



News Release

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Knight Frank profit climbs 168% to £58.4m

London, UK – Knight Frank LLP (“Knight Frank”), the leading independent global residential and commercial property consultancy, today announced its final results for the year ended 31 March 2010.

Highlights

- Group turnover up 13% to **£288.0m** (2009: £255.7m)
- Group profit before tax up 168% to **£58.4m** (2009: £21.8m)
- All regions profitable with particular strength in the UK and Asia Pacific
- Strong balance sheet with minimal intangible assets - net assets **£87.1m** (2009: £62.3m)
- Further **£10m** kept in reserves (2009: £10m)
- Debt free – net cash in bank **£74.0m** (2009: £33.4m)
- Unutilised **£30m** revolving credit facility
- Staff bonuses and commissions **£35.5m** (2009: £14.6m)

Nick Thomlinson, senior partner and chairman of the Knight Frank Group said:

Overview

“I am delighted to report a strong performance across the group with all regions delivering profits. In the UK, our residential business once again out-performed the market and our commercial operations capitalised on improved transactional activity whilst also building its consultancy base. All of our continental European businesses returned to profitability and we continue to extend our Asia Pacific operations with particular emphasis on Australia, India and Greater China.

“We remain debt free, and have our cost base at a controllable level which has helped to further strengthen our balance sheet.

“In the past 12 months the emphasis has been on our exceptional staff and teams continuing to deliver the best service and trusted advice to our clients. We go where our clients most need us and this year we have expanded our global office network by opening in Vietnam, South Korea and Abu Dhabi. Our growth strategy remains focused on organic expansion in key markets with the best people.

“We continue to have a good balance between transactional and professional services activities. Our professional services teams have been in more demand than ever as our clients have required trusted advice on their existing assets to ensure their potential is maximised and that they are valued to the



highest standards. We remain a well-diversified business across both residential and commercial and this remains our approach.

“The improved performance of the group has continued in the first half of the current financial year. Nonetheless, we remain cautious about the outlook for the full year given prevailing economic uncertainties around the world. With this in mind we have again retained profits in the business to strengthen further our balance sheet, ensuring that we are among the best positioned in our sector to meet and take advantage of the challenges ahead. We have the best teams and our business is in great shape.”

UK commercial property market outlook

“The UK has experienced healthy economic growth in the first half of this year, while other indicators such as retail sales and inflation have proved to be of less concern than had been expected. The decline in rents across all sectors has reduced notably, and has almost turned positive, and take-up levels have improved in the London and South East markets.

“Prices continue to grow, although at a much slower rate as investor uncertainty surrounding the wider economic backdrop is set against the more secure assets now being keenly priced. With healthy double digit returns already achieved in the first part of the year, 2010 is likely to prove to have been a very good year for property returns.

“Going forward, with public sector debt the equivalent for more than half of the UK GDP, the issue remains to what extent the recovering private sector will be able to compensate for the anticipated cuts to the public sector. Consequently 2011 is expected to be a more difficult year, both in economic and property performance terms. Nonetheless, we expect moderately positive returns and reasonable levels of activity, improving particularly in the latter half of next year, before rebounding once again in 2012.”

International commercial property market outlook

“The Asia-Pacific region has led the global economic recovery, with China and India recording GDP growth similar to the very high levels seen before the financial crisis. This has supported a revival in the region’s occupational property markets, with Hong Kong seeing some of the strongest rental increases anywhere in the world over the last 12 months, while more modest rises have been observed in cities including Singapore, Shanghai and Sydney. Rental growth should continue to spread across Asia-Pacific during the next year.



“Investment levels in the region are up strongly compared with 2009. However, Chinese government measures aimed at tightening bank lending are beginning to impact on property investment in the country and will continue to restrict activity into 2011.

“Europe has seen a more stuttering pattern of economic growth than Asia-Pacific, and concerns over sovereign debt remain present. Nonetheless, the continent’s occupational markets have generally enjoyed a period of stabilisation, with office take-up levels improving and prime rents steady after seeing sharp falls in 2009. An increasing number of markets, among them Warsaw and Paris, are expected to see rents rise in the next year.

“European investment activity has improved since the middle of last year, despite ongoing restrictions on finance. While investors generally remain focused on low-risk prime assets offering secure income, there is evidence of a growing risk appetite and an increasing number of large-scale transactions, which should support continued rises in investment volumes.”

Residential property market outlook

“Knight Frank’s strong trading performance in 2009-10 was driven in particular by the resurgence of the prime London market in the second half of 2009, when the weak pound drew in strong international demand, especially from Europe, the Middle East and Asia, itself pushing £1 million price growth in the UK capital up by 20% in the 12 months to the end of March 2010.

“This stronger market performance was also experienced, although to a lower degree in the UK’s country house and new-build sectors.

“A general improvement in pricing and activity in the global residential market, with double digit price growth in China, Singapore, Hong Kong and Australia, and modest growth in our main European centres, aided Knight Frank’s trading during the year to March. The strength of cross border investment activity, especially with money coming out of Asia, aided the performance of our new-build development teams, both in Asia and in the main European centres.

“Our pioneering new online Global Residential Property Search, which is now available as an App for iPhone, has drawn together the properties for sale and to let from all our offices around the world, and is reaping rewards for our clients who can have their properties marketed to a much wider audience, tapping into new capital flows and removing borders.

“As we move through the second half of 2010, evidence from our office network confirms that the bounce in global residential property markets, which has been partially driven by government stimulus

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measures, appears to be slowing. While trading has slowed since Q2 this year, in the UK and in Europe, there is still a healthy level of demand for the best properties in the prime areas.”

Corporate responsibility: Building Foundations

"This year we launched Building Foundations, the new name for our corporate responsibility policy and programme. Our programme will be rolled out across our global offices in the next year as we continue to recognise our role in managing social, economic and environmental issues.

"In the UK, our monthly total waste has reduced by 10% on average with more than half of that being recycled. Our total CO2 emissions from energy consumption fell by 1% or 25 metric tonnes. 72% (or 1,400 metric tonnes) of the total is from renewably sourced energy.

"LandAid remains our charity of choice and we continue to support Business in the Community and its commitment to assisting companies to give back to their local communities. Supporting employee fundraising activities also remains key and staff are encouraged to take time off to volunteer.

Our people

"Our staff and their values remain key to our success. They work day in day out to serve our clients and are driven to go the extra mile and, above all, are professional. We continue to provide excellent training and development opportunities to ensure that their skills are maximised and our graduate scheme continues to thrive. I sincerely thank them for their passion and commitment.

"Looking to the future, our focus is on global organic growth, strategic expansion in core areas positioning us to take further market share where transactional activity is returning, and ensuring that we remain a strong business with great people.”

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Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner, Newmark Knight Frank, operate from 209 offices, in 43 countries, across six continents. More than 6,840 professionals handle in excess of US\$755 billion (£521 billion) worth of commercial, agricultural and residential real estate annually, advising clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit www.knightfrank.com.