Company Number: 2122174

REPORT AND

ACCOUNTS

1997

SAVILLS

INTERNATIONAL PROPERTY CONSULTANTS

Financial Calendar	Half year results announced	7 January 1997
	Full year results announced	8 July 1997
	Ordinary shares ex-dividend	4 August 1997
	Annual General Meeting	3 September 1997
	Proposed final ordinary dividend payment date for Shareholders on the Register at 8 August 1997	5 September 1997

Savills plc, 20 Grosvenor Hill, Berkeley Square, London W1X 0HQ
Tel: (0171) 499 8644 Fax: (0171) 495 3773

Registered in England No. 2122174

Financial Summary

The Savills Group is principally involved with advising on matters affecting commercial, agricultural and residential property.

It also provides corporate finance advice, property and venture capital funding and a range of property related financial services.

	1997	1996	Increase
Turnover	£54.8m	£40.0m	37%
Operating profit	£6.6m	£3.4m	95%
Profit before taxation	£7.6m	£4.1m	84%
Earnings per share	11.7p	6.7p	75%
Dividend per share	3.50p	2.80p	25%

Chairman's Statement

"...an outstanding performance which results from the strategic direction set by the Board and the energy, skill and commitment of our staff..."

Results

I am delighted to announce a record pre-tax profit of £7.6m for the year ended 30 April 1997, up 84% on the previous year's result of £4.1m. At the half year I expressed some caution about the property market in the light of the expected General Election; in the event the pace of activity increased and the year ended strongly. Earnings per share were up 75% at 11.7p (1996 - 6.7p). Turnover increased by 37% to £54.8m (1996 - £40.0m). This is an outstanding performance which results from the strategic direction set by the Board and the energy, skill and commitment of our staff at all levels. Strong operating cash flow has allowed the Board to invest £5.1m during the year in capital expenditure and investments, and still end with £6.8m of cash.

Dividend

The Board is recommending a final dividend of 2.5p (net) per share making a total for the year of 3.5p (1996 - 2.8p), a 25% increase. The dividend is covered 3.5 times, which gives us the flexibility in future years to increase dividends faster than the growth in earnings per share, as appropriate.

Highlights

Your Company has made further progress during the year in strengthening the core property services business. Every office contributed to the outstanding result and helped lift the overall property services operating margin to 13.0% (1996 - 9.3%). Compared with the previous year, the number of commercial and residential agency transactions undertaken increased by 60%. We now manage nearly £2bn of commercial property and 1.2m acres of agricultural land.

Richard Jewson, Chairman, and Aubrey Adams, Managing Director, in the sales centre of The Lexington, London EC1. The building, previously occupied by The Independent newspaper, has now been converted into residential apartments by Metropolis Developments. Savills is joint selling agent on the scheme.

During the year we acquired George Stead Ltd, a residential agency business, which fits perfectly with our existing London offices. We also bought the commercial business of James Offen & Partners, making the Oxford mixed practice office our fastest expanding office. In Manchester, we opened a new commercial office, which is currently concentrating on agency and investment business.

Our plans to develop our financial services business have progressed. Profits have increased during the year and, just as important for the future, the management team has been further strengthened. In the Autumn we shall launch Savills Private Finance, which will provide a range of retail financial services, starting with mortgage broking and property related insurance.

Staff

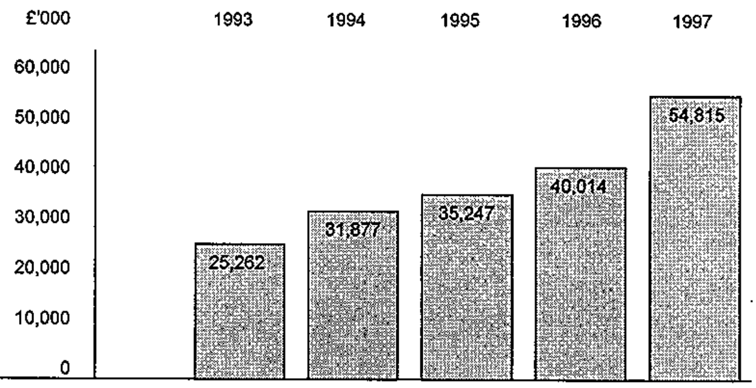
Our reward system is vital to attracting and retaining outstanding people. Several key new appointments have been made which broaden the range of services we are able to offer to our clients, and the number of fee earners is significantly higher than a year ago. Savills has a distinctive culture and an enthusiastic, hard working and creative staff. It is their ability to add value for our clients which is the basis of the Group's success, and I pay tribute to them.

Outlook

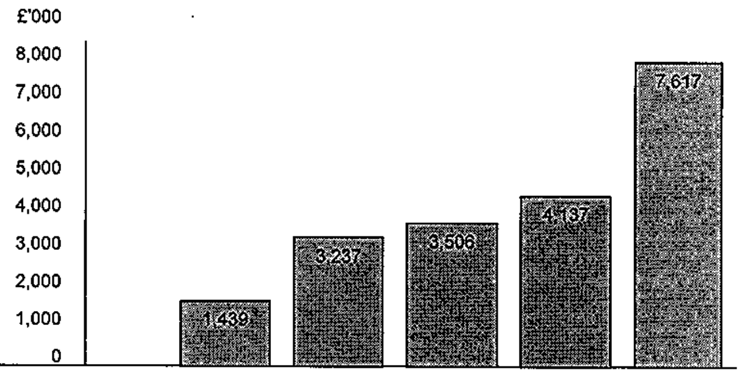
The new year has started strongly in most areas of the business. We do not believe that the tax changes announced in the July Budget will have any significant impact on our trading prospects. Your Company has a unique profile in the property world, and we see a wide range of opportunities to expand the scope of our services. The Board will take full advantage of the present good trading conditions to consolidate our leading position in the market.

Richard Jewson, Chairman

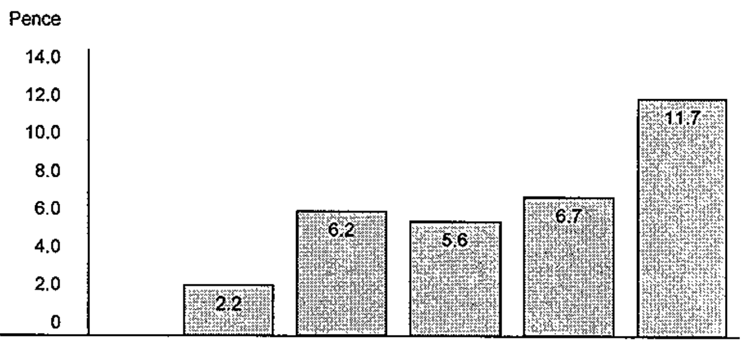
Turnover



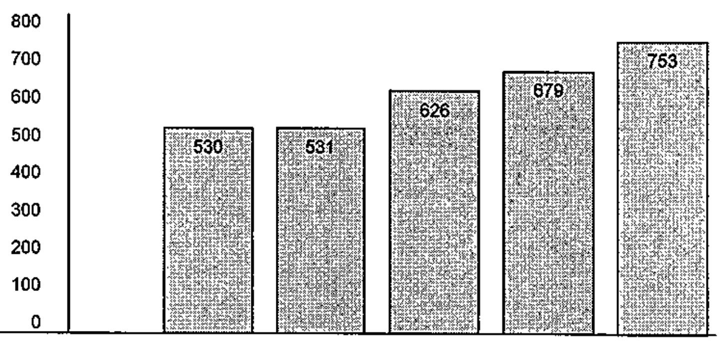
Profit before taxation



Earnings per share



Average number of employees



Operating Review

"...our overall position relative to competitors has strengthened..."

SUMMARY

Turnover increased by 37% to £54.8m (1996 - £40.0m). Group pre-tax profit for the year was £7.6m (1996 - £4.1m). The cautious view on prospects for the second half expressed in our Interim Statement turned out to be conservative, and the second half produced a substantially higher profit than both the first half and last year's second half. It is proposed to increase the total dividend for the year by 25% to 3.5p (net) per share (1996 - 2.8p).

Our Land & Property subsidiary increased turnover by 31% to £35.1m (1996 - £26.8m), pre-tax profit rose by 84% to £4.4m (1996 - £2.4m) and the overall operating margin rose to 12.3% (1996 - 9.6%). In an improving market, our Commercial subsidiary raised its turnover by 46% to £18.7m (1996 - £12.8m), with pre-tax profit rising 125% to £2.9m (1996 - £1.3m), representing an operating margin of 14.3% (1996 - 8.7%). Financial Services pre-tax profit (including associates) increased to £549,000 (1996 - £377,000).

Average staff numbers increased from 679 to 753 reflecting our continuing selective recruitment policy, together with the acquisition of George Stead Ltd and the expansion of our Oxford office.

An essential part of Savills' business philosophy is to motivate staff through profit sharing. This system both incentivises employees to generate fees and instils a strong sense of cost control including over salaries and overheads. It takes the form of profit related pay (which applies to all members of staff) and a discretionary bonus scheme linked to the profitability of the operating subsidiaries. Fee earners at all levels and senior support staff are eligible for discretionary profit bonus, which is allocated based on an assessment of each individual's performance during the year including fees earned, new business developed and their general contribution to the success of the Group. Accordingly, in a year of outstanding financial performance, the aggregate profit related bonus payable to Directors and staff has increased to £9.8m (1996 - £4.1m).

PROPERTY SERVICES

As the leading firm able to provide comprehensive property advice across all sectors of the market, our overall position relative to competitors has strengthened at a time when traditional barriers between different practice areas are breaking down.

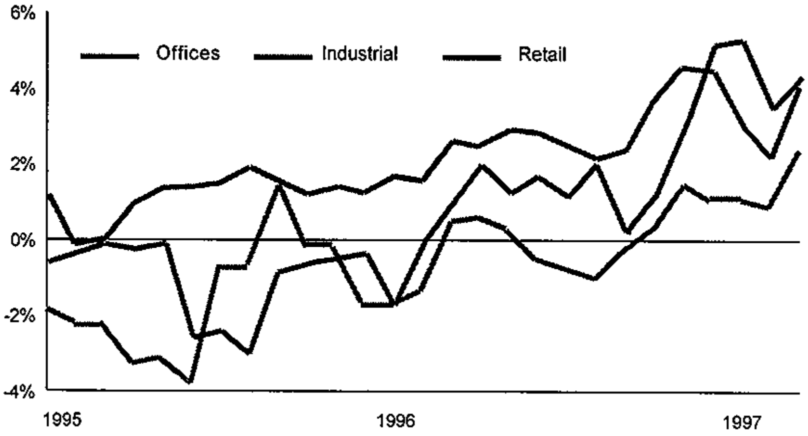
Summaries of each of our main practice areas are set out on the following pages:

Agency Management Professional

Savills plc Fee Income 1996/97 *(outer circle)* **& 1995/96** *(inner circle)*

Rental Growth by Sector 1995 - 1997

% pa quarterly annualised nominal growth



Source: IPD

Broad based rental growth has returned and become a feature of the market.

Agency

Commercial Agency

Throughout the year occupier activity continued to improve. The number of deals transacted rose 60% from the previous year with clients including Novell (UK) Ltd, Argent Group plc, Silicon Graphics Limited, Henkel Limited, the Ministry of Defence and Chuo Trust & Banking Company Limited. The Out of Town Retail department doubled both the number of transactions and the quantity of space it leased.

Our regional commercial network was strengthened by the acquisition of the James Offen business in Oxford and the opening of our new Manchester office which specialises in agency and investment work.

Residential Agency

A confident housing market ignored political uncertainties. There was a notable ripple effect moving out from a strong London market into the regions. Savills sold 2,357 units, a 60% increase on the previous year, at a total value of £944m. In Docklands alone Savills handled 11 development sites, sold 413 units and saw price increases of over 20%.

Robert Dean in the plant room at 2 Harbour Exchange, Docklands which is owned by Midland Bank plc as trustee of Property Enterprise Trust 8. Savills Finance Ltd is the Trust Manager, Savills Commercial Ltd is the building manager and Trigon provides on site facilities management services.

Residential development again witnessed strong interest from UK and overseas investors, particularly expatriates and Chinese from Hong Kong and Singapore.

Agricultural Agency

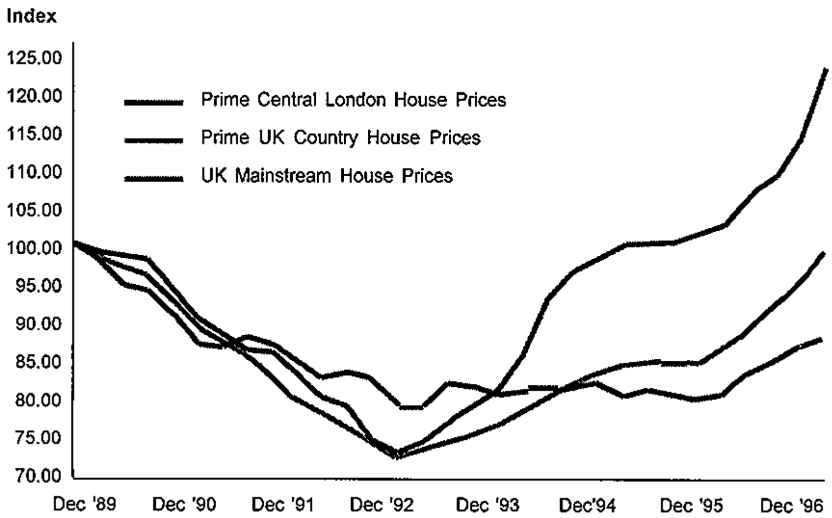
Our Agricultural Agency departments have had another extremely active year helped by an 11.4% increase in average values of vacant possession land during the year; we have now seen five years of uninterrupted growth giving an 82% uplift in these farmland values. Many farmers continued to expand their acreage, although significant competition for amenity estates came from outside the farming sector including from those wishing to take advantage of capital tax reliefs. Amongst the many prime estates we sold was one of Scotland's premier deer forests, the 18,600 acre Dalnacardoch Estate in Perthshire.

Investment

Commercial Investment

The upturn in the investment market seen at the beginning of 1996 has continued strongly, stimulated by the increase in occupier demand. The strength of the gilts market has also been beneficial to property performance with a double stimulus through yield improvement and rental growth. The Commercial Investment team transacted more than £607m of business during the year with the retail warehouse market showing the strongest growth.

House Prices in Different Sectors



Source: Savills Research / Nationwide Building Society

The country and central London markets lead the recovery in UK house prices.

The largest single transaction was the acquisition of 75 King William Street, London EC4 on behalf of a European fund for £91.5m. Other major clients included The GUD Pension Trust, Pillar Property Investments PLC, Boots Pensions Limited and PDFM Limited.

Savills Fund Management saw its largest discretionary client become the top performer relative to its benchmark. Funds under management have increased to £400m, with "House" performance exceeding the Investment Property Databank (IPD) Annual Index with a 13.2% return compared to 10.4% from IPD.

Residential Investment Portfolios

Residential property is rapidly gaining favour as an investment medium and during the year our Residential Investment teams handled over £60m worth of acquisitions and disposals. In addition, we provided strategic advice to a number of institutions and investment companies.

Professional

The general improvement in property markets has helped produce a strong performance in all our professional businesses.

Building Consultancy

Our Building Consultancy departments have had a highly successful year with significant increases in the number of instructions for fitting out and project management of office and residential projects. These included managing a substantial refurbishment for Clerical Medical Investment Group in Slough, an office fit out and conference facility for the Association of Unit Trusts and Investment Funds and a relocation to and office fit out at Stockley Park for FileNet Limited.

Landlord and Tenant

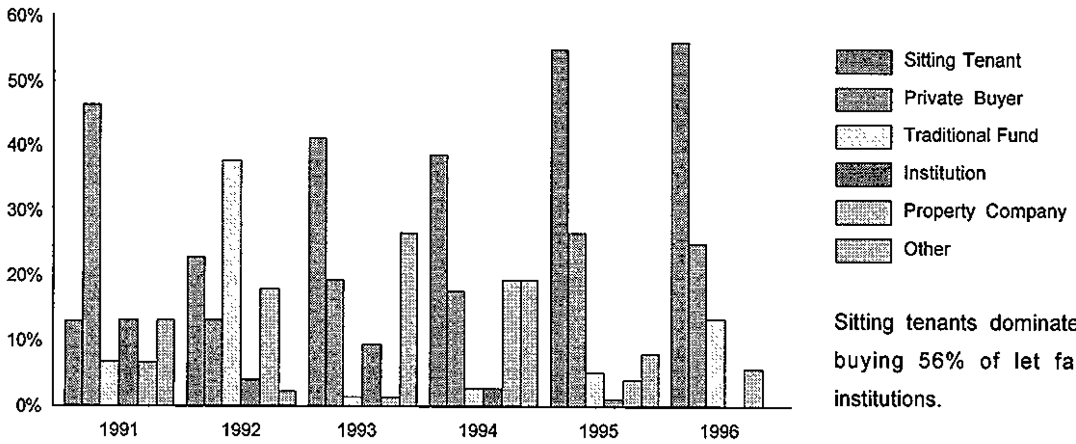
Our focus on the out of town retail market is continuing to reap rewards, but we are also encouraged by the revival in our traditional market of central London offices. We enter the new year with a larger book of instructions than has been enjoyed for many years.

Management

Savills has nearly £2bn of commercial property under management on behalf of Investment department clients and others including The Standard Life Assurance Company, SLC Asset Management and The Scottish Life Assurance Company. Trigon, our facilities management joint venture company, provides specialist services for clients including Ernst & Young at their nine offices in London and NCR UK Limited at 18 buildings located countrywide.

Geoffrey van Cutsem at Mentmore Towers in Buckinghamshire, a magnificent stately home of international renown. Savills is appointed as selling agent.

Purchasers of Let Agricultural Land 1991 - 1996



Source: Savills Research / IPD

Sitting tenants dominated the market buying 56% of let farms sold by institutions.

We also manage approximately 5,000 residential properties ranging from single units on behalf of private clients to portfolios of about 800 units on behalf of corporate residential property owners.

Savills has 1.2m acres of land under management. Our most significant achievement has been the substantial income growth obtained on managed estates through increased rents. We will continue to develop our benchmarking service for landowners which expanded significantly in 1996/97.

Planning and Development

Our Planning and Development departments have won an encouraging amount of new business. Major clients include Prudential Assurance Co. Limited, the Trustees of the Science Museum, The London School of Economics and Political Science and H. J. Heinz Company Limited. We enter the new year with more planning activity than has been seen for many years.

Property Tax

During the year our specialist Capital Allowances team achieved total tax savings for clients in excess of £60m. The Rating department settled over 1,300 rate valuation appeals. However, the legal framework governing the rating system continues to be complicated by new legislation, and our business therefore increasingly includes the checking and management of rates liabilities as well as more traditional rating valuation business.

Social Housing

The Social Housing department continued as market leader in the role of providing valuation and advisory services to the affordable housing sector. It provided valuation advice on innovative local authority stock regeneration projects in Partington and West Wiltshire; is retained by the London Borough of Hackney on the regeneration of 6,500 flats; is consultant to the Department of the Environment looking into the regeneration of local authority stock and valuer to Scottish Homes for their large scale stock disposals.

Valuation

Our concentration on specialist markets has been reaping dividends, and all our Valuation departments have been extremely successful.

The Commercial Valuation department specialises in loan security valuations and has acted for about 70 lenders over the last two years. The number of instructions increased by 40% during 1996/97, whilst the value of properties dealt with increased by 180%. A major contributor was Canary Wharf where valuations for accounts and loan security purposes were undertaken.

Victoria Mitchell and Charles Sanderson at Huntingdon House, a serviced apartment building in Kensington, London. The property was sold by Savills to a Far Eastern investor.

The Residential Valuation department continued to enhance its position as a market leader particularly in appraising a large number of developments in London including Regalian Properties' Chelsea Gate. The department undertook 135 valuations to a total value of £550m. It also advised the Gunter Estate in south west London on the valuation and freehold offer to its lessees and the Regent's Park Residents Association on leasehold enfranchisement matters.

Specialist Services

Hotels and Leisure

Our Hotels department has had a highly successful first year, valuing 120 hotels at an aggregate value of £350m and selling over £100m of hotel properties. In an improving market our Leisure departments were involved in race courses, marinas, fishing, vineyards and over 50% of UK golf course sales. We have a substantial involvement with the commercial leisure sector including the Festival Leisure Park in Basildon, which is one of the largest developments of its type to have been pre-leased, funded and to have commenced construction during the last year in the UK.

Linear Projects

The Linear Projects team continued to expand, with significant management, consultancy and major project instructions from the utilities, petro-chemical and corporate sectors.

Litigation Support

In an increasingly litigious world the Litigation department has grown in both size and reputation. Although the largest source of work relates to professional negligence, divorce has become an important area of practice.

Marketing

The Property Marketing Company promoted several major developments and achieved a notable success with the launch of the apartments at The White House, Galliard Homes' conversion of redundant office space in London, where the first 90 units were sold in 48 hours.

Rupert Sebag-Montefiore at the Wimborne office. Savills has made a substantial investment in computer mapping technology which provides access to Ordnance Survey data.

Plant and Machinery

Our Nottingham Plant and Machinery auction business had another good year conducting 28 auctions, selling 11,000 lots.

Research

The Research department produced a series of reports and surveys covering all sectors of the property market. The department also undertook projects commissioned by a wide variety of clients including banks and building societies, investors, urban regeneration consortia, government bodies and property companies.

International

Through our international network we have generated some significant cross referral fees and are looking at ways of further developing this network and expanding coverage. Our Corporate Services team has been advising a number of multinationals on their worldwide property portfolios, including Pearson PLC and Gruner & Jahr. Our Hong Kong office has continued to generate a significant number of off-plan UK residential sales.

FINANCIAL SERVICES

The contribution from the Financial Services part of our business increased significantly as the scope of operations were expanded.

Savills Finance

We have advised clients on a number of property securitisations and on property related corporate finance matters.

Savills Private Finance

We have recently formed Savills Private Finance Ltd which will undertake mortgage and insurance broking. We have now recruited the core team and are optimistic about the prospects for this new business.

Grosvenor Hill Ventures

There are currently three projects being handled by Grosvenor Hill Ventures:

- A joint venture which owns a retail property being redeveloped in Lord Street, Liverpool is moving ahead well.
- Another joint venture to upgrade a retail park to leisure use at Sefton on Merseyside has made good progress.
- We have acquired a small portfolio of retail properties some of which will be sold, and the others retained to form the basis of a future fund.

In assessing and subsequently monitoring projects such as those mentioned above, we look carefully at ways of controlling risk by setting an absolute financial limit on any one project, a limit on the exposure to any single joint venture partner and a maximum "value at risk", which involves an assessment of the maximum potential exposure in a worst case scenario. Properties and joint ventures are held through separate special purpose companies which borrow without recourse to parent company guarantees.

Justin Roberts and James Dean at Savills' Head Office in Mayfair. This office will be vacated for a period during 1997/98 whilst it is refurbished to provide greater space and improved conditions.

David Craig, Non-Executive Director. Savills Private Finance Ltd has been established to undertake mortgage and insurance broking.

Asset Financing - State Securities PLC

Following a capital reorganisation of State Securities, our equity share rose from 25.2% to 30.4%. The company produced trading profits for the year of £2.0m of which the Savills share was £529,000. In a market which is becoming more competitive, State Securities has increased new business volumes whilst maintaining the profitability of its leasing book.

Stockbroking - Killik & Co

Killik, in which we now have a 25% shareholding, has had a good trading year on the back of major increases in volumes of PEP investment. Prospects continue to look most promising for this business.

Housing Management - Pinnacle Group Ltd

In January we participated in a management buy-out of Johnson Fry Housing, now renamed Pinnacle Group Ltd. We paid a total of £1.47m in return for a 25% stake in the ordinary share capital and £1.4m of preference share capital.

Financial Review

Acquisitions
In November 1996 we acquired George Stead Ltd, a residential agency company operating in south west London, for £1.9m including costs. The business has been integrated with our central London offices and made a good contribution to the second half profits.

Borrowing
The Group retains substantial short term money market facilities with its principal bankers, which are currently not utilised. The purpose of these facilities is to provide working capital for the core Group businesses. In addition, loan facilities are used within Grosvenor Hill Ventures to finance particular property projects. These loans are project specific and without recourse to the parent company.

Net Interest Receivable
Net interest receivable increased from £400,000 to £405,000.

Taxation
The taxation charge was 36.0% of the profit before tax, compared with 34.0% last year.

Earnings and Dividend
Earnings per share amounted to 11.7p, a 75% increase on last year's 6.7p.

The Board is recommending a final dividend of 2.5p (net), making 3.5p for the full year, a 25% increase on last year's 2.8p. The dividend will be paid on 5 September 1997 to Shareholders on the Register at 8 August 1997.

Share Capital
During the year 1,955,000 shares were issued in connection with the George Stead Ltd acquisition referred to above. In addition, 695,000 shares were issued under the Executive Share Option Scheme, bringing the total number of shares in issue at 30 April 1997 to 42.5m (1996 - 39.9m).

Cash Flow and Liquidity
Net cash inflow from operating activities totalled £7.3m, which, after allowing for cash outflows including taxation, dividends, investments and capital expenditure (see below), produced a net increase in cash of £2.9m. At 30 April 1997, prior to the payment of year end bonuses, the Group's cash at bank and in hand amounted to £6.8m. This was deposited with banks and financial institutions with top credit ratings for periods to match known outgoings, not exceeding six months.

The Group continues to operate a centralised treasury function, which is not a separate profit centre but purely provides a service to the operating companies.

Investments and Capital Expenditure
Cash outflow from Group investments and capital expenditure amounted to £5.1m made up as follows:

	£'000	£'000
Investments		
George Stead	164	
James Offen	100	
Barlows (Sefton)	1,020	
State Securities	53	
Killik	500	
Pinnacle	1,465	
Other	203	
		3,505
Capital Expenditure		
Equipment & cars	1,358	
Property	243	
		1,601
		5,106

We are shortly to vacate our Head Office at Grosvenor Hill whilst it is refurbished to provide greater space and improved conditions. This will involve significant capital expenditure, and relocation costs will have some impact on profits in the current year.

Balance Sheet Value
No value is attributed in the Group balance sheet to goodwill or to the value of other intangibles such as brand name or intellectual property rights.

Directors & Advisers

The following are on the Board of Directors at 7 July 1997:

Directors	Committees
Richard Jewson (Chairman)	■ ● ◆
Robert Dean (Deputy Chairman)	
Aubrey Adams (Managing Director)	◆
David Craig (Non-Executive Director)	■ ● ◆
James Dean	
Victoria Mitchell	
Justin Roberts	
Charles Sanderson	
Rupert Sebag-Montefiore	
Geoffrey van Cutsem	

■ Audit Committee ● Remuneration Committee ◆ Appointments Committee

Richard Jewson, aged 52, was appointed to the Board on 1 May 1994 and appointed Chairman on 1 March 1995. He is currently also Chairman of Ideal Hardware plc and Eastern Counties Newspapers Group Limited, Deputy Chairman of Anglian Water Plc and a Non-Executive Director of Grafton Group plc and Queens Moat Houses PLC.

David Craig, aged 49, was appointed to the Board on 6 September 1995 and is currently a Director of Northbridge Management Limited and Rand Merchant Bank Limited of South Africa. He was previously Managing Director of IFM Asset Management Limited and has also worked for J P Morgan and Hambros Bank.

REGISTERED OFFICE
20 Grosvenor Hill, Berkeley Square, London W1X 0HQ

Registrars: Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DA

ADVISERS

Auditors: KPMG Audit Plc, 8 Salisbury Square, London EC4Y 8BB

Solicitors: Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London EC2A 2HA

Financial Advisers: Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB

Stockbrokers: Hoare Govett Corporate Finance Limited, 4 Broadgate, London EC2M 7LE

Principal Bankers: Barclays Bank PLC, 54 Lombard Street, London EC3V 9EX

Report of the Directors

Principal activity

Savills plc is a holding company. Its principal subsidiaries' activities are advising on matters affecting commercial, agricultural and residential property, and providing corporate finance advice, property and venture capital funding and a range of property related financial services.

Dividends

The profit attributable to shareholders is £4.8m (1996 - £2.6m). An interim dividend of 1.0p (net) per share, amounting to £402,000 was paid. It is recommended that a final dividend of 2.5p (net) per share, amounting to £984,000 (1996 - £765,000), should be paid, leaving a retained profit for the year of £3.4m (1996 - £1.6m).

Principal developments

The development of the businesses is detailed in the Operating and Financial Reviews on pages 5 to 16.

Directors

The current Directors, who held office throughout the year under review, are shown on page 17. The Directors retiring by rotation at this year's Annual General Meeting are Aubrey Adams, Victoria Mitchell and Charles Sanderson, each of whom will be offering themself for re-election. They each have a service contract with a notice period of one year. 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 30 April 1997 or their families are set out in Note 5(d) to the Accounts on page 35. Details of Directors' share options are given in the Report of the Remuneration Committee on pages 23 and 24.

Substantial shareholdings

The only notice received from Shareholders (other than Directors) who have a notifiable interest in the issued share capital of the Company is as follows:
Montanaro Holdings Limited controls 2,750,000 Savills shares (6.4%) of which 1,500,000 (3.5%) are owned by the Montanaro UK Smaller Companies Investment Trust PLC and 1,250,000 (2.9%) are held non-beneficially by the Montanaro UK Smaller Companies Fund.

Purchase of own shares

Details of the shares held by the Employee Benefit Trust (the ESOP) are given in Note 12(a) to the Accounts on page 38.

Annual General Meeting

The Notice of the Annual General Meeting to be held at 12 noon on 3 September 1997, together with an explanation of the Special business to be transacted at that meeting, is set out on pages 49 to 51.

Fixed assets

Movements in tangible fixed assets are set out in Note 11 to the Accounts on page 37. In the opinion of the Directors, the market value of the Group's freehold properties is not significantly different from book value.

Creditors payment policy

The Group aims to settle supplier accounts in accordance with the individual terms of business agreed with each supplier. There were 18 days' purchases outstanding at the end of the year for the Company.

Charitable donations & political contributions

The charge to the profit and loss account in respect of donations was £25,000 (1996 - £25,000). The amount paid out of the Group's Charities Aid Foundation account was £15,000 (1996 - £21,000). There were no political contributions.

Employees

The Directors recognise that the quality, commitment and motivation of Savills' staff is a key element in the success of the Group. Employees are able to share in this success through bonus schemes and share options. The Group keeps its employees informed of all matters affecting their interests through normal management channels, and continues to promote employee involvement and communications through training within the operating subsidiaries.

It is the policy of the Group to provide employment to disabled people whenever the demands of the Group's operations and the abilities of the individuals allow. Applications for employment from disabled people are considered carefully, and where existing employees become disabled every effort is made to find or create suitable positions for them.

Close company provisions

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Corporate governance

The Directors have reviewed the Company's compliance with the Cadbury Committee's Code of Best Practice (the Code). This has highlighted the following areas of non-compliance with the Code during the year under review, including matters requiring formalisation in order for the Company to comply fully.

- The Company has had only two Non-Executive Directors (paragraph 1.3 of the Code) and therefore, the membership of the Audit Committee, having only two members, has not complied with the Code's recommendations (paragraph 4.3). The Directors believe that it is acceptable, having regard to the non-executive role of the Chairman, for Savills to have only two Non-Executive Directors. This is consistent with the recommendations on corporate governance for smaller companies issued by The City Group for Smaller Companies (CISCO).

- A schedule of those matters which were already effectively reserved for the Board, including the removal of the Company Secretary (paragraphs 1.4 and 1.6), has been adopted by the Board since the year end.

- The terms of reference of the Board Committees (paragraph 4.3) and the procedures whereby Directors can take independent professional advice (paragraph 1.5) are being formalised.

Subject to the foregoing, the Company has complied with the Code's recommendations throughout the year under review.

The Directors are responsible for the Group's system of internal financial control. The system is designed to provide reasonable assurance with regard to the safeguarding of assets against unauthorised use or disposition, and the maintenance of financial information used within the business or for publication. However, such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

Corporate governance (continued)

The Audit Committee and the Board have reviewed the effectiveness of the system of internal financial control for the period covered by this Report, the main elements of which are as follows:

- 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.

- Directors of the operating subsidiaries are closely involved in the day to day business of their respective companies, thus facilitating the prompt identification of business risks and appropriate action. Systems are in place to monitor and control both financial and operational risks, where appropriate. The Board and the boards of the main operating subsidiaries monitor regularly changes in the business environment and competition facing the main areas of the business.

- There is a comprehensive system for planning and reporting the performance of each business unit. The Board meets monthly and reviews the Group's overall results against plan and the previous year; forecasts are regularly updated.

- The Audit Committee meets with the external auditors and internal financial managers at least twice each year, to review the interim and final results and to address other matters raised, including any related to the system of internal financial control.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Accounts.

The Auditors, KPMG Audit Plc, have confirmed that in their opinion, with respect to the Directors' above statements on internal financial control and going concern, the Directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with the information of which they are aware from their audit work on the Accounts; and that the Directors' above statement appropriately reflects the Company's compliance with the other paragraphs of the Code, specified by the Listing Rules for their review. They have carried out their review in accordance with the relevant guidance issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to, and they did not, express a separate opinion on the effectiveness of either the Group's system of internal financial control or the Company's corporate governance procedures, or on the ability of the Group to continue in operational existence.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Registered office:
20 Grosvenor Hill
Berkeley Square
London W1X 0HQ

By order of the Board
Clare Latham
C. J. Latham
7 July 1997

Report of the Remuneration Committee

Introduction

The Report of the Study Group chaired by Sir Richard Greenbury on directors' remuneration was published in July 1995. In October 1995, the London Stock Exchange incorporated the main aspects of the Greenbury Code of Best Practice into the Listing Rules. In May 1997, the Greenbury Code recommendations regarding directors' pension benefits were also incorporated into the Listing Rules.

With respect to the year ended 30 April 1997, the Company has complied with Section A of the Best Practice Provisions annexed to the Listing Rules. In considering its policy on Executive Directors' remuneration, the Remuneration Committee has given full consideration to the provisions of Section B of the Best Practice Provisions annexed to the Listing Rules.

The Remuneration Committee of the Board of Savills plc is comprised exclusively of Non-Executive Directors, currently Richard Jewson (Committee Chairman) and David Craig. In addition, the Remuneration Committee meetings are attended by the Managing Director, Aubrey Adams, as appropriate.

Directors' remuneration

The Remuneration Committee determines the emoluments of the Executive Directors. The fees of the Non- Executive Directors are determined by the full Board within the limits set in the Company's Articles of Association. The Non-Executive Directors are not eligible for bonus, benefits, pension contributions or share options.

It is essential for the Company to provide remuneration packages which attract, retain and motivate Directors and staff of the highest quality. All the Executive Directors, except the Managing Director, Aubrey Adams, are employed by one of the operating subsidiaries. The Directors of each subsidiary set the basic salaries and bonus payments of all their staff, having regard to the subsidiary's performance and the remuneration packages paid by its competitors. On this basis, they make recommendations to the Savills plc Remuneration Committee with regard to those of their staff who are Executive Directors.

Salary and annual bonus: Savills' business philosophy is founded on the premise that employees should be motivated through highly incentive based remuneration packages and, as part of this policy, basic salaries and benefits are strictly controlled. Each operating subsidiary has a bonus scheme directly related to the profit of that subsidiary after charging all costs, including central overheads and finance charges; the amounts available for distribution within these bonus pools are calculated in bands between 27% of profit through to 59% for excellent performance based on the achievement of pre-determined thresholds. Awards to individuals are assessed by reference to fee earning achievements, profitability of the individual's area of responsibility, contribution to business development and managerial responsibilities.

The Managing Director's salary and bonus are fixed by the Remuneration Committee, having regard to the Group's performance and the remuneration packages of the other Executive Directors.

Each of the main employing companies currently includes a profit related pay (PRP) element within its remuneration package. PRP applies to all relevant staff, including Executive Directors, employed by each employing company.

Pension: The Inland Revenue approved Pension and Life Assurance Plan of Savills provides life assurance benefits to all relevant staff including Executive Directors. Currently two Executive Directors also participate in the Plan for pension benefits. The Plan is a defined benefit scheme which provides a pension based on final basic salary and length of service. Only basic salary is pensionable. The normal retirement age is 60. In addition to Savills Pension Plan contributions, the Group is making contributions to one Executive Director's defined contribution individual pension plan.

Directors' remuneration (continued)

Currently one Executive Director's pension benefits are subject to the Inland Revenue earnings cap for approved pension schemes. There are no "top up" provisions for staff or Directors who are subject to this cap.

Benefits: Executive Directors and senior staff are provided with a company car (or salary allowance), and they and their immediate families are members of the Savills Medical Scheme.

Analysis of Directors' remuneration:

	Salary/fees		Annual bonus		Benefits		Total excl. pension	
Executive Directors	**1997**	**1996**	**1997**	**1996**	**1997**	**1996**	**1997**	**1996**
Aubrey Adams	107,893	99,697	148,675	92,613	513	656	257,081	192,966
James Dean	78,438	88,750	326,060	106,516	512	7,793	405,010	203,059
Robert Dean	97,167	88,000	101,406	44,344	7,772	7,916	206,345	140,260
Victoria Mitchell	91,667	85,271	176,000	102,000	5,764	5,865	273,431	193,136
Justin Roberts	84,167	80,000	268,925	88,525	6,597	9,782	359,689	178,307
Charles Sanderson	91,667	82,500	72,501	55,936	4,852	4,747	169,020	143,183
Rupert Sebag-Montefiore (appointed 1.6.95)	68,333	54,603	118,550	52,067	3,177	3,320	190,060	109,990
Geoffrey van Cutsem	97,167	88,411	191,000	102,000	3,629	5,331	291,796	195,742

	Salary/fees		Annual bonus		Benefits		Total excl. pension	
Non-Executive Directors	**1997**	**1996**	**1997**	**1996**	**1997**	**1996**	**1997**	**1996**
David Craig (appointed 6.9.95)	30,000	13,333	-	-	-	-	30,000	13,333
Richard Jewson	55,000	55,000	-	-	-	-	55,000	55,000

Analysis of Directors' pension entitlements - defined benefit scheme:

In the following table, the increase in accrued pension during the year excludes any increase for inflation.

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11 less the Directors' contributions.

The accumulated accrued pension entitlement shown is that which would be paid annually on retirement based on service to 30 April 1997.

Directors' remuneration (continued)

Executive Directors	Increase in accrued pension during the year	Transfer value of increase	Accumulated total accrued pension at the end of the year
Justin Roberts	1,500	10,969	5,017
Rupert Sebag-Montefiore	3,218	20,268	17,597

Analysis of Directors' pension entitlements - defined contribution scheme:

The Company has made a contribution of £15,000 (1996 - £14,200) to Rupert Sebag-Montefiore's defined contribution individual pension plan.

Directors' share options

The Company operates two share option schemes, aimed at encouraging long term loyalty of senior staff and linking their reward to Group performance, thus creating a link with Shareholders' interests.

(a) The Savills plc United Kingdom Executive Share Option Scheme is an Inland Revenue approved scheme under which executives may receive options with an exercise price equal to market value at the time of grant, exercisable in normal circumstances between three and ten years after grant. No grants have been made under this Scheme during the year under review.

(b) The Savills plc 1992 Employee Benefit Trust (the ESOP) is a scheme under which senior executives may receive options with a nominal exercise price, exercisable in normal circumstances between five and seven years after grant.

Grants under both schemes are awarded by the Board on a phased basis, having regard to individuals' performances and anticipated contributions to the Group. Grants to Executive Directors are approved by the Remuneration Committee. Details of Executive Directors' options are set out below.

Executive share options

Directors	Number of options			Exercise price	Date from which exercisable	Expiry date
	At 01.05.96	Granted during year	At 30.04.97			
Rupert Sebag-Montefiore	15,322	-	15,322	50p	24.03.91	24.03.98
	13,340	-	13,340	24p	20.08.95	20.08.02

Directors' share options (continued)

ESOP share options

Directors	Number of options			Exercise price	Date from which exercisable	Expiry date
	At 01.05.96	Granted during year	At 30.04.97			
Aubrey Adams	80,000	-	80,000	Nominal	02.08.98	02.08.00
James Dean	25,000	-	25,000	Nominal	15.08.99	15.08.01
Justin Roberts	40,000	-	40,000	Nominal	15.08.99	15.08.01
	20,000	-	20,000	Nominal	30.01.01	30.01.03
Charles Sanderson	25,000	-	25,000	Nominal	15.08.99	15.08.01
	20,000	-	20,000	Nominal	30.01.01	30.01.03
Rupert Sebag-Montefiore	25,000	-	25,000	Nominal	25.01.98	25.01.00
	30,000	-	30,000	Nominal	15.08.99	15.08.01
	30,000	-	30,000	Nominal	30.01.01	30.01.03
	-	20,000	20,000	Nominal	25.07.01	25.07.03

No Directors' executive share options or ESOP share options were exercised or lapsed during the year. The mid-market price of the shares at 30 April 1997 was 123.5p and the range during the year was 70p to 126p.

At 30 April 1997, all the Executive Directors were deemed to have an interest (for the purposes of the Companies Act 1985) in 1,567,785 shares held by the Trustee of the ESOP, representing those shares over which options have not been granted.

Service contracts

The Directors' contracts of employment or service contracts contain a notice period of one year or less. The Directors who are standing for re-election at the Annual General Meeting are Aubrey Adams, Victoria Mitchell and Charles Sanderson, each of whom has a contract with a notice period of one year.

External directorships

The Executive Directors are allowed to accept external non-executive directorships, subject to approval by the Chairman and any conditions he might impose. For non-executive directorships which are considered to arise by virtue of an Executive Director's position within Savills, the fees are paid directly to Savills.

R. W. JEWSON
Chairman of the Remuneration Committee
7 July 1997

Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report regarding the respective responsibilities of Directors and Auditors set out on page 26, is made with a view to distinguishing for Shareholders those respective responsibilities in relation to the Accounts.

Company law requires the Directors to prepare Accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. The Directors consider that in preparing the Accounts the Company has:

- selected appropriate accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Accounts; and
- prepared the Accounts on the going concern basis as it is appropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Report of the Auditors, KPMG Audit Plc, to the Members of Savills plc

We have audited the Accounts on pages 27 to 47 and the detailed information set out on pages 22 to 24 as part of the Report of the Remuneration Committee.

Respective responsibilities of Directors and Auditors

As described on page 25, the Company's Directors are responsible for the preparation of Accounts. It is our responsibility to form an independent opinion, based on our audit, on those Accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Accounts.

Opinion

In our opinion the Accounts give a true and fair view of the state of the affairs of the Company and the Group as at 30 April 1997 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

7 July 1997
London

Consolidated Profit & Loss Account

year ended 30 April 1997

	Notes	1997 £'000	1996 £'000
Turnover			
Continuing operations		53,617	40,014
Acquisitions		1,198	-
	2	54,815	40,014
Operating profit			
Continuing operations		6,414	3,387
Acquisitions		201	-
	2 & 3	6,615	3,387
Loss on disposal of property	2	(116)	-
Profit on disposal of investment		-	34
Income from interests in associated undertakings		713	316
Profit before interest		7,212	3,737
Net interest	7	405	400
Profit on ordinary activities before taxation	2	7,617	4,137
Taxation on profit on ordinary activities	8	(2,745)	(1,406)
Profit on ordinary activities after taxation		4,872	2,731
Minority interests		(57)	(108)
Profit for the financial year		4,815	2,623
Dividends paid & proposed	9	(1,386)	(1,031)
Profit for the year transferred to reserves		3,429	1,592
Earnings per share	10	11.7p	6.7p

The movement on reserves is set out in Note 19 to the Accounts.

The Notes on pages 31 to 47 form part of the Accounts.

Balance Sheets

at 30 April 1997

	Notes	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Fixed assets					
Tangible assets	11	5,059	6,106	639	1,415
Investments	12	5,485	4,777	14,014	12,873
		10,544	10,883	14,653	14,288
Current assets					
Property held for sale		2,770	-	-	-
Work in progress		1,308	1,303	-	-
Debtors	13	17,278	11,731	3,220	700
Cash at bank & in hand		6,775	4,209	4,397	2,848
		28,131	17,243	7,617	3,548
Creditors - amounts falling due within one year	15	21,546	12,248	6,241	3,549
Net current assets/(liabilities)		6,585	4,995	1,376	(1)
Total assets less current liabilities		17,129	15,878	16,029	14,287
Creditors - amounts falling due after more than one year	16	18	30	-	-
Provisions - for liabilities & charges	17	332	558	-	-
Net assets		16,779	15,290	16,029	14,287
Capital & reserves					
Called up equity share capital	18	2,125	1,993	2,125	1,993
Share premium account	19	8,833	8,621	8,833	8,621
Revaluation reserve	19	-	130	-	43
Merger reserve	19	-	-	3,009	1,357
Profit & loss account	19	5,751	4,533	2,062	2,273
Shareholders' funds - equity		16,709	15,277	16,029	14,287
Minority interests - equity		70	13	-	-
		16,779	15,290	16,029	14,287

Approved by the Board of Directors on 7 July 1997 and signed on its behalf by

R. W. JEWSON

A. J. ADAMS

The Notes on pages 31 to 47 form part of the Accounts.

Consolidated Cash Flow Statement

year ended 30 April 1997

	Notes	1997 £'000	1997 £'000	1996 £'000	1996 £'000
Net cash inflow from operating activities	24		7,286		4,344
Returns on investments & servicing of finance:					
Interest received		663		441	
Interest paid		(254)		(37)	
Interest element of finance leases		(4)		(4)	
Dividends received		192		15	
Net cash inflow from returns on investments & servicing of finance			597		415
Taxation:					
Net UK corporation tax paid		(1,236)		(1,291)	
ACT paid		(82)		(227)	
Tax paid			(1,318)		(1,518)
Capital expenditure & financial investment:					
Purchase of tangible fixed assets		(1,601)		(2,077)	
Purchase of fixed asset investments		(78)		(242)	
Sale of tangible fixed assets		1,106		229	
Purchase of own shares		(697)		(305)	
Loans to associates		(1,547)		(1,147)	
Repayments of loans to associates		846		-	
Net cash outflow from capital expenditure & financial investment			(1,971)		(3,542)
Acquisitions & disposals:					
Purchase of minority interest in subsidiary undertaking		-		(300)	
Purchase of subsidiary undertaking	12(c)	(164)		(54)	
Net cash acquired with subsidiary undertaking		278		-	
Purchase of interests in associated undertakings		(1,616)		(212)	
Purchase of business		(100)		-	
Sale of investment		-		200	
Net cash outflow from acquisitions & disposals			(1,602)		(366)
Equity dividends paid			(1,167)		(908)
Cash inflow/(outflow) before use of liquid resources & financing			1,825		(1,575)
Management of liquid resources:					
Decrease/(increase) in monies held by the Trustee of the ESOP	26		103		(144)
Financing:					
Issue of shares		246		125	
Increase in short term borrowings		757		-	
Capital element of finance leases		(10)		6	
Net cash inflow from financing			993		131
Increase/(decrease) in cash for the year	26		2,921		(1,588)

The Notes on pages 31 to 47 form part of the Accounts.

Consolidated Statement of Total Recognised Gains & Losses

year ended 30 April 1997

	1997 £'000	1996 £'000
Profit for the financial year	4,815	2,623
Revaluation of life assurance policies	-	7
Surplus on revaluation of property in associated undertaking	-	87
Total recognised gains for the financial year	4,815	2,717

There is no material difference between the results disclosed in the consolidated profit and loss account and the results on an historical basis.

Reconciliation of Movements in Shareholders' Funds

year ended 30 April 1997

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Profit for the financial year	4,815	2,623	1,132	991
Dividends	(1,386)	(1,031)	(1,386)	(1,031)
Retained profit/(loss) for the year	3,429	1,592	(254)	(40)
Issue of share capital	344	566	344	566
Other recognised gains or losses	-	94	-	7
Merger reserve	1,652	-	1,652	-
Goodwill written off	(3,993)	(956)	-	-
Transfer of goodwill on disposal	-	18	-	-
Net increase in shareholders' funds	1,432	1,314	1,742	533
Shareholders' funds at beginning of year	15,277	13,963	14,287	13,754
Shareholders' funds at end of year	16,709	15,277	16,029	14,287

The Notes on pages 31 to 47 form part of the Accounts.

Notes to the Accounts

year ended 30 April 1997

1. Principal accounting policies

Basis of accounting - The Accounts on pages 27 to 47 have been prepared under the historical cost convention as modified by the revaluation of investments in life assurance policies, as permitted by the alternative accounting rules set out in the fourth schedule to the Companies Act 1985, and in accordance with applicable accounting standards.

Consolidation - The consolidated accounts deal with the results of Savills plc and its subsidiary and associated undertakings. The results of subsidiary undertakings acquired or disposed of during the year are included from, or up to, the date control passes. Intra-group sales and profits are eliminated on consolidation. The Group's share of the results of associated undertakings is included in the consolidated profit and loss account, and the Group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the most recent audited accounts of the undertakings concerned, or management accounts where recent audited accounts are unavailable.

Goodwill - Goodwill, representing the excess of the purchase price of businesses and shares in subsidiary or associated undertakings over the fair value of the separable net assets acquired, is eliminated against reserves in the year of acquisition.

Turnover - Turnover represents commissions and fees receivable excluding VAT, together with movements in work in progress.

Fixed assets - Fixed assets are valued at historical cost less provision for depreciation and any permanent diminution in value.

Employee Benefit Trust - The Company operates The Savills plc 1992 Employee Benefit Trust (the ESOP) under the terms of which options to acquire shares in the Company for nominal consideration are allocated to Group employees. The cost of shares in respect of which options are allocated is written off to the profit and loss account in full on allocation. The assets and liabilities of the ESOP are included in the balance sheets of the Group and the Company.

Depreciation - Provision for depreciation is made at rates calculated to write off the cost, less estimated residual value, of tangible fixed assets over their estimated useful lives as follows:

	Years
Leasehold land & buildings	over unexpired term of lease
Furniture & office equipment	6
Motor vehicles	5
Computer equipment & software	between 3 & 5

It is the Group's policy to maintain all its freehold properties to a high standard. Because of this, such properties maintain residual disposal values at least equal to their book values and accordingly no provision for depreciation is made. Any permanent diminution in value is charged against the profit and loss account.

Work in progress - Work in progress is stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads. Long term work in progress is assessed on a contract by contract basis; turnover and related costs are included in the profit and loss account as contract activity progresses. Where the outcome of a long term contract can be assessed with reasonable certainty, attributable profit is recognised. Long term contracts are stated at cost net of amounts transferred to cost of sales, foreseeable losses and applicable payments on account. No value is attributed to residential agency work in progress until contracts on the underlying transactions have been exchanged, at which point income is recognised in full. No value is attributed to commercial agency work in progress until completion, at which point income is recognised in full.

Deferred taxation - Deferred taxation is provided using the liability method in respect of timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

1. Principal accounting policies (continued)

Accounting for leases - Assets financed by leasing agreements which give rights approximating to ownership (finance leases) have been capitalised at amounts equal to the original cost of the assets to the lessors and depreciation has been provided on the basis of the Group depreciation policy. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet and the current year's interest elements are charged to the profit and loss account. The annual payments under all other lease agreements, known as operating leases, are charged to the profit and loss account on an accruals basis.

Pension costs - Retirement benefits for employees are provided by a scheme which is funded by contributions from the Group and its employees. The contributions are determined by an independent qualified actuary, and are charged to the profit and loss account in order to spread the cost of pensions over the service lives of employees in the scheme. The Group also operates a number of defined contribution individual pension plans.

Revaluation reserve - Endowment life policies, included in current assets, are revalued to include cost plus declared bonuses. The Group's share of the surplus on revaluation of investment properties held by an associated undertaking is taken to reserves.

Foreign currency translation - Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Gains and losses from foreign currency transactions are included in the profit and loss account.

2. **Segmental analysis** **1997**	Commercial £'000	Land & Property £'000	Financial Services £'000	Holding Company £'000	Group £'000
Turnover (all UK origin)	18,720	35,055	1,040	-	54,815
Operating profit/(loss)	2,684	4,322	(14)	(377)	6,615
Loss on disposal of property	-	-	-	(116)	(116)
Income from interests in associated undertakings	-	-	713	-	713
Profit/(loss) before interest & taxation	2,684	4,322	699	(493)	7,212
Net interest	200	62	(150)	293	405
Profit/(loss) before taxation	2,884	4,384	549	(200)	7,617
Net assets	3,870	4,328	5,226	3,355	16,779

1996

Turnover (all UK origin)	12,805	26,831	378	-	40,014
Operating profit/(loss)	1,120	2,579	3	(315)	3,387
Profit on disposal of investment	-	-	34	-	34
Income from interests in associated undertakings	-	-	316	-	316
Profit/(loss) before interest & taxation	1,120	2,579	353	(315)	3,737
Net interest	164	(194)	24	406	400
Profit before taxation	1,284	2,385	377	91	4,137
Net assets	3,470	5,196	4,317	2,307	15,290

Turnover by destination is not materially different from turnover by origin.

3. Operating profit	1997 £'000	1996 £'000
Turnover	54,815	40,014
Staff costs (see Note 5(a))	(31,576)	(22,275)
Depreciation & other amounts written off tangible fixed assets	(1,680)	(1,556)
Other operating charges	(14,944)	(12,796)
Operating profit	6,615	3,387

Included in operating profit are amounts relating to acquisitions being turnover £1,198,000, staff costs £703,000, depreciation £4,000 and other operating charges £290,000.

Operating profit is stated after charging/(crediting):		1997 £'000	1996 £'000
Profit on sale of fixed assets		(48)	(70)
Auditors' remuneration:	Audit work	77	73
	Non-audit work	24	61
Operating lease rentals:	Property	3,145	2,934
	Other	165	163
Rental income		(400)	(524)

Auditors' remuneration for the audit of the Company amounts to £23,000 (1996 - £21,000).

4. Profit & loss account of Savills plc

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these Accounts. The profit after taxation for the year of the Company was £1,132,000 (1996 - £991,000).

5. Staff & Directors

(a) Analysis of staff costs	1997 £'000	1996 £'000
Basic salaries & wages	18,276	15,527
Incentive bonuses & commissions	9,848	4,076
	28,124	19,603
Social security costs	2,596	1,844
Other pension costs	856	828
	31,576	22,275

(b) Staff numbers

The average number of employees during the year was 753 (1996 - 679).

(c) Directors' emoluments

A breakdown of current Directors' emoluments, including those of the highest paid Director, is given in the Report of the Remuneration Committee on pages 22 and 23.

The aggregate emoluments in connection with the management of the Group's affairs (including pension contributions) of the Directors were:		1997 £'000	1996 £'000
Executive Directors:	Remuneration excluding bonuses	750	754
	Bonuses	1,403	660
	Pension contributions	26	28
Fees to Non-Executive Directors		85	74
		2,264	1,516

Rupert Sebag-Montefiore has waived emoluments of £15,000 in respect of the year to 30 April 1997 (1996 - £14,200).

During the year, no Directors made gains on the exercise of share options (1996 - Aubrey Adams made a gain of £17,000).

d) Directors' interests

Interests in the share capital of the Company beneficially held by members of the Board of Directors or their families at 30 April 1997 are detailed below:

Ordinary shares	At 30 April 1997	At 1 May 1996
Aubrey Adams	116,670	116,670
David Craig	-	-
James Dean	473,000	473,000
Robert Dean	756,706	756,706
Richard Jewson	20,000	20,000
Victoria Mitchell	624,647	624,647
Justin Roberts	100,000	100,000
Charles Sanderson	50,000	50,000
Rupert Sebag-Montefiore	51,424	63,424
Geoffrey van Cutsem	1,170,000	1,280,000

James Dean held a non-beneficial interest in 30,000 ordinary shares (1996 - 30,000). This was the only non-beneficial interest in the share capital of the Company held by members of the Board of Directors or their families at 30 April 1997.

Details of Directors' share options are given in the Report of the Remuneration Committee on pages 23 and 24.

The Company has not been notified of any changes since 30 April 1997 in the interests detailed above.

6. Pension scheme

The Group operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Group, being invested in managed fund units. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

6. Pension scheme (continued)

The most recent actuarial valuation, using the projected unit method, was as at 6 April 1995. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9.5% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rates guaranteed in the scheme rules. The valuation showed that the market value of the scheme's assets was £10,293,000 and that the actuarial value of those assets represented 112% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Group contribution rate and the employee contribution rate remain at 8% and 5% of pensionable salaries respectively.

The Group also operates a number of defined contribution individual pension plans.

The total pension charge to the Group for the year was £856,000 (1996 - £828,000).

7. Net interest	1997 £'000	1996 £'000
Interest receivable from associated undertakings	237	139
Other interest receivable & similar income	426	302
	663	441
Finance charges in respect of finance leases	(4)	(4)
Bank interest payable	(254)	(37)
	(258)	(41)
	405	400

8. Taxation	1997 £'000	1996 £'000
UK corporation tax based on the profit for the year at 33% (1996 - 33%)	2,487	1,370
(Over)/under provision in respect of prior years	(2)	4
Deferred taxation	19	(66)
Share of associated undertakings' taxation	241	98
	2,745	1,406

9. Dividends	1997 £'000	1996 £'000
Ordinary interim dividend paid	402	266
Ordinary proposed final dividend of 2.50p (net) per share (1996 - 2.05p (net) per share)	984	765
	1,386	1,031

Under the terms of The Savills plc 1992 Employee Benefit Trust (the ESOP), the Trustee has waived all but 0.01p of any dividend on each share held by the Trust.

10. Earnings per share

The calculation of earnings per share is based on the profit for the financial year of £4,815,000 (1996 - £2,623,000) and on the weighted average number of shares in issue of 41,073,000 (1996 - 38,951,000).

11. Tangible assets

Group		Freehold property £'000	Short leasehold property £'000	Equipment & motor vehicles Owned £'000	Equipment & motor vehicles Leased £'000	Total £'000
Cost or valuation	At 1 May 1996	1,788	2,240	9,980	1,587	15,595
	Additions	2	241	1,564	-	1,807
	Disposals	(1,040)	(1)	(915)	(1,523)	(3,479)
	At 30 April 1997	750	2,480	10,629	64	13,923
Depreciation	At 1 May 1996	70	1,210	6,641	1,568	9,489
	Charge for the year & amounts written off	-	119	1,555	6	1,680
	Disposals	-	-	(790)	(1,515)	(2,305)
	At 30 April 1997	70	1,329	7,406	59	8,864
Net book value	At 30 April 1997	680	1,151	3,223	5	5,059
	At 30 April 1996	1,718	1,030	3,339	19	6,106

Company		Freehold property £'000	Equipment & motor vehicles owned £'000	Total £'000
Cost or valuation	At 1 May 1996	1,473	49	1,522
	Additions	265	9	274
	Disposals	(1,040)	(12)	(1,052)
	At 30 April 1997	698	46	744
Depreciation	At 1 May 1996	70	37	107
	Charge for the year & amounts written off	-	10	10
	Disposals	-	(12)	(12)
	At 30 April 1997	70	35	105
Net book value	At 30 April 1997	628	11	639
	At 30 April 1996	1,403	12	1,415

Freehold property for the Group and the Company is disclosed at its revalued amount not historical cost following revaluations undertaken by qualified surveyors during June 1992 and June 1995. The basis for valuation was open market value for existing use. The effect of these revaluations is that freehold property is disclosed at £367,000 less than if historical cost were used.

12. Investments

Summary	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Own shares (see Note 12(a))	1,271	852	1,271	852
Investments in subsidiary & associated undertakings (see Note 12(b))	4,214	3,925	12,743	12,021
	5,485	4,777	14,014	12,873

(a) Investment in own shares - Group & Company

	£'000
Cost	
At 1 May 1996	1,454
Additions	697
At 30 April 1997	2,151
Provisions for share options granted	
At 1 May 1996	602
Charge for the year	278
At 30 April 1997	880
Net book value	
At 30 April 1997	1,271
At 30 April 1996	852

During the year, the ESOP purchased 600,000 shares of the Company with a nominal value of £30,000. The total consideration including related costs was £697,000.

As at 30 April 1997, the ESOP held 3,157,785 shares in the Company with a nominal value of £158,000 and a market value of £3,900,000 (1996 - 2,557,785 shares with nominal value of £128,000 and market value of £1,765,000).

(b) Investments in subsidiary & associated undertakings

Group	Loans to associated undertakings £'000	Interests in associated undertakings £'000	Other £'000	Total £'000
Cost & valuation				
At 1 May 1996	2,094	1,596	235	3,925
Additions	1,547	(226)	78	1,399
Merger dilution	-	(93)	-	(93)
Dividends received	-	(192)	-	(192)
Repayments	(946)	-	-	(946)
Disposals	-	(350)	-	(350)
Share of retained profit for the year	-	471	-	471
At 30 April 1997	2,695	1,206	313	4,214

Additions to interests in associated undertakings are stated net of goodwill written off amounting to £2,291,000. The interests in associated undertakings consist of £472,000 (1996 - £1,141,000) in respect of cost less goodwill written off and £734,000 (1996 - £455,000) in respect of the Group's share of post acquisition reserves.

(b) Investments in subsidiary & associated undertakings (continued)

Company	Loans to Group undertakings £'000	Interests in Group undertakings £'000	Loans to associated undertakings £'000	Total £'000
Cost & valuation				
At 1 May 1996	3,461	8,560	-	12,021
Additions	2,019	883	50	2,952
Repayments	(1,259)	-	-	(1,259)
Disposals	-	(971)	-	(971)
At 30 April 1997	4,221	8,472	50	12,743

Savills holds 30% of the ordinary share capital of Ray Gasson & Associates Ltd whose principal activity relates to farm management. This company is registered in England and Wales and operates in the United Kingdom. This shareholding is treated as a trade investment. The adoption of the equity accounting treatment would not have a material effect on the Group's results.

Subsidiary & associated undertakings
The principal subsidiary and associated undertakings of the Company and their principal activities are shown below. Except where otherwise noted, they: are wholly owned, have share capitals wholly comprised of ordinary shares, are registered in England and Wales, operate in the UK and are consolidated into the Group Accounts.

Subsidiary & associated undertakings	*Holding*	*Description*
Aubourn Farming Ltd*	75%	Provision of farm management, consultancy and agronomy services.
Barlows (Liverpool) Ltd*	50%	Commercial property company.
Barlows (Sefton) Ltd* (see below)	50%	Commercial property company.
Central London Properties Limited Partnership*	50% interest in partnership	Residential property partnership.
Grosvenor Hill Properties Ltd*		Commercial retail property portfolio management company, incorporated on 29 August 1996.
Grosvenor Hill Ventures Ltd*		Provision of property funding.
Killik & Co* (see below)	25% interest in partnership	Stockbrokers.
Pinnacle Group Ltd* (see below)	25%	Provision of residential property portfolio management services.
Property Marketing Company Ltd*		Provision of advertising and marketing services.
Savills Commercial Ltd		Commercial surveyors.
Savills Finance Holdings plc		Holding company of Financial Services businesses.

(b) Investments in subsidiary & associated undertakings (continued)

Subsidiary & associated undertakings	*Holding*	*Description*
Savills Finance Ltd*		Provision of corporate finance advice.
Savills Financial Services Ltd		Provision of financial services.
Savills Land & Property Ltd		General practice surveyors.
Savills Licensed Retail Ltd*		Licensed retail premises surveyors.
Savills Lonworld Ltd*	50%	Agency for the referral of international property advisory and consultancy services.
Savills Private Finance Ltd*		Provision of mortgage and insurance broking services, incorporated on 7 February 1997.
State Securities PLC* (see below)	30.4%	Provision of lease financing.
Trigon FM Ltd *(Company registered in Scotland)*	50%	Provision of facilities management services.

* Shares/interests held indirectly.

(c) Acquisition of subsidiary & associated undertakings

George Stead Ltd: On 15 November 1996 the Company acquired the entire share capital of George Stead Ltd, the consideration for which was £1,914,000, including associated acquisition costs. £1,750,000 was satisfied by the issue of 1,955,319 ordinary shares of 5p each at a premium of 84.5p, and £164,000 (including costs) was paid in cash. The assets and business of George Stead Ltd were transferred to a subsidiary undertaking during the year. The book value of net assets acquired was £637,000 and the fair value to the Group was £357,000.

Included in the Group profit for the year is a profit after taxation of £129,000 relating to the acquired business for the period commencing 15 November 1996. George Stead Ltd made a loss after taxation of £42,000 from 1 August 1996 (the beginning of its financial year) to the date of acquisition (year to 31 July 1996 - profit of £11,000).

The acquisition of George Stead Ltd has been accounted for using the acquisition method. On consolidation, goodwill arising on this acquisition of £1,557,000 has been written off against reserves.

(c) Acquisition of subsidiary & associated undertakings (continued)

Acquisition of George Stead Ltd	Book value £'000	Revaluation £'000	Fair value to Group £'000
Tangible fixed assets	464	(271)	193
Current assets: Debtors	378	(32)	346
Cash	278	-	278
Total assets	1,120	(303)	817
Creditors due within one year	(483)	23	(460)
Total liabilities	(483)	23	(460)
Net assets	637	(280)	357
Acquisition costs			77
Goodwill			1,480
Purchase consideration & costs			1,914
Analysis of purchase consideration & costs			
Fair value of shares allotted			1,750
Cash			164
			1,914

Barlows (Sefton) Ltd: On 22 May 1996 the Group acquired a 50% interest in Barlows (Sefton) Ltd, a commercial property company.

James Offen & Partners: On 14 October 1996 the Group acquired the business of James Offen & Partners for a consideration of £130,000, including deferred consideration of £55,000 payable on 14 October 1997, which was and will be paid in cash. The Group also acquired tangible fixed assets of £13,000. After accounting for legal costs, goodwill arising on consolidation of £142,000 has been written off against reserves.

Killik & Co: On 15 July 1996 the Group acquired an additional 5% interest in Killik & Co, bringing the total interest to 25%.

Pinnacle Group Ltd: On 21 December 1996 the Group acquired 25% of the voting rights of Pinnacle Group Ltd and a 46% interest in its 12% preference shares for a total consideration of £1,465,000, which was paid in cash. The Group's share of the book value of net liabilities acquired, which was also the fair value to the Group, was £542,000. Goodwill arising on consolidation of £2,007,000 has been written off against reserves.

State Securities PLC: On 26 March 1997 the Group redeemed at par its 77.8% preference shareholding of State Securities PLC (State). Following the transaction detailed in Note 27, at the year end the Group held all of the "A" ordinary shares of State, representing 30.4% of the voting rights. Goodwill arising on consolidation of £284,000 has been written off against reserves.

13. **Debtors**	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Clients	10,614	7,029	-	-
Other debtors	2,332	1,664	954	158
Prepayments & accrued income	3,927	2,570	49	51
Amounts owed by subsidiary undertakings	-	-	1,971	231
Corporation tax recoverable	-	30	-	-
Deferred tax	159	178	-	-
Advance corporation tax	246	260	246	260
	17,278	11,731	3,220	700

14. **Deferred taxation asset - Group**	Provided 1997 £'000	Provided 1996 £'000	Unprovided 1997 £'000	Unprovided 1996 £'000
Provisions for sublet office space	76	74	-	-
Accelerated capital allowances	-	-	240	215
Other timing differences	83	104	-	-
	159	178	240	215

The movements in the year in the deferred taxation asset were as follows:	Sublet office space £'000	Other timing differences £'000	Total £'000
At 1 May 1996	74	104	178
Utilised during the year	(59)	(116)	(175)
Provided during the year	61	95	156
At 30 April 1997	76	83	159

15. **Creditors** - amounts falling due within one year	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Trade creditors	1,772	1,738	43	32
Amounts owed to subsidiary undertakings	-	-	4,481	2,220
Corporation tax	1,962	1,051	-	19
Advance corporation tax	581	191	246	191
Other taxation & social security	2,226	1,529	9	28
Other creditors	885	868	-	9
Dividends	984	765	984	765
Accruals & deferred income	12,284	5,761	478	285
Obligations due under finance leases	32	30	-	-
Bank loans & overdraft	820	315	-	-
	21,546	12,248	6,241	3,549

The Group has granted a fixed charge on the properties held for sale to secure a loan of £757,000 with Bank of Scotland.

16. **Creditors** - amounts falling due after more than one year	Group 1997 £'000	Group 1996 £'000	Company 1997 £'000	Company 1996 £'000
Obligations due under finance leases	18	30	-	-

17. **Provisions** - for liabilities & charges **Group**	Sublet office space £'000	Insurance £'000	Total £'000
At 1 May 1996	222	336	558
Utilised during the year	(165)	(351)	(516)
Provided during the year	-	290	290
At 30 April 1997	57	275	332

18. **Share capital - Group & Company**	1997 No. shares	1996 No. shares	1997 £'000	1996 £'000
Ordinary shares of 5p each:				
Authorised	49,000,000	49,000,000	2,450	2,450
Allotted, called up & fully paid	42,515,283	39,865,368	2,125	1,993

(a) During the year the following ordinary shares of 5p each were allotted as consideration for the acquisition described in Note 12(c):

No. shares	Aggregate nominal value £	Related acquisition
1,955,319	97,766	George Stead Ltd

18. Share capital - Group & Company (continued)

(b) During the year 694,596 (1996 - 451,620) ordinary shares of 5p each were allotted to employees under the Savills plc United Kingdom Executive Share Option Scheme, for a total consideration of £245,763 (1996 - £125,304).

The following share options have been granted under the Executive Share Option Scheme and were outstanding at 30 April 1997:

Exercise period	Exercise price	No. share options '000
7 years from 17 November 1990	25p	37
7 years from 24 March 1991	50p	250
7 years from 10 February 1992	104p	2
7 years from 6 February 1995	30p	187
7 years from 20 August 1995	24p	89
7 years from 13 August 1996	56p	170
7 years from 22 August 1997	80p	270
		1,005

(c) The following share options have been granted with a nominal exercise price under The Savills plc 1992 Employee Benefit Trust (the ESOP) and were outstanding at 30 April 1997:

Exercise period	No. share options '000
2 years from 25 January 1998	50
2 years from 2 August 1998	265
2 years from 15 August 1999	270
2 years from 30 January 2001	480
2 years from 25 July 2001	525
	1,590

(d) At the last Annual General Meeting the shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 1,993,268 of its own ordinary shares. Such authority remained valid at 30 April 1997.

19. Reserves **Group**	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Profit & loss account £'000	Total £'000
At 1 May 1996	8,621	130	-	4,533	13,284
Arising on issue of shares	212	-	1,652	-	1,864
Profit transferred to reserves	-	-	-	3,429	3,429
Transfers	-	(130)	-	130	-
Goodwill written off	-	-	(1,652)	(2,341)	(3,993)
At 30 April 1997	8,833	-	-	5,751	14,584

19. Reserves (continued)

Goodwill written off arises in respect of the acquisitions of George Stead Ltd (£1,557,000), James Offen & Partners (£142,000), Pinnacle Group Ltd (£2,007,000) and the further 5.2% interest in State Securities PLC (£284,000). The total cumulative goodwill relating to subsidiary undertakings eliminated against reserves at 30 April 1997 amounted to £3,487,000 (1996 - £1,930,000).

Company	Share premium account £'000	Revaluation reserve £'000	Merger reserve £'000	Profit & loss account £'000	Total £'000
At 1 May 1996	8,621	43	1,357	2,273	12,294
Arising on issue of shares	212	-	1,652	-	1,864
Profit transferred to reserves	-	-	-	(254)	(254)
Transfers	-	(43)	-	43	-
At 30 April 1997	8,833	-	3,009	2,062	13,904

20. Capital commitments - Group

Capital expenditure contracted after the year end amounted to £185,000 (1996 - £47,000).

21. Contingent liability

The Company holds a minority interest in the Surveyors Mutual Insurance Association (SURMIA). SURMIA currently has a deficit between net assets and estimated liabilities in respect of notified potential claimants. Potential claimants have an extended period in which to make a claim, and additional liabilities may continue to emerge. In the event of any other members of SURMIA being unable to meet their cash calls, a share of the additional shortfall would revert to the Company.

As at 30 April 1997, the Company has made a provision of £275,000 (1996 - £336,000) (see Note 17), being Savills' share of the potential deficit based on current notified claims as advised by the professional managers of SURMIA.

It is not possible to estimate the extent of any additional future liabilities which may emerge.

22. Operating lease commitments - Group & Company

		Property leases 1997 £'000	Property leases 1996 £'000	Other leases 1997 £'000	Other leases 1996 £'000	Total 1997 £'000	Total 1996 £'000
Annual rentals payable on leases expiring:	Within one year	3	-	17	12	20	12
	In one to five years	515	416	72	95	587	511
	After five years	2,647	2,597	-	-	2,647	2,597
		3,165	3,013	89	107	3,254	3,120

23. Finance leases - Group & Company		1997 £'000	1996 £'000
Annual rentals payable:	Within one year	36	34
	In one to five years	20	34
		56	68
Less: Future finance charges		(6)	(8)
		50	60

24. Reconciliation of operating profit to net cash inflow from operating activities	1997 £'000	1996 £'000
Operating profit	6,615	3,387
Depreciation charges	1,680	1,556
Profit on sale of fixed assets	(48)	(70)
Profit on disposal of investment	-	(34)
(Increase)/decrease in work in progress	(5)	45
Increase in property held for sale	(2,770)	-
Increase in debtors	(5,263)	(986)
Increase in creditors	6,934	264
Decrease in provisions	(135)	(104)
Movement in provision for ESOP share options granted	278	286
Net cash inflow from operating activities	7,286	4,344

25. Reconciliation of net cash flow to net funds	1997 £'000	1996 £'000
Increase/(decrease) in cash	2,921	(1,588)
Cash inflow from increase in debt	(757)	-
Capital element of finance leases	10	(6)
(Decrease)/increase in monies held by the Trustee of the ESOP	(103)	144
	2,071	(1,450)
Net funds at beginning of year	3,834	5,284
Net funds at end of year	5,905	3,834

26. Analysis of changes in net funds	At 1 May 1996 £'000	Cash flows £'000	At 30 April 1997 £'000
Cash at bank	3,986	2,669	6,655
Overdraft	(315)	252	(63)
	3,671	2,921	6,592
Debt: Due within one year	-	(757)	(757)
Finance leases	(60)	10	(50)
Monies held by the Trustee of the ESOP	223	(103)	120
Net funds	3,834	2,071	5,905

27. Related party transactions

During the year Savills Finance Holdings plc (SFH) carried out the following transaction with A. A. Captain and G. L. Randall, who were Directors of SFH until 26 April 1996. Their respective interests in the transaction are shown in the following table.

Transaction details	Interests of related parties A. A. Captain	G. L. Randall
SFH purchased an additional 627,576 (5.2%) ordinary shares of State Securities PLC for £500,000.	50%	50%

During the year the Group made loans to the following related undertakings: Barlows (Liverpool) Ltd, Barlows (Sefton) Ltd, Central London Properties Limited Partnership, Killik & Co, Pinnacle Group Ltd and State Securities PLC. Interest was charged on such loans at arm's length rates. Interest received during the year totalled £237,000. The Group also provided an interest free loan of £50,000 to Trigon FM Ltd.

During the year the Group acquired a 46% interest in the 12% preference shares of Pinnacle Group Ltd and redeemed at par its 77.8% preference shareholding in State Securities PLC.

The movements on the aggregate loans and preference shares with related undertakings were as follows:

	Loans £'000	Preference shares £'000
As at 1 May 1996	2,094	350
Additions	1,547	1,403
Repayments	(946)	(350)
At 30 April 1997	2,695	1,403

Savills plc and its subsidiaries provide accounting and other administrative services to some associated companies at nominal fees.

Five Year Review

year ended 30 April 1997

Profit & loss account	1997 £'000	1996 £'000	1995 £'000	1994 £'000	1993 £'000
Turnover (by business):					
Commercial	18,720	12,805	12,812	13,442	10,713
Land & Property	35,055	26,831	21,658	17,879	14,549
Financial Services	1,040	378	777	556	-
Total turnover	54,815	40,014	35,247	31,877	25,262
Operating profit/(loss) (by business):					
Commercial	2,684	1,120	1,356	1,492	819
Land & Property	4,322	2,579	1,535	1,191	458
Financial Services	(14)	3	46	144	-
Holding Company	(377)	(315)	(70)	-	-
Total operating profit	6,615	3,387	2,867	2,827	1,277
Loss on disposal of property	(116)	-	-	-	-
Profit on disposal of investment	-	34	-	-	-
Income from interests in associated undertakings	713	316	175	77	-
Net interest	405	400	464	333	162
Profit on ordinary activities before taxation	7,617	4,137	3,506	3,237	1,439
Taxation on profit on ordinary activities	(2,745)	(1,406)	(1,339)	(970)	(638)
Profit on ordinary activities after taxation	4,872	2,731	2,167	2,267	801
Minority interests	(57)	(108)	(52)	(39)	-
Profit for the financial year	4,815	2,623	2,115	2,228	801
Earnings per share	11.7p	6.7p	5.6p	6.2p	2.2p
Dividends per share	3.50p	2.80p	2.50p	2.25p	1.00p

Balance sheet					
Fixed assets	10,544	10,883	9,300	5,705	5,062
Net current assets	6,585	4,995	5,732	8,096	7,054
Creditors - amounts falling due after more than one year	(18)	(30)	(23)	(9)	(132)
Provisions	(332)	(558)	(662)	(687)	(797)
	16,779	15,290	14,347	13,105	11,187

Employees					
Average number of employees	753	679	626	531	530

Notice of the Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Savills plc will be held at 25 Finsbury Circus, London EC2M 7EE, on 3 September 1997 at 12 noon, and that the business to be brought before the Meeting will be:

Ordinary business

1. To receive the Accounts for the year ended 30 April 1997 together with the Reports of the Directors and Auditors thereon.

2. To declare a final dividend.

3. To re-elect as a Director, Aubrey Adams, who retires by rotation under the terms of the Articles of Association.

4. To re-elect as a Director, Victoria Mitchell, who retires by rotation under the terms of the Articles of Association.

5. To re-elect as a Director, Charles Sanderson, who retires by rotation under the terms of the Articles of Association.

6. To authorise the Directors to fix the remuneration of the Auditors.

7. To re-appoint KPMG Audit Plc as Auditors of the Company to hold office from the conclusion of the Annual General Meeting (or any adjournment thereof) until the conclusion of the next General Meeting (or any adjournment thereof) at which accounts are laid before the Company.

Special business

8. To consider and if thought fit pass the following Resolution as an Ordinary Resolution:
   THAT the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985 (the Act)), all previous such authorities being hereby revoked, provided that:

   (i) the aggregate of the nominal amount of such securities shall not exceed £324,236; and

   (ii) this authority shall expire on 2 September 2002 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

9. To consider and if thought fit pass the following Resolution as a Special Resolution:
   THAT subject to and conditionally upon the passing of Resolution 8 set out in the Notice of the Annual General Meeting convened for 3 September 1997, the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred on the Directors by the said Resolution 8 as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

   (i) to the allotment of equity securities in connection with a pre-emptive issue in favour of holders of ordinary shares where the equity securities attributable to each holder are proportionate (as nearly as may be practicable) to the respective number of ordinary shares held by such holder but subject to such exclusions as the Directors may deem necessary or expedient to deal with fractional entitlements or pursuant to the laws of any territory or requirements of any regulatory body or any stock exchange in any territory;

9. (continued)

   (ii) to the allotment (otherwise than in pursuance of sub-paragraph (i) above) of equity securities which are to be wholly paid up in cash up to an aggregate nominal amount of £106,288;

   (iii) to the allotment of equity securities pursuant to the issue of equity securities for cash in order to provide a cash alternative in accordance with Section 430(4) of the Act following the service of a notice by the Company under Section 429 of the Act;

   Provided further that the power contained in this Resolution shall, unless revoked or renewed in accordance with Section 95(3) of the Act, expire on the date which is fifteen months after the date of the passing of this Resolution or (if earlier) on the conclusion of the Annual General Meeting of the Company (or any adjournment thereof) next following the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

10. To consider and if thought fit pass the following Resolution as a Special Resolution:
    THAT the Company be and is hereby authorised to purchase for cancellation its own ordinary shares of 5p each by way of market purchase upon and subject to the following conditions:

    (i) the maximum number of shares which may be purchased is a total of 2,125,764 ordinary shares (being 5% of the issued ordinary share capital);

    (ii) the maximum price at which shares may be purchased is the price equal to 5% above the average of the middle market quotation for an ordinary share as derived from The Stock Exchange Daily Official List for the 10 days preceding the date of purchase, exclusive of expenses;

    (iii) the minimum price at which shares may be purchased is the higher of the par value of such ordinary shares or the price equal to 10% below the aforesaid average; and

    (iv) the authority to purchase conferred by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company (or any adjournment thereof) provided that any contract for the purchase of any shares as aforesaid which was completed before the expiry of the said authority may be executed wholly or partly after the said authority expires.

Registered office:
20 Grosvenor Hill
Berkeley Square
London W1X 0HQ

By order of the Board
Clare Latham
C. J. Latham
31 July 1997

Notes

(i) Any Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote on their behalf. Members will receive a Form of Proxy with this Notice and, if they wish to appoint a proxy, should complete this form and send it to Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DB so as to be received not later than 48 hours before the time at which the Meeting is due to begin. A proxy need not be a Member of the Company.

(ii) To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast) Members must be entered on the Company's Register of Members by the close of business on Monday 1 September 1997.

(iii) The register of Directors' interests, kept by the Company in accordance with Section 325 of the Companies Act 1985, will be open for inspection at the Annual General Meeting.

EXPLANATORY NOTES

Resolution 8
It is proposed to renew the Directors' authority to issue securities up to an aggregate nominal amount of £324,236, being the unissued share capital of the Company, and representing 15.3% of the issued share capital. This authority will expire five years from the date of the passing of the Resolution.

Resolution 9
It is proposed to renew the disapplication of the statutory pre-emption rights of Shareholders. This authority will inter alia permit the Board to make a rights issue to existing Shareholders without the need to comply with the technical requirements of the statutory provisions which create problems in particular with regard to overseas Shareholders; and in respect of sub-paragraph (ii) to renew the Directors' power to make small issues for cash to persons other than existing Shareholders up to a maximum nominal amount of £106,288 being 5% of the issued share capital of the Company. This authority will expire no later than 15 months after the passing of the Resolution.

Resolution 10
It is proposed to renew the Company's authority to purchase its own ordinary shares of 5p each for cancellation. Although they have no immediate plans to make such purchases, the Directors consider that it would be advantageous for the Company to have authority to effect such purchases and would like to be able to act quickly if circumstances arise in which they consider such purchases to be desirable. In any event, the Board will only exercise this power once it is satisfied that any purchase will have a beneficial impact on earnings per share and will be in the interests of all Shareholders.

SAVILLS UK OFFICES

C=Commercial, R=Residential, A=Agricultural, E=Estate office, L=Licensed Retail, * = Associate

UNITED KINGDOM

Banbury (C, R, A)
21 Horse Fair, Banbury
Oxfordshire OX16 0AW
Tel: (01295) 263535
Fax: (01295) 250784

Ray Gasson & Associates (A)*
Redlands Farm
Hook Norton, Banbury
Oxfordshire OX15 5ND
Tel: (01608) 737888
Fax: (01608) 737778

Bath (C, R, A)
Edgar House
17 George Street, Bath
Avon BA1 2EN
Tel: (01225) 444622
Fax: (01225) 444629

Brechin (R, A)
12 Clerk Street
Brechin, Angus DD9 6AE
Tel: (01356) 622187
Fax: (01356) 625389

Bristol (L)
2nd Floor
36 Whiteladies Road
Clifton, Bristol BS8 2LG
Tel: (0117) 974 4110
Fax: (0117) 974 3485

Cambridge (C, R, A)
24 Hills Road
Cambridge CB2 1JW
Tel: (01223) 322955
Fax: (01223) 322493

Chelmsford (C, R, A)
136 London Road
Chelmsford, Essex CM2 0RQ
Tel: (01245) 269311
Fax: (01245) 490257

Edinburgh (R, A)
46 Charlotte Square
Edinburgh EH2 4HQ
Tel: (0131) 226 6961
Fax: (0131) 225 6824

Guildford (R)
8 Quarry Street
Guildford, Surrey GU1 3UY
Tel: (01483) 576551
Fax: (01483) 576771

Henley (R, A)
18 Hart Street
Henley-on-Thames
Oxfordshire RG9 2AU
Tel: (01491) 579990
Fax: (01491) 579813

Hereford (R, A)
Christopher Lyons*
29 Broad Street
Hereford HR4 9AT
Tel: (01432) 354343
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Ipswich (R, A)
30 Princes Street, Ipswich
Suffolk IP1 1RJ
Tel: (01473) 226191
Fax: (01473) 230886

Kirkby Lonsdale (A)
Davis & Bowring*, 6-8 Main Street
Kirkby Lonsdale, Carnforth
Lancashire LA6 2AE
Tel: (015242) 71711
Fax: (015242) 72212

Leeds (L)
4th Floor, Yorkshire House
East Parade, Leeds LS1 5BW
Tel: (0113) 234 7000
Fax: (0113) 245 8232

Lincoln (R, A)
Spring Hill House, Spring Hill
Lincoln LN1 1HB
Tel: (01522) 534691
Fax: (01522) 510017

Aubourn Farming (E)
Aubourn, Lincoln LN5 9DZ
Tel: (01522) 788224
Fax: (01522) 788199

London

City (C)
25 Finsbury Circus
London EC2M 7EE
Tel: (0171) 499 8644
Fax: (0171) 588 7323

Docklands (R)
Execution Dock
80 Wapping High Street
London E1 9NE
Tel: (0171) 488 9586
Fax: (0171) 488 1607

Hampstead (R)
7 Perrins Court, Heath Street
Hampstead, London NW3 1QS
Tel: (0171) 431 4844
Fax: (0171) 431 3689

Kensington (R)
145 Kensington Church Street
London W8 7LR
Tel: (0171) 221 1751
Fax: (0171) 221 5256

Knightsbridge (R)
139 Sloane Street
London SW1X 9AY
Tel: (0171) 730 0822
Fax: (0171) 730 0644

West End (C, R, A, L)
20 Grosvenor Hill, Berkeley Square
London W1X 0HQ
Tel: (0171) 499 8644
Fax: (0171) 495 3773

Manchester (C)
Fountain Court, 68 Fountain Street
Manchester M2 2FB
Tel: (0161) 236 8644
Fax: (0161) 228 0544

Norwich (C, R, A)
8 & 10 Upper King Street
Norwich, Norfolk NR3 1HB
Tel: (01603) 612211
Fax: (01603) 610251

Nottingham (C, R)
Savills Walker Walton
4 St Peters Gate
Nottingham NG1 2JG
Tel: (0115) 955 1122
Fax: (0115) 955 2103

Savills Walker Walton Hanson
5 Byard Lane, Bridlesmith Gate
Nottingham NG1 2GL
Tel: (0115) 955 2424
Fax: (0115) 955 2468

Oxford (C, R, A)
Buxton Court, 3 West Way
Botley, Oxford OX2 0JB
Tel: (01865) 726000
Fax: (01865) 726262

Perth (A)
Royal British House
Leonard Street, Perth PH2 8HA
Tel: (01738) 445588
Fax: (01738) 445599

Salisbury (R, A)
Rolfes House, 60 Milford Street
Salisbury, Wiltshire SP1 2BP
Tel: (01722) 320422
Fax: (01722) 412489

Sevenoaks (R, A)
72 High Street
Sevenoaks, Kent TN13 1JR
Tel: (01732) 455551
Fax: (01732) 741551

Southill (E)
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Bedfordshire SG18 9LJ
Tel: (01462) 813209
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Stamford (R, A)
25 St Mary's Street
Stamford, Lincolnshire PE9 2DF
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West Midlands (R, A)
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Watling Street, Nr. Brewood
Stafford, West Mids. ST19 9LL
Tel: (01902) 851347
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SAVILLS

INTERNATIONAL PROPERTY CONSULTANTS