

SAVILLS PLC (“THE COMPANY”)

AUDIT COMMITTEE (“THE COMMITTEE”)

1. Constitution

1.1 Members

The Committee shall comprise at least three independent Non-Executive Directors appointed by the Board. All members shall be independent. The Committee as a whole shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.

1.2 By Invitation

The Group Chief Executive, Chairman of the Board, Group Finance Director, Divisional Accountants and any other Non-Executive Director, Director or Senior Executive of the Company may be invited to attend all or any of the proceedings of the Committee as the Committee may decide appropriate from time to time.

1.3 External Auditors and Officers Responsible for Risk Assurance

Representatives of the external auditors and the officers responsible for risk assurance will be invited to attend meetings of the Committee on a regular basis.

1.4 Chairman

The Board shall appoint a Committee Chairman, who shall be an independent Non-Executive Director. In the absence of the Committee Chairman, the remaining members shall elect one of their number to chair the meeting.

1.5 Secretary

The Company Secretary or his/her nominee shall act as the Secretary to the Committee.

1.6 Quorum

The quorum for meetings of the Committee shall be any two Committee members.

2. Duties

2.1 External Auditors and Financial Reporting

The Committee shall:

2.1.1 Consider and make recommendations to the Board as regards the appointment and re-appointment of the external auditors as well as any question of resignation or dismissal, and annually assess their qualification, independence, objectivity and effectiveness.

2.1.2 Recommend the audit fee to the Board and consider and approve any non-audit fee work undertaken by the external auditor if the value of such work to the Group is likely to be greater than £25k* and ensure that the provision of non-audit work does not impair the external auditors' independence or objectivity.

*Where approval is required before the next scheduled Audit Committee, any member may give such approval.

- 2.1.3 Discuss with the external auditors before the audit commences the nature and scope of the audit, agree the terms of the engagement letter and ensure co-ordination when more than one audit firm is involved.
- 2.1.4 Monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and review, and challenge where necessary, the actions and judgements of management in relation to the half-year and annual financial statements before submission to the Board, focusing particularly on:
- (i) the consistency of and any changes in accounting policies;
 - (ii) major judgemental areas;
 - (iii) the extent to which financial statements are affected by any unusual transactions and how they are disclosed;
 - (iv) significant adjustments resulting from the audit;
 - (v) the going concern assumptions;
 - (vi) compliance with accounting standards;
 - (vii) compliance with Stock Exchange and legal requirements; and
 - (viii) all material information presented with the financial statements, including the operational and financial review.
- 2.1.5 Discuss any issues arising from the interim review and final audit, and any matters which the external auditor may wish to discuss (in the absence of management where necessary).
- 2.1.6 Review the external auditor's management representation letter and management's response.
- 2.1.7 Consider the major findings of internal investigations and management's response.
- 2.1.8 Consider other topics as specified by the Board.
- 2.1.9 Draw to the attention of the Board any matters relating to or arising out of the above which in its opinion should be drawn to the attention of the Board.

2.2 Internal Controls and Risk Management

The Committee shall:

- 2.2.1 Keep under review the effectiveness of the Company's internal controls and risk management arrangements.
- 2.2.2 Review and approve the statements to be included in the Annual Report and Corporate Governance Statement concerning internal controls and risk management.

2.3 Whistleblowing

- 2.3.1 The Committee shall have responsibility for reviewing the Company's policy and arrangements in place for its employees to raise concerns in confidence about possible wrongdoing whether in financial reporting or in other matters.

2.4 Internal Audit Function

2.4.1 Where there is no internal audit function, the Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board.

2.4.2 Where there is an internal audit function, the Committee shall:

- (i) Monitor and review the effectiveness of the Company's internal audit function in the context of the Group's overall risk management arrangements.
- (ii) Approve the appointment and removal of the Head of Internal Audit or any external consultants used to fulfil the function.
- (iii) Consider and approve the remit of the internal audit function and the annual internal audit plan, ensure free access to information and check the internal auditor's ability to perform his/her duties in accordance with relevant professional standards.
- (iv) Review all reports on the Company prepared by the internal auditor.
- (v) Review and assess management's responsiveness to reports from the internal auditor.
- (vi) Meet the Head of Internal Audit or any external consultants used to fulfil the function at least once a year, without management present, to discuss their remit and any issues or concerns.

3. Proceedings and Other Matters

- 3.1 In order to carry out its responsibilities the Committee shall have access to all accounting staff of the Company and its subsidiaries and all such staff shall have access to the Committee or its individual members.
- 3.2 At least once each year, the Committee shall meet with the external auditors and the officers responsible for risk assurance without Executive Directors present.
- 3.3 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities
- 3.4 The Committee is authorised by the Board to obtain outside legal or other independent advice and to secure the attendance of external people with relevant experience and expertise if it considers this necessary at the cost of the Company.
- 3.5 The Committee shall report to the Board and minutes of the Committee meetings shall be prepared by the Committee Secretary. After approval by the Committee Chairman, the Minutes shall be forthwith circulated under confidential cover to the whole Board of Directors.
- 3.6 The Committee shall meet at least three times a year.
- 3.7 At least once a year the Committee shall review its own performance, constitution, and terms of reference and recommend any changes it considers necessary for Board approval.

UPDATED: 1 October 2007