

FOR IMMEDIATE RELEASE

TUESDAY 5 MARCH 2002

**Savills plc, the international property adviser, today announced results for the year ended 31 December 2001.**

- Group pre-tax profit £21.6m
- Group turnover £235.4m
- Earnings before interest, tax, depreciation and amortisation (EBITDA) £28.9m
- Basic earnings per share 24.2p
- Final dividend of 6.5p per share making a total for the year of 9.75p, representing an annualised 8% increase over the dividend of 6.0p for the eight months to 31 December 2001

Richard Jewson, Chairman of Savills plc, comments: **“2001 has been a testing year with financial markets showing negative returns and many businesses latterly disrupted by the terrorist attacks in the US. Against this background Savills has performed well and I am pleased to announce pre-tax profits of £21.6m. As in previous years, the second half profit has exceeded the first half by some 14% for 2001.**

**“We are confident that we are in a good position to continue to increase market share and to take advantage of economic recovery when it comes in the markets in which we operate.”**

\*\*\* Chairman's Statement, Operating and Financial Reviews &  
Preliminary Announcement of Results follow \*\*\*

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## **CHAIRMAN'S STATEMENT 2001**

### **RESULTS**

2001 has been a testing year with financial markets showing negative returns and many businesses latterly disrupted by the terrorist attacks in the US. Against this background Savills has performed well and I am pleased to announce pre-tax profits of £21.6m (pro forma year to 31 December 2000 - £25.9m). Following the change in our year end at December 2000, this comparative figure and those which follow in this commentary are unaudited pro forma numbers for 12 months to 31 December 2000; the statutory 8 month comparatives will be found in the Accounts.

As in previous years, the second half profit has exceeded the first half by some 14% for 2001.

Turnover increased by 10% to £235.4m (year to 31 December 2000 - £213.5m). Operating profit margins were 8% (year to 31 December 2000 - 10%). Basic earnings per share were 24.2p (year to 31 December 2000 - 31.1p).

Shareholders' funds increased by 12% to £86.5m (as at 31 December 2000 - £77.1m) including cash balances of £40.3m. Debt of £18.4m relates to properties held for resale.

### **DIVIDEND**

The Board is recommending a final dividend of 6.5p making a total for the year of 9.75p, which represents an 8% increase over 9.0p, which is calculated at the annualised dividend for the last year, reflecting the actual payment of 6.0p in respect of eight months to 31 December 2000. This increase reflects our confidence in the prospects for the Group.

### **HIGHLIGHTS**

The Group has taken a number of steps to increase the range of services which we can provide to clients and our geographical spread, within the UK and overseas.

Our property advisory businesses in the UK traded well and the total number of staff in the UK has grown by 9% over the year to 1,705. We re-launched our web presence on [www.fpdsavills.com](http://www.fpdsavills.com) and Primelocation.com, in which we have a shareholding, is consolidating its position as the leading residential portal for the mid and upper markets. We continue to invest in our IT business systems.

In mainland Europe, we acquired an additional 15% of our Dutch associate, FPDSavills Nederland B.V., taking our shareholding to 40%. We have increased our presence in the European investment market through the recruitment of a UK based International Investment team and we have strengthened our offices in Paris, Frankfurt and Berlin.

Our Far Eastern business has benefited from the strength of its management business and during the year we have increased our shareholdings in our Australian subsidiaries.

We have been working closely during the year with our strategic partners Trammel Crow Company to develop a European corporate real estate outsourcing business with a focus on substantial contracts for leading blue-chip companies. TrammellCrowSavills is pursuing major business opportunities, certain costs of which have impacted on the results for the year.

Grosvenor Hill Ventures has had a relatively quiet year while developing The Mill Discount Department Store in West Yorkshire. We were pleased to announce in November a joint acquisition with Helical Bar plc of a retail warehouse park in Lisburn, Northern Ireland.

In March 2001, First Pacific Company, who had been a shareholder since 1997, sold its remaining 19.6% shareholding in order to concentrate on its core businesses in Asia Pacific. These shares were placed with a range of institutional shareholders.

### **BOARD AND STAFF**

On 28 February 2001 H Pryor Blackwell resigned as one of the Directors nominated by Trammell Crow Company and on 1 March 2001 he was succeeded by E Stevenson Belcher, who had assumed overall responsibility for international business development. On First Pacific Company's sale of its remaining 19.6% shareholding, David Eastlake and Michael Healy both resigned from the Board on 13 March 2001.

Our exceptional staff have produced good results in difficult circumstances. I pay tribute to their resilience and enthusiasm. We have been pleased to recruit a number of new senior staff who are attracted to the culture we have developed here.

## **OUTLOOK**

Prospects for the property industry and the markets in which we operate are reasonable. The likelihood of rental growth slowing in commercial markets and price rises slowing in residential markets has not dampened the enthusiasm of investors for a sector which is increasingly seen as providing safe returns at a time when other asset prices are volatile.

European investment markets are strong and we feel particularly well placed in Germany. Asian markets are difficult, but we have a platform from which growth in China should produce benefits and we have recruited some key senior staff in Shanghai to further strengthen our agency presence.

We are confident that we are in a good position to continue to increase market share and to take advantage of economic recovery when it comes in the markets in which we operate.

**Richard Jewson, Chairman**

## **GROUP CHIEF EXECUTIVE'S REVIEW OF OPERATIONS**

Despite the uncertain market conditions in the first half of the year and the caution in the markets caused by the events of 11 September 2001, the Group performed strongly.

The residential and agency businesses have experienced a testing year in 2001. These results also reflect certain one-off costs (including those relating to our investment in The Mill Discount Department Store, West Yorkshire and other business pursuit costs) which have been partially offset by the profit from the gain of our investment in Killik & Co.

We have continued to develop by recruiting new staff, investing in new areas of business and expanding our geographical spread to reduce our exposure to individual regional economies; the proportion of our business outside the UK is now 40%.

### **TRANSACTIONAL ADVICE**

The Transactional Advice business stream comprises commercial, residential, agricultural agency and investment advice on purchases and sales. During the year turnover was £103.3m, representing 44% of our total turnover, generating profit before interest and tax of £12.2m.

#### **Commercial Agency**

Despite the difficult markets, particularly in the latter half of 2001 and the significantly reduced level of activity in Central London, Commercial Agency teams performed well during the year.

Having advised Development Securities plc and their funding partners on the purchase of the 11 acre site, the West End Agency team succeeded in pre-letting over 70% of the 340,000 sq ft of offices within the 1<sup>st</sup> Phase of the development at PaddingtonCentral; one of the largest mixed use regeneration projects in Europe, which included the pre-letting of a new 193,000 sq ft headquarters building to Visa. Proposals are currently being finalised for the 2<sup>nd</sup> Phase.

Other significant deals include:

- Pre-letting of 60,000 sq ft to Linklaters & Alliance at 3 Bunhill Row on behalf of Helical Bar plc;
- Letting of 100,000 sq ft in City Point on behalf of City of London Office Unit Trust;
- Letting of 177,500 sq ft of warehouse space to Exel Logistics on behalf of ProLogis Developments Limited;
- Letting of a 40,000 sq ft office to PricewaterhouseCoopers on behalf of Wilson Bowden Developments;
- 62,000 sq ft leasehold acquisition on behalf of Batleys in West Thurrock;
- Sale of over 25m sq ft site in Croydon for AIK to Land Securities;
- Pre-letting and letting upon completion of 184,000 sq ft on behalf of Tishman International to United Biscuits, HJ Heinz and Fujitsu; and
- Acquisition of eight switch and data facilities for 186K Ltd., the telecoms subsidiary of Lattice Group plc across the UK.

The European offices enjoyed another profitable year's trading, particularly in the Investment and Agency operations in Frankfurt and Madrid, which carried out a number of large transactions on behalf of both local and international clients. During 2002 we will continue our strategy of growing our existing offices, which in 2001 resulted in the recruitment of senior fee earners, particularly in our Paris and Berlin offices. In 2001 we also increased our shareholding in our Dutch associate, FPDSavills Nederland B.V. from 25% to 40%. We are retained by Pradera as consultants on the formation of and ongoing valuation of their European portfolio and our Greek associate was involved in the largest investment transaction in Athens, the purchase of Village Entertainment Park on behalf of the Pradera European Retail fund for circa €60m.

In Hong Kong, the flagship of the FPDSavills Asia Pacific operation, the investment sales division performed well, completing several large transactions in a very competitive market. Our valuation and retail businesses reported satisfactory profits, which were offset by losses in Commercial and Residential Leasing, and in Residential Sales. Chinese markets suffered operating losses due to the effects of the economic slow-down in the US. Losses in Singapore reflected the cost of strengthening the operation and we increased market share in the Philippines.

#### **Residential Agency**

The residential markets opened 2001 with concerns over the repercussions of the slowing US economy. Despite this, trading started more strongly than expected both in London and the Country. FPDSavills set

new price levels in Eaton Square during this period, and a new office was opened in Canary Wharf which gave us a total of three offices in the Docklands area.

As the year progressed, a note of caution crept in to the market, particularly in London. Regional markets remained strong throughout the year and, despite the shock of 11 September 2001, 10% more regional properties were sold in the second six months.

Although the immediate aftermath of 11 September 2001 was quiet, particularly in London, the last two months of the year saw a gradual return of confidence and at this time FPD Savills set a new record for the sale of a house in the Boltons (guide price £12m).

### **Auctions**

From a standing start under 3½ years ago the Auctions department is now one of the top four residential auctioneers and attracts a wide range of sellers including local authorities, housing associations, utilities, mortgagees, executors, receivers, public and private property companies and private individuals. Auction sale prices range from a ground rent at £5,000 to a development site for £6m, one of the biggest residential auction lots sold last year. In all through 2001 this department sold 495 lots to a value of £93.5m. Commercial transactions doubled last year compared with the previous year and has potential for further growth. The freehold ground rent sale of the Guardian Building in Farringdon Road, London EC1 at £2.16m was a particular highlight.

### **New Homes**

During the year FPD Savills were involved with the sale of over 2,200 new homes worth in excess of £810m. These sales were generated out of 20 of our UK offices, from Scotland down to the South Coast. We were delighted to win a new award judged by our clients the housebuilders as "Best Residential Development Agent 2001".

The year saw several successful exhibitions of London developments in South Africa, where our association with Pam Golding Properties has resulted in high sales rates.

Highlights during the year included the sale of 75 units at Paddington Central on behalf of St George plc, and in early November, we were encouraged by the sale of over 150 apartments at the launch weekend of New Providence Wharf, close to Canary Wharf, on behalf of Ballymore Properties.

Notable new instructions won during the year include being appointed by LCR, Fairbriar and London Town as sole UK agents on the 311 unit development, Wandsworth Riverside Quarter, and also the appointment of our Guildford office at Brockham Park, near Dorking on a high quality development of 48 units by Redrow Homes and Bewley Heritage.

### **Development**

The Mixed Development department has continued to grow aggressively throughout the UK, concentrating particularly on the urban environment in accordance with Government policy.

We provide advice upon some 19,000 acres of strategic development land, which is likely to produce in the order of 200,000 residential units over the next five to ten years.

A major instruction is the appointment as development consultant to the South West of England Regional Development Agency on their major Temple Quay scheme in Bristol (over 100 acres which is likely to ultimately accommodate over 3m sq ft of offices, leisure and retail and up to 1,000 residential units, together with integrating the redevelopment and refurbishment of Brunel's Temple Meads Station). Elsewhere across the UK our development teams have been involved in major new housing proposals at Oakington Barracks in South Cambridge (600 houses), Bedford (5,000 houses), Ells Field, Rugby (7,000 houses) and South Woodham Ferrers, Essex (1,500 houses).

During the year we established a team dedicated to advising developers on affordable housing and key worker issues. Working with our Planning department we advised Grainger Trust plc on their joint venture acquisition of a site in Clapham Old Town, London SW4, where a mixed development is proposed incorporating 48,000 sq ft of private residential, 10,000 sq ft of affordable housing and 32,000 sq ft of commercial space.

The Development and Regeneration team have advised Cricklewood Regeneration Ltd, the joint venture between RailTrack Development Ltd and Pillar Developments on the commercial aspects of the proposed

redevelopment of a large site at Cricklewood for 133 acres of mixed development, to include a new station, retail and commercial development to generate up to 18,000 new jobs and 3,400 residential properties.

The team has also been providing and co-ordinating cross-sector advice to Meridian Delta Ltd, the joint venture between Quintain and Lend Lease, on the development proposals for the reuse of the Dome and regeneration of the Greenwich Peninsula.

### **Farm and Estate Agency**

Because of foot and mouth there was a sharp downturn in the number of farm and estate sales last year. However, FPD Savills increased its market share of advertised acres to 23% of the market; in Scotland we advertised 35% of the market. In both England and Scotland FPD Savills holds by some distance the largest market share of any agent. The Ashcombe Estate, about 1,000 acres on the Dorset/Wiltshire border, formerly rented by Cecil Beaton, attracted huge publicity when launched at the guide price of £9m.

### **Commercial Investment**

Boosted by seven interest rate cuts during the year as base rates fell from 6% to 4%, the commercial investment market was underpinned by debt funded buyers attracted to long dated leases and strong covenants. The strong consumer spending created renewed interest in the retail sector in the latter part of the year, in particular shopping centres and retail warehouse parks. The largest transaction of the year was acting for Pillar Property plc on the sale of £880m of retail warehouse stock to the Hercules Property Unit Trust, a Jersey based closed ended fund. Other key transactions included:

- the acquisition of Rivercourt, 120 Fleet Street for a partnership between Irish investors and Green Property, the Dublin based listed property company for a purchase price of £246.5m; and
- the acquisition of Marble Arch Tower for £69.2m.

During the year, the Group was retained to raise £128m equity, to provide development, marketing and leasing advice. The commercial Business Space team advised on the acquisition and is retained to let the 33 acre office development site by the Trust; over 600,000sq ft of this 1.5m sq ft office development scheme has been constructed, of which more than 71% is let or committed. The scheme was IPD's best performing fund during 2000 and won the 2001 Development of the Year award.

### **Retail and Leisure**

The Retail Warehouse team operating within the UK from offices in London, Manchester and Edinburgh had another very successful year, with business focussed on advising landlords and retailers. The team represented 37 landlords on over 62 retail parks, providing in excess of 7m sq ft of floorspace and acquired almost 500,000 sq ft of new floorspace for retailers such as B&Q Plc and Uniqlo, a Japanese fashion retailer. The Leisure team enhanced its reputation as a market leader in the fast-growing health and fitness sector advising Esporta on the acquisition of eight health and fitness clubs. It also advised Invicta on an acquisition in Germany, the first in their Europe-wide expansion programme.

### **Fund Management**

The UK Fund Management operation enjoyed a successful year with funds under management growing by 18% to £870m and discretionary clients continuing to strongly outperform their benchmarks. New clients secured during the year include the £100m Hampshire Pension Fund mandate and a significant private client. The Charities Property Fund doubled in size during 2001 and now stands at £40m, with 105 charities having invested, providing an attractive income yield and with the exemption from Stamp Duty providing a significant pricing advantage.

### **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. Market changes provide new opportunities for expansion as evidenced by the increase in business in Asia Pacific from clients who require objective property and planning advice as the region recovers from the downturn. Our consultancy businesses are far less affected by short term movements in market confidence and continued to perform well during 2001. Profit before interest and tax for the year was £5.6m on turnover of £37.3m.

## **Valuation**

The Commercial Valuation team has enjoyed another successful year, increasing turnover by 22% on the previous 12 months. The primary focus remains valuations for banks, which has been underpinned by a favourable finance market and low cost of money. We acted for The Royal Bank of Scotland on Delancey's public to private bid, and also for a consortium of German banks on a major sale and leaseback transaction of department stores. We continue to prepare valuations for Canary Wharf Group plc, have advised on two further securitisations during the year and are currently advising on a third. We have also prepared valuations for the £1bn construction finance facility at Canary Wharf, one of the largest loan facilities in Europe. We place increasing emphasis on Europe and have carried out a number of continental European portfolio valuations during the year.

Despite the difficult market in 2001, the Hotel Valuation team reported on a record £1.5bn assets and introduced Ascott Group (Pte) to Crown Dilmun, creating the UK's largest joint venture services apartment owner and operator, valued at £146.5m.

Our Residential Valuation Department is retained by Westminster City Council to advise on its interest in Dolphin Square, Pimlico; a well known building which comprises 1,050 flats, a hotel, shops, two restaurants and a leisure complex.

## **Commercial Building Consultancy**

The commercial Building Consultancy department had another successful year, continuing a trend of increased income and profit. This growth has been made through focusing on the needs of clients in different sectors as well as in-depth provision of project management, building surveying and development monitoring. Over the year we have strengthened the teams that advise on professional and development work in order to provide support to our increased market share and service the quality of schemes on which we are advising, including significant developments in London with a total construction cost well in excess of £100m. We have retained our position as market leaders in the provision of large stock condition surveys for the social housing sector and have enjoyed significant growth in our procurement advisory service, advising on investment strategies that exceed £2bn expenditure on construction.

CMI Project Services Limited, which was established to provide specialist project management on large flagship developments, is managing prestigious projects with a total construction value of circa £300m on behalf of clients such as Hutchison Whampoa and Pembroke Real Estate, a subsidiary of Fidelity Investments.

Outside London our Building Consultancy teams enjoyed a good year. Key projects included restoration of a 15<sup>th</sup> Century manor house at The Manor, Ashby St Ledgers (best known for its connection with the Gunpowder Plot), conversion of a Grade II\* Listed mansion to quality apartments at Exning House, Newmarket, and conversion of Benacre Hall, Suffolk to high quality apartments.

During the year, FPDSavills Architects became a registered practice and provided architectural services through the UK and a team called Capital Projects was established to advise on the refurbishment of London houses and apartments.

## **Landlord and Tenant**

In 2001 the Landlord and Tenant team recorded their most successful year, increasing turnover by 20% from the previous financial year. This reflected increased returns in the central London and South East office markets, fuelled by the high levels of rental growth over five years to 2001. Market share was also maintained in the out of town retail sector, commercial property's star performer over the past five years and where Savills are the market leader. Profit achieved in the period was at an all time high and prospects for 2002 are equally positive. A specialist in the industrial sector has been recruited.

## **Rating**

The Business Rates team continues to advise commercial property occupiers of all types of property on the reduction of their rates bill and appeals settled show an average reduction of circa 8%, against a Government target to limit reductions to 4.4%. The team also provides advice to clients with significant nationwide portfolios, such as Compass Roadside's settlement of appeals for 13 motorway service areas, 134 Little Chef Restaurants and Travelodges, with a total rateable value of approximately £17m. The recent Government White Paper on Local Government Finance confirms that there will be a revaluation of commercial property for rating purposes with effect from April 2005 and, whilst some aspects of the system remain uncertain, looking forward this is a positive indicator for future business.

## **Planning**

During the year the Planning division continued to expand its national coverage and now covers all sectors, which include commercial, residential, retail, leisure and institutional. Notable successes during the year include;

- planning approval for a new community of 1,000 houses at St Crispin Hospital, Northampton;
- 500 new dwellings in a former quarry in Matlock; and
- a complex mix of redevelopment and refurbishment of an entire island site next to the Royal Opera House, Covent Garden.

## **Strategic Projects**

An excellent year included two particularly dominant projects which were outside our normal activities within the utility sector. The first was with 186K, the telecoms subsidiary to Lattice Group plc, where we designed, negotiated and delivered 1250 km of fibre optic route from the Midlands to Scotland and back. The second was with DEFRA where we assisted in managing the control of foot and mouth outbreaks throughout the UK. By the height of the season these two projects had meant building and working with a team of up to 175 field agents. Our telecoms business has also expanded very successfully with the provision of new services to clients, which include all but one of the major operators, together with two network providers.

## **Housing Consultancy**

We continue to be leaders in the valuation of affordable housing and we have now added a team to advise on this and key worker accommodation. We have now valued for loan purposes about half of all local authority housing stock transfers, including last year four city councils together totalling about 155,000 homes, and option appraisals or independent valuations for five Scottish councils totalling about 115,000 homes. Annual valuations and loan valuations of traditional Housing Associations continue to be a mainstay of the business.

## **Research**

The Research department offers research services to clients in all sectors of UK and European real estate. It monitors the major markets but specialises in niche and emerging markets. New opportunities are identified by the department in the face of changing conditions. A good example of this is in the agricultural sector. The ownership and use of rural property continues to evolve in the wake of the foot and mouth outbreak and income from existing agricultural activities will probably not recover substantially from currently depressed levels. Clients have responded to this by seeking more information on the future direction of the sector. We have completed a number of research projects in this area for the UK conservation, countryside and environment agencies in 2001. Much work has also been done in connection with affordable housing provision, its impact on developers' businesses and the emerging sector of residential investment. Reports have been issued on Leisure, Hotels and Building, reforming some of the traditionally held views in these sectors. We also regularly produce market reports on a wide range of commercial property markets throughout Europe and Asia and are active in providing bespoke analyses to developers, funders, and occupiers of all types of commercial real estate.

## **PROPERTY MANAGEMENT**

Our Property Management business continues to perform in line with expectation in generating fee income from managing commercial, residential and agricultural properties for owners. During the year, turnover was £49.7m, generating a profit before interest and tax of £2.9m.

### **Commercial and Residential Management**

The Commercial Property management business has had a very successful year and has secured new management business in excess of £1.5m fees per annum. The BA Pension Fund appointed us to manage three leading retail and leisure complexes including the Printworks in Manchester and Atlantic Wharf in Cardiff. New shopping centre management instructions include The Plaza, Oxford Street, London and The Triangle in Manchester. Turnover for the UK commercial management business was £5.8m in 2001 and is projected to rise to £6.8m in 2002, underlining the growth in this sector of our business.

In Hong Kong, the Group contributed increased profits through increased properties under management and cost reduction initiatives, despite the pressure on operating margins. The opening up of the Chinese market provided new opportunities and the Group has maintained its market lead in China. In Australia, the merger of Byvan's management operation with the various state offices allowed the Group to reap the benefits of synergy and economies of scale. The Group aims to enhance the competitive advantage of the Thai and Philippine operations by introducing International standards of service.

Australia reported increased operating profits for 2001. During the year the Group successfully acquired the minority interests in the Queensland and Perth operations and is now one of the major National firms in Australia.

FPDSavills continued to expand the service it offers to corporate and institutional investors in the emerging residential investment sector. Our residential property management business has enjoyed a very strong year of growth both within the institutional investment market and related services. The year ended on a high note, winning against intense competition, the mandate to provide full management services to ING Real Estate's large residential portfolio throughout England.

### **Land and Farm Management**

Our Land Management business continues to consolidate its leading market share position. The problems facing the agricultural community have enforced the need for substantial re-structuring within rural businesses and our ability to identify new business streams on behalf of clients has been an important source of new work. Over recent months we have been extending our management into corporate rural businesses where there is substantial growth potential.

Despite difficult trading conditions in the agricultural sector, our specialist farming subsidiary, Aubourn Farming, continues to successfully expand its business and technical consultancy service in line with its strategic objective of developing a national business.

Our investment in our Benchmarking Survey of rural businesses, to which many clients and non clients contribute, has grown in strength and now provides valuable performance indicators on business streams and property assets.

### **FACILITIES MANAGEMENT**

The Facilities Management business provides a comprehensive range of services to occupiers of property, ranging from strategic advice through project management to all the services relating to a building. During the year turnover was £32.6m, generating a profit of £2.3m.

Our facilities management operation consists of two main parts; FPDSavills Guardian in Hong Kong and TrammellCrowSavills in Europe.

FPDSavills Guardian provides a range of property management services, primarily in Hong Kong, including Hong Kong government outsourcing contracts. This business is performing well and in line with targets. Due to the expiration of a major government contract, in December 2001 the Group sold its 50% interest in the Serco-Guardian joint venture to the joint partner, Serco Plc, at a gain to the Group of £1.1m.

TrammellCrowSavills was formed in June 2000 as a global real estate outsourcing company, to deliver corporate real estate services to multinational companies in Europe and extended its coverage to Asia through its acquisition of FPDSavills' Asia Pacific subsidiary, Construction Management International. TrammellCrowSavills' main clients include American Express, Standard Chartered, EMC and Ernst & Young. TrammellCrowSavills is pursuing major business opportunities, certain costs of which have impacted on the results for the year.

### **PROPERTY TRADING**

Grosvenor Hill Ventures, our principal property trading subsidiary, has continued to seek property joint venture opportunities in the UK. A notable purchase was a retail warehouse park in Lisburn, Northern Ireland, in joint venture with Helical Bar Plc.

Following significant effort to achieve major new lettings and changes to the tenant profile, trading at The Mill Discount Department Store, West Yorkshire has improved, particularly in the last quarter of 2001. The loss before interest for the year of £1.5m on turnover of £2.2m includes the cost of reconfiguring the scheme.

### **FINANCIAL SERVICES**

The Financial Services division is comprised of a corporate finance advisory business (Savills Finance Limited) and private client financial services business (Savills Private Finance Limited) which is primarily focusing on residential mortgage broking and associated financial products.

During the year the remaining 10% interest in Killik & Co was sold to the other partners, generating a profit of £2.4m.

**Savills Private Finance**

During the year Savills Private Finance increased turnover by 61% and produced a record profit. The main focus of the business continues to be residential mortgage broking, with teams now situated in eight offices throughout the country.

The Commercial Finance division of Savills Private Finance has successfully arranged in excess of £100m of loans for clients during 2001. The team's experience has benefited from new transactions in the healthcare and leisure market and we are becoming important sources of new business for commercial lenders active in the UK market.

**Savills Finance Limited**

The Residential Property Unit Trust managed by Schroders and advised by Savills Finance Limited had an outstanding year and was recognised as the best-performing property fund in the CAPS Pooled Pension Fund Survey in 2001 returning 22.7%, 12.5% ahead of its nearest rival. The Trust continues to grow and has now acquired properties with a total value of around £45m. In addition, Savills Finance Limited is working towards the launch of a number of innovative projects in the emerging residential investment sector.

**Aubrey Adams, Group Chief Executive**

**SAVILLS plc**  
**PRELIMINARY ANNOUNCEMENT OF RESULTS**  
**year ended 31 December 2001**

	Year to 31.12.01 £'000	8 months to 31.12.00 £'000
<b>Turnover</b>		
Continuing operations	238,242	162,067
Acquisitions	1,677	-
Less: Share of joint ventures	(4,483)	(5,377)
Total Group turnover	<u>235,436</u>	<u>156,690</u>
<b>Operating profit</b>		
Continuing operations	18,157	13,470
Acquisitions	81	-
Group operating profit	<u>18,238</u>	<u>13,470</u>
Share of operating profit of joint ventures	708	851
Share of operating (loss)/profit of associated undertakings	(773)	516
Operating profit including share of joint ventures & associated undertakings	<u>18,173</u>	<u>14,837</u>
Profit on disposal of interests in subsidiary undertakings	435	793
Profit on disposal of interest in joint venture	1,052	-
Profit on disposal of interest in associated undertakings	2,455	1,350
Profit on disposal of property	121	-
Profit on disposal of investment	53	-
Profit before interest	<u>22,289</u>	<u>16,980</u>
Net interest		
Group	(719)	392
Joint ventures	16	59
Associated undertakings	(36)	(3)
Total net interest	<u>(739)</u>	<u>448</u>
Profit on ordinary activities before taxation	21,550	17,428
Taxation on profit on ordinary activities	(6,881)	(5,941)
Profit on ordinary activities after taxation	<u>14,669</u>	<u>11,487</u>
Equity minority interests	(1,108)	(959)
Profit for the financial period	<u>13,561</u>	<u>10,528</u>
Dividends paid & proposed	(5,490)	(3,359)
Profit for the period transferred to reserves	<u>8,071</u>	<u>7,169</u>
Basic earnings per share	24.2p	18.7p
Basic earnings per share before interest, tax, depreciation & amortisation	51.6p	37.1p
Diluted earnings per share	21.8p	17.0p
Dividend per share	9.75p	6.0p

**SAVILLS plc**  
**SUMMARY GROUP BALANCE SHEET**  
**at 31 December 2001**

	31.12.01 £'000	31.12.00 £'000
<b>Fixed Assets</b>		
Intangible assets	30,134	29,883
Tangible assets	29,137	29,248
Investments		
Investments in joint ventures		
Share of gross assets	589	3,729
Share of gross liabilities	(31)	(2,028)
	558	1,701
Investments in associates	5,936	6,994
Other investments	4,419	5,586
	10,913	14,281
<b>Total Fixed Assets</b>	70,184	73,412
<b>Current assets</b>		
Property held for resale	25,446	15,801
Work in progress	2,473	2,815
Debtors	61,558	62,309
Cash at bank & short term deposits	40,299	29,696
	129,776	110,621
<b>Creditors - amounts falling due within one year</b>	(87,178)	(82,661)
<b>Net current assets</b>	42,598	27,960
<b>Total assets less current liabilities</b>	112,782	101,372
<b>Creditors - amounts falling due after more than one year</b>	(22,568)	(21,759)
<b>Provisions for liabilities &amp; charges</b>	(2,843)	(1,959)
<b>Net assets</b>	87,371	77,654
<b>Capital &amp; Reserves</b>		
Called up equity share capital	3,146	3,129
Share premium account	41,227	40,867
Profit & loss account	42,155	33,069
	86,528	77,065
<b>Equity shareholders' funds</b>	86,528	77,065
<b>Equity minority interests</b>	843	589
	87,371	77,654

**SAVILLS plc**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**year ended 31 December 2001**

	Year to 31.12.01 £'000	8 months to 31.12.00 £'000
Net cash inflow from operating activities	25,991	18,778
Dividends received from associated undertakings	1,047	1,147
Net cash (outflow)/inflow from returns on investments & servicing of finance	(1,846)	9
Tax paid	(10,548)	(4,731)
Net cash outflow from capital expenditure & financial investment	(6,436)	(16,155)
Net cash inflow from acquisitions & disposals	2,144	232
Equity dividends paid	(5,203)	(2,549)
Cash inflow/(outflow) before use of liquid resources & financing	5,149	(3,269)
Management of liquid resources	1,911	5,316
Financing	6,232	4,827
<b>Increase in cash</b>	<b>13,292</b>	<b>6,874</b>

## STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

	Year to 31.12.01 £'000	8 months to 31.12.00 £'000
Profit for the financial period		
Group	13,700	9,367
Joint ventures	610	807
Associated undertakings	(749)	354
	<u>13,561</u>	<u>10,528</u>
Currency translation differences on foreign currency net investments	859	264
	<u>14,420</u>	<u>10,792</u>

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Year to 31.12.01 £'000	8 months to 31.12.00 £'000
Profit for the financial period	13,561	10,528
Dividends	(5,490)	(3,359)
Retained profit for the period	<u>8,071</u>	<u>7,169</u>
Issue of share capital	377	24
Currency translation differences	859	264
Goodwill previously written off to reserves	156	-
Net increase in shareholders' funds	<u>9,463</u>	<u>7,457</u>
Shareholders' funds at beginning of period	77,065	69,608
Shareholders' funds at end of period	<u><u>86,528</u></u>	<u><u>77,065</u></u>

## NOTES

### 1. Basis of preparation

The Accounts for the year ended 31 December 2001 have been prepared under the historical cost convention, modified to include the revaluation of investment properties and in accordance with applicable United Kingdom accounting standards on a consistent basis with prior periods.

The financial information in this statement does not constitute statutory Accounts within the meaning of s240 of the Companies Act 1985. The statutory Accounts for the eight month period ended 31 December 2000, on which the auditors have given an unqualified audit report, have been filed with the Registrar of Companies.

There was a change in the companies accounting reference date to December in the previous financial period. To assist with the understanding of these financial statements, unaudited comparative figures for the profit and loss account for the 12 months to 31 December 2000 have been disclosed.

### 2. Segmental analysis

Year to 31 December 2001	Consultancy £'000	Transactional Advice £'000	Property Manage- ment £'000	Facilities Manage- ment £'000	Financial Services £'000	Property Trading £'000	Holding Company £'000	Total £'000
Total Group turnover	37,295	103,305	49,711	32,611	8,165	4,349	-	235,436
Operating profit/(loss)	5,455	11,954	2,143	1,845	159	(396)	(2,922)	18,238
Profit/(loss) before interest & taxation	5,613	12,172	2,916	2,317	2,468	(396)	(2,801)	22,289
<b>8 months to 31 December 2000</b>								
Total Group turnover	23,186	69,917	30,979	23,607	3,264	5,737	-	156,690
Operating profit/(loss)	3,261	11,798	1,584	924	(2,149)	226	(2,174)	13,470
Profit/(loss) before interest & taxation	3,521	11,805	1,993	2,298	(689)	226	(2,174)	16,980

## NOTES

### 3. Geographical analysis of turnover, profit before interest & tax (PBIT)

	Turnover Year to 31.12.01 £'000	PBIT Year to 31.12.01 £'000	Turnover 8 months to 31.12.00 £'000	PBIT 8 months to 31.12.00 £'000
United Kingdom	141,867	16,923	94,259	10,754
Rest of Europe	8,724	1,936	7,315	2,723
Asia	84,845	3,430	55,116	3,503
	<u>235,436</u>	<u>22,289</u>	<u>156,690</u>	<u>16,980</u>

Profits before interest and tax for the year ended 31 December 2001 for Asia are shown after charging goodwill amortisation of £1,350,000 (8 month period ended 31 December 2000 - £804,000). The profits before interest and tax for the year ended 31 December 2001 for Europe are shown after charging goodwill amortisation of £178,000 (8 month period ended 31 December 2000 - £119,000).

### 4. Taxation

The tax charge has been calculated on the basis of the underlying rate in each jurisdiction adjusted for any disallowable charges.

### 5. Dividends

The Directors have declared a final dividend for the year ended 31 December 2001 of 6.5 pence per ordinary share (8 month period ended 31 December 2000 - 6.0 pence per share). The current number of shares in issue is 62,990,826.

### 6. Earnings per share

The calculation of earnings per share is based on the following weighted average number of shares:

	Year to 31.12.01 '000	8 months to 31.12.00 '000
Basic Earnings per share	56,112	56,300
Diluted earnings per share	<u>62,228</u>	<u>61,761</u>

For the year to 31 December 2001, earnings are adjusted by £15.4m (8 month period ended 31 December 2000 - £10.3m) representing interest, taxation, depreciation and amortisation of goodwill in order to calculate the adjusted basic earnings per share.

## NOTES

### 7. Notes to consolidated cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities	Year to 31 December 2001 £'000	8 months to 31 December 2000 £'000
Operating profit	18,238	13,470
Depreciation charges	5,840	3,568
Amortisation of goodwill	1,748	1,288
Loss on the sale of fixed assets	679	346
(Increase)/decrease in property held for sale	(9,645)	2,981
Decrease/(increase) in work in progress	357	(681)
Decrease/(increase) in debtors	984	(9,829)
Increase in creditors	5,074	6,250
Increase in provisions	589	168
Increase in provision for ESOP share options granted	1,427	1,217
Increase in provisions for diminution in value of fixed asset investments	700	-
<b>Net cash inflow from operating activities</b>	<b>25,991</b>	<b>18,778</b>
(b) Reconciliation of net cash flows to net funds	Year to 31 December 2001 £'000	8 months to 31 December 2000 £'000
Increase in cash	13,292	6,874
Cash inflow from increase in debt	(6,073)	(5,075)
Capital element of finance leases repaid	218	272
Cash inflow from decrease in liquid resources	(1,911)	(5,316)
Finance leases & loans acquired with subsidiaries	(62)	-
Exchange movements	739	-
	6,203	(3,245)
Net funds at beginning of period	249	3,494
<b>Net funds at end of period</b>	<b>6,452</b>	<b>249</b>

## NOTES

### 7. Notes to consolidated cash flow statement (continued)

(c) Analysis of changes in net funds	At 31.12.00 £'000	Cash flows £'000	Acquisitions (excluding cash & overdrafts) £'000	Exchange movement £'000	At 31.12.01 £'000
Cash at bank	11,822	11,982	-	(49)	23,755
Overdraft	(2,848)	1,310	-	-	(1,538)
		13,292			
Liquid funds on one month deposit	1,051	662	-	-	1,713
Liquid funds on short-term deposits	16,823	(2,573)	-	581	14,831
	26,848	11,381	-	532	38,761
Debt - due within one year	(5,166)	(4,500)	(19)	(8)	(9,693)
- due after one year	(21,159)	(1,573)	-	215	(22,517)
Finance leases	(274)	218	(43)	-	(99)
<b>Net funds</b>	<b>249</b>	<b>5,526</b>	<b>(62)</b>	<b>739</b>	<b>6,452</b>

**SAVILLS plc**  
**PRO FORMA CONSOLIDATED PROFIT & LOSS ACCOUNT**  
**year ended 31 December 2001**

	Year to 31.12.01 £'000	Year to 31.12.00 £'000 (Unaudited)
<b>Turnover</b>		
Continuing operations	238,242	219,480
Acquisitions	1,677	-
Less: Share of joint ventures	(4,483)	(5,971)
<b>Total Group turnover</b>	<b>235,436</b>	<b>213,509</b>
<b>Operating profit</b>		
- Continuing operations	18,157	21,508
- Acquisitions	81	-
Group operating profit	18,238	21,508
Share of operating profit of joint ventures	708	887
Share of operating (loss)/profit of associated undertakings	(773)	711
Operating profit including share of joint ventures & associated undertakings	18,173	23,106
Profit on disposal of interests in subsidiary undertakings	435	793
Profit on disposal of interest in joint venture	1,052	-
Profit on disposal of interest in associated undertakings	2,455	1,350
Profit on disposal of property	121	-
Profit on disposal of investment	53	-
Profit before interest	22,289	25,249
Net interest		
Group	(719)	557
Joint ventures	16	65
Associated undertakings	(36)	(3)
Total net interest	(739)	619
Profit on ordinary activities before taxation	21,550	25,868
Taxation on profit on ordinary activities	(6,881)	(8,053)
Profit on ordinary activities after taxation	14,669	17,815
Equity minority interests	(1,108)	(939)
<b>Profit for the financial period</b>	<b>13,561</b>	<b>16,876</b>
Basic earnings per share	24.2p	31.1p
Basic earnings per share before interest, tax, depreciation & amortisation	51.6p	56.2p

The pro forma statements have been prepared on the following basis:

1. Consistent accounting policies.
2. The results for the year ended 31 December 2000 have been extracted from management accounts and have not been audited, but have been included to assist in the interpretation of results.
3. Earnings per share is based on the profit for the financial year, divided by the weighted average cost of shares in issue (2001 - 56,112,208 shares, and 2000 - 54,291,551 shares).  
Earnings before interest, taxation, depreciation and amortisation of goodwill were £28.9m and £30.5m for the years ended 31 December 2001 and 31 December 2000 respectively.

Copies of this statement are being sent to shareholders and are available from:

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Telephone: 020 7409 9920 Fax: 020 7491 0505 Email: [meast@fpdsavills.co.uk](mailto:meast@fpdsavills.co.uk)  
Contact: Michaela East

In addition, with prior notice, copies in alternative formats i.e. large print, audio tape, Braille are available if required from Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA.

This information is also available on the Company's website at: [www.fpdsavills.com](http://www.fpdsavills.com)

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