit	**11 7**	4 3

The effective tax rate of the Group for the year ended 31 December 2010 is 31 8% (2009 31 9%)

12 Dividends – Group and Company

	2010 £m	2009 £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

Under the terms of the Savills plc 1992 Employee Benefit Trust (the EBT), the Trustee has waived all but 0 01p of any dividend on each share held by the Trust Savills QUEST Trustees Limited, the trustee of the Qualifying Employee Share Trust, waived all dividends on the shares it held

13(a) Basic and diluted earnings per share

Basic earnings per share are based on the profit attributable to owners of the company and the weighted average number of ordinary shares in issue during the year, excluding the shares held by the EBT, 9,613,393 shares (2009 9,314,386 shares)

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, being the share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and where performance conditions have been met.

The earnings and the shares used in the calculations are as follows

	2010 Earnings £m	2010 Shares million	2010 EPS pence	2009 Earnings £m	2009 Shares million	2009 EPS 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

13(b) Underlying basic and diluted earnings per share

Excludes profit/loss on disposals, share-based payments adjustment and impairment and amortisation of goodwill and intangibles (excluding software)

	2010 Earnings £m	2010 Shares million	2010 EPS pence	2009 Earnings £m	2009 Shares million	2009 EPS 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 intangible assets 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 after tax	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

The Directors regard the above adjustments necessary to give a fair picture of the underlying results of the Group for the year The adjustment for share-based payment relates to the impact of the accounting standard for share-based compensation

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

The gross amounts of the above adjustments (Note 7) are loss on disposal £0 1m (2009 £nil), share-based payment adjustment £3 3m (2009 £4 7m), add back of amortisation of intangibles (excluding software) £2 7m (2009 £2 7m) and impairment of goodwill and intangibles of £4 4m (2009 £4 3m)

Notes to the financial statements
continued

14 Goodwill and intangible assets

Acquired goodwill and intangible assets	Goodwill £m	Customer/ business relationships £m	Brands £m	Investment and property management contracts £m	Computer software £m	Group Total £m	Company Total £m
Cost							
At 1 January 2010	169 4	21 0	6 2	10 5	10.1	217 2	2.7
Acquisitions (Note 16(e))	7 6	1 3	–	–	–	8 9	–
Other additions	1 0	–	–	0 1	1 6	2 7	0 7
Disposals	(2.0)	–	–	–	(0.6)	(2.6)	–
Exchange movement	2 1	–	(0 1)	–	0 4	2.4	–
At 31 December 2010	178.1	22 3	6 1	10 6	11 5	228 6	3.4
Accumulated amortisation and impairment							
At 1 January 2010	41 1	8 0	6 2	5 0	8.0	68 3	1 6
Amortisation charge for the year	–	2 5	–	0 2	1 0	3 7	0 3
Impairment	4 3	–	–	0 1	–	4 4	–
Disposals	(2 0)	–	–	–	(0.6)	(2 6)	–
Exchange movement	0 4	0 3	(0.1)	–	0 3	0 9	–
At 31 December 2010	43.8	10 8	6.1	5 3	8.7	74 7	1 9
Net book value							
At 31 December 2010	134.3	11 5	–	5 3	2 8	153 9	1 5

All intangible amortisation charges in the year are disclosed on the face of the income statement The Company's intangible assets consist of computer software only

Acquired goodwill and intangible assets	Goodwill £m	Customer/ business relationships £m	Brands £m	Investment and property management contracts £m	Computer software £m	Group Total £m	Company Total £m
Cost							
At 1 January 2009	173 4	22 6	6 8	8 7	9 4	220 9	2 0
Acquisitions	4 4	–	–	1 9	–	6 3	–
Other additions	–	0 2	–	–	1 2	1 4	0 7
Disposals	–	–	–	–	(0 2)	(0 2)	–
Exchange movement	(8 4)	(1 8)	(0 6)	(0 1)	(0 3)	(11 2)	–
At 31 December 2009	169 4	21 0	6 2	10 5	10 1	217 2	2 7
Accumulated amortisation and impairment							
At 1 January 2009	39 9	7 0	6 8	4 5	7 5	65 7	1 3
Amortisation charge for the year	–	2 2	–	0 5	0 9	3 6	0 3
Impairment	4 3	–	–	–	–	4 3	–
Disposals	–	–	–	–	(0 1)	(0 1)	–
Exchange movement	(3 1)	(1 2)	(0 6)	–	(0 3)	(5 2)	–
At 31 December 2009	41 1	8 0	6 2	5 0	8 0	68 3	1 6
Net book value							
At 31 December 2009	128 3	13 0	–	5 5	2 1	148 9	1 1
At 1 January 2009	133 5	15 6	–	4 2	1 9	155 2	0 7

14 Goodwill and intangible assets continued

During the year, goodwill and intangibles were tested for impairment in accordance with IAS 36 Goodwill and intangibles are allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment. In most cases, the CGU is an individual subsidiary or operation and these have been separately assessed and tested A segment-level summary of the allocation is presented below

	Transactional Advice £m	Consultancy £m	Property and Facilities Management £m	Fund Management £m	Total £m
United Kingdom	24 6	9 2	5.2	2.2	41 2
Continental Europe	33.6	1 4	9.2	–	44 2
Asia Pacific	11 8	4 5	31 8	–	48 1
America	17 6	–	–	–	17 6
Total goodwill and intangibles (excluding software)	87 6	15 1	46.2	2.2	151 1

Method of impairment testing

All recoverable amounts were determined based on value-in-use calculations These calculations use discounted cash flow projections based on financial budgets approved by management covering a five-year period Cash flows beyond the five-year period are extrapolated using a terminal value

Assumptions

Market recovery

In each case the models used assume that each of the property markets in which the Group operates begin to recover during 2011

Discount rate

The discount rate applied to cash flows of each CGU is based on the Group's Weighted Average Cost of Capital (WACC) WACC is the average cost of sources of financing (debt and equity), each of which is weighted by its respective use

Key inputs to the WACC calculation are the risk free rate, the equity market risk premium (the return that Savills shares provide over the risk free rate), beta (reflecting the risk of the Group relative to the market as a whole) and the Group's borrowing rates

Group WACC was adjusted for risk relative to the country in which the assets were located The risk adjusted pre-tax discount range of rates used in each region for impairment testing are as follows

	2010 Pre-tax discount rate range	2009 Pre-tax discount rate range
United Kingdom	11 0%	11 6%
Continental Europe	11 0 – 11 5%	11 6 – 12 1%
Asia Pacific	8 5 – 22.0%	12 0 – 19 0%
America	12.5%	12 5%

Long-term growth rate

To forecast beyond the five years covered by detailed forecasts, a terminal value was calculated, using an average long-term growth rate determined at 1 5% This reflects management's expectations based on historical growth and current market conditions and does not exceed the long-term growth rate in any country in which the Group operates.

Impairment charge

Following impairment testing, a £4 4m charge has been recognised through the income statement (2009 £4 3m) relating to goodwill and intangibles on historical acquisitions where carrying values are no longer supported by the discounted cash flow analysis

The impairment charge relates to Theodor Schone Gmbh, a German residential property management business, purchased in July 2007 The business has performed significantly below our expectations and its future prospects have been adversely affected in 2010 by management changes This business is included under the European property management segment Key assumptions include a pre-tax discount rate of 11 0%

Notes to the financial statements
continued

14 Goodwill and intangible assets continued

Sensitivity to changes in assumptions
The level of impairment is a reflection of best estimates in arriving at value in use, future growth rates and the discount rate applied to cash flow projections Nonetheless, there are no CGUs which management consider a reasonable possible change in a key assumption would give rise to an impairment

Future impairments may be impacted by the following factors

Market conditions – the timing and growth expectations for further recovery are key assumptions in the determination of the cash flow projections For the purposes of the impairment tests, management expect the market to improve slightly over 2010 for the next year, but anticipate a bigger improvement from 2012 onward

Cost base – the cost base assumptions reflects 2010's costs with limited growth in the fixed cost base going forward Commissions and bonuses are correlated to the Group's revenue and profits and the percentage payout. These are assumed to be consistent with existing rates

15 Property, plant and equipment

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles Owned £m	Equipment and motor vehicles Leased £m	Total £m
Cost					
At 1 January 2010	0 4	19 7	47 4	–	67.5
Acquisitions (Note 16(e))	–	–	0.1	0 3	0 4
Additions	–	0 6	4 9	–	5 5
Transfers	(0.3)	0 3	–	–	–
Disposals	–	(0 1)	(2.3)	–	(2.4)
Exchange movement	–	0 1	1.0	–	1.1
At 31 December 2010	0 1	20 6	51.1	0 3	72 1
Accumulated depreciation and impairment					
At 1 January 2010	–	11 7	37 5	–	49 2
Charge for the year	–	2.0	4.5	0 1	6 6
Disposals	–	–	(2 1)	–	(2 1)
Exchange movement	–	–	0 7	–	0.7
At 31 December 2010	–	13.7	40 6	0 1	54 4
Net book value					
At 31 December 2010	0 1	6 9	10 5	0 2	17.7

The Directors consider that the fair value of plant, property and equipment approximates carrying value

Group	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles Owned £m	Equipment and motor vehicles Leased £m	Total £m
Cost					
At 1 January 2009	0 4	20 7	48 2	–	69 3
Additions	–	0 8	2 4	–	3 2
Disposals	–	(1 6)	(1 0)	–	(2 6)
Exchange movement	–	(0 2)	(2 2)	–	(2 4)
At 31 December 2009	0 4	19 7	47 4	–	67 5
Accumulated depreciation and impairment					
At 1 January 2009	–	10 9	34 7	–	45 6
Charge for the year	–	1 9	5 1	–	7 0
Disposals	–	(1 2)	(0 7)	–	(1 9)
Exchange movement	–	0 1	(1 6)	–	(1 5)
At 31 December 2009	–	11 7	37 5	–	49 2
Net book value					
At 31 December 2009	0 4	8 0	9 9	–	18 3
At 1 January 2009	0 4	9 8	13 5	–	23 7

15 Property, plant and equipment continued

Company	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2010	0 1	0 8	7 9	8.8
Additions	–	–	0 9	0 9
At 31 December 2010	0 1	0 8	8 8	9 7
Accumulated depreciation and impairment				
At 1 January 2010	–	0 8	7 1	7 9
Charge for the year	–	–	0 5	0 5
At 31 December 2010	–	0 8	7 6	8.4
Net book value				
At 31 December 2010	0 1	–	1.2	1 3

Company	Freehold property £m	Short leasehold property £m	Equipment and motor vehicles £m	Total £m
Cost				
At 1 January 2009	0 1	1 1	7 6	8 8
Additions	–	–	0 3	0 3
Disposals	–	(0 3)	–	(0 3)
At 31 December 2009	0 1	0 8	7 9	8 8
Accumulated depreciation and impairment				
At 1 January 2009	–	1 0	6 9	7 9
Charge for the year	–	0 1	0 3	0 4
Disposals	–	(0 3)	(0 1)	(0 4)
At 31 December 2009	–	0 8	7 1	7 9
Net book value				
At 31 December 2009	0 1	–	0 8	0 9
At 1 January 2009	0 1	0 1	0 7	0 9

Notes to the financial statements
continued

16(a) Group – Investments in joint ventures and associated undertakings

	Joint ventures			Associated undertakings		
	Investment £m	Loans £m	Total £m	Investment £m	Goodwill £m	Total £m
Cost or valuation						
At 1 January 2010	1 1	2.2	3.3	3.4	0 2	3.6
Additions	0 3	–	0.3	–	–	–
Loans advanced	–	0 1	0 1	0 2	–	0 2
Loans repaid	–	(0 5)	(0 5)	–	–	–
Exchange movement	–	0.1	0 1	0 2	–	0.2
At 31 December 2010	1 4	1 9	3.3	3.8	0 2	4.0
Share of profit						
At 1 January 2010	1 7	–	1 7	4.0	–	4 0
Group's share of retained profit	1 0	–	1 0	0 2	–	0 2
Dividends received	(0 3)	–	(0 3)	(2 7)	–	(2.7)
Exchange movement	0 1	–	0 1	0 3	–	0.3
At 31 December 2010	2 5	–	2 5	1 8	–	1 8
Total						
At 31 December 2010	3.9	1 9	5 8	5 6	0 2	5.8

	Joint ventures			Associated undertakings		
	Investment £m	Loans £m	Total £m	Investment £m	Goodwill £m	Total £m
Cost or valuation						
At 1 January 2009	1 1	2 5	3 6	2 3	0 2	2 5
Additions	0 1	–	0 1	0 6	–	0 6
Transfer from available-for-sale investments (Note 16(b))	–	–	–	0 6	–	0 6
Loans advanced	–	0 6	0 6	–	–	–
Loans repaid	–	(0 7)	(0 7)	–	–	–
Exchange movement	(0 1)	(0 2)	(0 3)	(0 1)	–	(0 1)
At 31 December 2009	1 1	2 2	3 3	3 4	0 2	3 6
Share of profit						
At 1 January 2009	1 4	–	1 4	3 4	–	3 4
Group's share of retained profit	1 0	–	1 0	1 6	–	1 6
Disposal	–	–	–	(0 2)	–	(0 2)
Dividends received	(0 5)	–	(0 5)	(0 7)	–	(0 7)
Exchange movement	(0 2)	–	(0 2)	(0 1)	–	(0 1)
At 31 December 2009	1 7	–	1 7	4 0	–	4 0
Total						
At 31 December 2009	2 8	2 2	5 0	7 4	0 2	7 6

16(a) Group – Investments in joint ventures and associated undertakings continued

In relation to the Group's interests in joint ventures, the assets, liabilities, income and expenses are shown below

	2010 £m	2009 £m
Current assets	**7.2**	5.4
Non-current assets	**3.8**	3.9
Current liabilities	**(6.5)**	(5.9)
Non-current liabilities	**(0.6)**	(0.6)
Net assets	**3.9**	2.8
Revenue	**12.3**	10.3
Expenses	**(11.0)**	(8.8)
Share of income tax	**(0.3)**	(0.5)
Share of post-tax profit from joint ventures	**1.0**	1.0

In relation to the Group's associated undertakings, the assets, liabilities, income and expenses are shown below

	2010 £m	2009 £m
Current assets	**9.5**	9.0
Non-current assets	**5.2**	5.9
Current liabilities	**(8.5)**	(6.7)
Non-current liabilities	**(0.6)**	(0.8)
Net assets	**5.6**	7.4
Revenue	**31.9**	22.4
Expenses	**(31.2)**	(20.1)
Share of income tax	**(0.5)**	(0.7)
Share of post-tax profit from associates	**0.2**	1.6

The joint ventures and associates have no significant liabilities to which the Group is exposed to, nor has the Group any significant contingent liabilities or capital commitments in relation to its interests in the joint ventures and associates. The market value of the Group's holding in Adventis Group plc, an associate company, was £1.0m at 31 December 2010 (2009: £2.8m). The carrying value of this investment is £2.2m (2009: £4.3m).

16(b) Available-for-sale investments

		Group 2010 £m	Group 2009 £m
At 1 January		**14.0**	16.2
Additions		**0.9**	0.3
Transfer to investment in associate (Note 16(a))		**–**	(0.6)
Net fair value loss transferred to other comprehensive income		**(0.3)**	(0.8)
Disposals		**–**	(0.2)
Impairment		**(0.3)**	–
Exchange movement		**(0.1)**	(0.9)
At 31 December		**14.2**	14.0
Available-for-sale investments comprise the following			
Unlisted securities	UK – equity securities	**–**	1.5
	UK – limited partnership	**0.1**	0.1
	UK – investment funds	**2.5**	2.5
	European – investment funds	**11.2**	9.7
	Asia Pacific – equity securities	**0.4**	0.2
		14.2	14.0

Notes to the financial statements
continued

16(b) Available-for-sale investments continued

Available-for-sale investments are denominated in the following currencies

	Group 2010 £m	Group 2009 £m
Sterling	**2.6**	4 1
Euro	**11 2**	9 7
Other	**0 4**	0 2
	14 2	14 0

At 31 December 2010, the Group held the following principal available-for-sale investments

Investment	Holding	Principal activity
Cordea Savills Dawn Syndication (entity registered in England and Wales)	3 5%	Investment property fund
Cordea Savills Student Hall Fund (entity registered in Jersey)	2 0%	Student accommodation property fund
Cordea Savills Italian Opportunities Fund 1 (entity registered in Luxembourg)*	2 8%	Investment property fund
Cordea Savills Italian Opportunities Fund 2 (entity registered in Luxembourg)	1 3%	Investment property fund
Serviced Land No 2 (entity registered in England and Wales)	1 9%	UK land investment fund
Cordea Savills German Retail Fund (entity registered in Luxembourg)	1 9%	Retail investment property fund
Cordea Savills Nordic Retail Fund (entity registered in Luxembourg)	11 3%	Retail investment property fund
Cordea Savills UK Property Ventures No 1 (registered in England and Wales)	4 1%	UK land investment fund

* This holding relates to Class C ordinary shares The Group also holds 100% of Class A1 preference shares and 4 0% of Class B preference shares in this fund

The Group does not exert significant influence over these businesses, and therefore does not equity account for these investments These shareholdings are treated as trade investments and held at fair value

The fair value of unlisted securities is based on underlying asset values and price earnings models The fair value of investment funds is determined by the Fund Managers annual audited financial statements

At 31 December 2010 the Group held a conditional commitment to co-invest £0 7m (2009 £0 8m) in the Cordea Savills UK Property Ventures Fund No 1, £1 0m (2009 £1 3m) in the Cordea Savills Italian Opportunities Fund 2 and £0 4m (2009 £nil) in the Cordea Savills Italian Opportunities Fund 1

The Company made no available-for-sale investments during the year (2009 £0 2m)

16(c). Company – Investments in subsidiaries

	Shares in Group undertakings £m	Loans to Group undertakings £m	Total £m
Cost			
At 1 January 2009	22 4	117 0	139 4
Additions	–	2 1	2 1
Repayments	–	(5 4)	(5 4)
Exchange movement	–	(2 2)	(2 2)
At 31 December 2009	22 4	111 5	133 9
Repayments	**–**	**(8.2)**	**(8.2)**
Exchange movement	**–**	**0 9**	**0 9**
At 31 December 2010	**22 4**	**104 2**	**126.6**

16(d) Investments in subsidiaries, joint ventures and associated undertakings

The principal subsidiaries, joint ventures and associated undertakings of the Group which, in the Directors' opinion principally affect the figures shown in the financial statements, are shown below together with details of their main activities Except where otherwise noted, they are wholly-owned, have share capital wholly comprised of ordinary shares, are registered in England and Wales, operate in the UK and are consolidated into the Group accounts Holding interests are the same as voting interests

A full list of the Group's subsidiaries, joint ventures and associated undertakings is available from the registered office of Savills plc

Subsidiary undertakings	Holding	Main activities
Cordea Savills LLP*+	100%	Provision of fund management
Savills Commercial Limited*	100%	Commercial surveyors
Savills (L&P) Limited*	100%	General practice surveyors
Prime Purchase Limited*	100%	Property buying company
Cordea Savills Investment Management Limited*	100%	Asset manager
Savills Private Finance Limited*	100%	Provision of general insurance, mortgage broking and personal financial planning services (regulated by FSA)
Savills LLC*++ (registered in the US)	75%	Property consultants
Savills Commercial (Ireland) Limited* (registered in Ireland)	100%	Property consultants
Savills Residential (Ireland) Limited* (registered in Ireland)	100%	Property consultants
Savills Consultores Inmobiliarios SA* (registered in Spain)	100%	Property consultants
Savills Immobilien Beratungs GmbH* (registered in Germany)	100%	Property consultants
Savills SA* (registered in France)	99 97%	Property consultants
Savills Italy SRL* (registered in Italy)	90 50%	Property consultants
Savills Nederland Holding BV* (registered in the Netherlands)	87%	Property consultants
Savills Sweden AB* (registered in Sweden)	98 40%	Property consultants
Savills Spolka z Organiczona* (registered in Poland)	100%	Property consultants
Savills (Hong Kong) Limited* (registered in Hong Kong)	100%	Mixed practice agency, valuation and research
Savills Valuation and Professional Services Limited* (registered in Hong Kong)	100%	Valuation and research
Savills Property Management Limited* (registered in Hong Kong)	100%	Property management
Guardian Property Management Limited* (registered in Hong Kong)	100%	Property management
Savills (Singapore) Pte Limited* (registered in Singapore)	100%	Property management and agency
Savills Japan KK* (registered in Japan)	100%	Property management and agency
Savills Property Services (Shanghai) Co Limited* (registered in China)	100%	Property management
Savills Property Services (Beijing) Co Limited* (registered in China)	100%	Property management
Savills Korea Asset Management Limited* (registered in Korea)	100%	Property management
Savills Korea Co Limited* (registered in Korea)	100%	Property agency and consultants
Savills (Vietnam) Limited* (registered in BVI)	69 10%	Property management and agency
Savills (Thailand) Limited* (registered in Thailand)	100%	Property agency, consultants and management
Savills (Taiwan) Limited* (registered in Taiwan)	100%	Property agency and consultants
Savills (Aust) Pty Limited* (registered in Australia)	96 19%	Property agency, consultants and management
Joint ventures		
GES Holdings Limited* (Macau)	50%	Property management
Associated undertakings		
Hutton Asia Pte Ltd* (Singapore)	48%	Property agency
Adventis Group plc*	30 16%	Provision of marketing and media services

* Shares/interests held indirectly by the Company
\+ Limited Liability Partnership
++ Limited Liability Company

Notes to the financial statements
continued

16(e) Acquisitions of subsidiaries

On 29 March 2010, the Group acquired 100% of the voting share capital in Incoll Group Pty Limited, 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.

Subsidiaries acquired	Provisional fair value to Group Total £m
Property, plant and equipment (Note 15)	0.4
Deferred tax asset	0.2
Current assets	
Trade and other receivables	3 4
Cash and cash equivalents	0 7
Current liabilities	
Trade and other payables	(3 6)
Current tax liabilities	(0 2)
Borrowings (Note 31)	(0 4)
Employee and retirement benefit obligations (Note 24(b))	(0.2)
Non-current borrowings (Note 31)	(0 1)
Non-current employee and retirement obligations (Note 24(b))	(0 1)
Net assets	0 1
Non-controlling share of net assets	–
Other intangibles (Note 14)	1 3
Fair value of net assets acquired	1 4
Goodwill (Note 14)	7.6
Purchase consideration	9.0

Consideration satisfied by	
Cash paid	9.0
Cash acquired	(0 7)
	8 3

For the acquisition, there was no difference between the fair value and carrying value of net assets acquired, except for intangible assets The Group acquires businesses intended for use on a continuing basis. Goodwill is attributable to anticipated future operating synergies from the combination with existing businesses and perceived future economic benefits that will be generated from the staff/client relationships acquired There were no significant changes to the provisional goodwill that arose in the previous year on acquisitions

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

Included in Group operating profit relating to acquisitions is revenue of £12 2m (2009 £0 6m), staff costs of £8 0m (2009 £0 6m), depreciation of £0 2m (2009 £nil), amortisation of £nil (2009 £nil) and other operating charges of £3 0m (2009 £0 3m) If the date for all acquisitions made during the year had been at the beginning of the year, amounts relating to these acquisitions would have been revenue of £17 7m (2009 £1 0m), staff costs of £10 3m (2009 £0 9m), depreciation of £0 4m (2009 £nil), amortisation of £nil (2009 £nil) and other operating charges of £5 9m (2009 £0 5m)

16(f) Transactions with non-controlling interests

During the year, 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.

17 Deferred income tax

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The deferred tax assets and liabilities are offset when realised through current tax. The deferred income tax assets and liabilities at 31 December, without taking into consideration the offsetting balances within the same jurisdiction, are as follows.

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Deferred tax assets				
– Deferred tax asset to be recovered after more than 12 months	**18.4**	25.0	**1.1**	1.2
– Deferred tax asset to be recovered within 12 months	**7.1**	2.4	**0.5**	0.5
	25.5	27.4	**1.6**	1.7
Deferred tax liabilities				
– Deferred tax liability to be recovered after more than 12 months	**(2.4)**	(3.0)	**–**	–
– Deferred tax liability to be recovered within 12 months	**(0.4)**	(0.6)	**–**	–
	(2.8)	(3.6)	**–**	–
Deferred tax asset – net	**22.7**	23.8	**1.6**	1.7

Notes to the financial statements
continued

17 Deferred income tax continued

The movement on the deferred tax account is shown below

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
At 1 January – asset	**23.8**	16.9	**1.7**	1.6
Amount credited to income statement (Note 11)	**4.6**	3.9	**0.2**	(0.1)
Tax charged to other comprehensive income				
– Pension asset on actuarial (gain)/loss	**(3.2)**	3.6	**(0.2)**	0.2
– Pension asset on additional contributions	**(1.4)**	–	**(0.1)**	–
– Employee benefits	**(1.7)**	(1.1)	**–**	–
– Revaluations of available-for-sale investments	**0.1**	0.2	**–**	–
– Movement on foreign exchange reserves	**0.1**	0.3	**–**	–
Exchange movement	**0.2**	–	**–**	–
Acquisitions (Note 16(e))	**0.2**	–	**–**	–
At 31 December – asset	**22.7**	23.8	**1.6**	1.7

Deferred income tax assets have been recognised in respect of all tax losses and other temporary differences to the extent that the realisation of the related tax benefit through the future taxable profits is probable

As at the balance sheet date, the Group has unused tax losses of £18.6m (2009 £14.8m) available for offset against future profits Deferred tax of £5.7m (2009 £4.1m) has not been recognised on such losses due to the unpredictability of future income streams. Included within unrecognised losses are losses of £0.7m that expire within three years, £1.2m that expire within three to five years and the remaining £16.7m being available for offset indefinitely

Deferred tax assets – Group	Accelerated capital allowances £m	Other including provisions £m	Tax losses £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2009	0.9	5.7	4.7	7.0	4.1	22.4
Amount (charged)/credited to income statement (Note 11)	–	(0.7)	(0.2)	0.1	3.4	2.6
Tax credited/(charged) to other comprehensive income (Note 11)	–	–	–	3.6	(1.1)	2.5
Exchange movement	–	0.1	(0.2)	–	–	(0.1)
At 31 December 2009	0.9	5.1	4.3	10.7	6.4	27.4
Amount credited/(charged) to income statement (Note 11)	**0.1**	**0.8**	**(0.2)**	**–**	**3.3**	**4.0**
Tax (charged)/credited to other comprehensive income (Note 11)	**–**	**–**	**–**	**(4.6)**	**(1.7)**	**(6.3)**
Acquisitions (Note 16(e))	**–**	**0.2**	**–**	**–**	**–**	**0.2**
Exchange movement	**–**	**0.3**	**(0.1)**	**–**	**–**	**0.2**
At 31 December 2010	**1.0**	**6.4**	**4.0**	**6.1**	**8.0**	**25.5**

17 Deferred income tax continued

Deferred tax liabilities – Group	Accelerated capital allowances £m	Other including provisions and foreign exchange reserves £m	Unremitted profits £m	Revaluations £m	Intangible assets £m	Total £m
At 1 January 2009	(0 3)	(1 1)	(0 4)	(0 4)	(3 3)	(5 5)
Amount credited to income statement (Note 11)	0 3	0 1	0 4	–	0 5	1 3
Tax credited to other comprehensive income (Note 11)	–	0 3	–	0 2	–	0 5
Exchange movement	–	–	–	–	0 1	0 1
At 31 December 2009	–	(0 7)	–	(0 2)	(2 7)	(3 6)
Amount credited to income statement (Note 11)	**–**	**–**	**–**	**–**	**0 6**	**0 6**
Tax credited to other comprehensive income (Note 11)	**–**	**0 1**	**–**	**0 1**	**–**	**0 2**
At 31 December 2010	**–**	**(0 6)**	**–**	**(0 1)**	**(2.1)**	**(2 8)**
Net deferred tax asset						
At 31 December 2010						**22.7**
At 31 December 2009						23 8

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 but these later reductions had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions of the main rate of corporation tax by 1% per year to 24% by 1 April 2014 are expected to be enacted separately each year The overall effect of the further changes from 27% to 24%, if these applied to the deferred tax balance at 31 December 2010, would be to reduce the net deferred tax asset by approximately £0 8m (being £0 3m recognised in 2011, £0 3m recognised in 2012 and £0 2m recognised in 2013)

Deferred tax assets – Company	Accelerated capital allowances £m	Other including provisions £m	Retirement benefits £m	Employee benefits £m	Total £m
At 1 January 2009	0 5	0 6	0 4	0 1	1 6
Amount (charged)/credited to income statement	(0 1)	(0 1)	–	0 1	(0 1)
Tax charged to other comprehensive income (Note 11)	–	–	0 2	–	0 2
As at 31 December 2009	0 4	0 5	0 6	0 2	1 7
Amount (charged)/credited to income statement	**(0 1)**	**0.1**	**–**	**0 2**	**0 2**
Tax credited to other comprehensive income (Note 11)	**–**	**–**	**(0 3)**	**–**	**(0.3)**
At 31 December 2010	**0 3**	**0 6**	**0 3**	**0.4**	**1 6**
Net deferred tax asset					
At 31 December 2010					**1 6**
At 31 December 2009					1 7

Notes to the financial statements
continued

18 Trade and other receivables

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Trade receivables	**147 0**	116 5	**–**	–
Less provision for impairment of receivables	**(9 1)**	(9 4)	**–**	–
Trade receivables – net	**137 9**	107 1	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**12.4**	10 5
Other receivables	**15 1**	11 7	**1 4**	–
Prepayments and accrued income	**26 2**	24 7	**0 7**	0 8
	179 2	143 5	**14 5**	11 3

The carrying value of trade and other receivables is approximate to fair value

There is no other concentration of credit risk with respect to trade and other receivables as the Group has a large number of clients internationally dispersed with no individual client owing a significant amount.

Amounts owed by subsidiary undertakings to the Company are generally charged interest at 1 5% (2009 1 5%) above the base rate Inter-company trade receivables are generally cleared within the month

As at 31 December 2010, trade receivables of £9 1m (2009 £9 4m) were impaired and provided for The individually impaired receivables mainly relate to receivables from clients that have been affected by the uncertain economic conditions where funding and completion have been delayed and cash flow has become uncertain

The ageing of these receivables is as follows.

	Group	
	2010 £m	2009 £m
Up to 3 months	**0.9**	1 1
3 to 6 months	**1 6**	1 6
Over 6 months	**6 6**	6 7
	9 1	9 4

As at 31 December 2010, trade receivables of £40 6m (2009 £38 6m) were past due but not impaired These relate to trade receivables which are past due at the reporting date but are not considered impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable

The ageing of these receivables is as follows.

	Group	
	2010 £m	2009 £m
Up to 3 months	**31.0**	35 1
3 to 6 months	**5.8**	1 3
Over 6 months	**3.8**	2 2
	40 6	38 6

18 Trade and other receivables continued

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies

	Group	
	2010 £m	2009 £m
Sterling	**89 1**	65 6
Euro	**21 3**	22 9
Hong Kong dollar	**27 5**	21 1
Australian dollar	**16 7**	11 4
Other*	**24.6**	22 5
	179 2	143 5

* Other currencies include Chinese renminbi, Singapore dollar, Polish zloty and Swedish krona.

Movement on the provision for impairment of trade receivables is as follows

	Group	
	2010 £m	2009 £m
At 1 January	**(9 4)**	(10 0)
Provisions for receivables impairment	**(2.4)**	(2 8)
Receivables written off during the year as uncollectible	**2.4**	2 9
Unused provisions released	**0 5**	–
Exchange movements	**(0.2)**	0 5
At 31 December	**(9 1)**	(9 4)

The creation and release of the provision for impaired receivables have been included in other operating expenses in the income statement

The other classes within trade and other receivables do not contain impaired assets

The Group does not hold any collateral as security

19 Cash and cash equivalents

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Cash at bank and in hand	**91 7**	50 8	**–**	19 2
Short-term bank deposits	**5 5**	30 8	**–**	–
	97 2	81 6	**–**	19 2

The effective interest rate on short-term bank deposits as at 31 December 2010 was 0 87% (2009 0 62%), these deposits have an average maturity of 25 days (2009 5 days)

Cash subject to restrictions in Asia Pacific amounts to £17 4m (2009 £16 7m) which is cash pledged to banks in relation to property management contracts and cash remittance restrictions in certain countries. These amounts are consolidated

Notes to the financial statements
continued

19 Cash and cash equivalents continued

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Cash and cash equivalents	**97.2**	81.6	–	19.2
Bank overdrafts (Note 22)	**(0.7)**	(0.7)	**(6.3)***	–
	96.5	80.9	**(6.3)**	19.2
Cash and cash equivalents are denominated in the following currencies				
Sterling	**36.9**	29.8	–	21.0
Euro	**4.1**	6.4	–	(1.8)*
Hong Kong dollar	**27.3**	22.9	–	–
Singapore dollar	**2.3**	4.8	–	–
Australian dollar	**6.1**	3.6	–	–
Chinese renminbi	**11.1**	9.1	–	–
South Korean wan	**1.3**	1.9	–	–
US dollar	**3.5**	0.5	–	–
Other currencies**	**4.6**	2.6	–	–
	97.2	81.6	–	19.2

* The Company's Sterling and Euro accounts are managed within a Group pooling banking arrangement. As at 31 December 2010, no net overdrafts existed within either pool (2009 - £nil)
** Other currencies include Taiwan dollar, Macau pataca, Thai baht, Japanese yen, Polish zloty and Swedish krona

20 Trade and other payables – current

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Deferred consideration	**3.2**	4.2	–	–
Trade payables	**35.6**	32.4	**4.8**	3.2
Amounts owed to subsidiary undertakings	–	–	**1.5**	3.4
Other taxation and social security	**24.3**	22.6	–	4.3
Other payables	**7.9**	3.0	**0.4**	–
Accruals and deferred income	**138.9**	102.8	**5.7**	3.8
	209.9	165.0	**12.4**	14.7

21 Trade and other payables – non-current

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Deferred consideration	**16.6**	11.0	–	–
Other payables	**0.2**	0.1	–	–
Amounts owed to subsidiary undertakings	–	–	**5.3**	13.7
	16.8	11.1	**5.3**	13.7

22 Borrowings

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Current				
Bank overdrafts	07	07	63*	–
Unsecured bank loans due within one year or on demand	51	49	–	–
Loan notes	0.4	07	–	–
Finance leases	0.1	–	–	–
	63	63	63	–
Non-current				
Unsecured bank loans	3.9	87	–	–
Loan notes	–	03	–	–
Finance leases	01	–	–	–
	40	90	–	–

* The Company's Sterling and Euro accounts are managed within a Group pooling banking arrangement As at 31 December 2010, no net overdrafts existed within either pool (2009 £nil)

In 2007, the Group borrowed £19 8m for the acquisition of Granite Partners LLC in the US (now Savills LLC) The borrowings are denominated in US dollars Interest is fixed at 5 315% via an interest rate swap until maturity date At 31 December 2010, at the year end exchange rate, £9 0m was outstanding (2009 £13 6m) USD8m is due within one year

In 2006, £0 6m of the Variable Interest Rate Guaranteed Loan Notes 2006 were issued as part consideration for the acquisition of the business and assets of PCA Management Consultants Limited As at 31 December 2010, £0 4m (2009 £0 5m) were still in issue and due within one year Interest is payable half yearly

Bank loans are denominated in a number of currencies and bear interest at LIBOR or foreign equivalents as appropriate to the country in which the borrowing is incurred

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Less than 1 year	12	14	6.3	–
Between 1 and 2 years	90	03	–	–
Between 2 and 5 years	01	136	–	–
	10.3	153	63	–

	Group		Company	
The maturity of non-current borrowings is as follows	2010 £m	2009 £m	2010 £m	2009 £m
Between 1 and 2 years	40	53	–	–
Between 2 and 5 years	–	37	–	–
	4.0	90	–	–

The effective interest rates at the balance sheet date were as follows.

	Group	
	2010 £m	2009 £m
Bank overdraft	2.82%	396%
Bank loans	532%	532%
Loan notes	500%	351%
Finance leases	1026%	–

The carrying amounts of borrowings approximate to fair value

Notes to the financial statements
continued

22 Borrowings continued

The carrying amounts of the Group's borrowings are denominated in the following currencies

	Group		Company	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Sterling	**0 4**	1 0	**6 3**	–
US dollar	**9 0**	13 6	–	–
Euro	**0.6**	0 6	–	–
Australian dollar	**0 2**	–	–	–
Hong Kong dollar	**0 1**	–	–	–
Thai baht	–	0 1	–	–
	10 3	15 3	**6 3**	–
The Group has the following undrawn borrowing facilities				
Floating rate – expiring within 1 year or on demand	**15 6**	20 2	**6 3**	–
Floating rate – expiring between 1 and 5 years	**50 0**	60 0	–	–

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

23 Derivative financial instruments

2010	Group Assets £m	Group Liabilities £m	Company Assets £m	Company Liabilities £m
Interest rate swaps – at fair value	–	**0 4**	–	–
Forward foreign exchange contracts – at fair value	–	**0 1**	–	–
Total	–	**0 5**	–	–
Less non-current portion	–	**(0.4)**	–	–
Current portion	–	**0 1**	–	–

2009	Group Assets £m	Group Liabilities £m	Company Assets £m	Company Liabilities £m
Interest rate swaps – at fair value	–	0 7	–	–
Forward foreign exchange contracts – at fair value	0 1	–	–	–
Total	0 1	0 7	–	–
Less non-current portion	–	(0 7)	–	–
Current portion	0 1	–	–	–

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts in relation to the US borrowing at 31 December 2010 were £9 0m (2009 £13 6m) At 31 December 2010, the fixed interest rate was 5 315% The floating rate is USD LIBOR

Gains and losses on interest rate swaps are recognised in the income statement

Forward foreign exchange contracts
The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2010 were £14 9m (2009 £14 2m) The non-current portion represents contracts that mature in over one year

Gains and losses on forward foreign exchange contracts are recognised in the income statement.

Hedge of net investments in foreign operations
The Group's USD borrowing amounting to USD14m (2009 USD22 0m) is designated as a hedge on the net investment in the Group's US subsidiary The fair value of the USD borrowing at 31 December 2010 was £9 0m (2009 £13 6m) The foreign exchange loss of £0 5m (2009 gain of £2 1m) on translation of the borrowing to currency at the balance sheet date is recognised in foreign exchange reserves in other comprehensive income The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets on the balance sheet

24(a) Provisions for other liabilities and charges

	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Group Total £m	Company £m
At 1 January 2010	7.2	1.2	1 2	9 6	1 5
Released during the year	(1.4)	–	–	(1.4)	–
Provided during the year	6 9	0.8	1 1	8.8	–
Utilised during the year	(0 8)	(0 1)	(0 7)	(1 6)	(0 1)
Exchange movements	0 2	–	–	0.2	–
Total	12.1	1 9	1 6	15 6	1 4
Less non-current portion	5 6	1 4	0 8	7 8	1 2
Current portion	6 5	0 5	0 8	7.8	0.2

2009	Professional indemnity claims £m	Dilapidation provisions £m	Onerous leases £m	Group Total £m	Company £m
Current	4 2	0 3	0 7	5 2	0 3
Non-current	3 0	0 9	0 5	4 4	1 2
Total	7 2	1 2	1 2	9 6	1 5

24(b) Employee benefit obligations

In addition to the defined benefit obligation pension scheme disclosed in Note 9, the following are included in employee benefit obligations

Group	Total £m
At 1 January 2010	8.0
Acquisitions (Note 16(e))	0 3
Provided during the year	5.0
Utilised during the year	(2.8)
Exchange movements	0.9
At 31 December 2010	11 4

The above provisions relate to holiday pay and long service leave in Asia Pacific and Europe and are expected to crystallise within five to seven years of the balance sheet date Bonuses are included within accruals (Note 20)

The Company had no employee benefit obligations at 31 December 2010 or 31 December 2009

The above employee benefit obligations have been analysed between current and non-current as follows

	Group	
	2010 £m	2009 £m
Current	4.7	3 1
Non-current	6.7	4 9
	11 4	8 0

Notes to the financial statements
continued

25 Share capital – Group and Company

Authorised and allotted	2010 Number of shares	2009 Number of shares	2010 £m	2009 £m
Ordinary shares of 2 5p each				
Authorised	**202,000,000**	202,000,000	**5 1**	5 1
Allotted, called up and fully paid	**132,152,375**	131,841,846	**3.3**	3 3

Movement in allotted, called up and fully paid share capital

	2010 Number of shares	2010 £m	2009 Number of shares	2009 £m
At 1 January	**131,841,846**	**3 3**	131,840,933	3 3
Allotted to direct participants on exercise of options under the Savills Sharesave Scheme	**310,529**	**–**	913	–
At 31 December	**132,152,375**	**3 3**	131,841,846	3 3

At the Annual General Meeting held on 5 May 2010, the shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 13,184,184 of its own ordinary shares (AGM held on 6 May 2009 13,184,093) Such authority remains valid until the conclusion of the next Annual General Meeting or 1 July 2011 whichever is the earlier

26 Share-based payment

Details of the terms of the following schemes are contained in the Remuneration report on pages 35 to 36

26(a) Savills Executive Share Option Scheme (2001)

The following share options have been granted under the Savills Executive Share Option Scheme (2001) and were outstanding at 31 December 2010

Date of grant	Exercise period		Exercise price	2010 Number of shares '000	2009 Number of shares '000
30 March 2004	7 years from 30 March 2007	Unapproved	217 8p	**46**	46
14 March 2005	7 years from 14 March 2008	Approved	321 3p	**37**	37
14 March 2005	7 years from 14 March 2008	Unapproved	321 3p	**91**	91
16 April 2008	7 years from 16 April 2011	Unapproved	300 1p	**160**	160
17 April 2009	7 years from 17 April 2012	Approved	288 8p	**21**	21
17 April 2009	7 years from 17 April 2012	Unapproved	288 8p	**530**	530
19 April 2010	7 years from 19 April 2013	Unapproved	341 0p	**422**	–
				1,307	885

A reconciliation of option movements over the year to 31 December 2010 is shown below

	2010 Number of shares '000	2010 Weighted average exercise price	2009 Number of shares '000	2009 Weighted average exercise price
Outstanding at 1 January	**885**	**291 8p**	471	360 7p
Granted	**422**	**341 0p**	551	288 8p
Forfeited	**–**	**–**	(137)	516 6p
Outstanding at 31 December	**1,307**	**307.7p**	885	291 8p
Exercisable at 31 December	**174**	**293.9p**	174	293 9p

The weighted average share price on the date of exercise during the year was £nil (2009 £nil) and total consideration of £nil (2009 £nil) was received

26(b). Savills Sharesave Scheme

During the year 310,529 shares (2009 913 shares) were allotted direct to participants on the exercise of options under the Savills Sharesave Scheme, for consideration of £986,853 The following table shows the options remaining outstanding as at 31 December 2010

Date of grant	Exercise price	Exercise period	2010 Number of shares '000	2009 Number of shares '000
5 May 2006	510 5p	01 07 09 – 01 01 10	–	194
31 October 2007	318 0p	01 12 10 – 01 06 11	**467**	814
29 October 2009	267 0p	01 12 12 – 01 06 13	**1,096**	1,210
			1,563	2,218

A reconciliation of option movements over the year to 31 December 2010 is shown below·

	2010 Number of shares '000	2010 Weighted average exercise price	2009 Number of shares '000	2009 Weighted average exercise price
Outstanding at 1 January	**2,218**	**307 0p**	1,253	352 9p
Granted	–	–	1,210	267 0p
Forfeited/expired	**(344)**	**409.8p**	(244)	343 8p
Exercised	**(311)**	**317 8p**	(1)	318 0p
Outstanding at 31 December	**1,563**	**282 2p**	2,218	307 0p
Exercisable at 31 December	**467**	**318 0p**	194	510 5p

The weighted average share price on the date of exercise during the year was 363 8p (2009 334 8p)

26(c) Savills Deferred Share Bonus Plan

The following awards of deferred shares, without exercise price, have been granted under the Savills Deferred Share Bonus Plan (the DSBP) and were outstanding at 31 December 2010

Date of award	Deferred period	Vesting date	2010 Number of shares '000	2009 Number of shares '000
14 March 2005	5 years	14 March 2010	–	1,028
13 March 2006	5 years	13 March 2011	**34**	34
19 March 2007	3 years	19 March 2010	–	775
19 March 2007	5 years	19 March 2012	**560**	592
17 March 2008	3 years	17 March 2011	**2,112**	2,289
17 March 2008	5 years	17 March 2013	**1,245**	1,305
17 April 2009	3 years	17 April 2012	**833**	886
17 April 2009	5 years	17 April 2014	**535**	563
13 April 2010	3 years	13 April 2013	**497**	–
13 April 2010	5 years	13 April 2015	**57**	–
			5,873	7,472

As at 31 December 2010, 423 (2009 439) individuals held outstanding awards under the DSBP Awards made under the DSBP from 2006 onwards are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders throughout the deferred period

Notes to the financial statements
continued

26(c) Savills Deferred Share Bonus Plan continued

A reconciliation of award movements over the year to 31 December 2010 is shown below

	2010 Number of shares '000	2010 Weighted average share price at date of exercise	2009 Number of shares '000	2009 Weighted average share price at date of exercise
Outstanding at 1 January	**7,472**	–	7,893	–
Granted	**574**	–	1,498	–
Forfeited/expired	**(201)**	–	(303)	–
Exercised	**(1,972)**	**353.3p**	(1,616)	288 6p
Outstanding at 31 December	**5,873**	–	7,472	–
Exercisable at 31 December	**10**	–	8	–

The weighted average exercise price for awards granted under this scheme is £nil (2009 £nil) Awards over 9,998 shares were exercisable under this scheme as at 31 December 2010 (31 December 2009 8,465)

26(d) Savills Deferred Share Plan

The following awards of deferred shares, without exercise price, have been granted under the Savills Deferred Share Plan (the DSP) and remained outstanding at 31 December 2010

Date of grant	Deferred period	Vesting date	2010 Number of shares '000	2009 Number of shares '000
10 October 2006	5 years	10 October 2011	**9**	366
19 March 2007	3 years	19 March 2010	–	383
19 March 2007	5 years	19 March 2012	**37**	37
17 September 2007	3 years	17 September 2010	–	170
17 September 2007	5 years	17 September 2012	**12**	12
17 March 2008	3 years	17 March 2011	**664**	693
17 March 2008	5 years	17 March 2013	**30**	37
23 September 2008	3 years	23 September 2011	**124**	138
7 October 2008	3 years	7 October 2011	–	42
17 April 2009	3 years	10 April 2012	**615**	615
10 September 2009	3 years	10 September 2012	**14**	17
10 September 2009	5 years	10 September 2014	**23**	23
13 April 2010	3 years	13 April 2013	**1,337**	–
13 April 2010	4 years	13 April 2014	**348**	–
13 April 2010	5 years	13 April 2015	**1,557**	–
8 September 2010	3 years	08 September 2013	**394**	–
			5,164	2,533

As at 31 December 2010, 236 individuals (2009 102) held outstanding awards under the DSP Awards made under the DSP are subject to rolled-up dividends whereby the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders during the deferred period

A reconciliation of award movements over the year to 31 December 2010 is shown below

	2010 Number of shares '000	2010 Weighted average share price at date of exercise	2009 Number of shares '000	2009 Weighted average share price at date of exercise
Outstanding at 1 January	**2,533**	–	2,099	–
Granted	**3,674**	–	655	–
Forfeited/expired	**(71)**	–	(2)	–
Exercised	**(972)**	358 0p	(219)	351 7p
Outstanding at 31 December	**5,164**	–	2,533	–
Exercisable at 31 December	**5**	–	–	–

The weighted average exercise price for awards granted under this scheme is £nil (2009 £nil) Awards over 5,340 shares were exercisable under this scheme as at 31 December 2010 (31 December 2009 nil)

26(d) Savills Deferred Share Plan continued

Fair value of options

Options and awards for the DSBP, Sharesave Scheme and ESOS were valued at fair value using the Actuarial Binomial model of actuaries Lane Clark & Peacock LLP

The key assumptions used in the calculation are as follows:

Risk free rate	2 1% p a – 5 0% p a depending on grant date and expected life
Volatility	28% p a. – 51% p a. depending on grant date
Employee turnover	zero for ESOS
Early exercise	50% of employees exercise early when options and awards are 20% in the money
Performance criteria	All vest after three years (only relevant for ESOS)

The expected volatility is measured over the three or five years prior to the date of grant to match the vesting period of the award The risk free rate is the yield on a zero coupon UK Government bonds at each grant date, with term based on the expected life of the option or award

Fair value of options and awards at grant dates are

Grant	Grant date	Fair value pence
DSBP 2005	15 March 2005	278 2
DSBP 2006	13 March 2006	596 0
DSBP 2007	19 March 2007	656 0
DSBP 2008	17 March 2008	328 3
DSBP 2009	17 April 2009	288 9
DSBP 2010	17 April 2010	340 2
Sharesave 2006	5 May 2006	232 0
Sharesave 2007	31 October 2007	96 0
Sharesave 2009	29 October 2009	129 9
DSP 2006	10 October 2006	560 5
DSP 2007	19 March 2007	656 0
DSP 2007	17 September 2007	408 8
DSP 2008	17 March 2008	328 3
DSP 2008	23 September 2008	282 8
DSP 2008	7 October 2008	239 0
DSP 2009	17 April 2009	288 9
DSP 2009	10 September 2009	351 9
DSP 2010	17 April 2010	340 2
DSP 2010	8 September 2010	317 0
ESOS 2004	30 March 2004	73 5
ESOS 2005	30 March 2005	102 8
ESOS 2008	16 April 2008	78 7
ESOS 2009	17 April 2009	136 8
ESOS 2010	17 April 2010	150 3

The total charge for the year relating to employee share-based payments plans was £11 3m (2009 £9 8m), all of which related to equity-settled share-based payment transactions After deferred tax, the charge was £8 6m (2009 £7 0m)

Notes to the financial statements
continued

27. Retained earnings and other reserves

Group	Share-based payments reserve £m	Treasury shares £m	Profit and loss account* £m	Total retained earnings* £m	Capital redemption reserve £m	Foreign exchange reserves £m	Revaluation reserves £m	Total other reserves £m
Balance at 1 January 2010	**26.4**	**(29.2)**	**94.0**	**91.2**	**0.3**	**18.9**	**0.4**	**19.6**
Profit attributable to owners of the Company	–	–	**25.0**	**25.0**	–	–	–	–
Other comprehensive income	–	–	**8.2**	**8.2**	–	**4.8**	**(0.2)**	**4.6**
Employee share option scheme								
– Value of services provided	**11.3**	–	–	**11.3**	–	–	–	–
– Exercise of options	**(14.1)**	**10.1**	**4.0**	–	–	–	–	–
– Lapse of options	**(0.2)**	–	**0.2**	–	–	–	–	–
Purchase of treasury shares	–	**(11.2)**	–	**(11.2)**	–	–	–	–
Dividends	–	–	**(11.0)**	**(11.0)**	–	–	–	–
Transactions with non-controlling interests	–	–	**(14.6)**	**(14.6)**	–	–	–	–
Balance at 31 December 2010	**23.4**	**(30.3)**	**105.8**	**98.9**	**0.3**	**23.7**	**0.2**	**24.2**
Balance at 1 January 2009	24.3	(30.8)	99.3	92.8	0.3	28.3	0.9	29.5
Profit attributable to owners of the Company	–	–	8.9	8.9	–	–	–	–
Other comprehensive income	–	–	(8.1)	(8.1)	–	(9.4)	(0.5)	(9.9)
Employee share option scheme								
– Value of services provided	9.8	–	–	9.8	–	–	–	–
– Exercise of options	(7.7)	6.3	1.4	–	–	–	–	–
Purchase of treasury shares	–	(4.7)	–	(4.7)	–	–	–	–
Disposals (net of tax)	–	–	(0.1)	(0.1)	–	–	–	–
Dividends	–	–	(7.4)	(7.4)	–	–	–	–
Balance at 31 December 2009	26.4	(29.2)	94.0	91.2	0.3	18.9	0.4	19.6

* Included within Profit and loss account is tax on items taken directly to equity (Note 11) as disclosed above

28. 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.

29 Operating lease commitments – minimum lease payments

Group	Property leases 2010 £m	Property leases 2009 £m	Other leases 2010 £m	Other leases 2009 £m	Total 2010 £m	Total 2009 £m
Future aggregate minimum lease payments under non-cancellable operating leases are as follows						
Within 1 year	**21 5**	18 4	**2.3**	2 0	**23.8**	20 4
Between 1 to 5 years	**50 2**	50 3	**2.4**	2 1	**52.6**	52 4
After 5 years	**21 1**	24 0	**–**	–	**21 1**	24 0
	92.8	92 7	**4 7**	4 1	**97.5**	96 8

There are no operating lease commitments payable by the Company at 31 December 2010 (2009 £nil)

Significant operating leases relate to the various property leases for Savills offices in the United Kingdom, Europe and Asia Pacific There are no significant non-cancellable subleases

30 Cash generated from operations

	Group 2010 £m	Group 2009 £m	Company 2010 £m	Company 2009 £m
Profit for the year	**25 1**	9 2	**5.0**	3 1
Adjustments for				
Income tax (Note 11)	**11 7**	4 3	**(1 6)**	(2 0)
Depreciation (Note 15)	**6 6**	7 0	**0 5**	0 4
Amortisation of intangibles (Note 14)	**3.7**	3 6	**0 3**	0 3
Loss on sale of property, plant and equipment	**–**	0 2	**–**	–
Impairment of goodwill and intangible assets (Note 14)	**4.4**	4 3	**–**	–
Loss on disposal of subsidiary, associate and available-for-sale investments (Note 6(a))	**0.1**	–	**–**	–
Net finance expense/(income) (Note 10)	**1.0**	–	**(1 0)**	(2 0)
Share of post-tax profit from associates and joint ventures (Note 16(a))	**(1 2)**	(2 6)	**–**	–
Decrease in employee and retirement obligations	**(3.6)**	(4 6)	**(0.3)**	(0 2)
Exchange movement on operating activities	**0 1**	2 7	**(0.9)**	3 8
Increase/(decrease) in provisions	**5 8**	1 2	**(0.1)**	(0 3)
Charge for defined benefit pension scheme (Note 9)	**0 9**	4 1	**0 1**	0 2
Impairment of available-for-sale investments included within operating income	**0.3**	–	**0 2**	–
Charge for share-based compensation	**11.3**	9 8	**0 6**	0 3
Exercise of share options	**–**	–	**(10.1)**	(6 3)
Operating cash flows before movements in working capital	**66.2**	39 2	**(7.3)**	(2 7)
Increase in work in progress	**(0 7)**	(0 1)	**–**	–
(Increase)/decrease in trade and other receivables	**(29 4)**	1 0	**(3 4)**	(2 6)
Increase/(decrease) in trade and other payables	**42 1**	6 1	**(2.3)**	6 8
Cash generated from/(used in) operations	**78 2**	46 2	**(13 0)**	1 5

Notes to the financial statements
continued

31 Analysis of cash net of debt

2010	At 1 January £m	Acquisitions £m	Non-cash flow movements £m	Cash flows £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	81 6	–	–	13.9	1 7	97 2
Bank overdrafts	(0 7)	–	–	–	–	(0 7)
	80 9	–	–	13.9	1 7	96.5
Bank loans	(13 6)	–	–	5 1	(0 5)	(9.0)
Loan notes	(1 0)	(0 2)	–	0 9	(0 1)	(0.4)
Finance Leases	–	(0 3)	–	0 1	–	(0.2)
Cash and cash equivalents net of debt	66.3	(0 5)	–	20 0	1 1	86 9

2009	At 1 January £m	Acquisitions £m	Non-cash flow movements £m	Cash flows £m	Exchange movement £m	At 31 December £m
Cash and cash equivalents	75 3	–	–	13 2	(6 9)	81 6
Bank overdrafts	–	–	–	(0 7)	–	(0 7)
	75 3	–	–	12 5	(6 9)	80 9
Bank loans	(20 9)	–	–	4 5	2 8	(13 6)
Loan notes	(8 7)	–	–	6 9	0 8	(1 0)
Cash and cash equivalents net of debt	45 7	–	–	23 9	(3 3)	66 3

32 Related party transactions

The Group is controlled by Savills plc, a company registered in England and Wales

Marketing services were provided by Adventis Group plc, an associate company, to Savills (L&P) Limited on an arm's-length basis to the value of £2 7m (2009 £2 6m)

Loans to related parties
Loans to associates and joint ventures are disclosed in Note 16(a) All loans to associates and joint ventures are non-interest bearing

Company transactions
The Company provided corporate function services to its subsidiaries at an arm's-length value of £10 1m (2009 £9 5m)

Dividends received from subsidiaries were £nil (2009 £nil) Amounts outstanding from subsidiaries as at 31 December 2010 are disclosed in Notes 18, 20 and 21

33 Events after the 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 equal 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

Credit facility agreement
The £50m multi-currency revolving credit facility was cancelled on 10 March 2011 and replaced with a new £50m multi-currency revolving credit facility, which expires on 31 March 2014

Shareholder information

Key dates for 2011

	Date
Annual General Meeting	4 May
Financial half year end	30 June
Announcement of half year results	18 August

Website

Visit our investor relations website www savills com for full up to date investor relations information, including the latest share price, recent annual and half year reports, results presentations and financial news.

Shareholder enquiries

For shareholder enquiries please contact our Registrars, Equiniti For general enquiries please call our Shareholder Services helpline on 0871 384 2018 (overseas holders need to ring +44 (0)121 415 7047) Calls to Equiniti's 0871 numbers are charged at 8p per minute from a BT landline Other telephony service providers costs may vary Lines are open from 8 30am to 5 30pm, Monday to Friday, excluding bank holidays

For further administrative queries in respect of your shareholding please access our Registrars' website at www shareview co uk

Electronic communications

If you would prefer to receive shareholder communications electronically in future, including your annual and half yearly reports and notices of meetings, please visit our Registrars' website, www shareview co uk and follow the link to 'Sign up for paper-free communications'

Professional advisers and service providers

Solicitors
CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4DD

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

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Joint Stockbrokers
UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

Numis Securities Ltd
The London Stock
Exchange Building
10 Paternoster Square
London EC4M 7LT

Principal Bankers
Barclays Bank Plc
1 Churchill Place
London E14 5HP

Cautionary note regarding forward-looking statements

Certain statements included in this Annual Report are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events These forward-looking statements include, but are not limited to, statements relating to the Company's expectations Forward-looking statements can be identified by the use of relevant terminology including the words 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'plans', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology and include all matters that are not historical facts They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses we operate

Other factors that could cause actual results to differ materially from those estimated by the forward-looking statements include, but are not limited to

- global economic business conditions,
- monetary and interest rate policies,
- foreign currency exchange rates,
- equity and property prices,
- the impact of competition, inflation,
- changes to regulations, taxes,
- changes to consumer saving and spending habits, and
- our success in managing the above factors.

Consequently, our actual future financial condition, performance and results could differ materially from the plans, goals and expectations set out in our forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise

Design and production
Radley Yeldar | ry.com

Print
Granite

Graphic removed

This report is printed on Cocoon Silk, which is 50% recycled and FSC certified, by an FSC accredited printer using vegetable oil and soya based inks

FSC – Forest Stewardship Council. This ensures there is an audited chain of custody from the tree in the well-managed forest through to the finished document in the printing factory

Graphic removed

Savills plc
20 Grosvenor Hill
Berkeley Square
London W1K 3HQ
T +44 (0)20 7499 8644
F +44 (0)20 7495 3773

Registered in England
No 2122174