

Directors' Report

The Directors present their Report and the Audited Financial Statements for the year ended 31 December 2008.

Principal activity

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

Operations

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

Dividend

The loss attributable to shareholders is £11.3m (2007: £55.3m). An interim dividend of 6.0p (net) per share amounting to £7.3m (2007: £7.3m) was paid on 29 October 2008. It is recommended that a final dividend of 3.0p (net) per share, amounting to £3.7m (2007: £14.5m) be paid on 13 May 2009 to shareholders on the register at 14 April 2009.

Principal developments

The development of the business is detailed in the sections entitled Review of Operations and Financial Review on pages 04 to 25.

The principal risks and uncertainties are detailed on pages 30 and 31.

Directors

Short biographical details of the current Directors are shown on pages 32 and 33. All served throughout the year except for Simon Shaw will join as Group Chief Financial Officer with effect from 16 March 2009. Aubrey Adams retired as a Director at the conclusion of the 2008 Annual General Meeting (AGM) on 7 May 2008. Mark Dearsley resigned as a Director and left the Group on 13 February 2009.

In accordance with the Company's Articles of Association the Directors retiring by rotation at this year's Annual General Meeting, having been in office for three years, are Timothy Ingram, Robert McKellar and Fields Wicker-Miurin, and being eligible, they will offer themselves for re-election. In accordance, with the Company's Articles of Association, having been appointed since the last AGM, Simon Shaw will retire at this year's AGM, and being eligible, offer himself for 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.

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 2008 or their families are set out on page 48 of the Remuneration Report. Details of Directors' share options are given in the Remuneration Report on pages 48 to 50. It is the Remuneration Committee's policy that each Executive Director should retain 105,000 shares in the Company except for the Group Chief Executive who should retain 150,000 shares.

In accordance with DTR4, the Directors Responsibility Statement is set out on page 52 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 2008 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 04
Group Strategy	page 09
Key Performance Indicators	page 12
Financial Review	page 24
Our Responsibilities	page 26
Risks and Uncertainties	page 30

Statement of Disclosure to Auditors

In accordance with Section 418, Companies Act 2006 (previously Section 234ZA, Companies Act 1985) 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 Section 992 of the Companies Act 2006 the Company is required to disclose certain additional information. Those disclosures not covered within this Annual Report are as follows:

Share capital and major shareholdings

The share capital of the Company is detailed on page 100.

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 Board may refuse to register the transfer of (i) a certificated share which is not fully paid provided the refusal does not prevent dealings on an open and proper basis and (ii) an uncertificated share in accordance with the regulations governing the operation of CREST. 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 10 March 2009, 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	%
Standard Life Investments Limited	17,555,818	13.32
Lloyds TSB Group Plc*	14,680,722	11.14
Artisan Partners Limited Partnership	6,893,809	5.23
Artemis Investment Management Limited	6,747,795	5.12
FIL Limited	6,549,524	4.97
Legal & General Group Plc	5,331,018	3.96
Third Avenue Management LLC	4,197,149	3.18

* Included 9,783,052 shares held on behalf of The Savills plc 1992 Employee Benefit Trust.

As at 31 December 2008, The Savills plc 1992 Employee Benefit Trust (the EBT) and the Qualifying Employee Share Trust (QUEST) held 9,742,738 shares and 2,154 shares respectively. Any voting or other similar decisions relating to these shares are taken by the trustees, who may take account of any recommendation of the Company. The EBT waives all but 0.01p per share of its dividend entitlement and the QUEST waives all of its dividend entitlement. For details of the EBT please refer to Note 2 to the Financial Statements.

Purchase of own shares

In accordance with the Listing Rules at the AGM on 7 May 2008, the shareholders gave authority for a limited purchase of Savills shares for cancellation of up to 10% of the issued share capital. During the year, no shares were purchased for cancellation under the programme.

The Board proposes to seek shareholder approval at the AGM on 6 May 2009 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 is outlined in the Notice of Annual General Meeting circulated to shareholders with this Annual Report and Accounts (AGM Circular).

Change of control

There are no significant agreements which take effect, alter or terminate in the event of change of control of the Company except that under its banking arrangements, a change of control may trigger an early repayment requirement.

Articles of Association

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

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

Annual General Meeting

The Notice convening the Annual General Meeting, to be held at 20 Grosvenor Hill, Berkeley Square, London W1K 3HQ at 12 noon on 6 May 2009, is contained in the AGM Circular circulated to shareholders with this Annual Report and Accounts. In addition to the normal business to be considered at the Annual General Meeting, a resolution will be proposed to reflect the intended implementation in August 2009 of the Shareholder Rights Directive. The regulation implementing this EU Directive will increase the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an Annual General Meeting) on 14 days' clear notice. In order to preserve this ability after August 2009, shareholders must have approved the calling of meetings on 14 days' notice. The approval will be effective until the next Annual General Meeting. The Company will need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

Creditors' payment policy

The Group does not follow any specified code or standard on payment practice. However, the Group aims to settle supplier accounts in accordance with the individual terms of business agreed with each supplier. There were 26 days' purchases outstanding at the end of the year for the Company (2007: 37 days).

Charitable donations and political contributions

The amount paid to charitable organisations during the year was £293,149 (revised 2007: £120,625). In addition to the donations above, during the year under review, the Group operated a 'Give As You Earn' scheme whereby employees can donate a portion of their monthly salary to a registered charity. The Group also operated a bonus waiver whereby employees may elect to waive an element of annual bonus in favour of registered charities of their choice upon which the Group augments the donation to the chosen charity by 10%. These additional Group contributions totalled £28,281 (2007: £43,265) during the year. There were no political contributions (2007: £nil).

Corporate Governance

The Corporate Governance Report, the Remuneration Report and the Directors Responsibilities are set out on pages 42 to 52 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 26 to 29 for more information. Employees are able to share in this success through bonus schemes and share plans, see pages 46 and 47 for more information. The Group encourages its employees to develop their skills through training and continued professional development.

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

Insurance cover

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

As permitted by company law, the Company granted qualifying indemnity cover to each of the Directors in 2008.

Auditors

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

By order of the Board

Chris Lee

Group Company Secretary

10 March 2009

Registered Office:
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