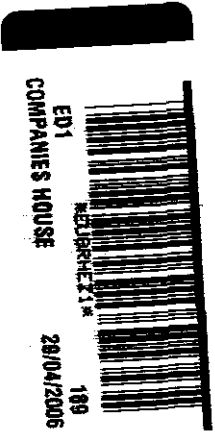


Savills PLC

(Registered Number: 2122174)

Report and Accounts

For the year ended 31 December 2005



Report

- 3 Chairman's Statement
- 11 Group Chief Executive's Review of Operations & Financial Review
- 27 Directors
- 29 Directors' Report
- 35 Corporate Governance Report
- 43 Remuneration Report
- 57 Directors' Responsibilities
- 58 Report of the Auditors

Accounts

- 62 Consolidated Income Statement
- 63 Consolidated Balance Sheets
- 65 Consolidated Statement of Cash Flows
- 66 Consolidated Statement of Recognised Income & Expense
- 67 Notes to the Accounts

Offices

- 139 Savills' UK Offices
- 141 Savills' International Offices

Advisers

Advisers to Savills plc (back cover)

Registered Office
Savills plc,
20 Grosvenor Hill,
Berkeley Square,
London W1K 3HJ

Tel: + 44 (0) 20 7499 8614
Fax: + 44 (0) 20 7495 3773

Registered in England No. 2122724

Financial Calendar

Results announced:	8 March 2006
Ordinary shares ex-dividend:	12 April 2006
Annual General Meeting:	10 May 2006
Proposed final ordinary dividend payment date for shareholders on the Register at 18 April 2006:	18 May 2006

Chairman's
Statement

Peter Smith

Results

Savills has had an excellent year and I am delighted to report a strong set of results following good performances from all of our operating businesses. The results for the year ended 31 December 2005 are reported in accordance with International Financial Reporting Standards (IFRS).

Underlying Results

Underlying Group profit is calculated by adjusting reported profit before tax to deduct profits on disposals of £0.4m (2004 - £11.2m) and share based payment adjustment of £1.9m (2004 - £3.9m) and add back amortisation of intangibles and impairment of goodwill of £0.9m (2004 - £0.6m).

- Underlying Group profit before tax was up 30% to £57.2m (2004 - £43.9m).
- Underlying revenue (excluding trading property sales) was up 18% to £373.9m (2004 - £316.6m).
- Underlying basic earnings per share (based upon underlying group profit) up 21% to 66.5p (2004 - 55.0p).

Reported Results

- Revenue was up 14% to £373.9m (2004 - £328.0m).
- Group profit before taxation was £58.6m (2004 - £58.3m).
- Basic earnings per share were 67.2p (2004 - 72.7p).
- Proposed final dividend is up 28% to 16p per share (2004 - 12.5p).
- Shareholders' funds increased to £167.7m (2004 - £103.5m).
- Cash and cash equivalents increased to £99.9m (2004 - £89.9m).

Dividends

In the five years to 31 December 2005 reported earnings increased by an average of 17% per annum and dividends by an average of 22% per annum. This year the Board has recommended an increase in dividend of 28% with a final dividend of 16p per share to those shareholders on the register on 18 April 2006, payable on 18 May 2006. This gives a total ordinary dividend for the year ended 31 December 2005 of 24p (declared in 2004 - 18.5p), in line with our current progressive dividend policy.

Key Highlights

This year Savills continued with the selective expansion of its business in the UK, continental Europe and specifically in Asia, where we have now established a market-leading presence in Korea.

In the UK, Savills strengthened its commercial retail offering in Bristol and Manchester and expanded its expertise in the London West End industrial services sector. New offices were also opened in Horsham, Huntingdon, Islington, Tunbridge Wells and Weybridge, thereby expanding our presence in key prime locations.

In continental Europe, as part of our continued strategy to grow our business in key commercial centres, we acquired AWON Gestion, a Paris based property management business and also acquired 51% of Factor Immobilien Management GmbH in Berlin. In both Italy and Sweden we now offer valuation services. Since the year-end we have opened a new office in Munich.

In Asia, the investment and transactional markets in Hong Kong remained strong. We strengthened our valuation and professional services offering in Hong Kong and created Savills

Professional Services, which includes a newly formed real estate investment trust (REIT) team. The Property Management team in Hong Kong acquired Showcase, a business specialising in exhibition and marketing services to office and retail landlords. Savills now provides the full complement of agency, property management and professional services in Shanghai and Beijing as well as in Hong Kong. During the year a new office was added in Macau. As announced on 19 December 2005 Savills further expanded its operations in South Korea with the acquisition of a 50% stake in Korean Asset Advisors and BHP Korea which provide property, asset management and brokerage services in Korea from their office in Seoul.

Our fund management arm, Cordae Savills has also had an excellent year, offering an increased range of products to both institutional and retail clients in the UK and across Europe. Cordae Savills also increased funds under management, growing the Charities Property Fund and maintaining its position as the leading property fund for UK charities.

Cordea Savills Wealth Management established its brand and launched three products: DIVERSE, QPC and Serviced Land Fund No 1.

During the year Trammell Crow Company (TCC) exercised an option to acquire shares under a Deed of Option dated 9 May 2000. On 29 April 2005, together with 1,677,970 ordinary shares acquired in the market, 5,243,229 ordinary shares were allocated to TCC. TCC's total holding is therefore 19.43%.

As announced on 8 December 2005, Daily Mail and General Trust plc made an offer for Fastrop plc, a public company in which Savills had a 13.72% shareholding through its wholly owned subsidiary Savills (L&P) Limited. Fastrop plc is the

owner and operator of the Primelocation website. The proceeds on disposal of our shareholding amounted to £6.2m and any resultant profit on disposal will be recognised in the 2006 financial year.

Share Buyback Programme and Annual General Meeting

At the last Annual General Meeting shareholders gave authority for a limited purchase of Savills shares for cancellation of up to 5% of the issued share capital. During the year ended 31 December 2005, 100,000 shares (0.15%) were repurchased for cancellation under this programme. The Company may make further purchases of shares under this authority in the open period up to the Annual General Meeting to be held on 10 May 2006.

This programme has proved to be particularly earnings enhancing over the past couple of years. Shareholders will again this year be asked to consider a resolution to approve the re-purchase of shares. This is outlined in the Notice of Annual General Meeting which, together with these Report and Accounts for the year ended 31 December 2005 are distributed to shareholders.

At the Annual General Meeting due to be held on 10 May 2006, it is the Board's intention to make a recommendation to shareholders that the share capital of Savills be sub-divided so that each shareholder will receive two shares for every one share held. The Board feels that this is in the best interests of the Company and full details are outlined in the Notice of Annual General Meeting for 2006 distributed to shareholders with the Report and Accounts for year ended 31 December 2005.

Board and Staff

There have been no changes to the composition of the Board this year. As noted in our last Report and Accounts, with effect from 31 March 2005 Robert McKellar transferred to Hong Kong to take up the role of Chief Executive - Asia Pacific. Robert McKellar's Group financial responsibilities have principally been assumed by Danny O'Donnell, the Group Financial Controller. Details of the Board, its Committees and their composition are outlined on pages 27 to 28 and in the Corporate Governance Report on pages 35 to 39.

Savills' continued development and growth is a result of the committed and dedicated efforts of our talented staff whose continued ability to provide a professional service to our clients is the basis for the excellent results achieved in 2005. I thank them all for their contribution. Our reward system is an important mechanism in providing a balance between the interests of staff and shareholders.

Outlook

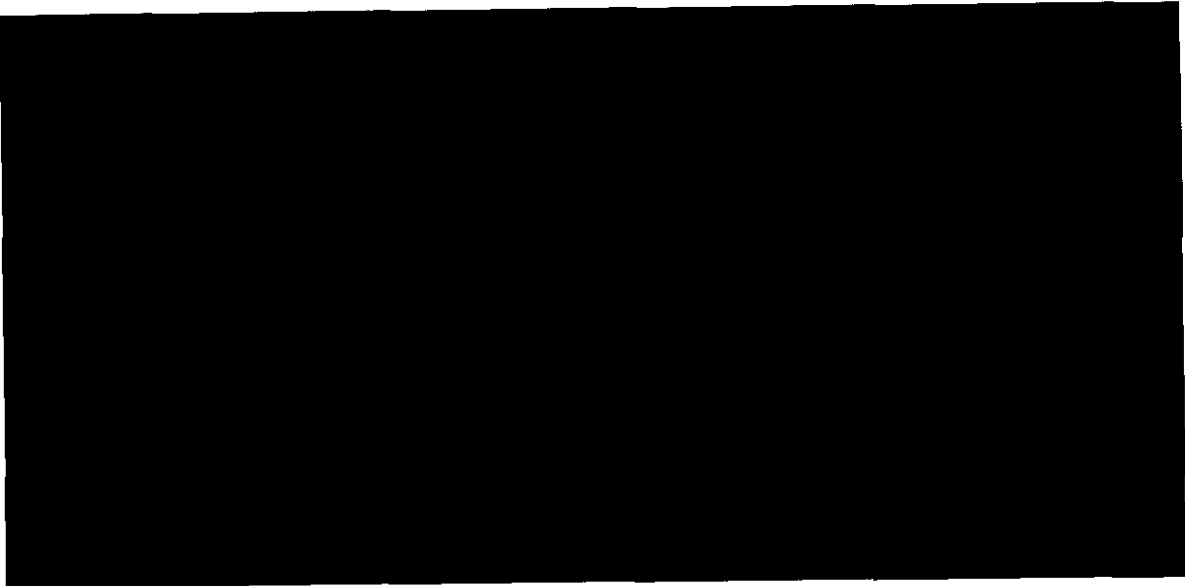
Confidence in investment markets remains strong and the residential prime markets are resilient. We have enjoyed a positive start to the year and with the increasing range of services we offer and geographical regions in which we operate we are confident that the Group is well placed to have a satisfactory 2006.

Peter Smith, Chairman

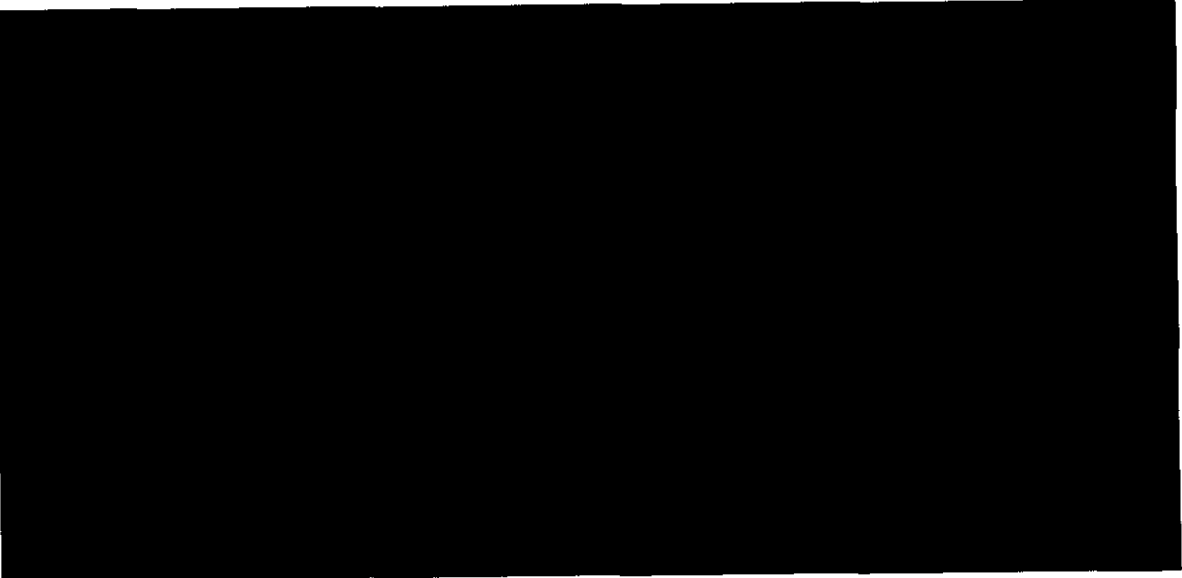
"Asia Pacific had an outstanding year and overall revenue for that region now constitutes 26% of the Group's total. The largest part of our Asia Pacific profits were generated in Hong Kong where we have a particularly strong market presence"

Aubrey Adams, Group Chief Executive

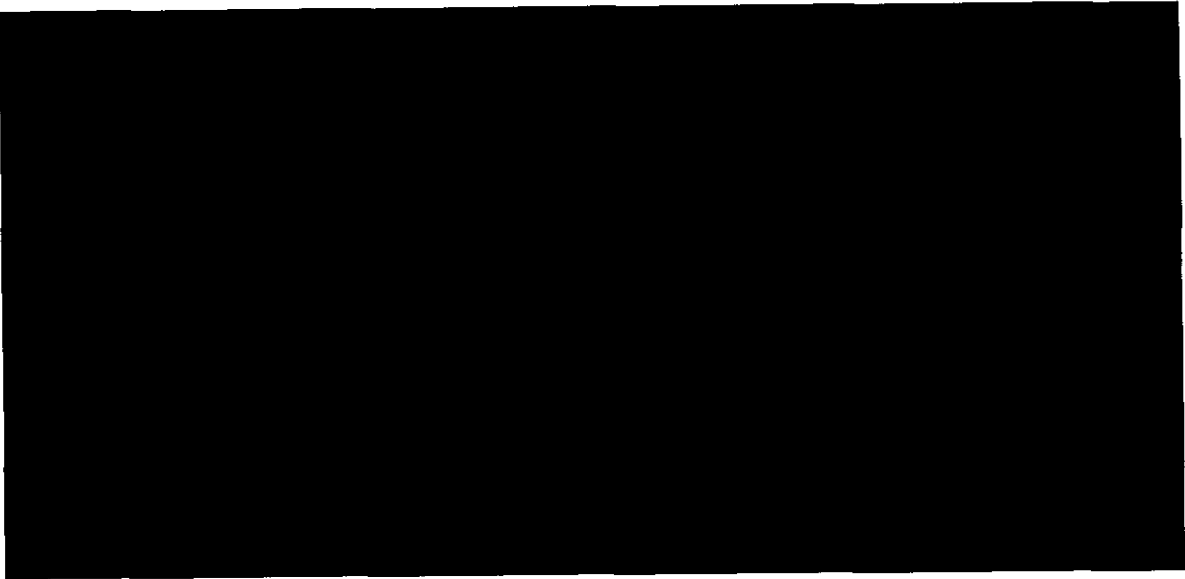
In Australia, the professional services division secured the appointment by the Australian Department of Foreign Affairs and Trade to value 121 Australian embassies and ambassadorial residencies globally



Entertainment Building, Queen's Road, Central, Hong Kong
The Entertainment Building sold for HK\$2.7b (\$200m). The deal represents the biggest whole block office transaction in Hong Kong since the handover in 1997.



One Raffles Quay, Singapore
Negotiated letting on approximately 180,000 sq ft of office space on behalf of UBS



One George Street, Singapore
Negotiated letting on office space on behalf of two clients Fitness First and Fidelity Investments

Savills further expanded its operations in South Korea with the acquisition of a 50% stake in Korean Asset Advisors and BHP Korean which provide property asset management and brokerage services in Korea from their offices in Seoul

Group Chief
Executives'
Review of
Operations &
Financial
Review

“2005 was an excellent year for Savills, as it expanded its range of property related services to the global market.”

Aubrey Adams

2005 was an excellent year for Savills, as it expanded its range of property related services to the global market.

Underlying pre-tax profits increased from £43.9m to £57.2m. Underlying profit is calculated by adjusting reported profit before tax to deduct profits on disposals of £0.4m (2004 - £11.2m), share based payment adjustment of £1.9m (2004 - £3.9m) and add back amortisation of intangibles and impairment of goodwill of £0.9m (2004 - £0.5m). There was a smaller corresponding increase in underlying earnings per share (based upon underlying Group profit) from 55.0p to 66.5p due to the dilutive effect of the issue of new shares to Trammell Crow Company on 29 April 2005.

In the UK, our Commercial business enjoyed another record year following rapid expansion and success in acquiring significant new teams. We are recognised as one of the leading commercial property service providers with national coverage through specialised offices in the main business centres.

The UK Residential business made a cautious start to the year but the market regained confidence and the year finished on a much stronger note, particularly in London.

In Europe the main focus of our business is investment and, as with the UK markets, this remains strong. There is particular interest at the moment in the German market where international 'value' investors are particularly active.

Asia Pacific had an outstanding year and overall revenue for that region now constitutes 26% of the Group's total. The largest part of our Asia Pacific profits were generated in Hong Kong where we have a particularly strong market position. We continue to expand our business in China and have recently opened a new office in Macau, where the new casino developments will provide substantial growth.

Transactional Advice

The Transactional Advice business stream comprises commercial, residential, agricultural agency and investment. During the year revenue was £166.9m (2004 - £146.3m), representing 45% of our total revenue, generating operating profits of £33.0m (2004 - £26.7m).

Commercial Investment and Agency

The investment markets performed well in 2005, as the positive money supply and increasing demand from both institutional and retail investors continued to drive pricing. A significant deal was advising Land Securities on the acquisition of a retail warehouse and food store portfolio for £367m acquired from LXB. During the year the combined team transacted over £1.6bn of deals, strengthening our position in the market.

The International Investment team had another record year with net billings of £210.5m. The team continued to operate in a variety of markets including the UK, France and Italy with the

majority of this year's income generated from projects in the UK; transactions totalled £1.57bn. Two highlights for the year included advising on the sale of One Curzon Street on behalf of CGI for £280m and advising on the sale of the Lloyd's Building, London on behalf of Deka for £231m.

The Business Space team continued to take market share and one of the more interesting deals was the sale of Widewater Place, Herefield, Uxbridge on behalf of Invesco for £35m to Insight Investment.

In January 2005, Savills and its partner Trammell Crow Company were appointed by Norwich Union to advise on its surplus properties throughout the UK. The portfolio comprised more than 150 properties, with over 200 sub-leases and 1.69m sq ft. The appointment was the result of a competitive tender by Norwich Union and underlines Savills' capability to undertake multiple disposal transactions for major corporates.

Our Birmingham Development team acted on behalf of Countryside Properties PLC in joint venture with Quintain Estates and Development PLC in the agreement and lease with Birmingham City Council to develop City Park Gate, an important regeneration site on the edge of Birmingham city centre. The scheme will include up to 600 apartments, 150,000 sq ft of offices and a food store.

Despite rapidly rising commercial rents, our Leasing teams in Hong Kong Island and Kowloon increased revenue on the back of very strong tenant demand. In Shenzhen, the Commercial Leasing team was appointed to let Great China International Exchange Square, a project comprising eight stories of c10.0m sq ft of retail and over c19.4m sq ft of office space.

In Australia, despite a relatively weak sales and leasing market, profitability increased. The Australian business has particularly strong operations in Queensland and Western Australia. The Sydney Commercial Leasing team, leased eight floors of 60 Union Street, Pyrmont, Sydney, totalling 181,135 sq ft, to American Express; this was the largest single leasing deal ever achieved by Savills in Australia.

The sale of 400 William Street, Melbourne was the Melbourne central business district's largest site sale in 2005. Savills acted for the purchaser and has been appointed leasing agents for the project.

Retail and Leisure

With a dedicated team throughout the UK, the Leisure team advised on all aspects of the leisure industry in 2005. As part of its strategy for growth, the Commercial Leisure team expanded their expertise into asset management and investment sectors which culminated in leisure investment transactions in excess of £250m. In particular, we provided

specialist asset management advice at Printworks, Manchester, a 340,000 sq ft scheme owned by Henderson Global Investors and British Airways Pension Fund; where we secured four new operators for Printworks in 2005 and raised football by 15% in the same period.

The Out of Town Retail team returned another strong performance despite some areas of the retail market showing signs of weakness. During the year, the team further extended its nationwide coverage opening a new commercial office in Bristol. The team were appointed by Matalan Plc as their national advisers to provide portfolio asset management, acquisitions and disposals. In 2005, the team advised on over 100 retail parks for major landlords such as British Land, Morley, Royal London Asset Management and Legal & General.

Hotels and Healthcare

The hotel investment market doubled in 2005 with strong operator demand; the department capitalised on this by leading many transactions including Marstons, Queens Moat Houses and Radisson. The apart-hotel concept emerged and Savills led the market on schemes throughout London and Europe.

The Healthcare team had another strong year in which key valuation and agency staff were recruited, thereby strengthening the team. The team have advised on and sold over £800m healthcare related properties and businesses in 2005.

Institutional

The specialist Institutional team has significant activity in the conference centre, schools and charity sectors. Highlights included the acquisition of the Sunbridge Park Hotel and Conference Centre (140,000 sq ft) on behalf of Cathedral Group Plc in a deal worth in the region of £15m. The team also worked with the Healthcare team on retirement property projects with assets worth in excess of £150m. An unusual sale was that of Green Island, in Poole Harbour, which had been used for a number of years by a charitable trust for holidays for those with disabilities. This was acquired by a private purchaser for a sum in excess of the £2.5m guide price.

Residential Agency

After a poor start to the year, the residential markets gained momentum and traded well during the late spring and summer with a strong performance during the autumn. The average Savills property sold for £1.3m in London and £0.7m in the country. Our Knightsbridge office was involved in two of the highest value residential sales in central London: a house in Belgrave Square, SW1 with an asking price of £33m; and the sale on behalf of Hammerson plc and Grosvenor of Dudley House, 100 Park Lane at a guide price of £40m.

Other highlights included the sale of Maperton House, Somerset, voted Country Life 'House of the Year' in excess of its £3.5m guide price, Tor Point in Surrey at a guide price of £5.2m and the Ward Estate on Loch Lomond sold for in excess of £3m, possibly the most expensive property in West Scotland during 2005.

Residential Investment

The Residential Investment team continue to value a wide range of investment portfolios as well as several large portfolios for institutional clients and banks, including a large investment portfolio of tenanted apartment blocks throughout England on behalf of British Land with a value in the region of £300m.

Purchasing Advice

Prime Purchase, Savills' independent subsidiary which specialises in acquiring residential property in both central London and the country for retained clients, continued its impressive growth since it began in 2002, with an increase in turnover of over 29% during the year.

Of particular note was the purchase in London of the freehold of 4 Wilton Crescent and in the country of West Court near Newbury, which was included in the Country Life list of the 10 best houses to have been sold during the year. Country houses with amenity land of between 200 and 550 acres were acquired for clients in Surrey, the Cotswolds and Devon. Over 55% of purchases in the country last year were secured for clients either privately or before marketing.

Residential Letting

With the opening of lettings businesses in Islington, Chiswick, Wimbledon and Tunbridge Wells, residential lettings have continued to grow in an increasingly buoyant market. Our core lettings business in London had a record year, whilst country lettings also showed growth with further scope for expansion. Average rents have increased, particularly in the prime central London house market and the large country house market.

Auctions

The auction market continues to grow in importance as a method of sale and this year we added a commercial auction department to complement our existing residential auction team. Considerable synergy has developed between the two teams that allows a comprehensive sales service to a full range of clients on a wide range of property types which is reflected in our achieving sales of over £287m this year. We sold over 1,000 properties, with an overall success rate of 85%, making Savills the fourth largest property auction house in the UK by volume.

The Commercial team sold over £104m in its first nine months trading and we expect to improve on this figure with a full year's trading in 2006.

The Auction business benefits considerably from our extensive office network; this year we created a Savills Auction Subscription Service which allows subscribers to receive electronic catalogues of up-to-date research as well as financial market movements supplied by Savills Private Finance, our financial services business.

New Homes

Following the expansion and growth of our New Homes department we now offer clients 22 specialised operations across the UK with further openings planned in 2006. In 2005, we sold 3,922 units with a combined value of £1.4bn. Working independently or with our Development and Planning disciplines we are now advising on a substantial number of major regeneration schemes; it is hoped this will lead to significant instructions over the coming years.

New instructions included Pan Peninsula by Ballymore Properties near Canary Wharf, a 340 unit development with a 50th floor cocktail bar and panoramic views over London. Launched in November, 143 reservations were received on launch day. We were also instructed by Arsenal Football Club plc on the development of Highbury Stadium into 711 apartments with a total value of £300m; this scheme was launched in September 2005 with sales achieving record levels. Upper Strand Developments instructed us in a 500 unit development in Edinburgh's Granton district, which forms part of one of the largest waterfront regeneration schemes in Europe.

International New Homes

The demand for residential and investment property abroad continues to expand both in volume and exposure to new regions. 'Leaseback' skirting properties in Switzerland and France have been particularly popular for both investment and leisure opportunities. We have successfully introduced projects in a number of emerging markets such as Croatia and Bulgaria and established a number of new local associations.

Development

The Development team has substantially grown and the future pipeline of both consultancy and agency instructions has increased significantly. The team maintained an involvement in a number of major projects across Greater London which included consultancy work as part of the delivery of the Olympics' facilities in 2012.

The Development & Regeneration team increased their involvement in public sector projects as key authorities have taken a role in the regeneration of east London and the Olympic area.

Our expertise and market share in the delivery of major strategic developments outside London have also been expanded. We are currently advising BP on two major new settlements: Harlow (8,000 houses) and Swansea (5,000 houses) and the design and format of the new settlements is being directed by the Prince's Foundation.

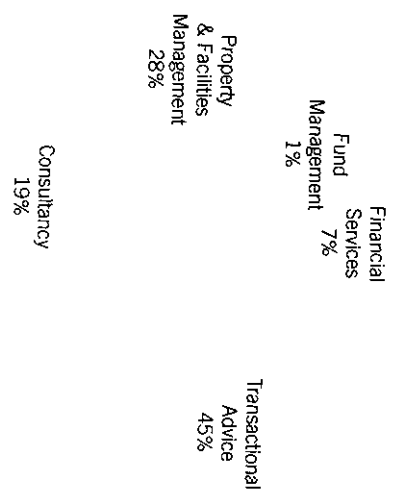
Farm and Estate Agency

2005 has been a year of recovery in the agricultural agency market with more farms for sale but supply still limited. The average value of farmland increased by 12% during the year. The finalising of European support payments in spring 2006 is expected to bring more normally to a market still trading on low national turnover. Sale instructions ranged from Brook Hall in Suffolk (guide price £6.2m) to the Trewarthenick Estate in Cornwall (guide price £9m).

2005 Turnover by Region



2005 Turnover by Segment



Consultancy

Our Consultancy business generates fee income from a wide range of professional property services including valuation, building consultancy, landlord and tenant, rating, planning, strategic projects and research. Operating profit for the year was £12.9m (2004 - £10.9m) on revenue of £71.8m (2004 - £59.3m).

Valuation

The Commercial Valuation department is regarded as one of the leading valuation teams in the UK. Based in our principal offices of London, Manchester and Edinburgh, the team provides national and international advice on investment and development property for a range of purposes including advice to lenders for loan security purposes and to clients for litigation, stock exchange, tax and accounts purposes. Over the course of 2005, the department expanded with the addition of new consultants. The department valued in excess of £20bn of real estate assets and has provided independent valuation advice to over 50 different lending organisations as well as many property companies and property owners.

The Residential Valuation department is also a leader in providing valuation and investment appraisal services for loan security acquisition, disposals and accounts. We acted on behalf of Westminster City Council in the sale of their headlease in the landmark building Dolphin Square, Pinlaco to Westbrook Partners, a US property investment company, for

a price in excess of £175m. Another key highlight was our appointment to manage and value the renowned Phillimore Kensington Estate in London, the first change in managing agents for 200 years. The addition of the Phillimore Estate Management team has provided synergy with the other portfolio and leasehold enfranchisement activities of the department.

The expanded Loan Security Valuation team valued in excess of £4bn of residential and mixed use development schemes and high value property. In addition to our valuation departments in London, valuations of both commercial and residential properties are undertaken in 22 offices throughout the country from Edinburgh to Southampton and Norwich to Exeter.

In Asia, Savills were successful in recruiting a 35 man professional team for Hong Kong and mainland China, which specialises in valuation, land use rights, tribunal and other forms of consultancy. The team was very active in initial public offering ("IPO") and real estate investment trust ("REIT") consultancy advice and was involved in the valuation of the property portfolio for the listing of the Construction Bank of China, the largest global IPO in 2005.

In Singapore, the acquisition of Valuers and Property Consultants (Singapore) Pte Ltd, a specialist valuation team, has increased our revenue and profile considerably.

In Australia, the professional services division secured the appointment by the Australian Department of Foreign Affairs and Trade to value 121 Australian embassies and ambassadorial residencies globally.

Building Consultancy

The Commercial Building Consultancy business was reorganised in 2005 into specialist service focused teams which enabled the business to take on more complex, high value projects.

- The Technical Due Diligence and Project Monitoring teams were involved in a number of high profile commissions during the year including the survey of 12 German shopping centres for the Kenmore Group and the construction monitoring of a large City office building for DIFA, Deutsche Immobilien Fonds AG. They also acted for the Gatsby Charitable Foundation on feasibility work in relation to their planned donation of c£45m to the University of Cambridge for the establishment of a new institute for the study of plant diversity and development.

- The Lease Management team provided strategic dilapidations and service charge advice to some 120 landlord and tenant clients on claims and reviews valued between £10k and £25m. 40% of this work was undertaken in the capacity of expert in dispute resolution procedures.

- The Project Management team undertook a number of projects for Japanese clients including Mitsui & Co (UK) Plc, Japan Satellite Television (Europe) Ltd and Suzuki GB Plc.

- The Refurbishment team rolled out an improved full design and contract administration service to their residential and commercial clients, securing 18 new projects with a total value in excess of £20m.

- Industrial Building Consultancy has continued to expand its services in the logistics and distribution sector having acted as 'Fund Surveyors' on over 2m sq ft of new-build space for Mellife Investments and pre-acquisition support on around 1.5m sq ft of new developments. Retailer and logistics occupier clients include Mothercare and Frans Maas.

- Building consultancy services in our regional offices continued to grow at a steady rate with billings for Manchester and Birmingham reaching £1.6m. The team continues to be involved with Kenmore Group on pre-acquisition surveys and the refurbishment of a number of buildings.

- Our professional team continue to undertake pre-acquisition surveys, dilapidations instructions and minor refurbishments on behalf of ICI Dulux Decorator Centres, who have become a key client. Close liaison with Greater Manchester Pension Fund has provided good instructions on the Roundhorn Industrial Estate where a number of refurbishments have been undertaken in the last twelve months.

Landlord and Tenant

Following the negative rental growth during the last couple of years, the markets have seen a return to positive growth in 2005, with the market now generally optimistic about increased levels of rental growth in 2006 and beyond. During the year, the Rent Review team expanded through acquisition

and recruitment; retail specialists have been added in Bristol and London. We now act for over 60 landlords in this high profile sector of the property market.

Affordable Housing and Student Accommodation

The department has continued to strengthen its profile in the specialist affordable and student accommodation markets winning an increasing proportion of agency instructions; the largest of which in 2005 was the disposal of a mixed student/affordable scheme in Brentford comprising accommodation of 1,000 beds.

Rating

Our specialist Rating department has been assisting business with all aspects of rating for over 50 years. The department is now working on the 2005 list appeals; one supermarket has already had its 2005 list bill reduced by £0.25m.

Planning

The Planning division expanded in 2005, with teams operating from ten offices and increasing the diversity of our skills base to include urban design, master planning and environmental impact assessment alongside planning and retail consultancy. Recent changes to planning legislation are producing a peak in planning consultancy work and there are pressures to deliver high quality growth and regeneration. Our ability to integrate planning advice and urban design with wider property and research skills enables us to produce development

solutions that are marketable, sustainable and most importantly can be delivered through the planning process.

Notable projects during the year included the promotion of several of the country's largest urban extensions including 14,000 new homes at Harlow and 7,000 houses at Milton Keynes. In the energy and water industry sectors, we have prepared an application and environmental impact assessment for the UK's largest proposed windfarm in Scotland and we are handling a major new waste water treatment facility on the south coast.

Housing Consultancy

The department reported its strongest financial performance since it was established in 1989, a new team was recruited in Horsham which increased the size of the team by 60%. Working internationally for the first time, the team valued several substantial housing portfolios. Strategic advisory work continued to grow with a number of new instructions from national housing providers and strong ongoing instructions for loan security valuations.

Strategic Projects

Our Telecoms team has significantly increased its market share and has ongoing work with Vodafone, Orange and O2 as the mobile phone operators continue to roll out the 3G Network.

Following the electricity regulator's last price review, there has been a significant increase in activity as UK regional electricity companies invest in the refurbishment of their networks and we are involved in managing the interface between landowners and the construction teams.

Portfolio valuation advice was provided to National Grid as part of its disposal of four of its distribution networks.

In Australia, Savills announced the formation of a Strategic Project Delivery business, which will focus on the delivery of infrastructure, commercial and industrial projects.

Research

The Research department advised a wide variety of clients on investment, development, planning and other issues relevant to all sectors of the UK and overseas property markets. Our prognosis for a soft landing in the UK housing market was proved to be correct; house price inflation in 2005 according to the Government's index looks set to be very close to our 2% forecast and our forecast of falls in urban building land values was also correct, falling by -2.5% in 2005.

The department continues to have involvement with some of the biggest UK development sites, providing in-depth studies of housing demand, pricing and phasing as well as ground-breaking research and information on place-making, plus the integration, management and funding of neighbourhood and commercial uses.

In Asia, the Savills Research & Consultancy business provided economic and property market analysis for The Link Management on the £2.5bn government privatisation of 180 retail and car park facilities. This was Hong Kong's largest privatisation and the world's largest IPO of a real estate investment trust (REIT).

Savills Research & Consultancy was appointed to advise on the successful launch in December 2005 of Prosperity REIT, established by Cheung Kong Holdings, Hong Kong's largest property developer. The REIT consisted of office and industrial properties valued at approximately £338.0m.

Property and Facilities Management

The Property and Facilities Management business continued to grow, generating fee income from managing commercial, residential and agricultural properties. During the year, revenue was £104.4m (2004 - £85.8m), generating an operating profit of £7.8m (2004 - £6.0m).

Facilities Management

Savills Guardian, an integrated facility management business based in Hong Kong had another successful year. The business secured a Public Sector Association contract managing 5,000 housing units and a contract for hotel cleaning and maintenance for Disneyland, Hong Kong. Overall margins in Hong Kong for Guardian are under pressure and the business is looking to mainland China and Macau to secure more lucrative contract margins.

Commercial Management

The UK Property Management business has continued to develop at an impressive rate in terms of overall turnover, quality of instructions and client profile. Organic growth has been achieved and our client base now represents the full spectrum of UK property investors with each office acting for a mix of local investors and major funds. The team has successfully expanded a number of existing mandates from clients such as GE Real Estate, Morley Fund Management and UBS.

Of particular note is the recruitment of a three-man management team in Birmingham which has helped strengthen the department. A new management department has also been set up in Leeds and it is hoped that similar expansion in Bristol will follow.

The Japanese business, which is headquartered in Tokyo, was acquired at the end of 2004 and generated property management and leasing revenues of £1.2m in 2005. Long term, Japan will be a key market for Savills in Asia and we are developing our plans to grow our presence in the world's second largest real estate market.

The property management business in Hong Kong increased revenues by 30% and acquired a business called "Showcase" which specialises in offering exhibition and marketing services to office and retail landlords and has a close alignment with the property management business.

In Korea, Savills acquired a 50% stake in Korean Asset Advisors and BHP Korea approved by the Bank of Korea on 3 January 2006 and which operates property, asset management and brokerage services in Seoul. The business manages over 10m sq ft of grade A office and retail space in Seoul and acts for key institutional clients. The opportunities to expand and grow the Korean business are considerable and benefits are already emerging from synergies between our businesses in China and Korea.

Land and Farm Management

2005 began to see the countryside adjust to EU reform of the Common Agricultural Policy. Against this background of reform, Savills has been consolidating the growth of its rural business following the acquisition of Smith Woolley, Colvilles and Elvey & Co. This has broadened our network and skill base allowing us to provide a much improved service to our clients and led to enhanced fee income.

Property Trading and Investment

As there were no properties held for sale during the year no revenue was generated in 2005 (2004 - £13.0m) nor operating profit reported (2004 - £10.1m).

Financial Services

The Financial Services division comprises Savills Private Finance Limited, which provides residential mortgage broking services, commercial debt broking services, commercial and private insurance services and associated financial planning products. The division made operating profit of £4.4m (2004 - £3.9m) on revenue of £25.8m (2004 - £20.1m).

Savills Private Finance continued to trade well, especially in the high net worth mortgage broking market. The Commercial Debt Broking, Financial Planning and Property Insurance divisions have also made significant contributions. New offices have been opened in Leeds, Severnoks and York bringing the total number of offices to twenty. Despite an increase in fixed costs associated with the investment in and growth of the business, profit for the year was ahead of 2004. The business is now well placed to ensure further profit growth.

Fund Management

Cordea Savills, the Group's fund management business, made operating profit of £0.6m (2004 - loss of £0.5m) on revenue of £4.7m (2004 - £3.6m). Funds under management expanded to £1.7bn during 2005 but the year was characterised by investment in infrastructure and developing a pipeline of new funds to be launched in 2006.

In the UK, Cordea Savills achieved strong investment performance for its discretionary pension funds. The year was also notable for the growth of the Charities Property Fund, which expanded in size from £242m to £309m, making it the leading property fund for UK charities. We launched our first pooled product aimed at UK and European pension funds: the Cordea Savills Student Managed Hall Fund; this fund was seeded with £65m of halls purchased from UNITE Group plc. 2005 also saw Cordea Savills Wealth Management establish its brand in the UK private investor market with the launch of its first three products: DIVERSE, QPC and Serviced Land Fund No 1.

In Italy, Cordea Savills received approval from the Bank of Italy for an SGR (the regulated Italian fund management company) and an exceptional team has been formed with Gerardo Solaro del Borgo appointed as Managing Director and Riccardo Delli Santi and Gualtiero Tamburini appointed as Independent Directors. With strong management and investment teams positioned in offices in Milan and Rome, the business is poised for further growth in the rapidly growing Italian property funds market.

We expect Cordea Savills to emerge, in due course, as a major European investment manager servicing the needs of a wide range of domestic and international clients.

FINANCIAL HIGHLIGHTS FOR THE YEAR

- Underlying Group operating margins of 14.3% (2004-13.2%).
- Strong cash balances with a year-end balance of £399.9m, even after making an additional lump sum payment of £10m into the Pension Plan.
- A very strong performance from Asia Pacific, this year with turnover up 16% and operating profit up 30%.

Acquisitions and Disposals

During the year we have completed a number of acquisitions and disposals of businesses or interests in ventures, both in the UK (in aggregate £9.4m) and overseas (in aggregate £3.2m) including:

- On 1 March 2005, Savills (L&P) Limited acquired Holden Matthews Estate Agents Limited.
- On 31 March 2005, Savills SA acquired AWON Gestion, a Paris based property management business.
- On 13 May 2005, Savills Commercial Limited acquired Mansfield Elstob Main Limited, a Bristol based commercial property services business.
- On 22 June 2005, Savills PM Holding purchased Showcase Ltd.
- On 26 September 2005, Savills Commercial Limited acquired Brown Harknett International Limited.
- On 7 October 2005, Savills Commercial Limited acquired S Y Moorhouse Wright Limited.
- On 13 October 2005, Savills (Overseas Holdings) Limited acquired a major shareholding in Factor Immobilien Management GmbH.

- On 19 December 2005, Savills Asia announced the acquisition of a 50% shareholding in Korea Asset Advisors & BHP Korea, which received formal approval from the Bank of Korea on 3 January 2006.

Assets Classified as Held for Sale

On 16 December 2005, Savills announced the acquisition of 100% of the units in a property unit trust which owns a portfolio of three student accommodation buildings operated by UNITE Group plc. The assets are to be used as seed capital for a fund launched and managed by Corda Savills. The assets acquired are recorded as held for sale and total cash consideration was £16.5m.

Net cash outflow for investing activities during the year amounted to £31.8m (2004 - inflow of £3.1m).

FINANCIAL POLICIES AND RISK MANAGEMENT

Treasury Activities and Policies

The Group's treasury operations are coordinated and managed in accordance with policies and procedures approved by the Board. They are designed to reduce the financial risks faced by the Group, which primarily relate to funding and liquidity, interest rate exposure and currency rate exposures.

The Group's financial instruments comprise borrowings, some cash and liquid resources and various other items such as trade debtors and trade creditors that arise directly from its operations. The Group does not engage in trades of a speculative nature.

Further details of financial instruments are provided in Note 23 of these Report and Accounts. The Board reviews and agrees policies for managing each of the above-mentioned risks. These have remained unchanged during the year under review and are summarised below.

Interest Rate Risk

The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates.

Liquidity Risk

The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months.

Foreign Currency Risk

Our policy is for each business to borrow in local currencies where possible. The Group does not actively seek to hedge risks arising from foreign currency transactions due to their non-cash nature and the high costs associated with such hedging.

Borrowing

The Group retains substantial short-term money market facilities with its bankers of £5m which are currently not utilised.

Net Interest

Net interest receivable is £3.5m (2004 - £1.8m). Higher operating cash flows and increased average deposit rates gave rise to increased cash balances and a significant movement on last year.

Taxation

The taxation charge increased marginally to 30.4% of the profit before tax compared with 29.7% during the year to 31 December 2004.

CAPITAL AND SHAREHOLDERS' INTERESTS

Minority Interests

Minority Interests increased to £0.6m (2004 - £0.2m) and reflects acquisitions and increased profits during the year.

Earnings and Dividend

Basic earnings per share amounted to 67.2p (2004 - 72.7p). Underlying basic earnings per share from continuing operations amounted to 66.5p (2004 - 55.0p).

The Board is recommending a final dividend of 15p (net), making 24p for the full year, a 28% increase on last year.

Share Capital

During the year ended 31 December 2005, 570,000 shares were issued to participants in the Savills plc United Kingdom Executive Share Option Scheme and 274,840 to participants in the Savills Sharesave Scheme. A further 866 shares were issued to the QUEST. During the year ended 31 December 2005, 100,000 shares were re-purchased for cancellation. On 29 April 2005, 5,243,229 shares were allotted to Trammell Crow Company following their exercise of a Deed of Option.

The total number of Ordinary Shares issued at 31 December 2005 was 66.5m (2004 - 60.5m).

CASH FLOW AND LIQUIDITY

Net cash inflow from operating activities totalled £32.7m which, after allowing for cash flows including taxation, dividends, investments and capital expenditure, produced a net increase in cash of £10m. At 31 December 2005, the Group's cash at bank and on short term deposit amounted to £99.9m. This was deposited with banks and financial institutions with top credit ratings for periods not exceeding six months, to match known outgoings.

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.

PENSION SCHEME

During the year the Company undertook a further review of the funding position of the Pension and Life Assurance Plan of Savills (the Plan). Full details of this are provided in the 2005 Report and Accounts. As a result of this and in order to improve the financial position of the Plan and remove part of the deficit, the Company made a further lump sum payment of £10m into the Plan in 2005.

INTELLECTUAL PROPERTY

No value is attributed in the Group balance sheet to internally generated intangibles such as brand name or intellectual property rights.

NEW ACCOUNTING STANDARDS

International Financial Reporting Standards

International Financial Reporting Standards (IFRS) have been applied, as required for all European listed companies, for our financial year ending 31 December 2005. The Group has worked extensively on the implementation of IFRS and the 2005 Report and Accounts are the first to be audited under IFRS. The Company extensively reviewed the impact of the applicable *International Accounting Standards (IAS)* on the reported UK GAAP results for 2004 to produce adjusted comparables as required in accordance with IFRS1.

Aubrey Adams, Group Chief Executive



**Underlying
pre-tax
profits
£57.2m**

**Revenue of
£373.9m
up 14%**

**Underlying
basic earnings
per share of
66.5p up 21%**

**Demonstrating strong organic
growth and selective expansion**

**Total
shareholder
return
506%**

**Benchmarked against
the FTSE 250**

**Full year
dividend 24p
up 30%**

**In recognition of the outstanding
results this year and in line with
our progressive dividend policy**

The committed and dedicated efforts of our talented staff whose continued ability to provide a professional service to our clients is the basis for the excellent results achieved in 2005

$$\text{Talented Staff} + \text{Results} = \text{Success}$$

Directors &
Directors'
Report

Directors

The following are on the Board of Directors at 7 March 2006:

1 Peter Smith ◆

Chairman of Savills plc and Chairman of the Appointments Committee
Aged 59, Peter was appointed to the Board as a Non-Executive Director on 24 May 2004 and was elected Chairman with effect from 1 November 2004. His other non-executive appointments are: N M Rothschild & Sons Limited, The Equitable Life Assurance Society and Templeton Emerging Markets Investment Trust PLC. He is a Member of the Board of the CBI. Formerly Peter was Senior Partner of PricewaterhouseCoopers (PwC) and served for two years as Chairman of Coopers & Lybrand International and as a member of the global leadership team of PwC and Chairman of RAC Plc.

2 Aubrey Adams ▲

Group Chief Executive
Aged 56, was appointed to the Board on 12 February 1990 and appointed as Managing Director on 19 December 1990 and Group Chief Executive on 1 June 2000. He holds a non-executive directorship with Associated British Ports Holdings PLC and is a trustee of The Wignmore Hall.

3 William Concanan

Non-Executive Director
Aged 50, was appointed to the Board as a Non-Executive Director on 30 June 2000. He is currently Vice Chairman of Trammell Crow Company. He serves on the Trammell Crow Company Board of Directors. He is based in the U.S.

4 Jeremy Holsby ▲

Director
Aged 50, joined Savills in 1980 and was appointed to the Board in 1999. He became Chairman of Savills Commercial Limited on 1 January 2001, is Chairman of Savills Europe and a Director of Savills Asia Pacific Limited.

5 Simon Hope

Director
Aged 41, first joined Savills in September 1996 and was appointed to the Board on 1 May 1999. He is head of Savills Commercial Investment, a Director of Savills Finance Holdings plc and a member of the Charities Fund Property Board.

6 Timothy Ingram ◆◆

Senior Independent Non-Executive Director
Aged 58, was appointed to the Board on 27 June 2002. He is Chief Executive of Caledonia Investments plc and a Non-Executive Director of The Sage Group plc and Alk Industries Limited. He was formerly Chief Executive of First National Finance Corporation, a main Board Director of Abbey National plc and a Non-Executive Director of Hogg Robinson plc.

7 Derek McClain

Non-Executive Director
Aged 50, was appointed to the Board as a Non-Executive Director on 28 August 2002. He is Chief Financial Officer of Trammell Crow Company and serves on the Trammell Crow Company Executive Committee. He is based in the U.S.

8 Robert McKellar ▲

Chief Executive - Asia Pacific
Aged 46, was appointed to the Board on 1 June 2000 having served as Finance Director of Savills Commercial Limited since December 1994. He was appointed Chief Executive-Asia Pacific on 31 March 2005.

9 Charles McVeigh ◆◆

Independent Non-Executive Director and Chairman of the Remuneration Committee
Aged 63, was appointed to the Board as a Non-Executive Director on 1 August 2000. He is currently Chairman of Citigroup Investment Bank-Private Bank Partnership. He also serves on the Boards of Wilan Investment Company plc and EFG-Hermes and is a member of the Fulbright Commission. Formerly he has served on the Boards of The London Stock Exchange, LFFE and British American Business Inc; he was also appointed by the Bank of England to serve on the City Capital Markets Committee and the Legal Risk Review Committee.

10 Rupert Sebag-Montefiore ▲

Director
Aged 52, joined Savills in 1980 and was appointed to the Board on 31 May 1995. On 26 October 2004, he became Chairman of Savills (L&P) Limited Savills' general practice surveying subsidiary, having served as its Managing Director since May 2000. In January 2001, he was appointed to the Board of Fastrop plc (the holding company of Primeocon.com), an internet property aggregator site and was appointed Chairman of that company on 3 November 2004. He is also a Director of Adventis Group plc and a Governor of Bournemouth University.

11 Fields Wicker-Muirn ◆◆

Independent Non-Executive Director and Chairman of the Audit Committee
Aged 47, was appointed to the Board on 27 June 2002. She is founder and partner of Leaders' Quest and a Non-Executive Director of the Royal London Group, Carnegie Group AB and the CDC Group. She is also a member of the Nasdaq Technology Advisory Council in New York, chairs the DTI's Investment Committee and is a member of the Government's Technology Strategy Board and the DTI's Executive Board. Previously she was Chief Financial Officer and Director of Strategy at the London Stock Exchange.

- Audit Committee
- Remuneration Committee
- ◆ Appointments Committee
- ▲ Executive Sub Committee

[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]

The Directors present their Report and the Audited Financial Statements for the year ended 31 December 2005.

Principal Activity

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

Dividends

The profit attributable to shareholders is £40.0m (2004 - £40.7m). An interim dividend of 8.0p (net) per share amounting to £4.9m (2004 - £3.4m) was paid. It is recommended that a final dividend of 16p (net) per share, amounting to £3.9m (2004 - £7.0m). It is proposed that this be paid on 18 May 2006 to shareholders on the Register at 18 April 2006. This will be paid from existing Company retained earnings of £5.4m with the balance from additional reserves available on the payment date.

Principal Developments

The development of the businesses is detailed in the Group Chief Executive's Review of Operations and Financial Review on pages 11 to 20.

Directors

Short biographical details of the current Directors are shown on pages 27 and 28.

In accordance with the Company's Articles of Association the Directors retiring by rotation at this year's AGM are Aubrey Adams, William Concannon, Tim Ingram, Derek McClain, Robert McKellar and Fields Wicker-Muirin being eligible, they will offer themselves for re-election.

Interests in the issued share capital of the Company held at the beginning and end of the year under review by those who were Directors at 31 December 2005 or their families are set out on page 49 of the Remuneration Report. Details of Directors' share options are given in the Remuneration Report on pages 47 to 51. It is the Remuneration Committee's policy that each Executive Director should retain shares in the Company up to the value of 2.5 times his basic salary.

Substantial Shareholdings

As at 6 March 2006, the Company was aware of the following material interests, representing 3% or more of the issued ordinary share capital of the Company:

Shareholders	Number of shares	%
Tammell Crow Company	12,939,199	19.43
The Savills plc 1992 Employee Benefit Trust	4,848,689	7.28
Barclays Group	3,901,986	5.86
Legal & General Group	2,153,396	3.23

Fixed Assets

There is no significant difference between the book and market value of fixed asset properties.

Purchase of Own Shares

Details of the shares held by The Savills plc 1992 Employee Benefit Trust (the EBT) and the Qualifying Employee Share Trust (QUEST) are given in Note 25 to the Accounts.

In accordance with the Listing Rules and at the Annual General Meeting on 4 May 2005 the shareholders gave authority for a limited purchase of Savills shares for cancellation of up to 5% of the issued share capital. During the year Savills plc purchased 100,000 shares (representing 0.15% of the current issued share capital) for cancellation under the programme at a total cost of £516,130 excluding costs; an average cost of 516.13p per share excluding costs.

The Board proposes to seek shareholder approval at the AGM on 10 May 2006 to renew the Company's authority to purchase its own ordinary shares of 5p each for cancellation. Details of the proposed resolution is outlined in the Notice of Annual General Meeting dispatched to shareholders with this Report and Accounts.

Annual General Meeting

The Notice convening the Annual General Meeting (AGM), to be held at 20 Grosvenor Hill, Berkeley Square, London W1K 3HQ at 12 noon on 10 May 2006, is contained in a circular sent to shareholders with this Report.

In addition to the usual ordinary business of an AGM and the re-purchase of shares noted above, the Directors have, this year, recommended to shareholders a sub-division of share capital so that, if approved, each shareholder will receive two shares for every one share held. Full details and the reasons for the recommendation are outlined in the circular sent to shareholders with this report.

Creditors Payment Policy

The Group does not follow any specified code or standard on payment practice. However, the Group aims to settle supplier

accounts in accordance with the individual terms of business agreed with each supplier. There were 22 days purchases outstanding at the end of the year for the Company (2004 - 20 days).

Charitable Donations and Political Contributions

The amount paid to charitable organisations during the year was £64,007 (2004 - £77,000). In addition to the donation above, during the year under review, the Group operated a 'Give As You Earn' scheme whereby employees can donate a portion of their monthly salary to a registered charity. The Group also operated a bonus waiver whereby employees may elect to waive an element of annual bonus in favour of registered charities of their choice upon which the Group augments the donation to the chosen charity by 10%. These additional Group contributions totalled £33,100 (2004 - £13,724) during the year. There were no political contributions.

Corporate Social Responsibility

The Board recognises the importance of social, environmental and ethical matters in the conduct of the Company's business. The Savills Group is committed to environmental awareness and improvement throughout its operations and, although the impact of our activities on the environment is low compared with other industries, it is our policy to strive to improve the environment for employees and others wherever we operate. The Group's environmental policy is approved by the Board and the Group Chief Executive is responsible for all environmental matters. The Group's policy is to aim towards reduced energy consumption, reduction in waste and promotion of recycling within our offices and to promote practices to enhance the environment when advising clients, including the avoidance of pollution wherever possible.

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 encourages its employees to develop their skills through training and continued professional development.

It is the policy of the Group to provide employment on an equal basis irrespective of race, sex, disability, sexual orientation and religious beliefs.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming AGM. PricewaterhouseCoopers LLP has also provided certain non-audit services to the Company, principally advice on taxation but the Audit Committee is satisfied that such work was best undertaken by PricewaterhouseCoopers LLP and its objectivity has not been impaired by reason of this further work.

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

By order of the Board
R T Michelson-Carr
R T Michelson-Carr
Company Secretary
7 March 2006

100 Wood Street, London EC2
Sold on behalf of DeKa for a price
in excess of £140m

**The demand for residential and investment
property abroad continues to expand both in
volume and exposure to new regions**

Villa Norah, Grasse, France

Corporate
Governance
Report

The Board is responsible to shareholders for the management and control of the Company's activities and is committed to high standards of Corporate Governance. During the last couple of years the Board has conducted an ongoing review of its corporate governance policies and procedures inter alia to reflect the impact of the Higgs Review of the Role and Effectiveness of Non-Executive Directors, the Smith Report on Audit Committees and the revised Code issued in July 2003 (the "Code"). The Board is also aware of the current consultation being conducted in respect of the Code and will consider the need for any further review once the consultation has concluded in April 2006.

Compliance

The Board considers that, throughout the period under review, with the exception of one area detailed below (see Board Composition and Balance), the Company has complied with the provisions recommended in section 1 of the Code which applies to the financial period that is the subject to this Annual Report.

Board Composition and Balance

The Board comprises a Non-Executive Chairman, three Independent Non-Executive Directors, two other Non-Executive Directors and five Executive Directors.

The posts of Chairman and Group Chief Executive are separated. The Chairman is responsible for the workings and leadership of the Board and for the balance of its membership.

The Chief Executive is responsible for leading and managing the business within the authorities delegated by the Board. The biographies of the current Board members appear on pages 27 and 28. The Board considers that there is an appropriate balance between Executive and Non-Executive Directors and that no individual or small group of individuals dominates the Board's decision taking. The Non-Executive Directors have a wide range of business experience and expertise and provide a strong Independent element on the Board. Timothy Ingram, Fields Wicker-Murfin and Charles McVeigh are Independent Non-Executive Directors. The remaining two Non-Executive Directors are corporate representatives of Tammell Crow Company, a major share holder and as such may not be considered independent for the purposes of the Code. During the year, the Company became a member of the FTSE 250. The Board, therefore is not currently compliant with A.3.2 of the Code which requires that at least half the Board, excluding the Chairman, comprises independent Non-Executive Directors. Also, mindful of the need to consider succession planning, the Board has commenced a search and selection process to identify an additional independent Non-Executive Director to join the Board.

Functioning of the Board

The Directors receive management information, including financial, subsidiary and strategic reports, in advance of the Board meetings. During the year the Board held nine regular meetings. Attendance by Directors at meetings is outlined in the Attendance of Meeting table on page 37. When unable to be

present in person, the two Non-Executive Directors based in America and Robert McKellar who is based in Asia attend by audio or video-conference. When Directors are not able to attend Board or Committee meetings, their comments on the papers to be considered at that meeting are relayed in advance to the relevant Chairman. The Board has adopted a formal schedule of matters specifically referred to it for decision. These matters reserved for the Board include:

- approval and management of Group Corporate strategy;
- review of Group Policies and Codes of Conduct;
- approval of the annual operating and capital expenditure budgets and any material changes;
- review of performance, assessed against the Group's strategy, objectives, business plans and budgets;
- approval of interim and preliminary announcements and the annual report and accounts;
- approval of the dividend policy;
- approval of any significant changes in accounting policies or practices;
- extension of the Group's activities into new/other geographic areas;
- approval of any significant acquisitions or investments;
- any decision to divest any Group business;
- delegation of the appropriate authorities and agreeing terms of reference for its various committees; and
- the appointment of new directors.

The Non-Executive Directors meet separately at least twice each year without the presence of the Executive Directors and also meet without the Chairman.

There is an approved procedure for Directors to take independent professional advice at the Group's expense, if necessary. In addition, all the Directors have access to the advice and services of the Company Secretary.

Board Committees

The Board has delegated certain authorities to committees each with formal terms of reference. The terms of reference for the Audit, Appointments and Remuneration Committees are available on request and are also available on the Company's website www.sawills.com. The members of each committee are indicated on pages 27 and 28. The principal committees of the Board are as follows:

Appointments Committee

The Committee consists of the three independent Non-Executive Directors and the Chairman. The Committee is chaired by Peter Smith. The Committee meets as required to nominate candidates for the approval of the Board to fill vacancies or new positions on the Board of Directors and to make recommendations to the Board on its composition and balance.

During the year, the Board commenced a thorough selection process for the appointment of an additional Non-Executive Director and external consultants were appointed to assist in this process. The Board delegated responsibility for the process to the Appointments Committee. This process is currently ongoing and the Appointments Committee will make their recommendation in due course. New Directors receive appropriate briefing on their role and responsibilities and on Board procedures.

The Company's Articles of Association provide that Directors must submit themselves for re-election every three years and that newly appointed Directors must submit themselves for re-election at the first Annual General Meeting after their appointment. In making recommendations to shareholders for the reappointment of any Director, the Appointment Committee considers that Director's performance and ongoing contribution to the success of the Company and makes its relevant recommendation to the Board.

Audit Committee

The Committee consists of the three independent Non-Executive Directors. The Committee is chaired by Fields Wicker-Muirin and meets at least three times a year to consider the scope and results of the annual audit, and interim review, to receive

and consider reports from both the Internal Auditor and Group's external auditors, to consider the adequacy of the Group's internal controls and risk management and to assess the auditors' performance. The Committee considers on an ongoing basis the independence of the external auditors and has established policies to consider the appropriateness or otherwise of appointing the external auditors to perform non-audit services. The Group Chief Executive and Financial Controller may be invited to attend meetings of the Committee, but are not members. The Committee determines that its various members bring appropriate experience to the role. The Board is satisfied that the audit members have recent and relevant financial experience.

Remuneration Committee

The Committee consists of the three Independent Non-Executive Directors and meets at least twice a year to determine Company policy on senior executive remuneration and to agree the detailed remuneration packages of the Executive Directors. The Remuneration Committee takes the advice of external consultants from time to time as appropriate. The Group Chief Executive is consulted on the remuneration packages of the other directors and senior executives and attends remuneration discussions by invitation, except when his own position is being discussed. Given the central part that remuneration plays in the success of the Company, the Chairman is also invited to attend meetings of the Committee.

Executive Sub-Committee

Sevills plc has an Executive Sub-Committee (ESC), which comprises the Group Chief Executive and such other Executive Directors as the Board shall nominate from time to time. Any Director of the Company may be invited by the Committee from time to time to attend all or part of the Committee's proceedings. Under the leadership of the Group Chief Executive, the ESC reviews the day to day operation of the Group, including risk management, authorises certain investments, monitors Group performance and may deal with other specific matters delegated to it by the Board. The current Committee members are indicated on pages 27 and 28. The Committee meets at least once between Board meetings and the Minutes of the ESC are circulated to all Board members in advance of full Board Meetings.

Board Performance and Evaluation

Significant advancement in a formal evaluation process was made during the year under the leadership of the new Chairman. Towards the end of the year, the Board and each of the Audit and Remuneration Committees carried out an

evaluation process facilitated by an external consultant. Each Board member was also asked to evaluate the Chairman.

The Board used the Combined Code on Corporate Governance as guidance, tailored to meet the Board/Committees' specific requirements.

The individual Directors and/or Committee members initially completed separate questionnaires and a series of one-to-one interviews took place with the external consultant. These covered the workings and interactions of the Board and Committee members.

The last of these interviews was held in January 2006. The consultant analysed and collated comments from the interviews and provided feedback to the Board in a Report at the Board Meeting on 7 March 2006.

The evaluation process concluded that the Board and its main committees are working satisfactorily. Action plans to address any specific issues that arose during the evaluation have been agreed and put in place and progress will be reviewed periodically.

Attendance at Meetings

Directors' attendance at Board and Committee Meetings convened in the year ended 31 December 2005 was as follows:

	Board	Audit Committee	Remuneration Committee	Appointment Committee
Number of meetings in year	9	5	7	3
Non-Executive Directors	Attended	Attended	Attended	Attended
Peter Smith	9	-	-	3
William Concanon	6	-	-	-
Tim Ingram	8	5	7	3
Fields Wicker-Muirin	9	5	7	3
Derek McClain	9	-	-	-
Charles McVeigh	7	4	7	2
Executive Directors	9	-	-	-
Aubrey Adams+	9	-	-	-
Jeremy Helsby+	9	-	-	-
Simon Hope	8	-	-	-
Robert Wckellar+	8	-	-	-
Rupert Sebago-Montefiore+	9	-	-	-

+ Members of the ESC. The ESC met twelve times during the year.

Insurance Cover

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

Directors' Remuneration

The Remuneration Report is set out on pages 43 to 52. The Remuneration Report will be put to shareholders at the Annual General Meeting (AGM) in 2006.

Relations with Shareholders

The Board maintains an open relationship and dialogue with shareholders and has a regular programme of meetings with analysts which ensures that the Board is aware of shareholder sentiment. Meetings are held with major institutional shareholders regularly and include presentations at the time of the Company's preliminary announcement of annual results and half year report. During the year the Company Secretary met with both the Association of British Insurers (ABI) and Research Recommendations Electronic Voting (RREV) to discuss the review of share based remuneration schemes and the proposed

changes (see page 47 of the Remuneration Report). All shareholders are sent a copy of the full Annual Report and Accounts and the interim Statement. Information about the Company is also available on the website at www.sawills.com.

The Directors welcome and encourage the participation of private shareholders at the AGM. In accordance with the Code, the Chairman declared the level and manner of voting of proxies lodged on each resolution at the AGM held during the year. As outlined in the Notice of Meeting accompanying this Report & Accounts the Directors will also ask shareholders to approve a resolution to permit electronic proxy voting through CREST at all future meetings. The Chairmen of the Board's principal committees were present at the 2005 AGM to answer shareholders' questions as required. The Directors aim to give as much notice of the AGM as possible which will be at least 21 days, as required by the Company's Articles of Association. In practice, this Report and Notice of AGM are being sent to shareholders more than 20 working days before the AGM as required under the Code. The Notice of Annual General Meeting of Shareholders and explanatory notes are sent to shareholders with this report.

Internal Control and Risk Management

The Group has adopted a formal system of internal controls intended to safeguard the shareholders' investment and the Company's assets. The Board is responsible for the Group's system of internal control and risk management and for reviewing the effectiveness of the system. 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 only provide reasonable assurance against material misstatement or loss.

The Executive Sub-Committee (ESC) conducts an annual review of the effectiveness of the system of internal control covering financial, operational and compliance controls and risk management. Detailed self assessment questionnaires are completed by the senior management in each part of the business and the results collated and considered by the ESC. Trends are analysed and consideration is given to those areas that should be recommended for incorporation in the Internal Audit Plan. The results are then presented to both the Audit Committee and the full Board for their consideration and comment.

Key elements of the Group's system of internal control during 2005 were:

- The Audit Committee and the Board have reconsidered the need for an Internal Audit Function and KPMG were appointed on 1 November 2005 to serve as the Company's internal auditors on a global basis.
- The Audit Committee and the Board reviewed the key risks facing the Group and the likely impact of these risks.
- The Board delegated to the ESC responsibility for regularly assessing and reviewing risks and controls and for undertaking the specific annual assessment of the system's effectiveness for consideration by the Board. The ESC meets before each Board meeting and consists of the Group Chief Executive, the Group Financial Controller and the Chairmen of Savills Commercial Limited, Savills (L&P) Limited and Savills - Asia Pacific.

- Selected Executive Directors also sit on the operating subsidiary and associate boards, including those of the overseas operations. These boards and their associated committees also meet regularly and have formal reporting structures. Directors of operating companies are closely involved in the day-to-day business of their respective operations, thus facilitating the prompt identification of business risks and appropriate action.

- Monitoring systems are in place to control both financial and operational risks, where appropriate.

- The ESC and the boards of the main operating subsidiaries regularly monitor 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 regularly and reviews the Group's overall results against plan and the previous year; forecasts are regularly updated. 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.

- There is a formal policy and procedure available to all employees who are concerned about possible impropriety, financial or otherwise, and who may wish to ensure that action is taken without fear of victimisation or reprisal.

Going Concern

After making enquiries, the Directors have 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.

**100 Park Lane, London W1, Hammerson plc's
corporate headquarters, sold on behalf of
Grosvenor and Hammerson plc as a private
residence, guide price £40m**

Remuneration
Report

Remuneration Policy

The Remuneration Committee, the role and composition of which are detailed on pages 27, 28 and 37, determines the emoluments of the Executive Directors. The fees of the Non-Executive Directors and the Chairman's Remuneration are determined by the full Board within the limits set in the Company's Articles of Association. The Non-Executive Directors do not receive any share options, bonuses or any other performance related payments nor do they receive any pension entitlement.

It is essential for the Group to provide remuneration packages which attract, retain and motivate Directors and staff of the highest quality and benefit packages awarded to Directors are structured to provide a competitive mix of performance and non-performance related remuneration.

All the Executive Directors, except the Group Chief Executive, 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. With the exception of Robert McKellar, whose bonus presently is determined solely by the Savills plc Remuneration Committee, the Remuneration Committees of the operating subsidiaries make recommendations to the Savills plc Remuneration Committee with regard to those of their staff who are Executive Directors. The Savills plc Remuneration Committee considers these recommendations together with a recommendation from the Group Chief Executive as to any additional contribution to the growth of the business made by Executive Directors. The Remuneration Committee will consider each Executive Director's overall remuneration package, including that of Aubrey Adams, and make suggestions or

recommendations to the Board. Their aim is to ensure arrangements that align Directors' interests to the objectives and strategy of the Group. The Board accepted the recommendations of the Remuneration Committee on Executive Directors' remuneration for the financial year ended 31 December 2005.

Senior executives and Executive Directors may participate in the Savills Deferred Share Bonus Plan, The Savills Executive Share Option Scheme (2001), the Savills Share Incentive Plan and the Savills Sharesave Scheme; details of which are given on pages 47 and 48. Senior executives and Executive Directors were also eligible for participation in the Savills plc 1992 Executive Share Option Scheme (the ESOP), which is now expired for the purposes of new grants. Details of remuneration packages and any awards made to Executive Directors under these schemes are given on pages 49 to 51.

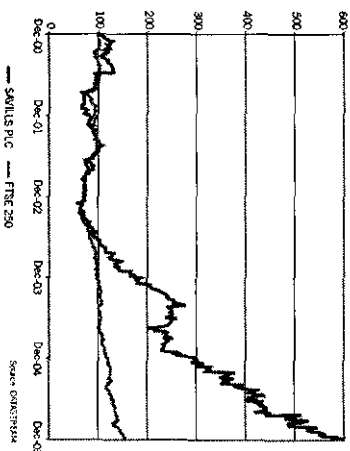
The Remuneration Committee keeps under review the remuneration of Executive Directors and other senior executives with the aims of effectively supporting a performance culture and continuing to motivate, attract and retain executives of the appropriate calibre within a framework that is cost-effective and justifiable to shareholders. The Remuneration Committee is satisfied with the current approach.

On 8 March 2005, the Company became a member of the FTSE 250. The Directors believe that the FTSE 250 Index is now the most appropriate index against which to compare total shareholder return. Over the last five years the Company has outperformed the FTSE 250 Index to give a Total Shareholder Return of 506% compared with a return of 55% provided by the FTSE 250. As at 30 December 2005, Savills was ranked 6th by performance in the FTSE 250.

Previously the comparator against which the Company was benchmarked was the Small Cap Index. In the five year period to 31 December 2004, Savills Total Shareholder Return was 174.1% compared with a return of 1.2% provided by the FTSE Small Cap Index.

Below is a graph showing Total Shareholder Return for Savills plc against the FTSE 250 Index over five years:

Total Shareholder Return (Rebased) - 5 Years to 31 December 2005



Salary and Annual Bonus

Savills' business philosophy is founded on the premise that employees should be motivated through highly incentive-based (and therefore variable) remuneration packages. Salaries are reviewed annually (although not necessarily increased). In general, each operating subsidiary has a discretionary bonus scheme where the annual bonus pool available for distribution is directly related to the profit of that subsidiary after charging

all costs (but pre-bonus) including central overheads and finance charges. In the main, bonus pool amounts are generated by a formula. In the UK and Europe, the amounts available for distribution within these bonus pools were calculated in bands between 30% of the pre-tax and pre-bonus profits through to 65% for excellent performance, based on the achievement of pre-determined thresholds. These bands are reviewed regularly. Awards to individuals are assessed by reference to fee earning achievements, profitability of the individuals area of responsibility, contribution to business development and managerial responsibilities.

A portion of the individual's bonus may be deferred for a period of not less than three years and awarded in shares under the Savills Deferred Share Bonus Plan, details of which can be found on page 47.

Analysis of Directors' remuneration (audited)

	Salary/fees		Bonus		Benefits		Total excl. pension			
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004		
Executive Directors	£	£	£	£	£	£	£	£		
Aubrey Adams*	119,000	119,000	283,863	100,000	200,000	0	1,175	1,116	504,038	320,116
Jeremy Helsby*	101,000	101,000	474,000	110,000	500,000	36,250	1,175	1,116	686,175	638,366
Simon Hope	92,000	91,000	568,000	210,000	1,372,495	365,000	1,175	7,676	871,175	1,836,171
Robert McKellar*	217,000	94,000	550,000	50,000	500,000	50,000	0	471	817,000	644,471
Rupert Sebago-Montefiore*	101,000	101,000	323,000	150,000	180,000	0	1,175	1,116	575,175	282,116

* The Company has made contributions to defined contribution pension plans in respect of the above Directors, as detailed on page 45.

** For details of the Deferred Share Bonus Plan please refer to page 47.

Included in the Cash Bonus figures for 2005 noted above for each of Aubrey Adams, Jeremy Helsby and Rupert Sebago-Montefiore are amounts of £250,000, £15,000 and £10,000 respectively. These directors have waived entitlement to these amounts in favour of contributions to registered charities by their employing companies.

Included in the Cash Bonus figures for 2004 noted above for each of Aubrey Adams, Jeremy Helsby and Rupert Sebago-Montefiore are amounts of £50,000, £10,000 and £10,000 respectively. These directors waived entitlement to these amounts last year in favour of contributions to registered charities by their employing companies.

Analysis of Directors' remuneration (continued) (audited)

	Salary/fees		Bonus		Benefits		Total excl. pension	
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004
Non-Executive Directors	£	£	£	£	£	£	£	£
William Conannon	22,500	22,500	-	-	-	-	22,500	22,500
Timothy Ingram	27,500	27,500	-	-	-	-	27,500	27,500
Derek McClain	22,500	22,500	-	-	-	-	22,500	22,500
Charles McVeigh (Chairman - Remuneration Committee)	32,500	30,416	-	-	-	-	32,500	30,416
Faiths Wicker-Miurfin (Chairman - Audit Committee)	32,500	28,333	-	-	-	-	32,500	28,333
Peter Smith	110,000	29,583	-	-	-	-	110,000	29,583

It is proposed that the fees of the independent directors will be increased from £27,500 to £32,500 with effect from 1 June 2006. The Chairman of the Audit and Remuneration Committees each receive an additional £5,000.

Analysis of Directors' pension entitlement - defined contribution schemes (audited)

The Company made contributions to the following Directors' defined contribution pension plans

	Group contribution during year to 31 December 2005	Group contribution during year to 31 December 2004
Executive Directors	£	£
Aubrey Adams	722,162	650,000
Jeremy Helsby	630,000	500,000
Simon Hope	-	676,005
Robert McKellar*	7,529	3,825
Rupert Sebag-Montefiore	483,000	453,000

* In addition to the £1,275,000 paid to the defined contribution scheme for Mr Robert McKellar between 1 January to 31 March 2005, £6,254.55 was paid to a Mandatory Provident Fund in Asia.

Pensions Disclosure: (audited)

	Year to 31 December 2005		Year to 31 December 2004		Year to 31 December 2005		Year to 31 December 2004		Year to 31 December 2005		Year to 31 December 2004		Year to 31 December 2005		Year to 31 December 2004	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Executive Directors																
Jeremy Heisby	476	621	(1,199)	(254)	35,650	34,117	1,533	1,533	487,684	392,071	89,173	25,093				
Simon Hope	999	2,323	687	8,059	18,783	17,250	1,533	2,729	182,839	143,967	32,432	19,475				
Rupert Sebagg-Montefiore	452	600	(960)	56	36,417	34,883	1,533	1,533	525,237	418,189	100,608	30,939				

Notes

- The table shows the increase in accrued pension during the year, excluding any increase for inflation. The transfer value of this increase in pension is also shown, less the contributions made by the Director during the year.
- The accumulated accrued pension entitlement shown is that which would be paid annually on retirement based on service to the year-end. The actual increase in pension over the year is also shown (with no allowance for the increase in inflation).
- The transfer value of the total pension accrued at the year-end, determined at the year-end, is set out along with the comparative amounts at the end of the previous year.
- The increase(decrease) in the amount of this transfer value, less the contributions made by the Director during the period, has also been determined.
- The transfer value represents the amount payable by the pension plan should the Director transfer his pension rights to another provider. All transfer values quoted are calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note 11 ("GN11").

Directors' Deferred Share Bonuses and Option Schemes

The Association of British Insurers ('ABI') emphasises in its guidelines the importance of performance-based remuneration arrangements being clearly aligned to business strategy and objectives. The ABI expects Remuneration Committees to carry out regular reviews of existing share incentive schemes in order to ensure their continued effectiveness and compliance with best practice and contribution to shareholder value.

Accordingly, the Remuneration Committee carried out a full review of Savills' existing executive share incentive plans during 2005 and made a number of proposals that were subsequently discussed with and supported by the ABI and the Research, Recommendations and Electronic Voting service ('RREV').

The Savills Deferred Share Bonus Plan (the DSBP)

The DSBP was adopted by the Board on the recommendation of the Remuneration Committee in 2001. It provides for the award of conditional rights to acquire Savills shares based on performance achievements measured over the immediately preceding financial year. The performance targets are specific to each individual and either relate to Group thresholds, subsidiary company targets or a combination of both. The

DSBP remains closely aligned to Savills' successful executive remuneration strategy which is to include a meaningful performance related pay element and to control the level of basic annual salaries at senior levels significantly below market comparables. The deferred element provides an added incentive in the form of potential share price growth over the deferred period together with an important retention aspect in that awards normally lapse in the event of executives leaving service before the vesting date.

Subject to the amendments set out below, such awards of deferred shares normally vest after five years but are subject to forfeiture if the executive leaves service prior to the vesting date other than in defined 'good leaver' situations (e.g. redundancy, ill-health etc.). The shares are acquired by purchase in the market through an independent employee benefit trust (the EBT) with funds provided by the relevant employing company. There are no powers to subscribe new shares under either the DSBP or the EBT and therefore no dilution of existing shareholdings. The EBT can acquire up to 15% of the issued share capital in the market and this limit was the subject of a full consultation with institutional shareholders in 2002/3 and an ordinary resolution of shareholders at the AGM in 2003. The Rules of the DSBP can be amended by the Board and, on 31 January 2006 the Board,

on the recommendation of the Remuneration Committee, considered and implemented the following changes:-

- The existing deferred period (vesting date) of five years under the DSBP was considered to be out of line with market practice where the large majority of plans operate on the basis of a three year vesting date. In accordance with the amendment provisions, therefore, the DSBP was altered to provide for a vesting date of not less than three years from the date of an award. For awards made from 2006 onwards, the vesting date (to be determined prior to the date of any award) can be any period of not less than three years but could be longer (e.g. five years).

- In line with current ABI guidelines, the number of shares awarded will be increased on the vesting date to reflect dividends paid to shareholders throughout the deferred period on the basis of such notional dividends being reinvested at the then prevailing market share price.

Group Share Options and Incentive Plans

Details of all Group Share Option Schemes and the Incentive Plan are shown on page 48.

The Savills Executive Share Option Scheme (2001 Scheme)

The 2001 Scheme was authorised by shareholders at the AGM in 2001 and comprises an Inland Revenue approved scheme and an unapproved schedule. Options granted under the 2001 Scheme are normally exercisable not earlier than three years following the date of grant and not later than ten years from the date of grant (with exceptions for 'good leavers'). Grants are made annually on a phased basis and the exercise of options is subject to the achievement of a performance target related to the increase in the Company's earnings per share compared to a stated percentage above inflation over a fixed three year period. The ability to re-measure performance over a later period if not met within the initial three year period was removed in 2004 subject to one transitional grant whereby the performance could, if necessary, be re-measured over an extended period of four years. Options are currently satisfied by the issue of new shares within the ABI dilution limit.

The performance target that has applied to options granted between 2001 and 2005 has been that the Company's earnings per share must increase over the period of three consecutive financial years by an average of at least 3% pa above inflation (as measured by the Retail Prices Index (all items) ('RPI')). Following consultation with the ABI and RREV, the Board on

the recommendation of the Remuneration Committee, decided that grants of options from 2005 onwards will be subject to a tiered approach whereby, in respect of any grant, the first 1/3rd of the number of shares under option will be subject to the above RPI + 3% pa target with an escalating performance requirement in respect of the remaining 2/3rds as follows:-

Second 1/3rd of the number of shares - RPI + 4% pa.
Final 1/3rd of the number of shares - RPI + 5% pa.

Savills plc 1992 Executive Share Option Scheme (the ESOP)

The ESOP expired on 23 May 2001 and no further grants will be made under this scheme but existing rights remain fully protected. Under the ESOP, senior executives were granted options to purchase shares, exercisable in normal circumstances between five and seven years after grant. The ESOP is operated in conjunction with the EBT. Grants were made by the Trustee of the EBT on the recommendation of the Board on a phased basis, having regard to individuals' performances and anticipated contributions to the Group. Recommendations in respect of grants to Executive Directors were made by the Remuneration Committee.

The Savills Sharesave Scheme (the Sharesave Scheme)

Executive Directors are eligible to participate in the Sharesave Scheme, which is an Inland Revenue approved scheme open to all employees of nominated participating companies who have a minimum of three months' service at the date of invitation. The Sharesave Scheme was adopted by shareholders in 1998. The Sharesave Scheme is linked to a monthly savings contract over three, five or seven years and options are granted at a maximum 20% discount to market price. The most recent invitation was limited to three year savings contracts although the rules currently allow three or five year savings contracts to be offered.

The Savills Share Incentive Plan (SIP)

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

Ordinary Shares (audited)

31 December 2005 31 December 2004

Interests in the share capital of the Company beneficially held by members of the Board of Directors and their families are detailed below:

Aubrey Adams	330,000	270,535	-	-	-	-	-	-	-
William Concannon	-	-	227,343	206,802	-	-	-	-	-
Jeremy Helsby	-	-	55,754	34,778	-	-	-	-	-
Simon Hope	-	-	12,000	12,000	-	-	-	-	-
Tim Ingram	-	-	-	-	-	-	-	-	-
Derek McClain	-	-	61,024	30,178	-	-	-	-	-
Robert McKellar	-	-	-	-	-	-	-	-	-
Charles McVeigh	-	-	115,293	104,178	-	-	-	-	-
Rupert Sebag-Montefiore	10,000	10,000	-	-	-	-	-	-	-
Peter Smith	-	-	-	-	-	-	-	-	-
Fields Wicker-Murfin	-	-	680	680	-	-	-	-	-

Savills plc 1992 Executive Share Option Scheme (ESOP) (audited)

Directors	Number of shares			Exercise price per share	Market value at date of exercise	Date from which exercisable	Expiry date
	At 31.12.04	Exercised during year	At 31.12.05				
Jeremy Helsby	40,000	25,000	15,000	Nil	849.5p	20.07.05	20.07.07
	50,000	-	50,000	Nil	-	06.04.06	06.04.08
Simon Hope	40,000	-	40,000	Nil	-	20.07.05	20.07.07
	40,000	-	40,000	Nil	-	06.04.06	06.04.08
Robert McKellar	30,000	30,000	-	Nil	798.5p	20.07.05	20.07.07
	30,000	-	30,000	Nil	-	06.04.06	06.04.08
Rupert Sebag-Montefiore	20,000	20,000	-	Nil	798.5p	20.07.05	20.07.07
	30,000	-	30,000	Nil	-	06.04.06	06.04.08

The Savills Sharesave Scheme (audited)

Directors	Number of shares				Market price at date of exercise	Exercise price per share	Exercisable within 6 months from
	At 31.12.04	Granted during year	Exercised during year	Lapsed during year			
Simon Hope	4,054	-	-	-	4,054	111p	01.07.06
Rupert Sebag-Montefiore	2,464	-	-	-	2,464	111p	01.07.06

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

Directors

	Number of shares				Market price on date of exercise	Exercise price per share	Date normally first exercisable	Expiry date
	At 31.12.04	Granted during year	Approved/ Unapproved	Exercised during year				
Aubrey Adams	20,761	-	Approved Unapproved	20,761	632.5p	144.5p	26.09.04	26.09.11
	59,239	-	Unapproved	59,239	634.5p	144.5p	26.09.04	26.09.11
	80,000	-	Unapproved	80,000	690p	194.5p	10.04.05	10.04.12
	80,000	-	Unapproved	-	-	139p	25.03.06	25.03.13
	27,000	-	Unapproved	-	-	435.5p	30.03.07	30.03.14
	-	4,669	Approved	-	-	642.5p	14.03.08	14.03.15
	-	13,331	Unapproved	-	4,669	642.5p	14.03.08	14.03.15
Jeremy Helsby	20,761	-	Approved	20,761	627.5p	144.5p	26.09.04	26.09.11
	44,239	-	Unapproved	44,239	618p	144.5p	26.09.04	26.09.11
	65,000	-	Unapproved	65,000	690p	194.5p	10.04.05	10.04.12
	65,000	-	Unapproved	-	-	139p	25.03.06	25.03.13
	23,000	-	Unapproved	-	-	435.5p	30.03.07	30.03.14
	-	4,669	Approved	-	-	642.5p	14.03.08	14.03.15
	-	11,831	Unapproved	-	4,669	642.5p	14.03.08	14.03.15
Simon Hope	20,761	-	Approved	20,761	627.5p	144.5p	26.09.04	26.09.11
	29,239	-	Unapproved	29,239	634.5p	144.5p	26.09.04	26.09.11
	50,000	-	Unapproved	50,000	680p	194.5p	10.04.05	10.04.12
	50,000	-	Unapproved	-	-	139p	25.03.06	25.03.13
	23,000	-	Unapproved	-	-	435.5p	30.03.07	30.03.14
	-	4,669	Approved	-	-	642.5p	14.03.08	14.03.15
	-	11,331	Unapproved	-	4,669	642.5p	14.03.08	14.03.15
Robert McKellar	20,761	-	Approved	20,761	627.5p	144.5p	26.09.04	26.09.11
	4,239	-	Unapproved	4,239	643.5p	144.5p	26.09.04	26.09.11
	25,000	-	Unapproved	25,000	690p	194.5p	10.04.05	10.04.12
	25,000	-	Unapproved	-	-	139p	25.03.06	25.03.13
	21,500	-	Unapproved	-	-	435.5p	30.03.07	30.03.14
	-	4,669	Approved	-	-	642.5p	14.03.08	14.03.15
	-	10,331	Unapproved	-	4,669	642.5p	14.03.08	14.03.15
Rupert Sebøg-Montefiore	20,761	-	Approved	20,761	642.5p	144.5p	26.09.04	26.09.11
	44,239	-	Unapproved	44,239	642.5p	144.5p	26.09.04	26.09.11
	65,000	-	Unapproved	65,000	690p	194.5p	10.04.05	10.04.12
	65,000	-	Unapproved	-	-	139p	25.03.06	25.03.13
	23,000	-	Unapproved	-	-	435.5p	30.03.07	30.03.14
	-	4,669	Approved	-	-	642.5p	14.03.08	14.03.15
	-	11,831	Unapproved	-	4,669	642.5p	14.03.08	14.03.15

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

Directors	Number of shares			Closing mid-market price of a Savills plc share the day before grant	Vesting date
	At 31.12.04	Awarded during year	At 31.12.05		
Jeremy Helsby	39,733	-	39,733	187.5p	22.03.07
	22,727	-	22,727	137.5p	14.03.08
	8,675	-	8,675	426.5p	15.03.09
	-	5,642	5,642	642.5p	14.03.10
Simon Hope	24,800	-	24,800	187.5p	22.03.07
	13,636	-	13,636	137.5p	14.03.08
	19,402	-	19,402	426.5p	15.03.09
	-	56,809	56,809	642.5p	14.03.10
Robert Mckellar	24,800	-	24,800	187.5p	22.03.07
	18,181	-	18,181	137.5p	14.03.08
	5,861	-	5,861	426.5p	15.03.09
	-	7,782	7,782	642.5p	14.03.10
Rupert Sebag-Montefiore	39,733	-	39,733	187.5p	22.03.07
	22,727	-	22,727	137.5p	14.03.08
	8,675	-	8,675	426.5p	15.03.09

The ESOP expired on 23 May 2001 and so no further grants were made under this scheme during the year. 570,000 Directors' share options under the Executive Share Option Scheme (2001) were exercised during the year but no awards under the DSBP vested during the year. No Directors' share options/stwards under the ESOP, the Executive Share Option Scheme (2001) or DSBP lapsed. The mid-market price of the shares at 30 December 2005, the last business day of the financial year, was 995.0p and the range during the year was 512p to 995.5p. At 31 December 2005, all Executive Directors were deemed to have an interest (for the purpose of the Companies Act 1985) in 4,868,689 shares held by the trustee of the EBT and in 1,077 shares held by the Qualifying Employee Share Trust (QUEST). For details of the EBT and QUEST, please refer to Note 2 of the Accounts.

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.

Directors' Service Contracts

The Executive Directors are appointed for an initial period of three years, after which their appointment may be renewed. Each has a service contract with a notice period of one year or less. The Remuneration Committee accepts and endorses the principle of mitigation of damages on early termination of contracts.

The details of the service contracts of those who served as Directors during the year are:

	Date appointed to Board	End date of current letter of appointment	Notice period
Aubrey Adams	12 February 1990	31 December 2009	12 months
William Concanon	30 June 2000	See below *	Terminable at will
Jeremy Helsby	1 May 1999	4 May 2008	6 months
Simon Hope	1 May 1999	4 May 2008	6 months
Timothy Ingram	27 June 2002	26 June 2008	Terminable at will
Derek McClain	28 August 2002	See below *	Terminable at will
Robert McKellar	1 June 2000	31 May 2006	6 months
Charles McVeigh	1 August 2000	31 July 2006	6 months
Rupert Sebag-Montefiore	31 May 1995	26 October 2007	6 months
Peter Smith	24 May 2004	23 May 2007	6 months
Fields Wicker-Murfin	27 June 2002	26 June 2008	Terminable at will

* Appointed by Trammell Crow Company pursuant to the strategic alliance which provides for Board representation for Trammell Crow Company linked to its strategic alliance and shareholding in the Company.

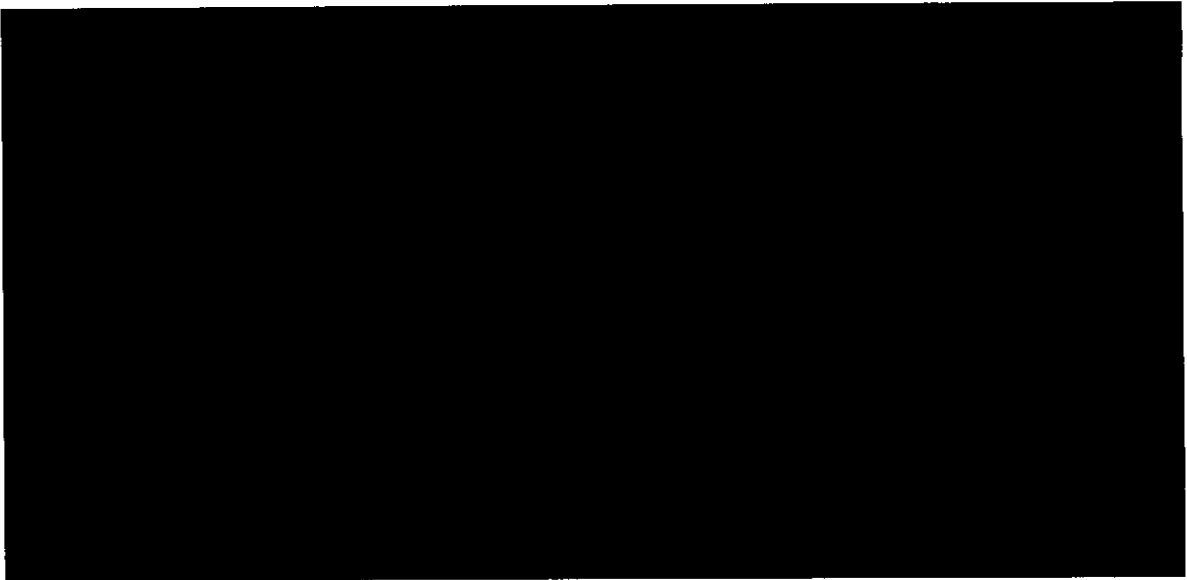
The Company has no financial obligation to Directors in the event of early termination of an Executive Director's contract other than payment in lieu of notice.

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

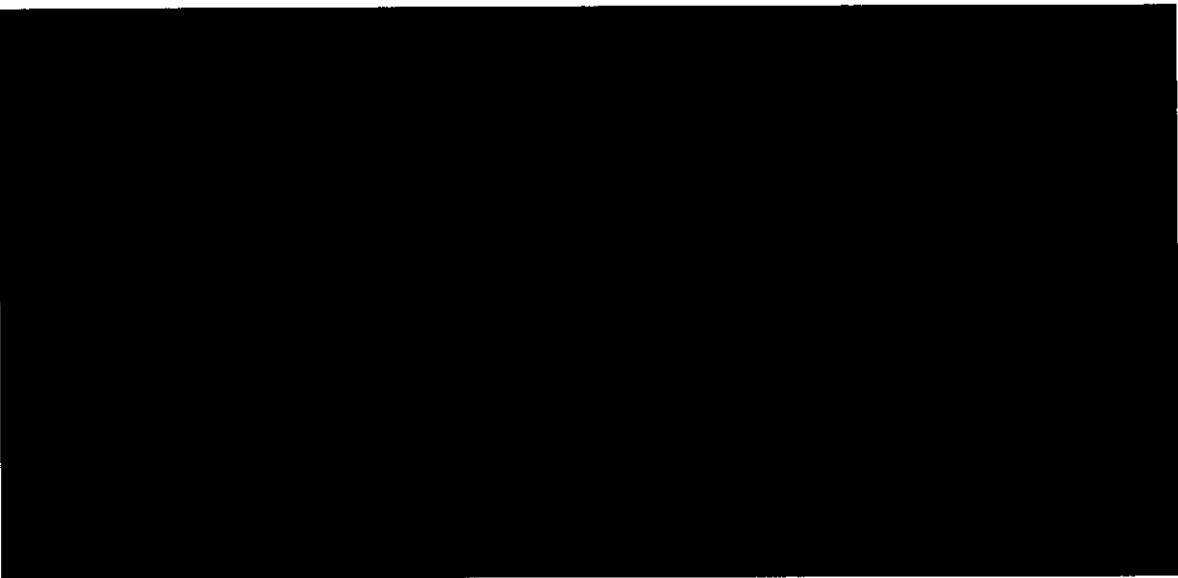
By order of the Remuneration Committee
R T Michelson-Carr
Company Secretary
7 March 2006

One Curzon Street, Mayfair, London W1
Sold on behalf of CGI for a price in the
region of £280m

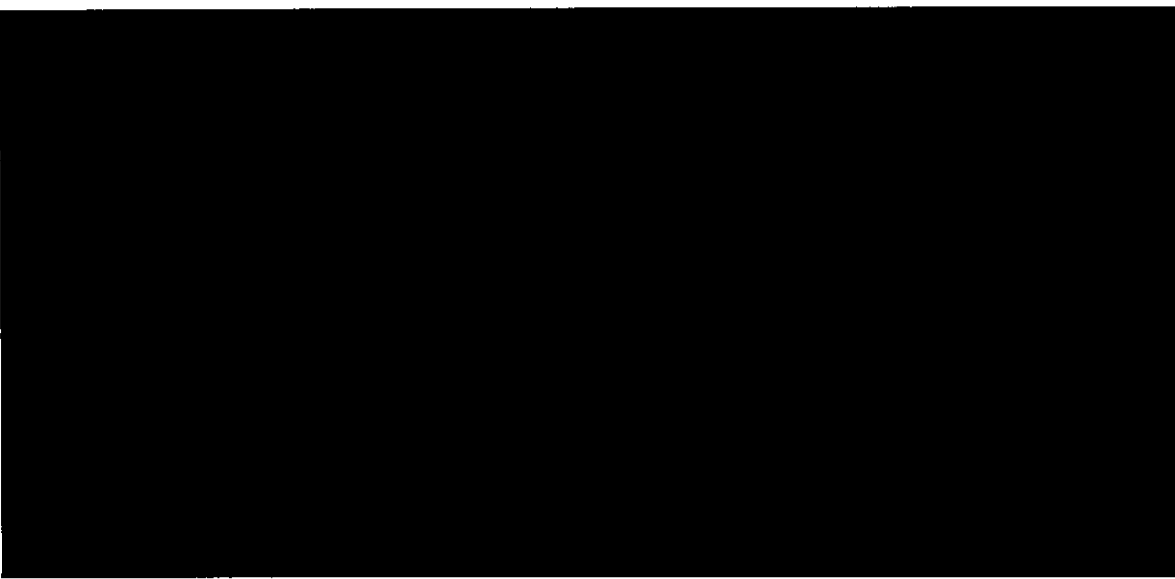
Directors'
Responsibilities &
Report of the
Auditors to the
Members of
Savills plc



The Lloyd's building, London EC3
Sold on behalf of Deeka to German close ended fund Commerzleasing und Immobilien Group for a price in the region of £231m

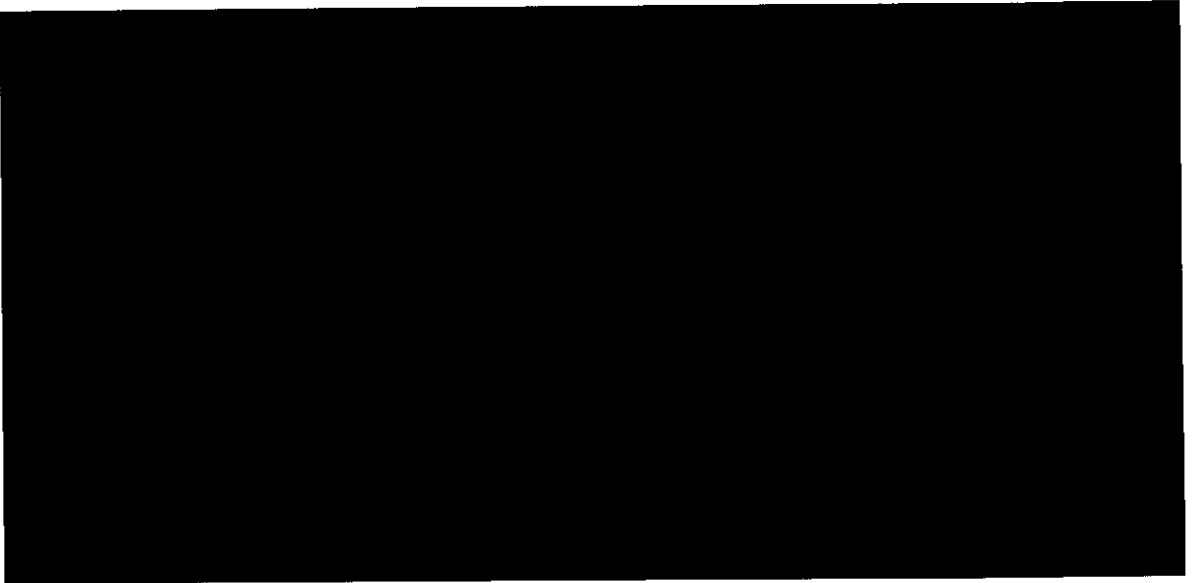


Sanctuary Buildings, Great Smith Street, London SW1
Sold to a joint venture vehicle of TALB Bank/Dominion Asset Management
Sold on behalf of DIFA Deutsche Immobilien Fonds AG

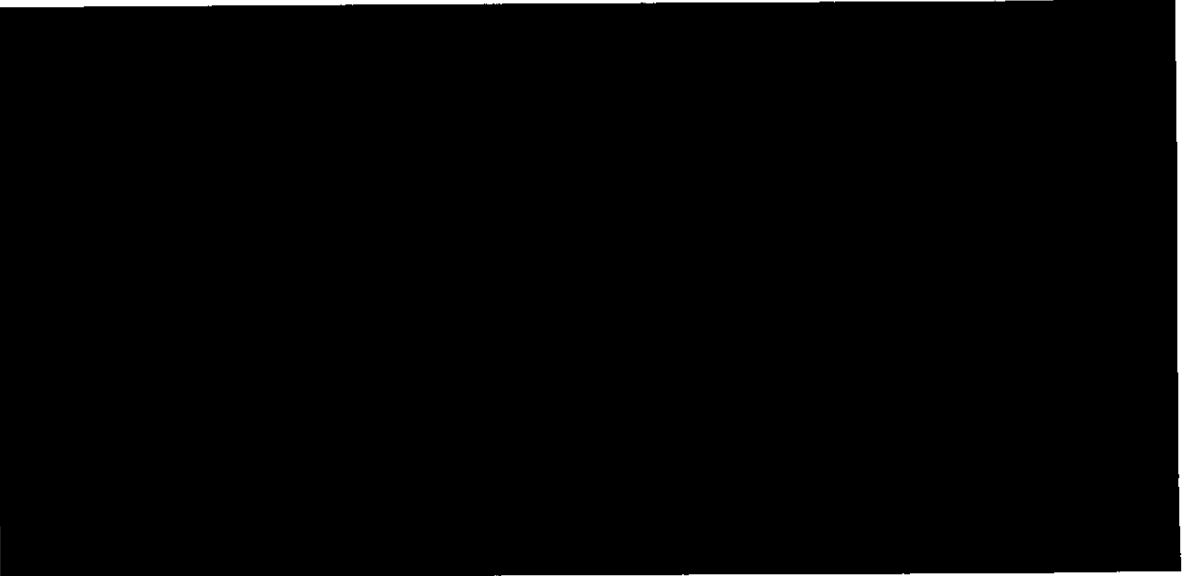


16 Old Bailey, London EC2
Sold to a private Irish investor for in the region of £56m on behalf of CGI

The Plaza, Oxford Street, London W1
One of the 50 shopping centres under the management of Savills owned by a private client



Nordstan 14:1, Postgatan 5-15, Gothenburg, Sweden
Sale of freehold city centre building for 19.6m on behalf of AFA Sjukforsakrings AB totalling 10,809 sq m of office space acquired by Bihova in December 2005



Belgrave Square, Belgravia, London SW1
Residential sale with a guide price of £33m to a private purchaser



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 58, 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 the Group and of the profit or loss of the Group for that year. The Directors consider in preparing the Accounts they have:

- 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 the Group 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.

The financial statements for the year ended 31 December 2005 are included in the Annual Report 2005, which is published by the Company in hard-copy printed form and on the Company's website on the internet. The Directors are responsible for the maintenance and integrity of the Annual Report on the website, in accordance with UK legislation governing the preparation and dissemination of financial statements. Access to the website is available from outside the UK, where comparable legislation may differ.

Independent Auditor's Report to the Members of Savills plc

We have audited the Group and parent company financial statements (the "financial statements") of Savills plc for the year ended 31 December 2005 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Cash Flows, the Consolidated and Company Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC *Combined Code* specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Group Chief Executive's Review of Operations and Financial Review, the Directors' Report, the Corporate Governance Report, and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company'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 financial statements and the part of the Directors' Remuneration Report to be audited 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 financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

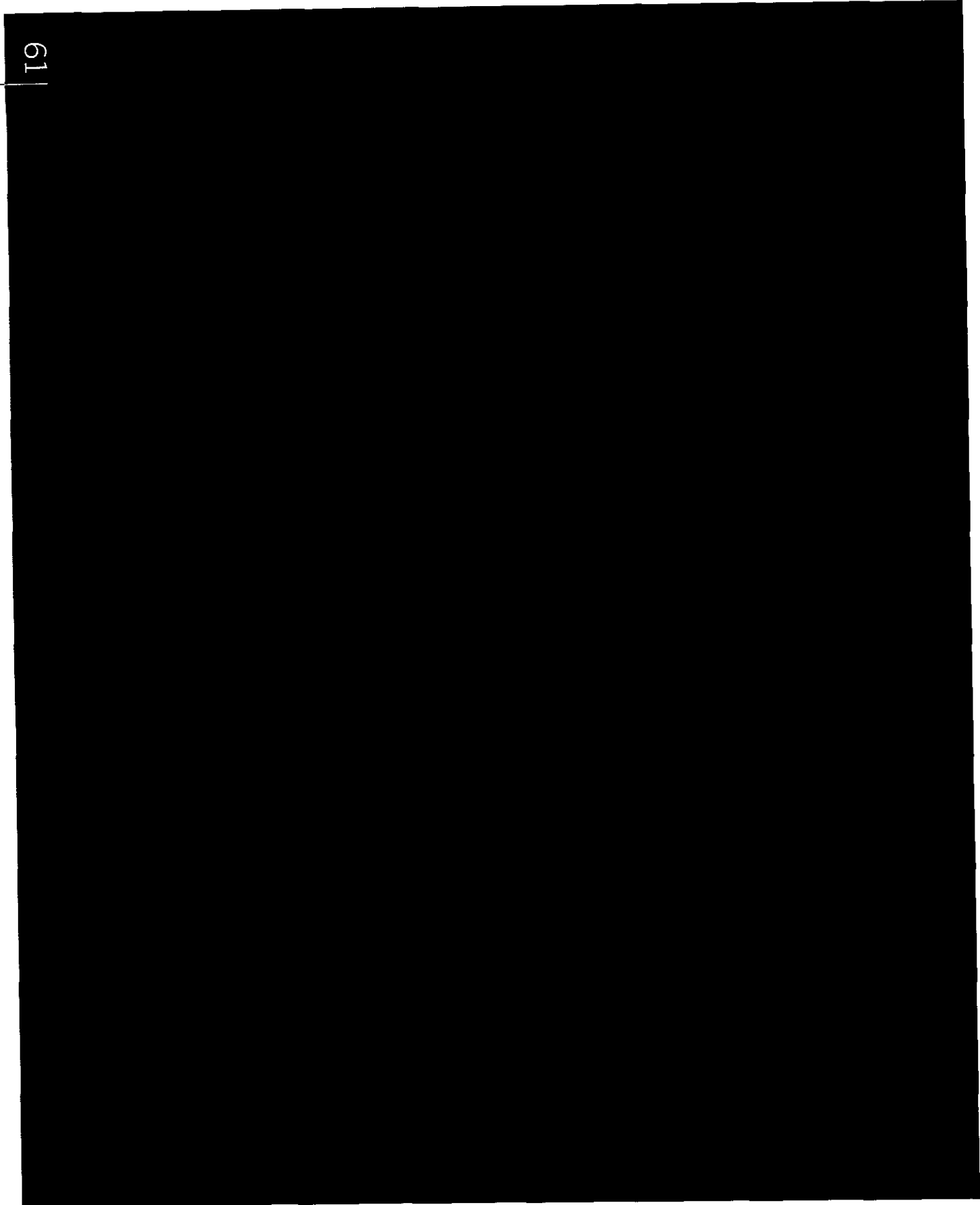
- the Group financial statements give a true and fair view, in accordance with IFRSS as adopted by the European Union, of the state of the Group's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2005 and cash flows for the year then ended; and

- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH
7 March 2006

Accounts



Consolidated Income Statement

for the year ended
31 December 2005

Group

	Year ended 2005 £'000	Year ended 2004 £'000
Notes		
Continuing operations		
Revenue		
Revenue	373,866	316,619
Other revenue - sale of trading properties	-	11,356
Total revenue	5 373,866	327,975
Less:		
Employee benefits expense	8 (227,510)	(190,922)
Depreciation expense	16 (4,573)	(4,051)
Amortisation of intangibles & impairment of goodwill	14 & 15 (1,465)	(1,302)
Changes in trading property stock	-	(9,177)
Other operating expenses	(85,914)	(75,363)
Profit of disposal of investment property	-	8,094
Profit on disposal of subsidiary, associated undertakings & available for sale investments	367	917
Operating profit	5&6 54,771	56,171
Finance income	10 3,940	2,361
Finance costs	10 (461)	(584)
Share of post tax profit from associates and joint ventures	3,479	1,777
Profit before income tax	17(a) 329	364
Income tax expense	11 (17,799)	(17,340)
Profit for the year from continuing operations	40,780	40,972
Discontinued operations		
Loss for the year from discontinued operations	7 (504)	-
Profit after income tax	40,276	40,972
Attributable to:		
Equity shareholders of the parent	39,974	40,690
Minority interest	302	282
	40,276	40,972
Earnings per share		
From continuing and discontinued operations		
Basic earnings per share	13 67.2p	72.7p
Diluted earnings per share	13 62.6p	66.1p
From continuing operations		
Basic earnings per share	13 68.1p	72.7p
Diluted earnings per share	13 63.4p	66.1p

Consolidated
Balance
Sheet

at 31 December 2005

	Group		Company	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Property, plant and equipment	16	14,679	11,922	2,176
Goodwill	14	54,255	46,095	-
Intangible assets	15	4,699	2,549	140
Investments in subsidiaries	17(d)	-	-	76,667
Investments in associates and joint ventures	17(a)	3,402	2,831	-
<i>Financial assets</i>				
- Other investments	17(b)	-	3,834	-
- Available-for-sale financial assets	17(c)	10,486	-	-
Deferred income tax assets	18	23,892	17,333	2,791
		111,413	84,564	81,774
Current assets				
Assets classified as held for sale	7	64,853	-	-
Work in progress	19	3,180	2,666	-
Trade and other receivables	20	115,336	87,241	6,476
Cash and cash equivalents		99,921	89,919	48,610
		283,290	179,826	55,086
LIABILITIES				
Current Liabilities				
Borrowings	23	1,910	3,823	6,816
Liabilities directly related to assets classified as held for sale	7	48,867	-	-
Trade and other payables	21(a)	136,102	113,367	44,557
Current income tax liabilities	21(b)	5,644	8,405	-
Employee benefit obligations	24(b)	1,739	1,499	-
Provisions for other liabilities and charges	24(a)	675	665	-
		194,937	127,759	51,373
Net current assets		88,353	52,067	3,713
Total assets less current liabilities		199,766	136,631	85,487
				77,770

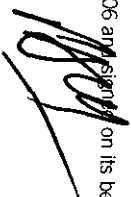
Notes

	Group		Company	
	31 December 2005 £'000	31 December 2004 £'000	31 December 2005 £'000	31 December 2004 £'000
Non-current liabilities				
Borrowings				
Trade and other payables	23	1,116	-	-
Retirement and employee benefit obligations	22	989	-	2,500
Provisions for other liabilities and charges	9 & 24(b)	24,926	2,033	2,119
Deferred income tax liabilities	24(a)	1,708	-	-
	18	2,313	62	-
Net assets	31,452	32,935	2,033	4,619
	168,314	103,696	83,454	73,151
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25	3,325	3,026	3,026
Share premium	27	80,885	43,114	43,114
Other reserves	27	6,528	(1,243)	3,191
Retained earnings (including deduction for Treasury shares in Group and Company of £10.8m (2004 - £8.6m))	27	77,001	58,609	23,820
		167,739	103,506	83,454
Minority interest	27	575	190	73,151
Total equity	27	168,314	103,696	83,454
			83,454	73,151

Approved by the Board of Directors on 7 March 2006 and signed on its behalf by

P. A. SMITH

A. J. ADAMS

**Consolidated
Statement
of Cash Flows**

for the year ended
31 December 2005

	Group		Company	
	Year ended 2005 £'000	Year ended 2004 £'000	Year ended 2005 £'000	Year ended 2004 £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from continuing operations	44,859	58,004	3,732	21,762
Interest received	3,829	2,454	947	471
Interest paid	(461)	(584)	(1)	-
Income tax paid	(15,564)	(15,303)	1,510	(368)
	31			
Net cash generated from operating activities	32,663	44,571	6,188	21,865
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of subsidiary, net of cash disposed	120	4,666	-	-
Proceeds from sale of property, plant and equipment	38	99	158	5
Proceeds from sale of associates, joint ventures and investment property	503	15,628	-	-
Dividends received	17(a)	324	3,144	-
Net loans (to)/repayments received from related parties	17(a)	(413)	96	(12,553)
Acquisition of subsidiaries, net of cash acquired	17(f)	(7,528)	(10,418)	7,725
Purchase of assets held for sale	-	(16,490)	-	-
Purchases of property, plant and equipment	16	(7,268)	(6,458)	(502)
Purchases of intangible assets	15	(872)	(944)	(263)
Purchase of investment in associates, joint ventures and other investments	17(f)	(176)	(2,715)	(33)
Net cash (used in)/generated from investing activities	(31,762)	3,098	(14,399)	6,932
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	25	38,075	903	38,075
Proceeds from borrowings	-	706	1,605	-
Repurchase of own shares	25	(520)	(5,751)	(5,751)
Purchase of own shares for Employee Benefit Trust	27	(4,158)	(4,238)	(4,238)
Repayments of borrowings	-	(4,322)	(7,598)	-
Dividends paid	27	(23,133)	(9,309)	(23,060)
Net cash generated from/(used in) financing activities	6,648	(24,388)	10,337	(18,040)

Notes

	Group		Company	
	Year ended 2005 £'000	Year ended 2004 £'000	Year ended 2005 £'000	Year ended 2004 £'000
Net increase in cash and cash equivalents	7,549	23,281	2,127	10,757
Cash and cash equivalents at beginning of the year	89,919	67,625	39,667	28,910
Effect of exchange rate fluctuations on cash held	2,453	(987)	-	-
Cash and cash equivalents at end of year	99,921	89,919	41,794	39,667

**Consolidated
Statement
of Recognised
Income and
Expense**
for the year ended
31 December 2005

	Group		Company	
	Year ended 2005 £'000	Year ended 2004 £'000	Year ended 2005 £'000	Year ended 2004 £'000
Profit/(loss) for the year	40,276	40,972	(850)	17,267
Revaluation of available for sale investments	6,582	-	-	-
Actuarial loss on defined benefit pension scheme	(7,301)	(9,495)	(277)	(369)
Tax on items directly taken to reserves	9,574	4,652	887	600
Foreign exchange translation differences	2,702	(1,401)	-	5
Net income/(expense) recognised directly in equity	11,557	(6,244)	610	236
Total recognised income and expense for the year	51,833	34,728	(240)	17,503
Attributable to:				
Equity shareholders of the parent	51,621	34,427	(240)	17,503
Minority interest	212	301	-	-
	51,833	34,728	(240)	17,503
Effects of changes in accounting policies:				
Attributable to equity holders of the parent	960	-	-	-
- increase in retained earnings due to revaluation of available-for-sale investments on adoption of IAS 32 and IAS 39	960	-	-	-
Attributable to minority interest	960	-	-	-

1. General information

Savills plc (the Company) and its subsidiaries (together the Group) is a leading international property services group. It has an extensive network of offices and associates throughout the UK, mainland Europe, the Americas, Asia Pacific and Africa. Listed on the London Stock Exchange and employing 14,516 staff worldwide in 103 offices, Savills has extensive expertise in global property markets.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 7 March 2006.

2. Accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS interpretations as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The 2005 financial statements are the Group's first consolidated financial statements prepared under IFRS, with a transition date of 1 January 2004. Consequently, the comparative figures for 2004 and the Group's balance sheet as at 1 January 2004 have been restated to comply with IFRS, with the exception of those exemptions taken on transition as disclosed in Note 32, which have been applied prospectively from 1 January 2005.

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of available-for-sale financial assets to equity and financial liabilities (including derivative instruments) at fair value through the income statement.

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

Consolidation

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

Subsidiaries

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

The acquisition of subsidiaries is accounted for using the purchase method. The results of subsidiary undertakings acquired during the period are included from the date of acquisition of a controlling interest at which date, for the purpose of consolidation, the purchase consideration is allocated between the underlying net assets acquired, including intangible assets other than goodwill, on the basis of their fair value. Excess costs of acquisition over fair value of the Group's share of identifiable net assets acquired are recorded as goodwill.

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

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

Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 17).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in

reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint Ventures

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

Segment reporting

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

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss and are recognised in the income statement. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

The differences between retained profits of overseas subsidiary and associated undertakings translated at average and closing rates of exchange are taken to reserves, as are differences arising on the retranslation to sterling (using closing rates of exchange) of overseas net assets at the beginning of the year. Any differences that have arisen since 1 January 2004 are presented as a separate component of equity. As permitted under IFRS1, any differences prior to that date are not included in this separate component of equity.

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

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

Land is not depreciated. Provision for depreciation is made at rates calculated on a straight-line basis to write-off the assets over their estimated useful lives as follows:

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 16).

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

The Group's policy up to and including the year ended 30 April 1998 was to eliminate goodwill against reserves. Goodwill acquired from 1 May 1998 to 31 December 2003 was capitalised and amortised over its useful economic life. As permitted under IFRS1, in respect of acquisitions prior to 1 January 2004, the classification and accounting treatment of business combinations has not been amended on transition to IFRS. Goodwill previously written off direct to reserves under UK GAAP is not recycled to the income statement on the disposal of the subsidiary or associate to which it relates.

In respect of associates, goodwill is included in the carrying value of the investment in the associated company. Goodwill arising on acquisition is capitalised and subject to annual impairment reviews. Goodwill is stated at cost less accumulated impairment losses.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Savills plc allocates goodwill to each business segment in each country in which it operates (Note 14).

Intangible assets other than goodwill

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Intangible assets acquired as part of business combinations and incremental contract costs are valued at fair value on acquisition and amortised over the useful life. Measurement subsequent to initial recognition is at cost less accumulated amortisation. Amortisation charges are spread on a straight line basis over the period of the assets' estimated useful lives as follows:

	Years
Computer software	Between 3 & 5
Property management contracts	Between 2 & 5
Incremental contract costs	10 years

Impairment of non-financial assets

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

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

Value in use is determined using the discounted cash flow method, with an appropriate discount rate to reflect market rates and specific risks associated with the asset. If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is recognised immediately in the income statement.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Investments

Available-for-sale investments are stated at fair value, with changes in fair value being recognised directly in equity. When such investments are derecognised (e.g. through disposal) or become impaired, the accumulated gains and losses, previously recognised in equity, are recognised in the income statement.

The investment in subsidiaries held by the Company are held at cost.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Receivables are discounted where the time value of money is material. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset carrying amount exceeds the present value of estimated future discounted cash flows.

Cash and cash equivalents

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

Bank borrowings

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

Trade payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments and hedging

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

Certain derivatives do not qualify for hedge accounting. In these cases, changes in the fair value of all derivative instruments are recognised immediately in the income statement. Fair value of interest rate and inflation swaps are calculated as the present value of the estimated future cash flows.

Application of IAS32 and IAS39

As noted above, the Group has adopted IFRS for the first time in 2005. It has applied the financial instruments' standards IAS32 and IAS39 prospectively from 1 January 2005, as permitted by these two standards and IFRS. The principal impact of the application of these standards reflects the change in the measurement and classification of other investments.

These are measured at cost less permanent diminution in value under UK GAAP and are re-classified as available-for-sale financial assets, measured at fair value.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares which are not cancelled, or shares purchased for the Employee Share Ownership Trusts, are classified as treasury shares and presented as a deduction from total equity.

Taxation

Taxation is that chargeable on the profits for the period, together with deferred taxation.

Deferred income tax is provided in full using the liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for income tax purposes. Deferred income

tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that it will not reverse in the foreseeable future. A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred income tax assets and liabilities are not discounted.

Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Income tax and deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Pension obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. As permitted under IFRS1, all cumulative actuarial gains and losses at the date of transition were fully recognised.

The defined benefit scheme charge consists of current service costs, interest costs, expected return on plan assets, past service costs and the impact of any settlements or curtailments and is charged as an expense as they fall due. All actuarial gains and losses are recognised immediately in the Statement of Recognised Income and Expense as they arise.

The Group has elected to adopt the amendments to IAS 19 in advance of their effective date of 1 January 2006. This includes recognising actuarial gains and losses in full in the period in which they occur, outside the income statement, in the Statement of Recognised Income and Expense. The amendment also requires additional disclosures in relation to defined benefit plans.

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

Share-based payments

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

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

The fair value of equity-settled share based payments is measured by the use of Actuarial Binomial option pricing model.

Employee Benefit Trust

The Company has established The Savills plc 1992 Employee Benefit Trust (the EBT), the purposes of which are to grant awards to employees, to acquire shares in the Company pursuant to the Savills plc 1992 Executive Share Option Scheme and the Deferred Share Bonus Plan and to hold shares in the Company for subsequent transfer to employees on exercise or vesting of the options/awards granted under the schemes. The assets and liabilities of the EBT are included in the balance sheets of the Group and the Company. Investments in the Group's own shares are shown as a deduction from shareholders' funds.

Qualifying Employee Share Trust

The Company has established a Qualifying Employee Share Trust (QUEST) which acquires shares of the Company. These are transferred to employees on the exercise of options granted under the Savills Sharesave Scheme.

Provisions

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

Revenue recognition

Service fees

Revenue in respect of property consultancy represents commissions and fees receivable excluding VAT. On traditional agency work in progress, no value is attributable until contracts on the underlying transactions have been exchanged. On complex multi-unit developments, revenue is recognised on a staged basis, commencing when the underlying contracts are exchanged. No value is generally attributed to commercial agency work in progress until completion. However, if exchange

of contracts on the underlying transaction is unconditional, income is recognised on a phased basis in accordance with the contractual terms.

Interest income

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

Dividend income

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

Sale of trading properties

Sales of properties held by the Group as trading assets are recognised on completion.

Accounting for leases

Assets financed by leasing agreements which give rights approximating to ownership (finance leases) are capitalised in property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over the lower of the lease life or the estimated useful lives on the same basis as owned assets. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet.

Leasing payments comprise capital and finance elements and the finance element is charged to the income statement.

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

Investment properties

An investment property is a property held to earn rentals and/or for capital appreciation and is initially measured at cost, including direct transaction costs. Subsequent to initial recognition, investment properties are measured annually using the fair value model. Fair value is considered to be the open market value with no allowance for disposal costs. Valuations are undertaken by independent qualified valuers in accordance with Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors.

Gains or losses arising from the changes in the fair value of investment properties are included in profit or loss for the period in which they arise. Investment properties are not depreciated.

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 income statement 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.

Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell, if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. The Group adopted IFRS 5 from 1 January 2005 prospectively in accordance with the standard's provisions. The non-current assets held for sale were purchased in December 2005.

Dividends

Final dividends are recognised as a liability in the Groups' financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recognised when paid.

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by using foreign currency financial instruments, including debt, and other instruments, to fix interest rates. The Group uses derivative financial instruments to hedge certain specific risk exposures.

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

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks primarily with respect to the Euro and Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group finances overseas investments through the use of foreign currency borrowings. The Group does not actively seek to hedge risks arising from foreign currency transactions due to their non cash nature and the high costs associated with such hedging.

Price risk

The Group is exposed to equity securities price risk because investments are held and classified on the consolidated balance sheet as available-for-sale and measured at fair value. The Group is not exposed to commodity price risk.

Interest rate risk

The Group has both interest bearing assets and liabilities. The Group finances its operations through a mixture of retained profits and bank borrowings, at both fixed and floating interest rates. Occasionally, the Group enters into interest rate swaps to hedge the fair value interest rate risk on borrowings.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies that require appropriate credit checks on potential customers before business commences.

Liquidity risk

The Group maintains short-term committed facilities to ensure the Group has sufficient funds available for operations and expansions. The Group prepares an annual funding plan approved by the Board which sets out the Group's expected financing requirements for the next 12 months. At the year end, the Group had debt at fixed interest rates on specific property assets and as working capital.

4. Critical accounting estimates and management judgements

Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include a discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 9.

Income taxes

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

Fair value of options granted to employees

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

Estimated impairment of goodwill

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

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group has used discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets.

Provisions

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

Critical judgements in applying the entity's accounting policies

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

Award of options and deferred shares to employees

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

charged to the income statement. The charge to the income statement is currently lower than the market value of shares to be awarded.

Valuation of intangible assets

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

5. Segment analysis

Year ended 31 December 2005	Transactional Advice		Consultancy		Property & Facilities Management		Fund Management		Property, Trading & Investment		Financial Services		Unallocated*		Total
	£'000		£'000		£'000		£'000		£'000		£'000		£'000		
Revenue															
United Kingdom	- commercial	60,759	39,850	32,838	4,733	-	3,211	127	141,518						
	- residential	61,124	22,358	7,013	-	22,596	-	113,091							
Rest of Europe		121,883	62,208	39,851	4,733	-	25,807	127	254,609						
		15,148	2,112	4,642	-	-	-	39	21,941						
Asia Pacific		29,854	7,494	59,968	-	-	-	-	97,316						
Total revenue		166,885	71,814	104,461	4,733	-	25,807	166	373,866						
Operating profit															
United Kingdom	- commercial	13,929	7,881	3,224	580	-	828	(4,335)	22,107						
	- residential	10,120	3,946	857	-	-	3,533	-	18,456						
Rest of Europe		24,049	11,827	4,081	580	-	4,361	(4,335)	40,563						
		3,768	402	255	-	-	-	99	4,524						
Asia Pacific		5,223	676	3,503	-	-	-	282	9,684						
Operating profit		33,040	12,905	7,839	580	-	4,361	(3,954)	54,771						
Finance income (note 10)		437	(471)	363	-	-	-	-	329						
Share of results of associates and joint ventures									58,579						
Profit before income tax									(17,799)						
Income tax expense									40,780						
Profit for the year from continuing operations									40,780						

5. Segment analysis continued

Year ended 31 December 2004	Transactional Advice		Consultancy		Property & Facilities Management		Fund Management		Property, Trading & Investment		Financial Services		Unallocated*		Total	
	£'000		£'000		£'000		£'000		£'000		£'000		£'000		£'000	
Revenue																
United Kingdom - commercial	51,785	34,068	24,481	3,637	12,963	2,575	-	129,499								
- residential	58,747	18,346	5,457	-	-	17,477	-	100,027								
Rest of Europe	110,532	52,414	29,938	3,637	12,953	20,052	-	229,526								
Asia Pacific	11,143	1,120	2,320	-	-	-	-	14,583								
	24,611	5,723	53,532	-	-	-	-	83,866								
Total revenue	146,286	59,257	85,790	3,637	12,953	20,052	-	327,975								
Operating profit																
United Kingdom - commercial	12,645	7,010	1,933	(543)	10,100	744	(862)	31,027								
- residential	8,280	3,115	286	-	-	3,163	-	14,844								
Rest of Europe	20,925	10,125	2,219	(543)	10,100	3,907	(862)	45,871								
Asia Pacific	2,289	226	318	-	-	-	-	2,833								
	3,492	508	3,467	-	-	-	-	7,467								
Operating profit	26,706	10,859	6,004	(543)	10,100	3,907	(862)	56,171								
Finance income (note 10)								1,777								
Share of results of associates and joint ventures	169	(177)	372	-	-	-	-	364								
Profit before income tax								58,312								
Income tax expense								(17,340)								
Profit for the year from continuing operations								40,972								

*For the purpose of the segmental information above, and to assist in the comparison of segmental information, the benefit arising from the amortisation of the share based payment charge as discussed in more detail in note 13, is retained within the unallocated segment.

5. Segment analysis continued

Other segmental items included in the income statement are as follows:

Year ended 31 December 2005	Transactional Advice		Consultancy		Property & Facilities Management		Fund Management		Property, Trading & Investment		Financial Services		Unallocated*		Total
	£'000		£'000		£'000		£'000		£'000		£'000		£'000		
Depreciation (note 16)															
United Kingdom - commercial	516		369		322		24		-		154		740		2,125
- residential	704		250		78		-		-		-		-		1,032
Rest of Europe	174		24		53		-		-		-		-		251
Asia Pacific	350		49		681		-		-		-		85		1,165
	1,744		692		1,134		24		-		154		825		4,573
Amortisation of intangibles (note 15)															
United Kingdom - commercial	142		-		297		73		-		33		275		820
- residential	-		-		-		-		-		-		-		-
Rest of Europe	-		-		57		-		-		-		8		65
Asia Pacific	20		28		201		-		-		-		34		283
	162		28		555		73		-		33		317		1,168
Impairment of goodwill (note 14)															
United Kingdom - commercial	13		45		-		-		-		-		-		58
- residential	61		164		14		-		-		-		-		239
	74		209		14		-		-		-		-		297
Other non-cash expenses															
United Kingdom - commercial	669		318		91		10		-		75		119		1,282
- residential	395		169		67		-		-		-		-		631
	1,064		487		158		10		-		75		119		1,913

5. Segment analysis continued

Year ended 31 December 2004	Transactional Advice		Consultancy		Property & Facilities Management		Fund Management		Property, Trading & Investment		Financial Services		Unallocated*		Total
	£'000		£'000		£'000		£'000		£'000		£'000		£'000		
Depreciation (note 16)															
United Kingdom - commercial	677		367		404		36		-		136		396		2,016
- residential	490		153		45		-		-		-		-		688
Rest of Europe	156		15		27		-		-		-		-		198
Asia Pacific	243		72		834		-		-		-		-		1,149
	1,566		607		1,310		36		-		136		396		4,051
Amortisation of intangibles (note 15)															
United Kingdom - commercial	99		63		44		7		-		27		24		264
- residential	96		30		9		-		-		-		-		135
Rest of Europe	31		3		5		-		-		-		-		39
Asia Pacific	48		14		163		-		-		-		-		225
	274		110		221		7		-		27		24		663
Impairment of goodwill (note 14)															
United Kingdom - commercial	-		-		168		-		-		-		-		168
- residential	-		264		207		-		-		-		-		471
	-		264		375		-		-		-		-		639
Other non-cash expenses															
United Kingdom - commercial	438		200		31		21		54		21		82		847
- residential	190		89		18		-		-		-		-		297
	628		289		49		21		54		21		82		1,144

5. Segment analysis continued

Segmental assets and liabilities as at 31 December 2005 and 31 December 2004 and capital expenditure for the years then ended are as follows:

	Year ended 31 December 2005		Year ended 31 December 2004		Year ended 31 December 2003		Total
	£'000	£'000	£'000	£'000	£'000	£'000	
Segment assets							
United Kingdom - commercial	23,355	17,535	9,155	6,060	3,289	14,888	183,461
- residential	38,341	12,658	2,052	-	-	-	-
Rest of Europe	261	-	1,535	-	-	-	-
Asia Pacific	15,731	2,169	28,768	-	-	-	18,829
Investment in associates and joint ventures	77,688	32,362	41,510	6,060	3,289	14,888	202,290
Unallocated assets	2,288	(101)	1,215	-	-	-	-
- Property, plant & equipment							8,515
- Intangibles							4,699
Total assets	79,976	32,261	42,725	6,060	3,289	14,888	215,504
							394,703
Segment liabilities							
United Kingdom - commercial	3,672	4,930	4,600	6,358	2,378	9,316	27,234
- residential	31,823	11,778	1,929	-	-	-	-
Rest of Europe	-	-	-	-	-	-	-
Asia Pacific	8,294	1,489	18,044	-	-	-	6,534
Unallocated liabilities	43,789	18,197	24,573	6,358	2,378	9,316	45,887
- borrowings							72,465
Total liabilities	43,789	18,197	24,573	6,358	2,378	9,316	121,778
							226,389
Segment net assets	36,187	14,064	18,152	(298)	911	5,572	93,726
							168,314
Capital expenditure							
United Kingdom - commercial	1,241	645	337	347	-	161	4,314
- residential	1,482	170	44	-	-	-	-
Rest of Europe	264	37	82	-	-	-	-
Asia Pacific	378	58	810	-	-	-	137
	3,365	910	1,273	347	-	161	4,451
							10,507

5. Segment analysis continued

Year ended 31 December 2004	Transactional Advice		Consultancy		Property & Facilities Management		Fund Management		Property, Trading & Investment		Financial Services		Unallocated*		Total	
	£'000		£'000		£'000		£'000		£'000		£'000		£'000		£'000	
Segment assets																
United Kingdom - commercial	14,004		15,194		2,207		313		19,199		14,487		86,571		151,975	
- residential	33,255		12,667		948		-		-		-		-		46,870	
Rest of Europe	269		-		-		-		-		-		8,748		9,017	
Asia Pacific	13,667		2,651		34,089		-		-		-		-		50,407	
Investment in associates and joint ventures	61,195		30,512		37,244		313		19,199		14,487		95,319		258,269	
Unallocated assets	2,032		93		706		-		-		-		-		2,831	
- Plant, property & equipment													741		741	
- Intangibles													2,549		2,549	
Total assets	63,227		30,605		37,950		313		19,199		14,487		98,609		264,390	
Segment liabilities																
United Kingdom - commercial	8,707		7,614		17,613		2,222		7,890		9,486		51,422		104,954	
- residential	34,584		13,821		786		-		-		-		-		49,191	
Rest of Europe	187		18		33		-		-		-		-		238	
Asia Pacific	291		86		997		-		-		-		-		1,373	
Unallocated liabilities	43,769		21,539		19,428		2,222		7,890		9,486		51,422		155,756	
- borrowings													4,938		4,938	
Total liabilities	43,769		21,539		19,428		2,222		7,890		9,486		56,360		160,694	
Segment net assets	19,458		9,066		18,522		(1,909)		11,309		5,001		42,249		103,696	
Capital expenditure																
United Kingdom - commercial	1,014		958		263		19		-		1,509		1,249		5,012	
- residential	697		266		20		-		-		-		-		983	
Rest of Europe	819		128		155		-		-		-		-		1,102	
Asia Pacific	487		50		978		-		-		-		-		1,515	
	3,017		1,402		1,416		19		-		1,509		1,249F		8,612	

5. Segment analysis continued

The matrix approach of disclosing both the business and geographical segments as primary reporting formats provides the most useful information, as the Group is strongly affected by both differences in the services it provides and the geographical areas in which it operates. All operations are continuing. The unallocated segment includes holding company costs, group bonuses and other expenses not directly attributable to the operating activities of the Group's business segments. Segment assets include property, plant and equipment, goodwill, debtors and operating cash and mainly exclude investments. Segment liabilities comprise operating liabilities and exclude taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment, including intangible additions resulting from acquisitions through business combinations.

The Group manages its business segments on a global basis. Operations are based in three main geographical areas. The UK is the home of the parent. Asia Pacific segment operations are based in Hong Kong, China, Japan, Philippines, Singapore and Australia. Europe segment operations are in Germany, France, Spain, Netherlands, Sweden, Italy and Poland. The sales location of the customer is not materially different from the location where fees are received and where the segment assets are located.

6.(a) Operating profit

	Group	
	Year to 31 December 2005	Year to 31 December 2004
Operating profit is stated after charging/crediting:	£'000	£'000
Loss on sale of fixed assets	364	193
Operating lease rentals:		
- Hire of plant and machinery	334	245
- Property	8,611	7,834
Rental income	(961)	(817)

6.(b) Income Statement of the Company

As permitted by section 230 of the Companies Act 1985, the income statement of the Company is not presented as part of these accounts. The Company receives dividends from subsidiaries and charges subsidiaries for the provision of group related services. The loss after income tax of the Company for the year was £850,000 (2004 - profit of £17,267,000).

6.(c) Audit fees

	Group		Company	
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004
	£'000	£'000	£'000	£'000
Analysis of PricewaterhouseCoopers fees:				
Audit fees				
Company and subsidiaries	502	405	140	70
	502	405	140	70
Non-audit fees				
Audit regulatory reporting	21	12	-	-
Further assurance services	84	57	84	-
Tax compliance	50	50	25	24
Tax advisory	131	128	77	15
Other non-audit services	4	-	-	-
	290	247	186	39

7. Non-current assets held for sale and discontinued operations

The assets and liabilities related to the Student Halls Long Lease 1 Unit Trust (the 'Fund'), in which, at 31 December 2005, the group held 100% of the units, have been presented as held for sale. The assets and liabilities attributable to the Fund, which are expected to be sold within the next twelve months, have been classified as assets for sale and are presented separately in the balance sheet. It is expected that the Group's share of these assets will be reduced to a small holding, with a maximum of 5%. The Fund is included in the Group's unallocated activities for segment reporting purposes. The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities. Accordingly, no impairment loss has been recognised.

The analysis of the result of discontinued operations is as follows:

	Year to 31 December 2005	Year to 31 December 2004
	£'000	£'000
Revenue	149	-
Expenses	(869)	-
Loss before income tax	(720)	-
Income tax credit	216	-
Loss after income tax	(504)	-

Expenses of discontinued operations include a fair value loss on financial instruments of £748,924.

7. Non-current assets held for sale and discontinued operations *continued*

The assets and liabilities comprising the disposal group are as follows:

	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000
Investment properties	64,563	-
Trade and other receivables	74	-
Deferred tax	216	-
Total assets classified as held for sale	64,853	-
Trade and other payables	(118)	-
Derivative financial instruments	(749)	-
Borrowings	(48,000)	-
Total liabilities directly related to assets classified as held for sale	(48,867)	-
Net assets of disposal group	15,986	-

8.(a) Staff and Directors – Analysis of staff costs

	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000
Basic salaries and wages	119,042	102,023
Incentive bonuses & commissions	83,909	66,761
Social security costs	202,951	168,784
Other pension costs	16,663	15,023
Share based payments	5,983	5,971
	1,913	1,144
	227,510	190,922

8.(b) Staff numbers

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

	Group	
	Year to 31 December 2005 No.	Year to 31 December 2004 No.
UK	2,414	1,989
Rest of Europe	176	119
Asia Pacific	11,926	10,686
	14,516	12,794

The average number of UK employees (including directors) during the year included 126 employed under fixed term and temporary contracts (2004 - 143).

8.(c) Key management compensation

	Group	
	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000
Key management		
- Remuneration excluding bonuses	710	517
- Bonuses	2,424	2,753
- National Insurance	775	471
Fees to Non-Executive Directors	247	224
Total short-term employee benefits	4,156	3,965
Post employment benefits	1,924	2,337
Share based payments	380	173
	6,460	6,475

Key management are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity and include Executive and Non-Executive Directors and a member of senior management.

During the year five Executive Directors made gains totalling £3,413,807 on the exercise of options under the ESOP, Sharesave and 2001 Option Schemes (2004 - £476,808).

The pension annuity for the highest paid Director was £35,650 with no lump sum accrued (2004 - £34,117 with no lump sum accrued). Retirement benefits under the defined benefits scheme are accruing for three Directors and benefits are accruing under the defined contribution scheme for one Executive Director.

9. Pension scheme

Defined contribution plans

The Group operates the Savills UK Group Personal Pension Plan, a defined contribution scheme, a number of defined contribution individual pension plans and a Mandatory Provident Fund Scheme in Hong Kong, to which it contributes.

The total pension charges in respect of these plans were £3,541,000 (2004 - £2,704,000).

Defined benefit plans

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 funds units. The contributions are determined by an independent qualified actuary on the basis of triennial valuations.

The most recent actuarial valuation completed, using the projected unit method, was as at 1 April 2004. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments pre retirement, the rates of increase in salaries and the post retirement investment return. The valuation showed that the market value of the scheme's assets was £39,398,000 and that the actuarial value of those assets represented 65% of the benefits that had accrued to members, after allowing for expected future increases in earnings. On 1 January 2004, the Group's contribution increased from 15% to 18%. In addition, the Group made a lump sum prepayment of £10,000,000 into the Fund in September 2005. Employer contributions were subsequently reduced to 12.5% from 1 October 2005. The scheme has been closed to new joiners for pension benefits since 1 April 2000.

Principal assumptions at 31 December		2005	2004
Expected return on plan assets	- Equities	7.75%	8.00%
	- Bonds	4.40%	5.00%
	- Property	6.75%	7.00%
	- Other	4.50%	6.90%
Expected rate of salary increases		4.40%	4.40%
Rate of increase to pensions in payment	- accrued before 6 April 1997	3.00%	3.00%
	- accrued after 5 April 1997	2.90%	2.90%
	- accrued before 6 April 2001	2.40%	-
	- accrued after 5 April 2001	5.00%	5.00%
Rate of increase to pensions in deferment		2.90%	2.90%
Average life expectancy in years - male pensioner retiring at age 60		24.4	24.4
Average life expectancy in years - female pensioner retiring at age 60		27.4	27.4
Discount rate		4.70%	5.25%
Inflation assumption		2.90%	2.90%

9. Pension scheme continued

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Fair value of plan assets	85,370	60,773	3,920	2,364
Present value of funded obligations	(102,801)	(81,107)	(4,719)	(3,249)
Deficit	(17,429)	(20,334)	(799)	(885)
Related deferred tax asset	5,229	6,100	240	266
Net liability	(12,200)	(14,234)	(559)	(619)

The amounts recognised in the income statement:

	Group	
	2005 £'000	2004 £'000
Current service cost	3,018	2,673
Interest cost	4,345	3,565
Expected return on plan assets	(4,921)	(2,970)
Total included in staff costs (note 8)	2,442	3,268

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

Change in defined benefit obligation:

	Group	
	2005 £'000	2004 £'000
Present value of defined benefit obligation at start of year	81,107	63,301
Service cost	3,018	2,673
Interest cost	4,345	3,565
Plan participants contributions	1,112	1,067
Actuarial loss	14,044	11,220
Benefits paid	(825)	(719)
Present value of defined benefit obligation at end of year	102,801	81,107

9. Pension scheme continued

Change in plan assets:

	Group	
	2005	2004
	£'000	£'000
Fair value of plan assets at start of year	60,773	37,773
Expected return on plan assets	4,921	2,970
Actuarial gains	6,743	1,725
Employer contributions	12,646	17,957
Plan participants contributions	1,112	1,067
Benefits paid	(825)	(719)
Fair value of plan assets at end of year	85,370	60,773

The actual return on plan assets was £11,663,000 (2004 - £4,695,000). The overall expected return on assets is determined as the weighted average of the expected returns on each separate asset class shown below.

Group

	2005	2004
	£'000	£'000
The amounts recognised in the statement of recognised income and expense:		
Actuarial gains and losses brought forward	(9,495)	-
Net actuarial gains and losses for the year	(7,301)	(9,495)
Accumulated actuarial gains and losses	(16,796)	(9,495)

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

	2005	2004
	£'000	£'000
Equities	80%	64%
Bonds	14%	5%
Property	5%	2%
Cash	1%	29%
Total	100%	100%

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

9. Pension scheme continued

Amounts for the current and previous four years are as follows:

	2005 £'000	2004 £'000	2003 £'000	2002 £'000	2001 £'000
Plan assets	85,370	60,773	37,773	28,568	30,464
Defined benefit obligation	(102,801)	(81,107)	(63,301)	(53,870)	(46,912)
Deficit	(17,429)	(20,334)	(25,528)	(25,302)	(16,448)
Experience losses on plan liabilities	(14%)	(14%)	(6%)	(2%)	-
Experience gains/(losses) on plan assets	8%	3%	9%	(26%)	-

The Group expects to contribute £1,930,000 (£88,595 - Company) to its pension plan in 2006, being 12.5% of pensionable salaries.

10. Finance income & costs

	Group	
	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000
Bank interest receivable	3,927	2,334
Other interest receivable and similar income	13	27
Interest receivable	3,940	2,361
Finance charges in respect of finance leases	(2)	(1)
Bank interest payable	(390)	(583)
Other interest payable	(69)	-
Interest payable	(461)	(584)
Net finance income	3,479	1,777

11. Income tax on profit from continuing operations

Analysis of tax expense for the year

	Group	
	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000
Current tax		
United Kingdom:		
Corporation tax at 30% (2004 - 30%)	12,436	16,232
Adjustment in respect of previous years	573	(173)
Foreign tax:		
Adjustment in respect of previous years	13,009	16,059
	3,945	2,351
	19	(55)
	3,964	2,296
Total current tax	16,973	18,355
Deferred tax		
Representing:		
United Kingdom		
Foreign Tax		
Deferred tax adjustment in respect of previous years	1,306	(840)
	(28)	(175)
	(452)	-
Total deferred tax	826	(1,015)
Income tax on profit from continuing operations	17,799	17,340

Included in the tax charge for the year was tax on disposal of trading properties Enll (2004: £654,000) and tax on sale of investment property of Enll (2004: £2,428,000).
Income tax expense on discontinued operations is included in note 7.

The tax charged to reserves in equity is as follows:

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Current tax credit/(charge) on employee benefits	4,694	223	325	(273)
Current tax charge on revaluations of available for sale investments	(257)	-	-	-
Deferred tax on pension asset	2,190	2,848	134	257
Deferred tax credit employee benefits	4,593	1,618	428	616
Deferred tax on revaluations of available for sale investments	(1,711)	-	-	-
Deferred tax on exchange movements	65	(37)	-	-
Tax on items taken directly to reserves	9,574	4,652	887	600

11. Income tax on profit from continuing operations continued

The tax on the Groups profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies. The tax for the year is higher (2004 - lower) than the standard rate of corporation tax in the UK (30%). The total tax charge on profit from continuing operations can be reconciled to accounting profit as follows:

	Group	
	Year to 31 December 2005	Year to 31 December 2004
Profit on continuing operations before tax	£'000	£'000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30%)	58,579	58,312
Effects of:	17,574	17,494
Adjustments to tax in respect of previous year	140	(227)
Adjustments in respect of foreign tax rates	(673)	(669)
Expenses not deductible for tax purposes	248	702
Non deductible tax losses	280	-
Non taxable income	-	-
Capital allowances in excess of depreciation	230	40
Income tax expense on profit from continuing operations	17,799	17,340

The effective tax rate on the continuing operations of the Group for the year ended 31 December 2005 is 30.4% (2004 - 29.7%).

12. Dividends

Amounts recognised as distribution to equity holders in the year:

	Year to 31 December 2005	Year to 31 December 2004
Interim dividend of 8.0p per share (2004 - 6.0p per share)	£'000	£'000
Ordinary final dividend of 12.5p per share (2004 - 10.0p)	4,942	3,394
Special dividend of 20.0p per share (2004 - nil)	6,990	5,563
	11,128	-
	23,060	8,957
Proposed final dividend for the year ended 31 December 2005 of 16p per share	9,861	-

The final dividend in respect of the year ended 31 December 2005 is to be proposed at the Annual General Meeting on 10 May 2006. These financial statements do not reflect this dividend payable.

Under the terms of The Savills plc 1992 Employee Benefit Trust (the EBT), the Trustee has waived all but 0.01p of any dividend on each share held by the EBT. Savills QUEST Trustees Limited, the trustee of the Qualifying Employee Share Trust, has waived all dividends on the shares it holds.

13.(a) Basic and diluted earnings per share

(a) Basic and diluted earnings per share

Basic earnings per share are based on the profit for the year and the weighted average number of ordinary shares in issue during the year, excluding the shares held by the EBT, 4,868,689 shares (2004 - 5,240,501 shares) and QUEST, 1,077 shares (2004 - 9,496 shares), which have waived dividends as detailed in Note 12.

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

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

	Year to		Year to		Year to		Year to	
	31 Dec 2005	31 Dec 2005	31 Dec 2005	31 Dec 2005	31 Dec 2004	31 Dec 2004	31 Dec 2004	31 Dec 2004
	Earnings	Shares	EPS	Earnings	Shares	EPS	Earnings	Shares
	£'000	'000	Pence	£'000	'000	Pence	£'000	'000
From continuing and discontinued operations								
Basic earnings per share	39,974	59,450	67.2	40,690	55,938	72.7	40,690	55,938
Effect of additional shares issuable under option	-	4,418	(4.6)	-	5,647	(6.6)	-	5,647
Diluted earnings per share	39,974	63,868	62.6	40,690	61,585	66.1	40,690	61,585
From continuing operations								
Basic earnings per share	40,478	59,450	68.1	40,690	55,938	72.7	40,690	55,938
Effect of additional shares issuable under option	-	4,418	(4.7)	-	5,647	(6.6)	-	5,647
Diluted earnings per share	40,478	63,868	63.4	40,690	61,585	66.1	40,690	61,585
From discontinued operations								
Basic earnings per share	(504)	59,450	(0.9)	-	-	-	-	-
Effect of additional shares issuable under option	-	4,418	-	-	-	-	-	-
Diluted earnings per share	(504)	63,868	(0.8)	-	-	-	-	-

13.(b) Adjusted underlying basic earnings per share

(b) Adjusted underlying basic earnings per share excludes sale of trading properties, investment properties, impairment of goodwill and amortisation of intangibles and share based payment adjustment.

	From continuing operations		and discontinued operations			
	Year to 31 Dec 2005 Earnings £'000	Year to 31 Dec 2005 Shares '000	Year to 31 Dec 2005 EPS Pence	Year to 31 Dec 2004 Earnings £'000	Year to 31 Dec 2004 Shares '000	Year to 31 Dec 2004 EPS Pence
Basic earnings as above	39,974	59,450	67.2	40,690	55,938	72.7
Amortisation of intangibles (excluding software) & impairment of goodwill after tax	639	-	1.1	639	-	1.1
Share based payment adjustment after tax	(1,354)	-	(2.3)	(2,734)	-	(4.9)
Less sale of trading properties after tax	-	-	-	(1,525)	-	(2.7)
Less sale of investment property after tax	-	-	-	(5,666)	-	(10.1)
Less sale of subsidiary, associate and available for sale investments after tax	(257)	-	(0.4)	(642)	-	(1.1)
Adjusted underlying basic earnings per share	39,002	59,450	65.6	30,762	55,938	55.0
From continuing operations						
	Year to 31 Dec 2005 Earnings £'000	Year to 31 Dec 2005 Shares '000	Year to 31 Dec 2005 EPS Pence	Year to 31 Dec 2004 Earnings £'000	Year to 31 Dec 2004 Shares '000	Year to 31 Dec 2004 EPS Pence
Basic earnings from continuing operations	40,478	59,450	68.1	40,690	55,938	72.7
Amortisation of intangibles (excluding software) & impairment of goodwill after tax	639	-	1.1	639	-	1.1
Share based payment adjustment after tax	(1,354)	-	(2.3)	(2,734)	-	(4.9)
Less sale of trading properties after tax	-	-	-	(1,525)	-	(2.7)
Less sale of investment property after tax	-	-	-	(5,666)	-	(10.1)
Less sale of subsidiary, associate and available for sale investments after tax	(257)	-	(0.4)	(642)	-	(1.1)
Adjusted underlying basic earnings per share	39,506	59,450	66.5	30,762	55,938	55.0

The Directors regard the above adjustments necessary to give a fair picture of the underlying results of the Group for the period. The adjustment for Share based payment relates to the transitional impact of the new accounting standard accounting for share based compensation.

The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by deducting from profit the difference between the IFRS 2 charge and the value of the annual share award.

The gross amounts of the above adjustments are profits on disposals £0.4m (2004 - £11.2m), share based payment adjustment £1.9m (2004 - £3.9m) and add back of amortisation of intangibles and impairment of goodwill of £0.9m (2004 - £0.6m).

14. Goodwill

		Group £'000	Company £'000
Cost	At 1 January 2005	46,095	-
	Additions (note 17(f))	8,675	-
	Transfers	(384)	-
	Exchange movement	166	-
	At 31 December 2005	54,552	-
Aggregate impairment	At 1 January 2005	-	-
	Impairment for the year	297	-
	At 31 December 2005	297	-
Net book value	At 31 December 2005	54,255	-
	At 31 December 2004	46,095	-
<p>During the year, goodwill was tested for impairment in accordance with IAS 36. Following the impairment testing, a charge has been recognised through the income statement of £297,000. The goodwill impairment resulted from reductions in estimated future cash flows of a number of small acquisitions the majority of which was in the UK consultancy segment. The Group considers this amount to be immaterial and no class of asset other than goodwill was impaired.</p>			
Cost	At 1 January 2004	36,021	-
	Additions	10,760	-
	Disposals	(302)	-
	Transfers to associate	(165)	-
	Exchange movement	(219)	-
Net book value	At 31 December 2004	46,095	-

14. Goodwill continued

The allocation of goodwill to cash generating units has been completed during the year. Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment. A segment-level summary of the allocation is presented below:

	Transactional		Property & Facilities				Fund	Unallocated	Total
	Advice	Consultancy	Management	Services	Management	£'000			
United Kingdom	9,624	1,784	3,625	440	-	-	-	15,473	
Rest of Europe	10,465	-	3,551	-	-	-	-	14,016	
Asia Pacific	5,090	1,290	18,386	-	-	-	-	24,766	
	25,179	3,074	25,562	440	-	-	-	54,255	

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

Growth rate	0% - 19%
Pre tax discount rate	2% - 16%

These assumptions have been used for the analysis of each CGU within the business segment. The weighted average growth rates used are consistent with the management's expectations. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

15. Intangible assets

Acquired intangible assets	Group		Company	
	Intangibles	Computer software	Intangibles	Computer software
Cost	£'000	£'000	£'000	£'000
At 1 January 2005	2,378	4,465	6,843	861
Additions through business combinations (note 17(f))	2,077	-	2,077	-
Additions acquired separately	560	312	872	6
Transfers from goodwill	384	-	384	-
Disposals	-	(4)	(4)	-
Exchange movement	(19)	284	265	-
At 31 December 2005	5,380	5,057	10,437	867

15. Intangible assets *continued*

	Group		Company	
	Intangibles £'000	Computer software £'000	Intangibles £'000	Computer software £'000
Acquired intangible assets				
Aggregate amortisation and impairment				
At 1 January 2005	653	3,641	4,294	467
Amortisation charge for the year	616	552	1,168	260
Disposals	-	(2)	(2)	-
Exchange movement	(9)	287	278	-
At 31 December 2005	1,260	4,478	5,738	727
Net book value				
At 31 December 2005	4,120	579	4,699	140
At 31 December 2004	1,725	824	2,549	394
Cost				
At 1 January 2004	-	3,997	3,997	598
Additions through business combinations	1,902	-	1,902	-
Additions acquired separately	476	468	944	263
Exchange movement	-	-	-	-
At 31 December 2004	2,378	4,465	6,843	861
Aggregate amortisation and impairment				
At 1 January 2004	-	2,978	2,978	144
Amortisation charge for the year	639	663	1,302	323
Exchange movement	14	-	14	-
At 31 December 2004	653	3,641	4,294	467
At 31 December 2004	1,725	824	2,549	394

All intangible amortisation charges in the year are disclosed on the face of the income statement.

Intangible assets acquired include property management contracts, client contracts for ongoing fees and incremental costs for securing investment management contracts.

16. Property, plant and equipment

Group	Cost or valuation	Short				Total
		Freehold property £'000	leasehold property £'000	Equipment & motor vehicles Owned £'000	Leased £'000	
	At 1 January 2005	388	8,426	27,029	162	36,005
	Additions	-	2,284	4,984	-	7,268
	Subsidiaries acquired (note 17(f))	-	-	243	47	290
	Disposals	-	(216)	(1,620)	(57)	(1,893)
	Exchange movement	30	9	927	9	975
	At 31 December 2005	418	10,503	31,563	161	42,645
	Accumulated depreciation					
	At 1 January 2005	35	4,776	19,203	69	24,083
	Charge for the year	8	943	3,588	34	4,573
	Disposals	-	(130)	(1,333)	(28)	(1,491)
	Exchange movement	3	-	791	7	801
	At 31 December 2005	46	5,589	22,249	82	27,966
	Net Book Value					
	At 31 December 2005	372	4,914	9,314	79	14,679

The Directors have not revalued plant, property and equipment to fair value as this approximates to carrying value.

16. Property, plant and equipment *continued*

Group	Cost or valuation	Assets under construction	Investment property	Freehold property	Short leasehold property	Equipment & motor vehicles	Leased	Total
		£'000	£'000	£'000	£'000	Owned		
	At 1 January 2004	8,680	6,947	400	6,334	25,340	202	48,503
	Additions	231	18	-	1,649	4,537	23	6,458
	Subsidiaries acquired	-	-	-	3	86	71	160
	Disposals	-	(6,965)	-	(134)	(1,833)	(114)	(9,046)
	Subsidiaries disposed	(8,911)	-	-	(21)	(389)	(16)	(9,337)
	Exchange movement	-	-	(12)	(5)	(712)	(4)	(733)
	At 31 December 2004	-	-	388	8,426	27,029	162	36,005
	Accumulated depreciation							
	At 1 January 2004	-	-	27	3,987	18,687	45	22,746
	Charge for the year	-	-	8	825	3,178	40	4,051
	Disposals	-	-	-	(30)	(1,746)	(13)	(1,789)
	Subsidiaries disposed	-	-	-	(6)	(246)	-	(252)
	Exchange movement	-	-	-	-	(670)	(3)	(673)
	At 31 December 2004	-	-	35	4,776	19,203	69	24,083
	Net Book Value							
	At 31 December 2004	-	-	353	3,650	7,826	93	11,922

16. Property, plant and equipment *continued*

Company	Cost or valuation	Freehold property owned			Short leasehold property		Equipment & motor vehicles		Total
		£'000	£'000	£'000	£'000	£'000	£'000		
	At 1 January 2005	141	77	5,690	5,908	5,908		5,908	
	Additions	-	502	1,496	1,998	1,998		1,998	
	Disposals	-	-	(161)	(161)	(161)		(161)	
	At 31 December 2005	141	579	7,025	7,745	7,745		7,745	
	Accumulated depreciation								
	At 1 January 2005	15	-	4,793	4,808	4,808		4,808	
	Charge for the year	3	61	697	761	761		761	
	Disposals	-	-	-	-	-		-	
	At 31 December 2005	18	61	5,490	5,569	5,569		5,569	
	Net Book Value	123	518	1,535	2,176	2,176		2,176	
	Cost or valuation								
	At 1 January 2004	141	-	5,188	5,329	5,329		5,329	
	Additions	-	77	502	579	579		579	
	Disposals	-	-	-	-	-		-	
	At 31 December 2004	141	77	5,690	5,908	5,908		5,908	
	Accumulated depreciation								
	At 1 January 2004	12	-	4,261	4,273	4,273		4,273	
	Charge for the year	3	-	529	532	532		532	
	Disposals	-	-	3	3	3		3	
	At 31 December 2004	15	-	4,793	4,808	4,808		4,808	
	Net Book Value	126	77	897	1,100	1,100		1,100	

17.(a) Group - Investments in joint ventures & associated undertakings

	Joint ventures			Associated undertakings			
	Investment £'000	Loans £'000	Total £'000	Investment £'000	Goodwill £'000	Loans £'000	Total £'000
Cost of valuation							
At 1 January 2005	445	415	860	1,303	159	(29)	1,433
Additions	176	-	176	-	-	-	20
Movement on loans	-	393	393	-	-	20	(88)
Disposals	-	-	-	(88)	-	-	(88)
Amounts written off	-	(18)	(18)	-	-	-	-
Exchange movement	59	8	67	-	-	(4)	(4)
At 31 December 2005	680	798	1,478	1,215	159	(13)	1,361
Share of profit/(loss)							
At 1 January 2005	(111)	-	(111)	649	-	-	649
Group's share of retained profit/(loss)	(264)	-	(264)	593	-	-	593
Dividends received	(106)	-	(106)	(218)	-	-	(218)
Exchange movement	9	-	9	11	-	-	11
At 31 December 2005	(472)	-	(472)	1,035	-	-	1,035
Net Book Value							
At 31 December 2005	208	798	1,006	2,250	159	(13)	2,396
At 31 December 2004	334	415	749	1,952	159	(29)	2,082

17.(a) Group - Investments in joint ventures & associated undertakings *continued*

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

	2005	2004
	£'000	£'000
Current assets		
Long term assets	1,962	1,237
Current liabilities	113	208
Long term liabilities	(1,935)	(1,134)
Minority interests share	68	23

	2005	2004
	£'000	£'000
Net assets	208	334
Revenue	3,005	1,764
Expenses	(3,209)	(1,609)
Share of income tax	(60)	(59)
Share of post income tax results from joint ventures	(264)	96

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

	2005	2004
	£'000	£'000
Current assets	3,001	2,665
Long term assets	1,280	175
Current liabilities	(2,031)	(883)
Long term liabilities	-	(5)
Net assets	2,250	1,952
Revenue	9,844	6,341
Expenses	(9,060)	(6,023)
Share of income tax	(191)	(50)
Share of post income tax results from associates	593	268

The joint ventures and associates have no significant liabilities to which the Group is exposed to nor has the Group any significant contingent liabilities in relation to its interests in the joint ventures and associates.

17.(b) Other investments

Cost or valuation	At 1 January 2005	Total Group
	£'000	
Adoption of IAS 32 & 39 - reclassification to available-for-sale investments	5,023	
	(5,023)	
	At 31 December 2005	
Provisions	At 1 January 2005	
	Adoption of IAS 32 & 39 - reclassification to available-for-sale investments	1,189
		(1,189)
	At 31 December 2005	
Net Book Value	At 31 December 2005	
	At 31 December 2005	
Net Book Value	At 31 December 2004	3,834

17.(c) Available-for-sale financial assets

	At 31 December 2004	Total Group
	£'000	
Adoption of IAS 32 & 39 - reclassification from other investments	3,834	
Remeasure to fair value	960	
	At 1 January 2005	
Additions	4,794	
Revaluation surplus transferred to equity (note 27)	10	
Disposals	6,582	
	(900)	
	At 31 December 2005	10,486

Available-for-sale financial assets include the following:

Listed securities	UK - equity securities	10
Unlisted securities	UK - equity securities	7,618
	UK - limited partnership	2,858
		10,486

17.(c) Available-for-sale financial assets *continued*

At 31 December 2005, the Group holds 30% of the ordinary share capital of Ray Gasson & Associates Limited (2004 - 30%), whose principal activity relates to farm management and 25% of the ordinary share capital of Healthcare Development Services Limited (2004 - 25%), whose principal activity relates to the development of nursing homes. The Group also holds a 13.72% interest in Fastcrop plc, which operates the residential property website Primelocation.com (2004 - 13.36%). This investment was sold post balance sheet date, as disclosed in Note 35.

The Group also owns 10% (2004 - 10%) of the units of Savills Investor Syndicate No.1 LP (S.I.S No.1 LP). The cost was £2,370,000 and this investment was revalued by £488,000 during 2005, following revaluation of properties during the year. S.I.S No.1 LP is a retail investment fund investing in UK commercial and retail property, managed by Cordsea Savills. The Group owns 15.6% of Primacle Regeneration Group plc (2004 - 15.6%) whose principal activity relates to social housing.

The Group does not exert a significant influence as defined in IFRS and therefore does not equity account for the above businesses.

These companies are registered in England and Wales and operate in the UK. These shareholdings are treated as available-for-sale assets, and the changes in the fair values of these assets are taken to equity.

The fair value of unlisted securities is based on underlying asset values and price earnings models.

17.(d) Company - Investments in subsidiaries and associated undertakings

Cost	At 1 January 2005	Shares in Group undertakings		Loans to Group undertakings	
		£'000	£'000	£'000	£'000
	At 1 January 2005	17,393	46,721	64,114	
	Additions	-	18,553	18,553	
	Repayments	-	(6,000)	(6,000)	
	At 31 December 2005	17,393	59,274	76,667	

17.(e) Investments in subsidiaries, joint ventures & associated undertakings

The principal subsidiaries, joint ventures and associated undertakings of the Group which, in the Directors' opinion principally affect the figures shown in the financial statements, are shown below together with details of their main activities. Except where otherwise noted, they are wholly owned, have share capitals wholly comprised of ordinary shares, are registered in England and Wales, operate in the UK and are consolidated into the Group Accounts. Holding interests are the same as voting interests. A full list of the Group's subsidiaries, joint ventures and associated undertakings is available from the registered office of Savills plc.

Subsidiary undertakings	Holding	Main activities
Cordea Savills LLP*+	60.0%	Provision of fund management.
Savills (Australia) Holdings Pty Limited* (registered in Australia)	94.3%	Holding company for the Australian agency, property & facility management businesses.
Savills Commercial Limited	100.0%	Commercial surveyors.
Savills (China) Limited* (registered in Hong Kong)	100.0%	Holding company for the agency & property management businesses in China.
Savills Guardian (Holdings) Limited* (registered in Hong Kong)	100.0%	Holding company for the Asian property & facilities management group.
Savills Consultores Inmobiliarios SA* (registered in Spain)	100.0%	Property consultant.
Savills GmbH* (registered in Germany)	100.0%	Property consultant.
Savills (Hong Kong) Limited* (registered in Hong Kong)	100.0%	Mixed practice agency, valuation & research.
Savills Immobilien Beteiligungs-GmbH* (registered in Germany)	100.0%	Property consultant.
Savills (L&P) Limited	100.0%	General practice surveyors.
Savills Property Management Limited* (registered in Hong Kong)	100.0%	Property management.
Savills SA* (registered in France)	99.85%	Property consultant.
Savills Italy SRL* (registered in Italy)	64.6%	Property consultant.
Savills Spolka z Organizacja* (registered in Poland)	50.9%	Property consultant.
Prime Purchase Limited*	100.0%	Property buying company.
Cordea Savills Investment Management Limited*	60.0%	Asset manager (regulated by FSA).
Savills Private Finance Limited*	100.0%	Provision of general insurance, commercial broking, mortgage broking & personal financial planning services (regulated by FSA).
Savills Nederland BV* (registered in the Netherlands)	61.0%	Property consultant.
Savills Sweden AB* (registered in Sweden)	51.0%	Property consultant.
Savills Japan KK* (registered in Japan)	100.0%	Property management.
Joint ventures		
Managed Office Solutions (GHV) Limited*	50.0%	Procuring & facilitating, letting of managed office space.
Infinergy Limited*	50.0%	Provision of renewable energy.
Associated undertakings		
Adventis Group plc*	44.2%	Provision of marketing & media services.

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

17.(f) Acquisitions of subsidiaries

	Fair value to Group			
	Holden Matthews £'000	Mansfield Eistob Main £'000	Other £'000	Total £'000
Property, plant and equipment	115	10	165	290
Current assets:				
Trade and other receivables	107	225	792	1,124
Work in progress	-	-	42	42
Cash and cash equivalents	1,070	711	460	2,241
Total assets	1,292	946	1,459	3,697
Current liabilities:				
Borrowings	-	-	(39)	(39)
Trade and other payables	(340)	(535)	(496)	(1,371)
Current income tax liabilities	-	(117)	(127)	(244)
Provisions for liabilities & charges	-	-	(37)	(37)
Net assets	952	294	760	2,006
Minority share of net assets	-	-	(126)	(126)
Fair value of net assets acquired	952	294	634	1,880
Goodwill	2,130	1,802	4,744	8,676
Other Intangibles	73	858	1,146	2,077
Purchase consideration & costs	3,155	2,954	6,524	12,633
Analysis of purchase consideration & costs				
Purchase consideration	3,155	2,932	6,328	12,415
Acquisition costs	-	22	196	218
	3,155	2,954	6,524	12,633
Consideration and costs satisfied by:				
Cash	2,825	2,031	4,913	9,769
Deferred consideration owing at balance sheet date	-	-	342	342
Issue of loan notes	330	923	1,269	2,522
	3,155	2,954	6,524	12,633

17.(f) Acquisitions of subsidiaries continued

For all acquisitions there was no difference between the fair value and carrying value of net assets acquired. The additions have been accounted for using the purchase method. The Group acquires businesses intended for use on a continuing basis. Goodwill is attributable to anticipated future operating synergies from the combination with existing businesses and perceived future economic benefits that will be generated from the staff/client relationships acquired.

In March 2005, Savills L&P acquired Holden Matthews Limited for a cash consideration of £2,825,000. Loan notes of £330,000 were also issued and repayable as per Note 23.

In May 2005, Savills Commercial Limited acquired Mansfield Elstob Main Limited for a cash consideration of £2,031,000. Loan notes of £923,125 were also issued and repayable as per Note 23.

During the year, other businesses were acquired for a cash consideration of £4,913,000. Loan notes of £1,269,000 were also issued.

Included in Group operating profit are amounts relating to acquisitions being Group turnover of £6,355,961 (2004 - £2,124,000), staff costs of £2,506,719 (2004 - £1,199,000), depreciation of £60,835 (2004 - £39,000), and other operating charges of £2,366,644 (2004 - £1,241,000).

18. Deferred income tax

The movement on the deferred tax account is shown below:

	Group		Company	
	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000	Year to 31 December 2005 £'000	Year to 31 December 2004 £'000
At 1 January - asset	17,271	11,831	2,138	954
Amount credited to income statement (Note 11)	(826)	1,015	91	311
Tax charged to equity (Note 27)	2,190	2,848	134	257
- Pension asset	4,593	1,618	428	616
- Employee benefits	(1,711)	-	-	-
- Revaluations	65	(37)	-	-
Exchange rate fluctuations	(3)	(4)	-	-
Acquired with subsidiary (Note 17(f))	21,579	17,271	2,791	2,138
As at 31 December - asset				

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

Deferred income tax assets and liabilities are only offset where there are legally enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

18. Deferred income tax continued

Deferred tax assets - Group	Accelerated capital allowances	Other incl. provisions	Tax losses	Pension	Employee benefits	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2005	484	1,966	216	10,229	4,438	17,333
Amount (charged)/credited to income statement (Note 11)	(129)	1,404	(69)	(2,691)	833	(652)
Tax charged to equity (Note 27)	-	-	-	2,190	4,593	6,783
Exchange rate fluctuations	4	53	17	-	-	74
Transferred to deferred tax liabilities	210	143	-	-	-	353
Acquired with subsidiary (Note 17(f))	1	-	-	-	-	1
As at 31 December 2005 - asset	570	3,566	164	9,728	9,864	23,892
Deferred tax liabilities - Group						
At 1 January 2005		(62)	-	-	-	(62)
Amount credited to income statement (Note 11)		(45)	(108)	(21)	-	(174)
Tax charged to equity (Note 27)		-	-	-	(1,711)	(1,711)
Exchange rate fluctuations		(9)	-	-	-	(9)
Transferred from deferred tax assets		(210)	(143)	-	-	(353)
Acquired with subsidiary (Note 17(f))		(4)	-	-	-	(4)
As at 31 December 2005 - liability		(330)	(251)	(21)	(1,711)	(2,313)
Net deferred tax asset						21,579
At 31 December 2005						17,271
At 31 December 2004						

18. Deferred income tax continued

Deferred tax assets - Company	Accelerated capital allowances		Others incl. provisions		Tax losses		Pension		Employee benefits		Company Total		
	£'000		£'000		£'000		£'000		£'000		£'000		
At 1 January 2004	297	-	-	-	-	-	298	359	(25)	616	954	954	
Amount credited/(charged) to income statement (Note 11)	(1)	369	-	-	-	-	(32)	(25)	257	-	311	311	
Tax charged to equity (Note 27)	-	-	-	-	-	-	-	-	-	-	-	873	
At 1 January 2005	296	369	-	-	-	-	523	950	-	2,138	2,138	-	
Amount credited/(charged) to income statement (Note 11)	14	160	-	-	-	-	(164)	81	-	91	91	-	
Tax charged to equity (Note 27)	-	-	-	-	-	-	134	428	-	562	562	-	
As at 31 December 2005	310	529	-	-	-	-	493	1,459	-	2,791	2,791	-	
Net deferred tax asset													2,791
At 31 December 2005													2,138
At 31 December 2004													2,138

As at the balance sheet date, the Group has unused tax losses of £10,761,000 (2004 - £10,230,000) available for offset against future profits. Deferred tax of £2,228,000 (2004 - £2,017,000) has not been recognised on such losses due to the unpredictability of future income streams. Included within unrecognised losses are losses of £469,000 that expire within one year, £443,000 that expire within 2 years and the remaining £3,849,000 being available for offset indefinitely.

19. Trade and other receivables

	Group		Company	
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004
Trade receivables	85,068	62,173	518	1,713
Less: provision for impairment of receivables	(1,337)	(2,910)	-	-
Trade receivables - net	83,731	59,263	518	1,713
Amounts owed by subsidiary undertakings	4,686	4,842	1,672	4,035
Funds held on behalf of clients	6,619	8,860	-	-
Other receivables	-	-	1,613	166
Income tax	20,300	14,276	1,871	2,527
Prepayments and accrued income	115,336	87,241	802	854
			6,476	9,295

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers internationally dispersed. Amounts owed by subsidiary undertakings are generally charged interest at 1.5% above the base rate, with trade receivables cleared within the month.

20. Cash and cash equivalents

	Group		Company	
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004
Cash at bank and in hand	£'000 56,321	£'000 64,993	£'000 28,610	£'000 37,178
Short-term bank deposits	43,600	24,926	20,000	10,000
	99,921	89,919	48,610	47,178

The effective interest rate on short-term bank deposits was 3.9% (2004 - 2.9%); these deposits have an average maturity of 22 days (2004 - 20 days).

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

Cash and cash equivalents	99,921	89,919	48,610	47,178
Bank overdrafts (Note 23)	-	-	(6,816)	(7,511)
	99,921	89,919	41,794	39,667
Cash and cash equivalents are denominated in the following currencies:				
Sterling	63,758	63,469	48,519	47,084
Euro	3,814	4,733	91	94
Hong Kong dollar	25,255	17,524	-	-
Singapore dollar	620	130	-	-
Thailand baht	180	196	-	-
Australian dollar	2,154	616	-	-
Chinese renminbi	3,670	1,606	-	-
Japanese yen	161	82	-	-
Polish zloty	226	51	-	-
Swedish krona	83	8	-	-
US dollar	-	1,504	-	-
	99,921	89,919	48,610	47,178

21.(a) Trade and other payables - current

	Group		Company			
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2004
Deferred consideration	£000	£000	£000	£000	£000	£000
Trade payables	1,168	300	-	277	-	-
Amounts owed to subsidiary undertakings	16,657	13,954	-	34,020	34,149	238
Other taxation and social security	-	-	-	1,121	162	162
Other payables	16,941	14,193	4,484	3,961	3,074	151
Bonus accrual	4,364	1,354	60,760	694	1,164	3,074
Accruals and deferred income	64,768	22,806	22,806	694	1,164	1,164
	136,102	113,367	44,557	38,938	38,938	38,938

21.(b) Tax liabilities - current

	Group		Company			
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2004
Current tax liabilities	£000	£000	£000	£000	£000	£000
	5,644	8,405	-	-	-	-

22. Trade and other payables - non-current

	Group		Company			
	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2004	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2004
Deferred consideration	£000	£000	£000	£000	£000	£000
Amounts owing to other subsidiaries	569	1,655	-	-	-	-
Other payables	420	614	-	-	-	2,500
	989	2,269	-	-	-	2,500

Included within other payables is an amount of £143,000 (2004 - £193,000), repayable by instalments of £50,000 p.a. Interest is charged at 5% per annum (2004 - 5%).

23. Borrowings

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Current				
Bank loans and overdrafts due within one year or on demand:				
Unsecured	911	3,517	6,816	7,511
Loan notes	949	267	-	-
Finance lease obligations	50	39	-	-
	1,910	3,823	6,816	7,511
Non-current				
Bank loans:				
Unsecured	-	142	-	-
Loan notes	1,489	903	-	-
Finance lease obligations	27	70	-	-
	1,516	1,115	-	-

At 31 December 2005, £110,000 of the £490,000 3.5% Guaranteed Unsecured Loan Notes 2002 which were issued by a subsidiary undertaking as part consideration for the acquisition of the business and assets of Hutton Simpson Limited were still in issue. These were repayable over three years and interest is payable half yearly. £110,000 is due within one year.

At 31 December 2005, £32,000 of the £53,000 5% Guaranteed Unsecured Loan Stock 2004, which were issued by a subsidiary undertaking as part consideration for the acquisition of the business and assets of Auburn Limited were still in issue. These are repayable over one year and interest is payable half yearly. £21,000 is due within one year.

At 31 December 2005, £341,000 of the Variable Interest Rate Guaranteed Loan Notes 2004, which were issued by a subsidiary undertaking as part consideration for the acquisition of the business and assets of PDC Planning Development Consultancy Limited were still in issue. These are repayable over one year and interest is payable half yearly. £200,700 is due within one year.

In February 2005, £330,000 of the Variable Interest Rate Guaranteed Loan Notes 2005 were issued by a subsidiary undertaking as part consideration for the acquisition of the business and assets of Holden Matthews Limited. These are repayable over three years and interest is payable half yearly. No amount is due within one year.

In May 2005, £923,125 of the Variable Interest Rate Guaranteed Loan Notes 2005 were issued by a subsidiary undertaking as part consideration for the acquisition of the business and assets of Mansfield Elstob Main Limited. These are repayable over three years and interest is payable half yearly. £263,750 is due within one year.

23. Borrowings continued

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

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
1-5 years	1,516	1,043	-	-
Over 5 years	-	72	-	-
	1,516	1,115	-	-
The maturity of non-current borrowings is as follows:				
Between 1 and 2 years	942	545	-	-
Between 2 and 5 years	573	498	-	-
Over 5 years	-	72	-	-
	1,516	1,115	-	-

The effective interest rates at the balance sheet dates were as follows:

Bank overdraft		2005	2004
Bank loans		8.02%	5.67%
Loan notes		7.06%	6.12%
		6.22%	5.88%

The carrying amounts of borrowings approximate fair value.

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

UK pound	2,493	1,084	6,816	7,511
Euro	-	287	-	-
Australian Dollar	9	2,828	-	-
Singapore Dollar	-	19	-	-
Hong Kong Dollar	924	716	-	-
	3,426	4,938	6,816	7,511

The Group has the following undrawn borrowing facilities:

Floating rate				
- expiring within one year or on demand	13,063	17,997	5,000	15,000

24. (a) Provisions

Group	31 December 2005 £'000
At 1 January 2005	2,664
Provided during the year	1,818
Utilised during the year	(2,127)
Exchange movements	28
31 December 2005	2,383

Provisions have been analysed between current and non-current as follows:

	Group 2005 £'000
Current	675
Non-current	1,708
	2,383

Provisions include professional indemnity insurance provisions and SURMIA as detailed in Note 29.

The Company made no provisions during the year (2004 - nil).

24.(b) Employee benefit obligations

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

	Group				Company			
	Holiday & long service leave 31 December 2005 £'000	Other employee benefit obligations 31 December 2005 £'000	Total 31 December 2005 £'000	Holiday & long service leave 31 December 2005 £'000	Other employee benefit obligations 31 December 2005 £'000	Total 31 December 2005 £'000		
Group								
At 1 January 2005	3,581	5,074	8,655	-	1,234	1,234	-	1,234
Provided during the year	1,297	-	1,297	-	-	-	-	-
Utilised during the year	(995)	(41)	(1,036)	-	-	-	-	-
Acquisitions	37	-	37	-	-	-	-	-
Exchange movements	283	-	283	-	-	-	-	-
31 December 2005	4,203	5,033	9,236	-	1,234	1,234	-	1,234

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

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Current	1,739	1,499	-	-
Non-current	7,497	7,156	1,234	1,234
	9,236	8,655	1,234	1,234

Holiday and long service leave

The holiday and long service leave provision relates to companies in Hong Kong, Australia and Thailand and are expected to crystallise within five to seven years of the balance sheet date.

Other

Other provisions include amounts for employee related obligations expected to crystallise within five years.

25. Share capital - Group & Company

Authorised and allotted

	31 December 2005	31 December 2004	31 December 2005	31 December 2004
	No. shares	No. shares	£'000	£'000
Ordinary shares of 5p each:				
Authorised	101,000,000	101,000,000	5,050	5,050
Allotted, called up & fully paid	66,499,552	60,510,617	3,325	3,026

During the year, within the 5% limit authorised by shareholders at the 2004 Annual General Meeting, the Company bought back 0.15% of its allotted share capital in order to improve the efficiency of the Group's capital structure. This amounted to 100,000 shares at an average price of 516.13p each (excluding expenses) at a total cost of £516,130. The nominal value of the shares purchased (£5,000) has been credited to the capital redemption reserve (see note 27). The shares were repurchased for cancellation.

Movement in allotted, called up & fully paid share capital

	2005		2004	
	No. shares	£'000	No. shares	£'000
At 1 January	60,510,617	3,026	61,396,903	3,070
Allotted to employees under the Savills plc United Kingdom Executive Share Option Scheme	-	-	17,500	1
Allotted to employees under The Savills Executive Share Option Scheme	570,000	28	75,000	4
Allotted direct to participants on exercise of options under the Savills Sharesave Scheme	274,840	14	375,375	18
Allotted to Savills QUEST Trustees Limited, the Trustee of the Qualifying Employee Share Trust	866	-	55,839	3
Repurchased for cancellation	(100,000)	(5)	(1,410,000)	(70)
Allotted to Trammell Crow Company on exercise of a deed of option	5,243,229	262	-	-
At 31 December	66,499,552	3,325	60,510,617	3,026

At the Annual General Meeting held on 4 May 2005, the shareholders gave the Company authority, subject to stated conditions, to purchase for cancellation up to 3,023,085 of its own ordinary shares (AGM held on 5 May 2004 - 3,071,307). Such authority remained valid at 31 December 2005.

26. Share based payment

Details of the terms of the following schemes are contained in the remuneration report on pages 47 and 48.

(a) The following share options have been granted with a nominal exercise price under the Savills plc 1992 Executive Share Option Scheme (the ESOP) & were outstanding at 31 December 2005:

Grant Date	Exercise period	No. shares '000	
		31 December 2005	31 December 2004
10 July 1998	2 years from 10 July 2003	-	40
20 July 1999	2 years from 20 July 2004	75	229
20 July 2000	2 years from 20 July 2005	250	898
6 April 2001	2 years from 6 April 2006	728	753
		1,053	1,920

A reconciliation of option movements over the year to 31 December 2005 is shown below:

	2005		2004	
	No. shares '000	Weighted average share price at date of exercise	No. shares '000	Weighted average share price at date of exercise
Outstanding at 1 January	1,920	-	2,667	-
Forfeited/expired	(18)	-	(107)	-
Exercised	(849)	751.3p	(640)	419.2p
Outstanding at 31 December	1,053	-	1,920	-
Exercisable at 31 December	325	-	40	-

The weighted average exercise price for options granted under this scheme is Enil (2004 - Enil).

(b) The following share options have been granted under the Savills Executive Share Option Scheme (2001) & were outstanding at 31 December 2005:

Grant Date	Exercise period	No. shares '000	
		31 December 2005	31 December 2004
26 September 2001	7 years from 26 September 2004	-	104
26 September 2001	7 years from 26 September 2004	-	181
10 April 2002	7 years from 10 April 2005	-	285
25 March 2003	7 years from 25 March 2006	285	285
30 March 2004	7 years from 30 March 2007	118	118
14 March 2005	7 years from 14 March 2008	23	-
14 March 2005	7 years from 14 March 2008	59	-
		485	973

26. Share based payment continued

A reconciliation of option movements over the year to 31 December 2005 is shown below:

	2005	2004
	No. shares '000	No. shares '000
	Weighted average exercise price	Weighted average exercise price
Outstanding at 1 January	973	930
Granted	82	118
Exercised	(570)	(75)
Outstanding at 31 December	485	973
	296.3p	192.8p

The weighted average share price on the date of exercise during the year was 657.8 (2004 - 419.0). No options under this scheme were exercisable at 31 December 2005 or 31 December 2004.

(c) During the year 274,840 shares (2004 - 375,375 shares) were allotted direct to participants and 9,285 shares (2004 - 230,912 shares) were transferred from the Qualifying Employee Share Trust on the exercise of options under the Savills Sharesave Scheme. The following table shows the options remaining outstanding as at 31 December 2005, 54,963 shares (2004 - 94,506 shares) having lapsed and 284,125 (2004 - 606,287 shares) having been exercised in accordance with the rules of the scheme for consideration of £339,631 (2004 - £769,164).

Date of grant	Exercise period	No. shares	
		'000	'000
	Exercise price	31 December 2005	31 December 2004
8 October 1998	1 December 2001 to 1 June 2006	90	232
5 August 1999	1 October 2002 to 1 April 2007	34	51
11 August 2000	1 October 2003 to 1 April 2008	35	103
21 June 2001	1 August 2004 to 1 February 2005	-	8
4 October 2001	1 December 2004 to 1 June 2005	664	60
20 May 2003	1 July 2006 to 1 January 2007	111p	708
		823	1,162

26. Share based payment continued

A reconciliation of option movements over the year to 31 December 2005 is shown below:

	2005		2004	
	No. shares '000	Weighted average exercise price	No. shares '000	Weighted average exercise price
Outstanding at 1 January	1,162	114.3p	1,863	118.9p
Forfeited/expired	(55)	125.2p	(95)	124.9p
Exercised	(284)	119.5p	(606)	126.9p
Outstanding at 31 December	823	111.7p	1,162	114.3p
Exercisable at 31 December	113	100.5p	84	150.8p

The weighted average share price on the date of exercise during the year was 802.4p (2004 - 401.7p).

(d) During the year 866 shares (2004 - 55,839 shares) were allotted to Savills QUEST Trustees Limited, the trustee of the Qualifying Employee Share Trust.

At 31 December 2005 the Trust held 1,077 shares (2004 - 9,496 shares) of Savills plc, 9,285 shares (2004 - 230,912 shares) having been transferred to participants on the exercise of options under the Savills Sharesave Scheme for consideration of £7,799 (2004 - £193,966).

(e) The following have been awarded with a nominal exercise price under the Savills Deferred Share Bonus Plan (the DSBP) and remained outstanding at year-end.

Date of award	Vesting date		31 December 2005		31 December 2004	
	No. shares '000	No. shares '000	No. shares '000	No. shares '000		
22 March 2002		22 March 2007		703	746	
14 March 2003		14 March 2008		564	612	
15 March 2004		15 March 2009		498	529	
14 March 2005		14 March 2010		587	-	
			2,352	1,887		

26. Share based payment *continued*

A reconciliation of option movements over the year to 31 December 2005 is shown below:

	2005		2004	
	No. shares '000	Weighted average share price at date of exercise	No. shares '000	Weighted average share price at date of exercise
Outstanding at 1 January	1,887	-	1,461	-
Granted	635	-	561	-
Forfeited/expired	(147)	-	(104)	-
Exercised	(23)	726.9p	(31)	419.0p
Outstanding at 31 December	2,352	-	1,887	-

The weighted average exercise price for options granted under this scheme is £nil (2004 - £nil). No options were exercisable under this scheme as at 31 December 2005 and 31 December 2004.

26. Share based payment continued

Fair value of options

Options for the DSBP, Sharesave Scheme and ESOS were valued at fair value using the Actuarial Binominal model of Lane Clark & Peacock actuaries. The key assumptions used in the calculation are as follows:

Risk free rate	3.6%pa - 4.6%pa depending on grant date and expected life
Volatility	35%pa - 37%pa depending on grant date
Employee turnover	2.5%pa for DSBP and Sharesave and zero for ESOS
Early exercise	50% of employees exercise early when options are 20% in the money
Performance criteria	All vest after 3 years (only relevant for ESOS)

The expected volatility is based on historical volatility over the last five years. The risk free rate is the yield on a zero coupon UK government bonds at each grant date, with term based on the expected life of the option.

Fair value of options at grant dates are:

Grant	Grant date	Fair value (p)
DSBP 2003	14-Mar-03	0.92
DSBP 2004	15-Mar-04	3.73
DSBP 2005	15-Mar-05	5.56
Sharesave	20-May-03	0.48
ESOS 2003	25-Mar-03	0.31
ESOS 2004	30-May-04	1.47
ESOS 2005	30-Mar-05	2.06

The total charge for the year relating to employee share based payments plans was £1.9m (2004 - £1.1m), all of which related to equity-settled share based payment transactions. After deferred tax, the charge was £1.3m (2004 - £0.8m).

27. Statement of changes in equity

	Attributable to equity holders of the Group										
	Share capital £'000	Share premium £'000	Share based payments reserve £'000	Currency translation reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Treasury shares £'000	Retained earnings £'000	Total shareholders' equity £'000	Minority interest £'000	Total equity £'000
Balance at 31 December 2004	3,026	43,114	1,790	(1,420)	-	177	(6,595)	63,414	103,506	190	103,696
Adoption of IAS 32 and IAS 39	-	-	-	-	672	-	-	288	960	-	960
Balance at 1 January 2005	3,026	43,114	1,790	(1,420)	672	177	(6,595)	63,702	104,466	190	104,656
Total recognised income and expense for the period	-	-	-	2,792	4,900	-	-	43,929	51,621	212	51,833
Employee share option scheme:											
- Value of services provided	-	-	1,913	-	-	-	-	-	1,913	-	1,913
Issue of share capital	304	37,771	-	-	-	-	-	(520)	38,075	-	38,075
Purchase of own shares	(5)	-	-	-	-	5	-	(520)	(520)	-	(520)
Purchase of treasury shares	-	-	-	-	-	-	(4,158)	-	(4,158)	-	(4,158)
Dividends	-	-	-	-	-	-	(23,060)	(23,060)	(23,060)	(73)	(23,133)
Disposals	-	-	-	-	(598)	-	-	-	(598)	-	(598)
Business combinations	-	-	-	-	-	-	-	-	-	245	245
Balance at 31 December 2005	3,325	80,885	3,703	1,372	4,974	182	(10,753)	84,051	157,739	575	158,314
Balance at 1 January 2004	3,070	42,237	646	-	-	107	(2,357)	42,275	85,978	562	86,540
Total recognised income and expense for the period	-	-	-	(1,420)	-	-	-	35,847	34,427	301	34,728
Employee share option scheme:											
- Value of services provided	-	-	1,144	-	-	-	-	-	1,144	-	1,144
Issue of share capital	26	877	-	-	-	-	-	-	903	-	903
Purchase of own shares	(70)	-	-	-	-	70	-	(5,751)	(5,751)	-	(5,751)
Purchase of treasury shares	-	-	-	-	-	-	(4,238)	-	(4,238)	-	(4,238)
Dividends	-	-	-	-	-	-	(8,957)	(8,957)	(8,957)	(362)	(9,309)
Business combinations	-	-	-	-	-	-	-	-	-	(321)	(321)
Balance at 31 December 2004	3,026	43,114	1,790	(1,420)	-	177	(6,595)	63,414	103,506	190	103,696

Included within retained earnings is tax on items taken directly to equity as shown in Note 11.

27. Statements of changes in equity continued

	Attributable to equity holders of the Company									
	Share capital £'000	Share based payment reserve £'000	Treasury shares £'000	Share premium £'000	Currency translation reserve £'000	Other reserves £'000	Capital redemption reserve £'000	Retained earnings £'000	Shareholders' equity £'000	Total £'000
Balance at 31 December 2004	3,026	158	(6,595)	43,114	5	3,009	177	30,257	73,151	(240)
Total recognised income and expense for the period	-	-	-	-	-	-	-	(240)		
Employee share option scheme:										
- Value of services provided	-	206	-	-	-	-	-	-	206	
Issue of share capital	304	-	-	37,771	-	-	-	-	38,075	
Purchase of own shares	(5)	-	-	-	-	-	5	(520)	(520)	
Purchase of treasury shares	-	-	(4,158)	-	-	-	-	(23,060)	(4,158)	(23,060)
Dividends	-	-	-	-	-	-	-	(23,060)	(23,060)	
Balance at 31 December 2005	3,325	364	(10,753)	80,885	5	3,009	182	6,437	83,454	182
Balance at 1 January 2004	3,070	42	(2,357)	42,237	-	3,009	107	27,467	73,575	107
Total recognised income and expense for the period	-	-	-	-	5	-	-	17,498	17,503	-
Employee share option scheme:										
- Value of services provided	-	116	-	-	-	-	-	-	116	
Issue of share capital	26	-	-	877	-	-	-	-	903	
Purchase of own shares	(70)	-	-	-	-	-	70	(5,751)	(5,751)	
Purchase of treasury shares	-	-	(4,238)	-	-	-	-	-	(4,238)	
Dividends	-	-	-	-	-	-	-	(8,957)	(8,957)	
Balance at 31 December 2004	3,026	158	(6,595)	43,114	5	3,009	177	30,257	73,151	177

Included within retained earnings is tax on items taken directly to equity as shown in Note 11.

31. Cash generated from operations

	Group		Company	
	Year ended 2005 £'000	Year ended 2004 £'000	Year ended 2005 £'000	Year ended 2004 £'000
Profit/(loss) for the year from continuing operations	40,780	40,972	(850)	17,267
<i>Adjustments for:</i>				
Income tax (Note 11)	17,799	17,340	(550)	(1,201)
Depreciation (Note 16)	4,573	4,061	761	532
Amortisation (Note 15)	1,168	663	260	323
Impairment of goodwill (Note 14)	297	639	-	-
Net finance income (Note 10)	(3,479)	(1,777)	(946)	(666)
Share of profit from associates and joint ventures (Note 17(a))	(329)	(364)	-	-
Profit on disposal of investment property	-	(8,094)	-	-
Profit on disposal of subsidiary, associates and available for sale investments	(367)	(917)	-	33
Loss on sale of property, plant and equipment	364	193	-	-
Decrease in property held for sale	-	2,062	-	-
(Decrease)/increase in provisions	(833)	481	799	2
Increase in employee and retirement obligations	(9,574)	(13,964)	(1,220)	(476)
Charge for share based compensation	1,913	1,144	206	116
Provision against investments in associates and joint ventures	18	16	-	-
Operating cash flows before movements in working capital	52,330	42,435	(1,540)	15,930
(Increase)/decrease in work in progress	(431)	126	-	-
(Increase)/decrease in debtors	(23,471)	(14,671)	2,150	(1,390)
Increase in creditors	16,431	30,114	3,122	7,222
Cash generated from operations	44,859	58,004	3,732	21,762

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS)

Basis of Preparation

The numbers set out under IFRS below have been prepared on the basis of current interpretation and application of IFRS as at the date of signing of the accounts, subject to the exemptions set out below.

IFRS 1, First Time Adoption of International Financial Reporting Standards, outlines how to apply IFRS to the consolidated financial statements for the first time. The Group's transition date is 1 January 2004 and the standard permits certain exemptions from the full requirements of IFRS as at that date.

The Group has taken the following key exemptions or options as at transition:

- a) **Business combinations**
IFRS 3, Business Combinations: The Group has taken the option not to restate any business combinations that were recorded by the Group before the date of transition.
- b) **Employee benefits**
IAS 19, Employee Benefits: From the date of transition, the Group has opted to recognise all cumulative actuarial gains and losses in full.
- c) **Cumulative translation differences**
IAS 21, The Effects of Changes in Foreign Exchange Rates: The exemption taken by the Group allows these cumulative translation differences to be set to zero at the date of transition.
- d) **Financial instruments**
IAS 32, Financial Instruments: Disclosure and Presentation and IAS 39, Financial Instruments: Recognition and Measurement will be applied prospectively from 1 January 2005 and consequently the restated figures for 2004 do not reflect the impact of these standards.
- e) **Share-based payments**
In accordance with IFRS 2, Share-based Payments the Group has applied the standard only to equity instruments that were granted after 7 November 2002 that had not vested before 1 January 2005.
- f) **Fair value or revaluation at deemed cost**
The Group has decided that property, plant and equipment are to remain recorded at their historical cost and has not restated these items at their fair value.
- g) **Joint Ventures**
The Group has chosen to equity account for all investments in Joint Ventures.

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

Transition Explanations

Adjustments to Shareholders Funds on transition to IFRS as at 1 January 2004

Group	UK GAAP		Share Based Payment		Employee Benefits	Deferred Tax	Dividend	IFRS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
As at 1 January 2004	96,277	2,576	(17,870)	(6)	5,563	86,540		
	Notes							
		(a)	(b)	(c)	(d)			
Company	UK GAAP	Share Based Payment	Employee Benefits	Deferred Tax	Dividend	IFRS		
	£'000	£'000	£'000	£'000	£'000	£'000		
As at 1 January 2004	65,285	3,421	(694)	-	5,563	73,575		
	Notes							
		(a)	(b)	(c)	(d)			

a) IFRS 2 Share Based Payment

This standard is applied by the company to equity settled share based payments that have not vested as at 1 January 2005 and that were granted after 7 November 2002.

Further information regarding the operation of the Group's employee share schemes can be found on Page 48 of these Annual Report & Accounts. Information regarding the calculation and allocation of the Group's bonus pool can be found on pages 43 and 44. The Group policy under IFRS continues to be for the cost of shares at market value to be deducted from the total bonus pool before arriving at cash bonus payments to be made to the employees concerned.

Under IFRS 2 the expense relating to an equity-based share based payment is calculated with reference to the fair value of the option at the date of grant. The expense is then spread equally over the period between the grant date or date of commencement of services and the vesting date. As the options under the Group's schemes are all equity settled, the fair value is not re-measured but the yearly expense is adjusted for the estimated number of options expected to vest. For any options that vest early, the remaining charge not expensed to date is charged in full on the date the early vest occurs.

The following adjustments have been made on transition:

	Group			Company		
	UK GAAP £'000	IFRS 2 £'000	Total adjustment £'000	UK GAAP £'000	IFRS 2 £'000	Total adjustment £'000
The Savills Deferred Share Bonus Plan	(229)	243	14	2,996	106	3,102
The Savills Executive Share Option Scheme	-	30	30	-	30	30
The Savills Sharesave Scheme	-	98	98	-	3	3
Deferred tax on share based payments awarded pre 7/11/02	(229)	2,434	2,434	-	286	286
Impact on Shareholders' funds		2,805	2,576	2,996	425	3,421

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

The Savills Deferred Share Bonus Plan (DSBP)

Previously, awards granted under the DSBP Scheme were measured at the market value at 31 December each year in determining the expense for awards granted. This expense was recorded in full in the year the employee provided the services to which the award related. For example the expense for the March 2005 allocation was recorded in 2004. Under IFRS, the expense is spread over the period from the date of commencement of services to the date that the employees became entitled to the shares. This is typically six years and three months.

The Savills Executive Share Option Scheme (ESOS)

Under UK GAAP, no expense was recorded for the ESOS in accordance with UITF 17 'Employee Share Schemes'.

Under IFRS 2, amounts charged to the income statement for ESOS awards begin on the date of grant and are spread over the vesting period of 3 years. Under the ESOS if the performance criteria, which are based on internal measures, are not met, the options do not vest. The total expense relating to the grant is reassessed if the company expects that the performance criteria will not be met.

The Savills Shareave Scheme (the shareave scheme)

Under UK GAAP, no expense was recorded for the Shareave scheme under the exemption permitted by UITF 17 'Employee Share Schemes'. Under IFRS, the expense of the Shareave scheme is spread over three years. Under the terms of the Shareave scheme, employees have the option, at the vesting date, to take shares or have their contributions refunded. The full charge remains regardless of which option is taken.

While the share based payment expense does not impact shareholder's funds, these adjustments reflect the consequences of accounting for National Insurance payable on exercise of the options and deferred tax.

A deferred tax liability arises on the IFRS adjustments due to the timing difference between the recognition of the share based payment expense for tax and accounting purposes. The accounting charge for share based payments are not deductible for UK taxation. A deduction is given on the exercise date equal to the market price less exercise price. Therefore deferred tax balances are carried forward until the options are exercised.

Deferred tax on share options awarded before 7 November 2002

A deferred tax asset is recognised on transition relating to the future tax deduction expected to be received by the Group in relation to share options awarded before 7 November 2002. Under the IFRS 1 exemption taken by the Group, such awards are not subject to the application of IFRS 2 'Share based payment', but are subject to the application of IAS 12 'Income taxes'. Any subsequent increase or decrease in the value of this deferred tax asset, due to movements in the Group's share price is adjusted against equity each period end. The value of the asset is also increased according to the service period which has elapsed for each series of options awarded.

Upon the exercise of such options the Group becomes entitled to a tax deduction for the intrinsic value of the share awarded. At this time a similar amount is released from the deferred tax asset to offset the current tax credit, received in the period of exercise, in the income statement. As such the exercise of options awarded pre 7 November 2002 will have no impact on

the Group's total tax charge going forward. The taxation charge for the year ended 2004 is therefore increased by £0.7m to reflect this.

b) IAS 19 Employee Benefits

The approach under IFRS for Defined Benefit Pension Schemes is similar to the requirements of FRS 17. As disclosed in the 2004 Report & Accounts, FRS 17 was due to take effect from 1 January 2005. The liability at 1 January 2004 was £25,528,000 with an offsetting deferred tax asset of £7,658,000. The actuary of the scheme has confirmed there is no material difference in the net pension liability under IAS 19 compared to FRS 17.

c) IAS 12 Deferred Tax

Under IFRS deferred tax should be recognised on the basis of taxable temporary differences (subject to certain exceptions), which represents the difference between the carrying value of an asset or liability and the amount used for taxation purposes.

Deferred tax arises on undistributed profits within non-UK equity accounted investments, unless there is an agreement covering the distribution of reserves. For such investments, the group does not exercise control in determining the timing of dividend payments and for this reason a deferred tax liability arises on undistributed reserves. As at transition a liability of £6,000 is created.

d) IAS 10 Events After the Balance Sheet Date

Under IFRS, dividends are included in the accounts in the period in which they are approved whereas under UK GAAP dividends are included in the period to which they relate. The final dividend and provision for 2003 of £5,563,000 are therefore reversed.

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

Effect of the change to IFRS on the Income Statement for the year ended 31 December 2004

Impact of move to IFRS

Group	UK GAAP		Share		Joint Ventures		Associates		Deferred Tax		Reallocations		IFRS
	£'000	£'000	Employee Benefits	Based on payment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)					
Total Group turnover	327,975	-	-	-	-	-	-	-	-	-	-	327,975	
Group operating profit	38,951	3,385	3,901	926	(3)	-	-	9,011	-	-	56,171		
Share of joint ventures	55	-	-	-	41	-	-	-	-	-	96		
Share of associates	274	6	-	-	-	(12)	-	-	-	-	268		
Disposals	9,011	-	-	-	-	-	-	(9,011)	-	-	-		
Profit before interest	48,291	3,391	3,901	926	38	(12)	-	-	-	-	56,535		
Net finance income	1,902	-	-	-	(97)	(28)	-	-	-	-	1,777		
Profit before tax	50,193	3,391	3,901	926	(59)	(40)	-	-	-	-	58,312		
Income tax expense	(15,168)	(143)	(1,856)	(278)	59	40	6	-	-	-	(17,340)		
Profit for the period	35,025	3,248	2,045	648	-	-	6	-	-	-	40,972		
Attributable to:													
Equity holders of the parent	34,775	3,216	2,045	648	-	-	6	-	-	-	40,690		
Minority interests	250	32	-	-	-	-	-	-	-	-	282		
	35,025	3,248	2,045	648	-	-	6	-	-	-	40,972		
Basic earnings per share	62.2p	5.7p	3.6p	1.2p	0.0p	0.0p	0.0p	0.0p	0.0p	0.0p	72.7p		
Diluted earnings per share	56.5p	5.2p	3.3p	1.1p	0.0p	0.0p	0.0p	0.0p	0.0p	0.0p	66.1p		

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

Effect of the change to IFRS on the Balance Sheet as at 31 December 2004

Impact of move to IFRS

Group	Notes (see below)							IFRS £'000
	UK GAAP £'000	Intangibles £'000	Share Based Payment £'000	Employee Benefits £'000	Joint Ventures £'000	Dividend £'000		
	(a)	(b)	(c)	(d)	(e)	(f)		
Assets	261,797	3,248	2,884	(3,534)	(5)	-	264,390	
Liabilities	(158,888)	-	528	(20,334)	5	17,995	(160,694)	
NET ASSETS	102,909	3,248	3,412	(23,868)	-	17,995	103,696	
EQUITY								
Shareholders' funds	102,751	3,216	3,412	(23,868)	-	17,995	103,506	
Minority interest	158	32	-	-	-	-	190	
	102,909	3,248	3,412	(23,868)	-	17,995	103,696	

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

Impact of move to IFRS

Company	UK GAAP		Share Based Payment		Employee Benefits		Joint Ventures		Dividend		IFRS
	£'000	Intangibles £'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
		(a)	(b)	(c)	(d)	(h)					
	Notes (see below)										
Assets	123,274	-	953	(8)	-	-	-	-	-	124,219	
Liabilities	(66,942)	-	(1,236)	(885)	-	-	-	-	-	(51,068)	
NET ASSETS	56,332	-	(283)	(893)	-	-	-	-	-	73,151	
EQUITY											
Shareholders' funds	56,332	-	(283)	(893)	-	-	-	-	-	73,151	
Minority interest	-	-	-	-	-	-	-	-	-	-	
	56,332	-	(283)	(893)	-	-	-	-	-	73,151	

Explanation of Adjustments for the year ended December 2004

a) IAS 38 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangibles are contractual or legal rights or assets that are separable from the business and can include brands, trade names, contacts and websites.

IAS 38 requires an intangible asset with a finite useful life to be amortised over its expected life and tested for impairment whenever there is an indication that the intangible asset may be impaired (such as if losses are made). Goodwill represents the remaining unidentifiable intangible assets of an acquisition after deducting the identifiable intangibles. Goodwill is not amortised from transition and is subject to annual impairment testing. Goodwill impairment of £639,000 made in 2004 under UK GAAP, remains as an impairment under IFRS.

Goodwill amortisation under UK GAAP of £2,915,000 for the year has been reversed. In accordance with the transitional provisions within IFRS 1, an assessment was made regarding the fair value of identifiable intangible assets acquired for all business combinations from 1 January 2004. A value of £1,262,000 has been placed on these intangibles which were all purchased in the final few months of 2004.

The adjustments further capitalise an intangible asset of £476,000 which is associated with the set-up of Europa Immobiliare No. 1 fund by Cordea Sawills. This amount was expensed under UK GAAP. A deferred tax asset of £143,000 arising under UK GAAP is not recognised under IFRS.

Under IAS 38, software that is not an integral part of the operating hardware is treated as an intangible asset and is amortised over its useful life. Software with a book value of £810,000 has been reclassified to intangibles and depreciation expense of £663,000 has been reclassified as amortisation.

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

b) IFRS 2 Share Based Payment

The following adjustments have been made for the year to 31 December 2004:

	Group		
	UK GAAP £'000	IFRS 2 £'000	Total adjustment £'000
The Savills Deferred Share Bonus Plan	5,390	(1,241)	4,149
The Savills Executive Share Option Scheme	-	(140)	(140)
The Savills Sharesave Scheme	-	(108)	(108)
Impact on profit before tax	5,390	(1,489)	3,901
Tax	(2,306)	450	(1,856)
Impact on profit after tax	3,084	(1,039)	2,045

This income statement adjustment increases profit before tax by £3,901,000 and is mainly due to the impact of the deferred share bonus plan. The share based payment charge for the DSBP during 2004 was £5,390,000, which represented the market value of the deferred share bonus plan grants made in 2004 and 2005. These grants related to the performance periods of 2003 and 2004. There are two reasons for this adjustment; firstly the change in the basis of valuation of the option, and secondly the change to spreading the charge over the vesting period. For the DSBP, the charge is amortised over the period between the first date services were provided by employees relating to the grant and the date that the employees take ownership of the shares.

For example, the grant made in March 2005 related to services provided from the beginning of the 2004 financial year, with employees taking ownership of the shares five years after the date of grant provided that they are still employed by the Group. Under UK GAAP the market value of the options awarded would have been expensed during 2004 as they were

considered to relate to past service. Under IFRS, the fair value of the shares awarded would be expensed over the 6 year and 3 month period from January 2004 to the date that the shares vest in March 2010.

Under the transitional provisions of IFRS 2, share based payment, companies are only required to restate their results for equity instruments granted after 7 November 2002. Only three grants relating to the DSBP are restated under IFRS. As these grants vest over a 6 year and three month period, the expense under IFRS is less than that under UK GAAP.

The only impact on equity is that relating to National Insurance payable on exercise of the options, and deferred tax.

Deferred tax on share options awarded before

7 November 2002
A deferred tax asset is recognised on transition relating to the future tax deduction expected to be received by the Group in relation to share options awarded before 7 November 2002.

Under the IFRS 1 exemption taken by the Group, such awards are not subject to the application of IFRS 2 'Share based payment', but are subject to the application of IAS 12 'Income taxes'. Any subsequent increase or decrease in the value of this deferred tax asset, due to movements in the Group's share price is adjusted against equity each period end. The value of the asset is also increased according to the service period which has elapsed for each series of options awarded.

Upon the exercise of such options the Group becomes entitled to a tax deduction for the intrinsic value of the share awarded. At this time a similar amount is released from the deferred tax asset to offset the current tax credit, received in the period of exercise, in the income statement. As such the exercise of options awarded pre 7 November 2002 will have no impact on the Group's total tax charge going forward. The taxation charge for the year ended 2004 is therefore increased by £0.7m to reflect this.

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

c) IAS 19 Employee Benefits

Under IFRS, the charge to the income statement includes:

- the current service cost which represents the increase in the pension liability in the current period as a result of the employee's employment over that period.
- interest cost on the schemes liabilities.
- expected return on plan assets.
- past service cost and
- the impact of any settlements or curtailments.

The UK GAAP charge of £4,194,000 has been reversed and replaced by a charge for current service cost of £2,673,000 plus an interest charge of £3,565,000 less £2,970,000 expected income from the return on plan assets. A deferred tax liability arises on this adjustment.

The Group has opted to recognise immediately, in full, all actuarial gains or losses directly in equity as they arise, in accordance with the amendment to IAS 19 issued by the IASB on 16 December 2004.

The pension deficit as at 31 December 2004 was £20,334,000 (2003 - £25,528,000) with an offsetting deferred tax asset of £6,100,000 (2003 - £7,658,000). The movement in the pre-tax deficit is represented by increases due to charges to the income statement of £3,268,000 and an actuarial loss of £9,494,000. This was reduced by cash contributions in 2004 of £17,956,000.

A deferred tax asset of £5,387,000 is recognised during 2004 relating to lump sum and ongoing contributions made by the Group to its Defined Benefit Pension Scheme, which will only attract current tax deductions in future years.

d) IAS 31 Joint Ventures

IFRS allows the option for joint ventures to be accounted for on a proportional consolidation or equity accounted basis. The Group has chosen to equity account all joint ventures.

The equity method requires an interest in a jointly controlled entity to be initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the entity. The Group is required to include its share of the profit or loss in the income statement as a single line and disclose the value of the investment separately on the balance sheet.

Under UK GAAP, various property joint ventures were required to be proportionally consolidated and these have been restated to equity accounted investments under IFRS. The balance sheets of these entities substantially consist of cash, intercompany loans and outstanding corporation tax liabilities.

This change does not impact group profit but reclassifies operating profit, interest and tax to the line share of results of Joint Ventures.

e) IAS 28 Associates

Associated undertakings are equity accounted under IAS 28. The only difference between the treatment of associates under IFRS compared to UK GAAP relate to disclosures in the income statement. The Group's share of post-tax results of associates under IAS 1 must be shown on a single line in the income statement. The UK GAAP numbers therefore are adjusted to reduce interest income by £28,000 and income tax expense is reduced by £40,000.

f) IAS 12 Deferred Tax

The deferred tax liability on undistributed reserves in non-UK equity accounted investments has reversed at year end as these investments were liquidated in the year.

g) IAS 1 Presentation of financial statements

Under IAS 1, items of income and expense may not be presented as extraordinary items on the face of the income statement. Under UK GAAP, profit on disposal of investment property of £8,094,000, profit of disposal of interests in subsidiary undertakings of £763,000 and profit on disposal of interest in associates of £154,000 were classified as exceptionals. These have been reclassified as operating items under IFRS.

h) IAS 10 Events After the Balance Sheet Date

The final and special dividends in respect of 2004 of £17,995,000 is not recognised at the balance sheet date under IFRS.

Adoption of IAS 32 and 39 financial assets and liabilities

The Group's policy is for each business to borrow in local currencies where possible. The Group does not actively seek to hedge risks arising from foreign currency transactions due to the high cost associated with such hedging. Therefore this standard is not expected to have a significant impact on the group.

This standard has been adopted prospectively in 2005.

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) continued

Earnings Per Share

a) Basic and diluted earnings per share as at 31 December 2004:

	UK GAAP			IFRS		
	Earnings £'000	Shares '000	EPS Pence	Earnings £'000	Shares '000	EPS Pence
UK GAAP	34,775	55,938	62.2	40,690	61,585	66.1
IFRS adjustments:						
Intangibles	3,216	-	5.7	-	-	5.2
Share based payment	2,045	-	3.6	-	-	3.3
Employee benefits	648	-	1.2	-	-	1.1
Deferred tax	6	-	-	-	-	-
IFRS	40,690	55,938	72.7	61,585	66.1	66.1

b) Adjusted basic earnings per share as at 31 December 2004:

	UK GAAP		UK GAAP		IFRS		IFRS	
	Shares '000	Earnings £'000	EPS Pence	Earnings £'000	Shares '000	EPS Pence	Earnings £'000	EPS Pence
Basic earnings per share	55,938	34,775	62.2	40,690	61,585	72.7	66.1	
Amortisation of goodwill	-	2,915	5.2	-	-	-	-	
Impairment of goodwill	-	639	1.1	639	639	1.1	1.1	
Less IFRS Share based payment adjustment after tax	-	-	-	(2,734)	(2,734)	(4.9)	(4.9)	
Less sale of trading properties after tax	-	(1,525)	(2.7)	(1,525)	(1,525)	(2.7)	(2.7)	
Less sale of investment property after tax	-	(5,666)	(10.1)	(5,666)	(5,666)	(10.1)	(10.1)	
Less sale of subsidiary and associates after tax	-	(642)	(0.4)	(642)	(642)	(1.1)	(1.1)	
Adjusted basic earnings per share	-	30,496	55.3	30,762	30,762	55.0	55.0	

32. Reconciliation of UK GAAP to International Financial Reporting Standards (IFRS) *continued*

The Directors consider the disclosure of the supplementary earnings per share necessary in order for the impact of impairment of goodwill and amortisation of goodwill to be fully appreciated, as well as eliminating the sale of trading and investment property results which are not always of a comparable nature.

The IFRS share based payment adjustment is removed to present an indication of the impact of IFRS changes on the group going forward. The method of bonus calculation means that the adjustment will have a reduced impact on profit levels in the future.

The group operates a number of deferred share bonus and options schemes, the largest of which is the Deferred Share Bonus Plan (DSBP). Under this non-pensionable annual bonus scheme for Directors and senior executives, a part of the annual bonus, at the discretion of the Remuneration Committee, may be awarded in the form of deferred conditional rights to ordinary shares in the company, with the additional part of the bonus being paid out in cash. Annual bonuses are subject to the attainment of challenging performance targets which are specific to each individual and either relate to Group thresholds, subsidiary company targets or a combination of both for a period not exceeding the relevant financial year of the Company. The annual bonus pool for the Group is fixed,

based on pre-bonus profit based calculations. The element of the bonus pool which is paid out in cash is determined by deducting share based payment charges made against income in the performance period from the bonus pool.

During 2004, the amount which was charged against the bonus pool for share based payments was the UK GAAP bonus, and the balance of the bonus pool was paid out as cash bonus. The latter amount is not impacted in 2004 by the restatement of the share based payment charge to IFRS. The adjusted EPS takes account of this adjustment in 2004.

33. Related party transactions

The Group is controlled by Savills plc, a company registered in England and Wales. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties such as associates and joint ventures are not disclosed in this note due to the amounts being immaterial, except for the following:

Marketing services were provided by Adverts plc, an associate company, to Savills (L&P) Limited at an arms length value of £6,466,000.

Services were provided by Trammell Crow Company (TCC), a substantial shareholder, to Savills Commercial Limited at an arms length value of £126,389.

The remuneration of the two Non-Executive Directors that are corporate representatives of TCC is disclosed on page 45 in the Remuneration Report and is paid directly to TCC.

Key management compensation

Key management compensation is detailed in Note 8.

Loans to related parties

Loans to associates and joint ventures are disclosed in Note 17, and include amounts loaned to Savills Asia joint ventures of £112,700, on which interest is charged at 8.00% p.a. All other loans to associates and joint ventures are interest free.

34. Major non-cash transactions

Loan notes to the value of £2,522,000 (2004 - £552,000) were issued during the year as part consideration of acquisitions as disclosed in note 17.

35. Events after the Balance Sheet date

Business combinations - subsidiaries

On 3 January 2006, the group acquired a 50% share in each of Korean Asset Advisors (KAA) and BHP Korea (BHPK) for consideration of £10,824,043. Goodwill on acquisition of £9,231,897 has been capitalised. The acquisitions are part of Savills' strategy of growing its Asian business further and taking advantage of the attractive, high growth market. KAA is a private Korean company, specialising in Property Management and Asset Management while BHPK is an investment advisory, valuation and tenant representative business and offers research consultancy services, undertaking work for clients of KAA as well as others.

Savills Asia Pacific will have an unconditional option to acquire an additional 5% of each business in one year's time based on the post-tax profit of the business. The agreement also outlines conditions for both put and call options on the remaining shares in both businesses. The put and call option will first be exercisable in three years time and consideration will be based on the average profits after tax over the three years ended 31 December 2006, 2007 and 2008.

Details of net assets acquired and goodwill, provisionally determined, are as follows:

	KAA £'000	BHPK £'000	Total £'000
Purchase consideration:			
- cash paid	6,610	4,177	10,787
- direct costs relating to the acquisition	22	15	37
Total purchase consideration	6,632	4,192	10,824
Fair value of assets acquired	961	631	1,592
Goodwill	5,671	3,561	9,232

The above goodwill is mainly attributable to institutional client portfolios in one of the major institutional markets in Asia.

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	KAA £'000	BHPK £'000	Total £'000
Cash and cash equivalents	1,347	1,041	2,388
Plant, property and equipment	132	17	149
Intangibles	43	0	43
Receivables	1,552	542	2,094
Payables	(1,533)	(389)	(1,922)
Dividends payable	(580)	(580)	(1,160)
Net assets acquired	961	631	1,592

The carrying amounts of the assets and liabilities acquired approximate fair value.

Available for sale investment disposals

As disclosed in Note 17, the Group disposed of its 13.72% interest in Fastcrop plc in January 2006, at a profit after costs of £3.8m.

SAVILLS' UK OFFICES

A = Agricultural, C = Commercial, E = Estate Office, F = Financial Services Offices, R = Residential

<p>Ayr (A, R) Hannah Business Park Ayr, KA6 5HL Tel: (01292) 442999 Tel: (01292) 441337 Fax: (01292) 441337</p> <p>Banbury (A, R) 36 South Bar Banbury Oxfordshire, OX16 9AE Tel: (01295) 228000 Fax: (01295) 228001</p> <p>Bath (R) Edgar House 17 George Street Bath, Somerset, BA1 2EN Tel: (01225) 474550 Tel: (01225) 474540 Fax: (01225) 474540</p> <p>Beaconsfield (R) 10-12 The Broadway Wycombe End Beaconsfield Old Town Buckinghamshire, HP9 1ND Tel: (01494) 731950 Fax: (01494) 731951</p> <p>Belfast (C) Osborne King (Associate) Lindsay House 10 Callender Street Belfast, BT1 5EN Tel: +35 28 9027 0000 Tel: +35 28 9027 0011 Fax: +35 28 9027 0011</p> <p>Birmingham (C, F, R) Caxton House 1 Fore Street Birmingham, B2 5ER Tel: (0121) 633 3733 Tel: (0121) 633 3666 Fax: (0121) 633 3666</p> <p>Bishop's Stortford (R) Chequers 19 North Street Bishop's Stortford Hertfordshire, CM23 2LD Tel: (01279) 756800 Tel: (01279) 658764 Fax: (01279) 658764</p>	<p>Bodmin (E) Drearon Lanhaycock, Bodmin Cornwall, PL30 4BG Tel: (01208) 264400 Tel: (01208) 264400 Fax: (01208) 264499</p> <p>Brechin (A, R) 12 Clerk Street Brechin, Angus, DD9 6AE Tel: (01356) 628600 Tel: (01356) 628601 Fax: (01356) 628601</p> <p>Brighton (F) Third Floor, 132 Queens Road Brighton, BN1 3WB Tel: (01273) 200000 Tel: (01273) 200001 Fax: (01273) 200001</p> <p>Bristol (C, F, R) Embassy House Queen's Avenue Bristol, BS8 1SB Tel: (0117) 910 2200 Tel: (0117) 910 2211 Fax: (0117) 910 2211</p> <p>Cambridge (A, C, F, R) Urex House 132-134 Hills Road Cambridge, CB2 2PA Tel: (01223) 347000 Tel: (01223) 347111 Fax: (01223) 347111</p> <p>Canford Cliffs (R) 34 Haven Road Canford Cliffs Poole, Dorset, BH13 7LP Tel: (01202) 708888 Tel: (01202) 492501 Fax: (01202) 492501</p> <p>Chelmsford (A, C, R) 136 New London Road Chelmsford, Essex, CM2 0RG Tel: (01245) 269311 Tel: (01245) 293201 Fax: (01245) 293201</p> <p>Chenester (R) 1 Castle Street Market Place, Chenester Gloucestershire, GL7 1QD Tel: (01286) 627550 Tel: (01286) 627551 Fax: (01286) 627551</p>	<p>Clifton (R) 20 The Mall Clifton, Bristol, BS8 4DR Tel: (0117) 933 5800 Tel: (0117) 933 5801 Fax: (0117) 933 5801</p> <p>Crabrook (R) 53-55 High Street Crabrook, Kent, TN17 3EE Tel: (01580) 720161 Tel: (01580) 720157 Fax: (01580) 720157</p> <p>Edinburgh (A, C, F, R) Wemyss House, 8 Wemyss Place Edinburgh, EH3 6DH Tel: (0131) 247 3700/3800 Tel: (0131) 247 3724/3838 Fax: (0131) 247 3724/3838</p> <p>Esler (R) Ground Floor, 55 High Street Esler, Surrey, KT10 9SH Tel: (01372) 461900 Tel: (01372) 461901 Fax: (01372) 461901</p> <p>Esler (1) (R) 13 Southemthay West Esler, Devon, EX1 1PJ Tel: (01392) 253344 Tel: (01392) 253324 Fax: (01392) 253324</p> <p>Esler (2) (R) 31, Southemthay East Esler, Devon, EX1 1NS Tel: (01392) 455700 Tel: (01392) 455701 Fax: (01392) 455701</p> <p>Farnham (R) 39 Downing Street Farnham, Surrey, GU9 7PH Tel: (01252) 729000 Tel: (01252) 729001 Fax: (01252) 729001</p> <p>Glasgow (C, F, R) 163 West George Street Glasgow, G2 2JJ Tel: (0141) 248 7342 Tel: (0141) 248 7343 Fax: (0141) 248 7343</p> <p>Guildford (R) 8 Quarry Street Guildford, Surrey, GU1 3UY Tel: (01483) 796800 Tel: (01483) 796801 Fax: (01483) 796801</p>	<p>Guildford (F) Nortfolk House 187 High Street Guildford, GU1 3AW Tel: (01483) 796850 Tel: (01483) 796850 Fax: (01483) 796856</p> <p>Harpenden (R) 2 Station Road, Harpenden Hertfordshire, AL5 4SD Tel: (01582) 465000 Tel: (01582) 465000 Fax: (01582) 465030</p> <p>Henley (R) 18 Hart Street Henley-on-Thames Oxfordshire, RG9 2AU Tel: (01491) 843000 Tel: (01491) 843000 Fax: (01491) 579813</p> <p>Horsham (R) 19/20 City Business Centre 6 Brighton Road, Horsham, West Sussex, RH13 5BB Tel: (01403) 214800 Tel: (01403) 214801 Fax: (01403) 214801</p> <p>Huntingdon (R) Ambury House, Sovereign Court, Emire Business Park, Huntingdon, Cambridgeshire, PE29 6XO Tel: (01480) 410944 Tel: (01480) 410944 Fax: (01480) 410992</p> <p>Ipswich (A, R) 30 Princes Street Ipswich, Suffolk, IP1 1RJ Tel: (01473) 234800 Tel: (01473) 234800 Fax: (01473) 230886</p> <p>Leeds (C, F, R) Second Floor 2 Whitehall Quay Leeds, LS1 4HR Tel: (0113) 244 0100 Tel: (0113) 244 0104 Fax: (0113) 244 0104</p> <p>Lincoln (A, R) Olympic House Doddington Road Lincoln, LN6 3SE Tel: (01522) 508900 Tel: (01522) 508900 Fax: (01522) 508901</p>	<p>London Barnes (R) 52 Barnes High Street London, SW13 9LN Tel: (020) 8939 6900 Tel: (020) 8939 6900 Fax: (020) 8939 6901</p> <p>Canary Wharf (R) 4 Westferry Circus Canary Wharf London, E14 4HD Tel: (020) 7531 2500 Tel: (020) 7531 2500 Fax: (020) 7531 2599</p> <p>Berkeley Tower (F) 50 Westferry Circus Canary Wharf London, E14 8RR Tel: (020) 7715 4150 Tel: (020) 7715 4150 Fax: (020) 7715 4199</p> <p>Chiswick (R) 263 Chiswick High Road London, W4 4PU Tel: (020) 8987 5550 Tel: (020) 8987 5551 Fax: (020) 8987 5551</p> <p>City (C, F) 25 Finsbury Circus London, EC2M 7EE Tel: (020) 7499 8644 Tel: (020) 7588 7323 Fax: (020) 7588 7323</p> <p>Docklands (R) Execution Dock 80 Wapping High Street London, E1W 2NE Tel: (020) 7456 6800 Tel: (020) 7456 6822 Fax: (020) 7456 6822</p> <p>Fulham (R) 191 New King's Road London, SW6 4SW Tel: (020) 7731 9400 Tel: (020) 7731 9401 Fax: (020) 7731 9401</p> <p>Hampstead (R) 7 Perrins Court, Heath Street Hampstead, London, NW3 1QS Tel: (020) 7472 5000 Tel: (020) 7472 5001 Fax: (020) 7472 5001</p>
--	---	---	--	---

Savills' strategic alliance with Trammell Crow Company, the leading US full service real estate advisory company, gives access to 46 offices in the Americas.

Islington (R)
94-96 Upper Street
London, N1 0NP
Tel: (020) 7226 1313
Fax: (020) 7354 6703

Kensington (R)
145 Kensington Church Street
London, W8 7LP
Tel: (020) 7535 3300
Fax: (020) 7221 5256

Knightsbridge (R)
139 Sloane Street
London, SW1X 9AY
Tel: (020) 7730 0822
Fax: (020) 7730 0644

Prime Purchase (R)
56 Sloane Square
London, SW1W 8AX
Tel: (020) 7881 2381
Fax: (020) 7881 2399

Putney (R)
198 Upper Richmond Road
London, SW15 2SH
Tel: (020) 8780 9500
Fax: (020) 8780 0649

Richmond (R)
40-42 Hill Rise, Richmond
Surrey, TW10 6UA
Tel: (020) 8614 9100
Fax: (020) 8614 9101

Stoke Newington (R)
51 Stoke Newington Church Street
London, N16 0AR
Tel: (020) 7923 8650
Fax: (020) 7923 8651

Wandsworth (R)
12 Huguenot Place
London, SW18 2EW
Tel: (020) 8877 1222
Fax: (020) 8877 0765

West End (C, F, R)
20 Grosvenor Hill
Berkeley Square
London, W1K 3HQ
Tel: (020) 7499 8644
Fax: (020) 7495 3773

West End (R)
8 Bourdon Street
London, W1K 3ED
Tel: (020) 7499 8644
Fax: (020) 7495 3773

Wimbledon (R)
1 High Street
Wimbledon
London, SW19 5DX
Tel: (020) 8971 8111
Fax: (020) 8971 8112

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

Micheldever (R)
The Coach House
Roundwood, Micheldever,
Winchester, Hampshire, SO21 3BA
Tel: (01962) 774940
Fax: (01962) 774941

Norwich (A, C, R)
8-10 Upper King Street
Norwich, Norfolk, NR3 1HB
Tel: (01603) 229229
Fax: (01603) 229200

Nottingham (C, F, R)
9 Fleetchergate
Nottingham, NG1 1QQ
Tel: (0115) 934 8000
Fax: (0115) 934 8001/002

Oxford (A, C, F, R)
Wytham Court
11 West Way
Oxford, OX2 0QL
Tel: (01865) 269000
Fax: (01865) 269001

Summertown (A, R)
2 Mayfield House
256 Bandury Road
Summertown, Oxford, OX2 7DE
Tel: (01865) 339700
Fax: (01865) 339710

Perth (A, R)
55 York Place
Perth, PH2 8EH
Tel: (01738) 445588
Fax: (01738) 445599

Salisbury (A, R)
Rottes House
60 Milford Street
Salisbury, Wiltshire, SP1 2BP
Tel: (01722) 426800
Fax: (01722) 412489

Sevenoaks (A, F, R)
74 High Street
Sevenoaks
Kent, TN13 1JR
Tel: (01732) 789700
Fax: (01732) 789789

Southampton (C, R)
Brunswick House
Brunswick Place
Southampton, SO15 2AP
Tel: (02380) 713900
Fax: (02380) 713901

Southampton (F, R)
38 London Road
Southampton, SO15 2AP
Tel: (02380) 713990
Fax: (02380) 713091

Solihull (R)
163 High Street
Solihull, B91 3ST
Tel: (01217) 134000
Fax: (01217) 134001

Southill (E)
Southill Park
Biggleswade
Bedfordshire, SG18 9LU
Tel: (01462) 813209
Fax: (01462) 812235

St. Germans (E)
The Estate Office
2 Mayfield House
Port Elliot, St. Germans
Cornwall, PL12 5ND
Tel: (01503) 230211
Fax: (01503) 230112

Stamford (R)
2 St Mary's Street, Stamford
Lincolnshire, PE9 2DE
Tel: (01780) 750200
Fax: (01780) 750222

Sunningdale (R)
Mount Lodge
London Road, Sunningdale,
Berkshire, SL5 0EP
Tel: (01344) 626162
Fax: (01344) 293395

Telford (A, R)
Hall Court
Telford, Shropshire, TF3 4NF
Tel: (01952) 239500
Fax: (01952) 239501

Tunbridge Wells (R)
53 High Street
Tunbridge Wells, TN1 1XU
Tel: (01892) 507000
Fax: (01892) 507007

Westerham (F)
The Old Granary
Goodley Stock Road
Westerham, Kent, TN16 1SL
Tel: (01959) 547700
Fax: (01959) 565090

Weybridge (R)
107 Queens Road
Weybridge, Surrey, KT13 9UJ
Tel: (01932) 838000
Fax: (01932) 838001

Wimborne (A, C, F, R)
Wessex House
Wimborne, Dorset, BH21 1PB
Tel: (01202) 856800
Fax: (01202) 856801

Winchester (A, R)
Jewry Chambers
Jewry Street, Winchester
Hamshire, SO23 8RW
Tel: (01962) 841842
Fax: (01962) 840081

Wilmslow (R)
6 Water Lane
Wilmslow
Cheshire, SK9 5AA
Tel: (01625) 417450
Fax: (01625) 417451

Windsor (R)
The Gallery
3 High Street, Windsor
Berkshire, SL4 1LD
Tel: (01753) 834600
Fax: (01753) 834601

York (A, R)
13-15 Micklegate
York, Yorkshire, YO1 6JH
Tel: (01904) 617800
Fax: (01904) 617801

Christopher Lyons
(Associate Office)
2 New Street, Ledbury,
Herefordshire, HR8 2DY
Tel: (01531) 636321
Fax: (01531) 636323

Davis Bowring
(Associate Office)
6-8 Main Street
Kirby Lonsdale, Camthorpe
Lancashire, LA6 2AE
Tel: (01524) 271711
Fax: (01524) 272212

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

SAVILLS' INTERNATIONAL OFFICES

<p>AUSTRALIA Adelaide (C) Savills 78 Currie Street, Adelaide, SA 5000 Tel: +61 8 8231 0969 Fax: +61 8 8231 5011</p>	<p>Melbourne (C) Savills Level 11, 303 Collins Street, Melbourne, VIC 3000 Tel: +61 3 8686 8000 Fax: +61 3 8686 8066</p>	<p>Austria (C) Savills CPB (Associate) Immobilienrentnhand GmbH Wienberggasse Be 11 Vienna Twin Tower 1100 Vienna Tel: +43 1512 76 900 Fax: +43 1512 76 9020</p>	<p>Shenzhen (C) Savills Unit D, 7/F Tower A, World Finance Centre, No. 4003 Shen Nan Dong Road, Shenzhen, 518008 Tel: +86 755 2598 0788 Fax: +86 755 2598 0728</p>	<p>Frankfurt (C) Savills Untermainkai 30, 60329, Frankfurt am Main Tel: +49 69 273 0000 Fax: +49 69 252 538</p>
<p>Brisbane (C) Savills Level 15, 120 Edward Street, Brisbane, QLD 4000 Tel: +61 7 3221 8355 Fax: +61 7 3221 0870</p>	<p>Paramatta (C) Savills Level 5, 20 Smith Street Paramatta, NSW 2150 Tel: +61 2 9761 1333 Fax: +61 2 9761 1331</p>	<p>CHINA Beijing (C, R) Savills 415 East Wing, China World Trade Centre, 1 Jianguomenwai Dajie, Beijing, 100004 Tel: +86 10 6505 2348 Fax: +86 10 6505 2356</p>	<p>FRANCE Paris (C) Savills 55 boulevard Haussmann, 75008, Paris Tel: +33 1 44 51 7300 Fax: +33 1 44 51 7301</p>	<p>Munich (C) Savills Rosental 3-4 80331 Munich Tel: +49 89 427 292 210 Fax: +49 89 427 292 111/222</p>
<p>Cairns (C) Savills The Conservatory 12-14 Lake Street Cairns, QLD 4870 Tel: +61 7 4041 1555 Fax: +61 7 4051 9990</p>	<p>Perth (C) Savills Level 1, Westfarmers House, 40 The Esplanade, Perth, WA 6000 Tel: +61 8 9488 4111 Fax: +61 8 9488 4112</p>	<p>Guangzhou (C) Savills Room 1209-1210, Jie Tai Plaza, 218-222 Zhong Shan Liu Road, Guangzhou, 510180 Tel: +86 20 8132 0107 Fax: +86 20 8132 0105</p>	<p>PARIS (C) Savills (North Region) 52 avenue du Vieux Chemin de Saint Denis 92390 Villeneuve-la-Garenne, Paris Tel: +33 1 41 47 8064 Fax: +33 1 47 98 2659</p>	<p>ATHENS (C, R) Savills Hellas Ltd Apollon Tower, 64 Louisis Riankour Street, 115 23 Athens Tel: +30 210 699 6311 Fax: +30 210 699 6312</p>
<p>Canberra (C) Savills Level 1, Manuka Court Bougainville Street Manuka, ACT 2063 Tel: +61 2 6260 6970 Fax: +61 2 6260 6483</p>	<p>Sunshine Coast (C) Savills 24 Duporth Avenue, Maroochydore, QLD 4558 Tel: +61 7 5443 5088 Fax: +61 7 5479 5051</p>	<p>Shanghai (C, R) Savills 20th Floor, Shanghai Central Plaza, 381 Huantai Middle Road, Luwan District, Shanghai, 200020 Tel: +86 21 6391 6698 Fax: +86 21 6391 6699</p>	<p>GERMANY Berlin (C) Savills Carree am Gendarmenmarkt, Taubenstrasse 20-22, 10117, Berlin Tel: +49 30 726 165 165 Fax: +49 30 726 165 166</p>	<p>HONG KONG SAR Hong Kong Island (C, R) Savills 23/F, Two Exchange Square, Central, Hong Kong Tel: +852 2842 4400 Fax: +852 2868 4386</p>
<p>Gold Coast (C) Savills Level 1, 32 Davenport Street Southport, QLD 4215 Tel: +61 7 5509 1700 Fax: +61 7 5509 1799</p>	<p>Sydney (C) Savills Level 5, 55 Hunter Street, Sydney, NSW 2000 Tel: +61 2 8215 8888 Fax: +61 2 8215 8899</p>			<p>Hong Kong Island (C) G/F & 1/F, 20 Fleming Road Wanchai, Hong Kong Tel: +852 2598 6028 Fax: +852 2598 4009</p>

Savills' strategic alliance with Trammell Crow Company, the leading US full service real estate advisory company, gives access to 46 offices in the Americas.

Hong Kong Island (C)
Savills
805-13, 8/F Cityplaza One,
1111 King's Road, Taikoo Shing,
Hong Kong
Tel: +852 2534 1688
Fax: +852 2851 1249

Kowloon (C)
Savills
Suite 2114, 21/F Tower 6,
The Gateway, No 9 Canton Road,
Tsimshatsui, Kowloon
Tel: +852 2378 8688
Fax: +852 2376 3809

Kowloon (R)
Savills
Unit 1313, Level 13
Tower 11, Grand Century Place
193 Prince Edward Road West
Kowloon
Tel: +852 2622 9222
Fax: +852 3067 8576

IRELAND
Dublin (C)
HWBC (Associate)
International House
20/22 Lower Hatch Street, Dublin 2
Tel: +353 1 775 0500
Fax: +353 1 775 0577

ITALY
Milan (C)
Savills
Via Manzoni 41, 20121 Milan
Tel: +39 02 365 69300
Fax: +39 02 365 69328

Rome (C)
Savills
Via Marzotta, 1/A,
00187, Rome
Tel: +39 06 326 9921
Fax: +39 06 326 9228

JAPAN
Tokyo (C)
Savills
Aoba Roppongi Building 3F,
3-16-33 Roppongi, Minato-ku
Tokyo 106-0032
Tel: +81 3 5562 1700
Fax: +81 3 5562 1705

Korea
Seoul (C)
Savills
11F Seoul Finance Centre
84 Taegyungro-1-ga
Chung-gu
Seoul, Korea, 100-768
Tel: +82 2 2124 4114
Fax: +82 2 2124 4166/4199

Macau
Macau (C)
Savills
Suite 1309, 13/F Macau Landmark
555 Avenida da Amizade, Macau
Tel: +853 780 623
Fax: +853 781 805

MALAYSIA
Kuala Lumpur (C)
Rahim & Co (Associate)
Level 17, Menara Uni Asia,
1008 Jalan Sultan Ismail,
50250 Kuala Lumpur
Tel: +60 3 2691 9922
Fax: +60 3 2691 0096

NETHERLANDS
Amsterdam (C)
Savills Nederland B.V.
Gaberlei Metustraat 13,
PO Box 75849
1070 AV-Amsterdam
Tel: +31 20 672 2211
Fax: +31 20 672 1400

PHILIPPINES
Makati City (C)
Leechli & Associates Inc. (Associate)
Unit 907, 88 Corporate Centre,
Sedeno cor. Valero St
Salcedo Village,
1227 Makati City, Philippines
Tel: +63 2 889 6571
Fax: +63 2 889 2700

Metor Manila (C)
Savills
5/F Net One Centre, 26th St,
cor 3rd Ave., Crescent Park West
Bonifacio Global City, Taguig
Metor Manila, Philippines
Tel: +63 2 815 3737
Fax: +63 2 815 2915

POLAND
Warsaw (C)
Savills Sp. z o.o.
Al. Jerozolimskie 56c,
00-803 Warsaw
Tel: +48 22 462 2640
Fax: +48 22 462 2641

PORTUGAL
Lisbon (C)
Abacus Property Ltd (Associate)
Atrium Saldanha,
Praça Duque de Saldanha
1 - 8 C., 1050-094 Lisbon
Tel: +351 21 317 0577
Fax: +351 21 353 0554

SINGAPORE
Singapore (C)
Savills
No 2 Shenton Way,
#17-01 SGX Centre 1
Singapore, 068804
Tel: +65 6536 5022
Fax: +65 6538 5540

Singapore (R)
Savills
350 Orchard Road
#12 - 01/03 Shaw House
Singapore, 238868
Tel: +65 6836 6688
Fax: +65 6836 2668

SOUTH AFRICA
Capetown (R)
Pam Golding Properties (Pty) Ltd
(Associate)
Concorde House, Main Road,
Kenilworth 7745
Tel: +270 21 797 5300
Fax: +270 21 797 5310

SPAIN
Barcelona (C)
Savills
Rambla de Catalunya, 86-5
08008 Barcelona
Tel: +34 93 272 4100
Fax: +34 93 272 4101

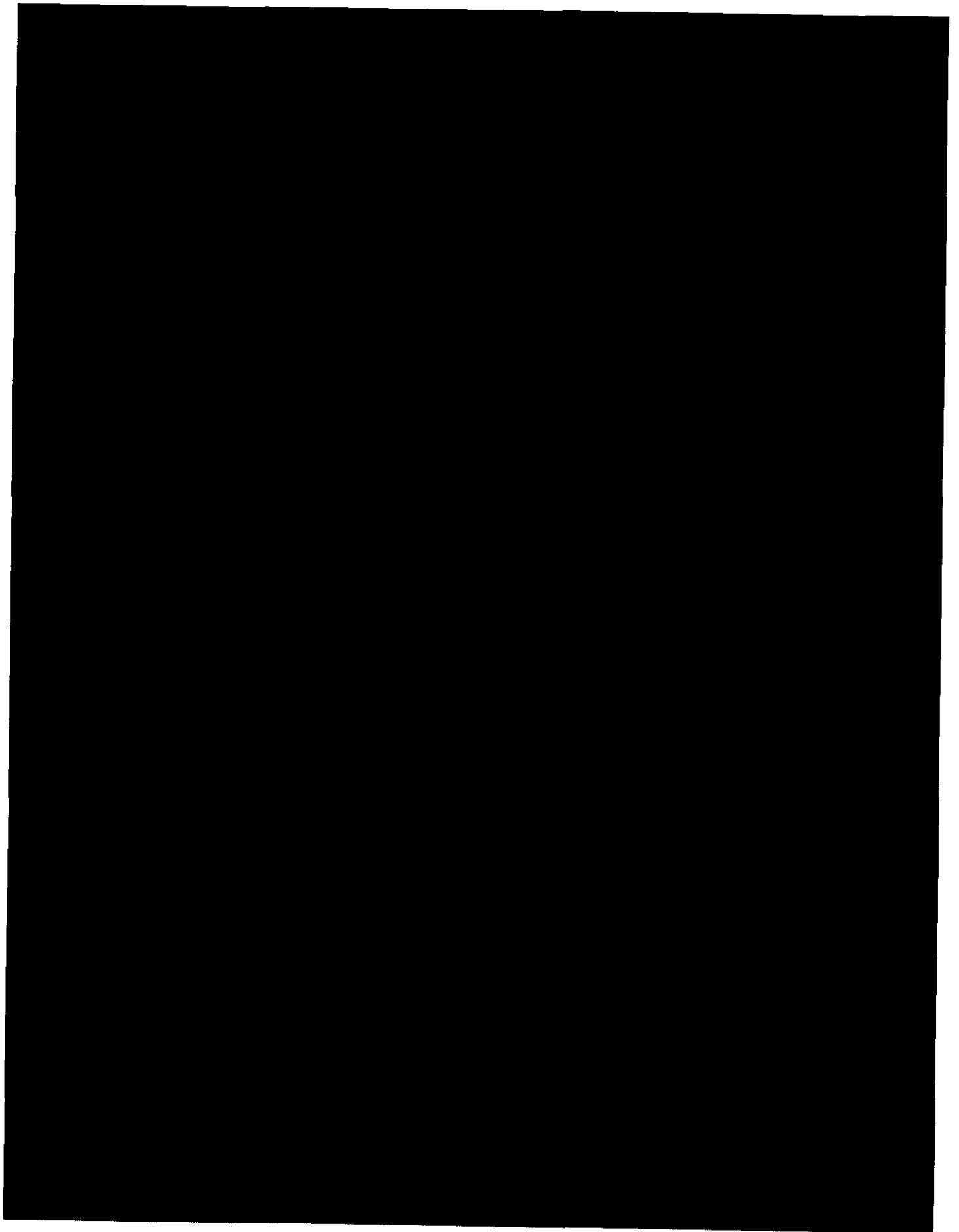
Madrid (C)
Savills
Torres de Colon 2-19,
Plaza de Colon 2,
28046 Madrid
Tel: +34 91 310 1016
Fax: +34 91 310 1024

SWEDEN
Stockholm (C)
Savills Sweden AB
Svefis Torig 12
SE-111 57
Stockholm
Tel: +46 8 5458 5890
Fax: +46 8 5458 5891

THAILAND
Bangkok (C)
Savills
Unit 1203, 12/F,
One Pacific Place,
140 Sukhumvit Rd, Klongroey
Bangkok 10110
Tel: +66 2 254 5050
Fax: +66 2 254 5065

TURKEY (C)
Kuzyey Bati (Associate)
Buyukdere Caddesi Harman Sokak
Duran Is Merkezi No:4 Kat:1
34440 Levent, Istanbul
Tel: +90 212 325 2800
Fax: +90 212 268 0261

Savills' strategic alliance with Tammell Crow Company, the leading US full service real estate advisory company, gives access to 46 offices in the Americas.



Registrars

Lloyds TSB Registrars, The Causeway, Worthing
West Sussex BN99 6DA

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Solicitors

ashurst, Broadwalk House, 5 Appold Street
London EC2A 2HA

Financial Advisers

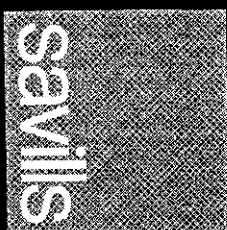
Dresdner Kleinwort Wasserstein, 20 Fenchurch Street
London EC3P 3DB

Stockbrokers

Hoare Govett Limited
250 Bishopsgate
London EC2M 4AA

Principal Bankers

Barclays Bank PLC, 1 Churchill Place
London E14 5HP



Savills plc