

7<sup>th</sup> May 2008

**SAVILLS PLC**  
**(“Savills” or “the Company”)**

**Interim Management Statement**

Savills, the international property adviser, publishes its Interim Management Statement for the three months ended 31 March 2008.

**Overview**

When we announced our results for the year ended 31 December 2007, the Chairman reported that 2008 would be a challenging year for the property industry worldwide. He noted, however, that not all segments and geographies would be affected equally. Trading in the first three months of 2008 has borne this out.

Trading conditions for our UK and US Commercial Capital Markets businesses and our UK Residential and Mortgage Broking businesses have continued to be challenging with volumes down on the comparable period in 2007. Our Transactional businesses in Europe see more signs for optimism but transactions are currently taking longer to complete as financing becomes more difficult to obtain. Our Transactional businesses in Asia continue to be more resilient. Demand for our Consultancy, Property Management and Fund Management services, although not totally immune to the impact of the credit squeeze, remained good.

**Main Business Streams**

**Transactional**

The UK commercial property investment markets have seen further rises in yields in the first quarter, although at a much slower rate than was seen towards the end of 2007. An increasing number of investors now perceive London as being at or close to fairly priced and we are seeing more buyers, both domestic and international, looking for prime investment opportunities. As redemptions have slowed from the retail funds, there have been fewer vendors in the market, and this has impacted negatively on investment volumes in our UK Transactional businesses.

Tenant demand has been fairly resilient across most sectors. However, demand in the City of London office market has reduced significantly and retailer demand is subdued across the UK.

In the UK residential markets, we have seen prices fall in both London and the Country. Savills Prime Central London index reported a fall of 1.5% in the first quarter, which followed a 2% fall in the final quarter of 2007. In prime regional markets, prices have generally been more robust with small falls of 0.5% in Q1 2008. The current uncertainty has led to a sharp fall in transaction volumes for our Residential business in London, with less dramatic falls in the Country.

Across mainland Europe, while commercial investment volumes have been lower than last year, transactions are still occurring across all sectors, with a heavy focus on prime property with good fundamentals. The last six months has seen an end to yield hardening in most European markets and an increasing polarisation between prime and secondary asset pricing. Tenant demand has generally held up well across all commercial property sectors in Europe. Overall, our European Transaction businesses are seeing volumes down as deals take longer to complete.

Many of the long-term drivers which have attracted investors to Asia remain, including population growth, rapid household formation, urbanization rates and a burgeoning middle class. Asia's strength at a time of market adjustment elsewhere is attracting international capital into the region, with China benefitting in particular. Occupier markets remain robust, as firms continue to expand. Our Asian Transaction businesses have had an excellent quarter.

In the US, Savills Granite has continued to perform in line with our expectations. We have seen our first cross-border transaction with a European investor buying in New York.

**Consultancy**

Our Consultancy businesses in the UK have performed well. In these more uncertain times, due to Savills size and reputation, demand for valuations has been at record levels and housing consultancy has traded strongly. In Europe, our Valuation teams have continued to win new business. In Asia, we had strong performances, in particular, from our Consultancy businesses in China and Australia.

### **Property and facilities management**

Our Commercial Property Management businesses in the UK have performed well continuing the momentum from the second half of 2007. Our European Property Management business has seen continued growth in Germany and Holland. Our Asian Property Management businesses have had a good first quarter, with strong performances in Hong Kong, Singapore, Australia and China, although cost pressures continue.

### **Financial Services**

The credit squeeze has had an impact on the main residential mortgage broking division with new mortgage completions down on the equivalent period in 2007. Remortgaging, however, remains steady.

### **Fund Management**

Cordea Savills has continued to perform well, announcing the launch of the Turkey Property Ventures Fund. Revenue was ahead of the first quarter of 2007 reflecting the higher opening funds under management.

### **Outlook**

The outlook for our UK, European and US Capital Markets, UK Residential and UK Mortgage Broking businesses continues to depend on how quickly confidence returns to financial markets. However, our Transaction businesses in Asia currently appear less affected by the credit squeeze. Our Consultancy, Property Management and Fund Management businesses, which contributed about 40% of our profits for 2007, whilst not totally immune to the impact of the credit squeeze, continue to enjoy good demand for their services. As in previous years, the full year outcome will be heavily weighted towards the second half.

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