

Directors' Report

The Directors present their Report and the Audited Financial Statements for the year ended 31 December 2007.

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.

Dividends

The profit attributable to shareholders is £55.3m (2006: £57.7m). An interim dividend of 6.0p (net) per share amounting to £7.3m (2006: £6.2m) was paid. It is recommended that a final dividend of 12.0p (net) per share, amounting to £14.5m (2006: £13.4m) be paid on 14 May 2008 to shareholders on the register at 11 April 2008.

Principal developments

The development of the business is detailed in the sections entitled Review of Operations and Financial Review on pages 16 to 51.

The principal risks and uncertainties are detailed on pages 54 to 55.

Directors

Short biographical details of the current Directors are shown on pages 66 to 67. All served throughout the year except for Martin Angle and Mark Dearsley, who were appointed as Directors on 2 January 2007 and 3 September 2007 respectively.

In accordance with the Company's Articles of Association, having been appointed since the last Annual General Meeting (AGM), Mark Dearsley will retire at this year's AGM and, being eligible, offer himself for re-election. The Directors retiring by rotation at this year's AGM, having been in office for three years, are Jeremy Helsby, Simon Hope and Peter Smith, and being eligible, they will offer themselves for 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.

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 2007 or their families are set out on page 79 of the Remuneration Report. Details of Directors' share options are given in the Remuneration Report on pages 80 to 81. 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.

Share capital and major shareholdings

The share capital of the Company is detailed on page 131.

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 11 March 2008, 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	25,172,066	19.09
Lloyds TSB Group Plc	13,189,094*	10.00
The Goldman Sachs Group Inc	5,222,106	3.96
Legal & General Group Plc	5,156,454	3.92

*Included 10,837,834 shares held on behalf of The Savills plc 1992 Employee Benefit Trust.

As at 31 December 2007, The Savills plc 1992 Employee Benefit Trust (the EBT) and the Qualifying Employee Share Trust (QUEST) held 11,164,834 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 in the accounts.

Purchase of own shares

In accordance with the Listing Rules at the AGM on 9 May 2007, 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 3.5m shares (representing 2.6% of the issued share capital) were purchased for cancellation under the programme for a total consideration of £21.8m.

The Board proposes to seek shareholder approval at the AGM on 7 May 2008 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 dispatched to shareholders with this Annual Report and Accounts (AGM Circular).

Updating the Articles of Association

The Board also proposes to seek shareholder approval at the AGM on 7 May 2008 to update the Articles of Association to take account of changes introduced and to be introduced by the Companies Act 2006. Details of the proposed resolution and changes are outlined in the AGM Circular.

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 7 May 2008, is contained in the AGM Circular sent to shareholders with this Annual Report and Accounts.

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 37 days purchases outstanding at the end of the year for the Company (2006: 17 days).

Charitable donations and political contributions

The amount paid to charitable organisations during the year was £68,878 (revised 2006: £72,285). 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 £43,265 (2006: £50,392) during the year. There were no political contributions (2006: £nil).

Corporate Governance

The Corporate Governance Report, the Remuneration Report and the Directors Responsibilities are set out on pages 70 to 84 and form part of this report.

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.

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 58 to 59 for more information. Employees are able to share in this success through bonus schemes and share plans, see pages 78 to 79 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, 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

Mark Dearsley

Group Finance Director

11 March 2008

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