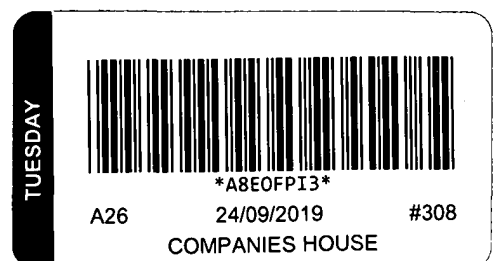


Company Registration No. 1232680

CBRE Global Investors (UK) Limited

Directors' Report and Financial Statements
31 December 2018



CBRE Global Investors (UK) Limited

Report and financial statements 2018

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CBRE Global Investors (UK) Limited

Strategic report

Principal activities

CBRE Global Investors (UK) Limited ("the Company") is incorporated in England and Wales, and is a wholly owned subsidiary of CBRE Global Investors Limited. The Company acts as a property asset manager, undertaking portfolio management and management of collective investment schemes, and providing property advice.

Business review

The directors consider that this core activity will continue unchanged into the foreseeable future, however, fee income fluctuates according to the value of the assets under management. The trading results of the Company are shown in the Statement Comprehensive Income on page 8.

The directors expect the level of activity to remain stable in the medium term.

The profit after tax for the year amounted to £3.1m (2017: £3.9m). The decrease compared with prior year is due to an increase in revenue offset against an increase in costs, largely caused by higher intercompany charges. No dividends were paid during the year (2017: £Nil).

Turnover and profits for the year were in line with expectations.

Risk management

The main risks and uncertainties facing the Company are as follows:

Strategic risks

These are principally the risk of the business declining due to external factors (for example a sustained fall in markets). Given the continuing Brexit negotiations, there is significant uncertainty in the property market when compared to recent years. Absent any global shock or a marked re-rating there is not expected to be a sharp sustained decline but there is an expectation that capital values will fall over the next few years, which will reduce the Company's fee income. Following worst case scenario analysis, the directors are confident that the Company has sufficient financial strength to withstand such a decline.

We seek to manage such risks by being willing to change or adapt our products to meet market needs, constantly developing our research capability, monitoring tax and regulatory changes to assess their likely implications and controlling costs effectively. We regularly review investment performance and encourage a culture of open debate on investment strategy.

Operational risks

The main risks we seek to control are operational risks. The principal operational risks are in fund pricing and administration. We aim to operate controls to ensure that the residual risk is minimised and consistent with providing high levels of service. The Company holds professional indemnity insurance to mitigate the residual risk of loss from such errors.

The operations of the Company and third party providers are subject to reviews by its Risk Management Committee. Policies and procedures combined with staff appraisals and training are used to ensure that the Company retains highly trained staff to reduce operational and business risks. Controls in place within the business to mitigate the risks arising from operational failures are set out in the AAF01/06 and ISAE 3402 Type II Reporting Accountant's Assurance Report.

CBRE Global Investors (UK) Limited

Strategic report (continued)

Liquidity risks

The Company maintains a healthy cash position and has sufficient resources to meet its current obligations. We seek to manage liquidity risk by ensuring that invoices are raised and collected in a timely manner.


A decline in property values or loss of key clients will impact on fee income nevertheless the business is not exposed to significant long-term costs. This is vigorously and regularly reviewed by the Company.

Key performance indicators

The following KPI's are used to measure the performance of the Company:

- Revenue is monitored to measure the growth of the business; in 2018 it increased from £9.4m to £10.1m, a rise of 8%, due to higher management fees earned on assets under management.
- Operating profit reflects the overall profitability of the Company; a decrease of £1m in the year reflects the rise in fee income offset against increased costs across the business.

By order of the board

A handwritten signature in black ink, appearing to be 'MA Ness', written over a horizontal line.

MA Ness
Director

20 September 2019

CBRE Global Investors (UK) Limited

Directors' Report

The directors present their report together with the financial statements and auditor's report, for the year ended 31 December 2018.

Directors

The directors who served during the year were:

RWI Dean
PA Gibson
DA Love resigned 18 May 2018
H Marshall
TJ Munn
MA Ness

No directors hold any interests in the ultimate parent company CBRE Group Inc.

Going concern

The directors have concluded that the Company has adequate financial resources to continue in operation for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

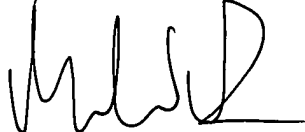
Directors' statement as to disclosure of information to auditors

The directors who held office at the date of approving the directors' report confirm that:

- So far as they are aware, there is no relevant audit information of which the Company's auditors are unaware.
- Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the Companies Act 2006.

By order of the board



MA Ness
Third Floor
One New Change
London EC4M 9AF
20 September 2019

CBRE Global Investors (UK) Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE GLOBAL INVESTORS (UK) LIMITED

Opinion

We have audited the financial statements of CBRE Global Investors (UK) Limited ("the Company") for the year ended 31st December 2018 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the basis of preparation in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE GLOBAL INVESTORS (UK) LIMITED (continued)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

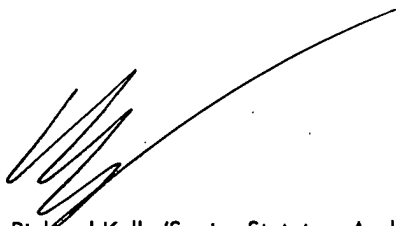
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE GLOBAL INVESTORS (UK) LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Kelly (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London, E14 5GL

20 September 2019

CBRE Global Investors (UK) Limited

Statement of Comprehensive Income for the year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|---|------|--------------------|--------------------|
| Revenue | 2 | 10,149,122 | 9,434,892 |
| Administrative expenses | 4, 5 | <u>(6,622,687)</u> | <u>(4,898,668)</u> |
| Trading profit | | 3,526,435 | 4,536,224 |
| Other operating income | 3 | <u>195,498</u> | <u>224,497</u> |
| Operating profit | | 3,721,933 | 4,760,721 |
| Finance income | | <u>69,917</u> | <u>16,943</u> |
| Profit on ordinary activities before taxation | | 3,791,850 | 4,777,664 |
| Income tax expense | 6 | <u>(737,271)</u> | <u>(914,426)</u> |
| Profit for year | | <u>3,054,579</u> | <u>3,863,238</u> |

All operating profit is derived from continuing operations in the UK. The net profit for the year is attributable to the ordinary shareholder. There are no minority interests. The Company does not have any other recognised gains or losses.

Notes on page 11 to page 20 form part of these financial statements.

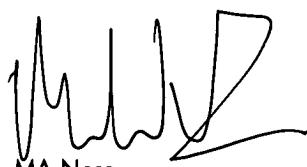
CBRE Global Investors (UK) Limited

Balance sheet at 31 December 2018

| | Note | 2018 £ | 2017 £ |
|-------------------------------------|------|--------------------------|--------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 7 | - | 7,705 |
| Investments | 8 | 81,003 | 81,004 |
| Deferred tax asset | 9 | <u>242,272</u> | <u>267,550</u> |
| | | 323,275 | 356,259 |
| Current assets | | | |
| Trade and other receivables | 10 | 6,146,766 | 5,346,690 |
| Cash and cash equivalents | 11 | <u>19,732,997</u> | <u>14,583,000</u> |
| | | 25,879,763 | 19,929,690 |
| Total assets | | <u>26,203,038</u> | <u>20,285,949</u> |
| Equity and Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 7,549,126 | 4,686,616 |
| Total liabilities | | <u>7,549,126</u> | <u>4,686,616</u> |
| Equity | | | |
| Called up share capital | 13 | 213,000 | 213,000 |
| Share premium | | 19,800 | 19,800 |
| Retained earnings | | 18,421,112 | 15,366,533 |
| Total Equity | | <u>18,653,912</u> | <u>15,599,333</u> |
| Total Equity and Liabilities | | <u>26,203,038</u> | <u>20,285,949</u> |

Notes on page 11 to page 20 form part of these financial statements.

These financial statements were approved by the board of directors on 20 September 2019 and were signed on its behalf by:


MA Ness
Director

Company Registration No. 1232680

CBRE Global Investors (UK) Limited

Statement of changes in equity for the year ended 31 December 2018

| | Issued Capital | Share Premium | Retained Earnings | Total Equity |
|---------------------|----------------|---------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| At 1 January 2018 | 213,000 | 19,800 | 15,366,533 | 15,599,333 |
| Profit for the year | - | - | 3,054,579 | 3,054,579 |
| At 31 December 2018 | <u>213,000</u> | <u>19,800</u> | <u>18,421,112</u> | <u>18,653,912</u> |

Statement of changes in equity for the year ended 31 December 2017

| | Issued Capital | Share Premium | Retained Earnings | Total Equity |
|---------------------|----------------|---------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| At 1 January 2017 | 213,000 | 19,800 | 11,503,295 | 11,736,095 |
| Profit for the year | - | - | 3,863,238 | 3,863,238 |
| At 31 December 2017 | <u>213,000</u> | <u>19,800</u> | <u>15,366,533</u> | <u>15,599,333</u> |

Notes on page 11 to page 20 form part of these financial statements.

CBRE Global Investors (UK) Limited

Year ended 31 December 2018

Notes to the financial statements

1 Accounting policies

Basis of preparation

These financial statements were prepared in accordance with FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The Company's ultimate parent undertaking, CBRE Group Inc., includes the Company in its consolidated financial statements. The consolidated financial statements of CBRE Group Inc. are available to the public and may be obtained from the address given in note 16. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Group accounts

As permitted by Section 400, 1(a) of the Companies Act 2006, the Company, being itself a wholly owned subsidiary of another UK company which itself prepares consolidated results, CBRE Global Investors Group (UK) Limited, is not required to prepare group financial statements. The directors are of the opinion that the value of the Company's investments in its subsidiaries is not less than book value.

Revenue recognition

Revenue comprises commissions, fees and related income exclusive of VAT for property investment management services. Fee income is recognised on an accruals basis.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Income and expenses

Income and expenses are included in the Statement of comprehensive income on an accruals basis. All of the Company's income and expenses are derived from continuing operations.

Foreign exchange

Foreign exchange differences are taken to the income statement in the year in which they arise.

CBRE Global Investors (UK) Limited
Year ended 31 December 2018
Notes to the financial statements (continued)

Accounting policies (continued)

Taxation

Current tax including UK Corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Property, plant and equipment

Depreciation is provided by the Company to write off the cost or valuation of property, plant and equipment over their estimated useful economic lives as follows:

| | |
|--------------------------------|------------------------------|
| Office furniture and equipment | 20% on a straight line basis |
| Leasehold improvements | over the life of the lease |

Investments

Investments are stated at cost less provision for any diminution in value.

Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Finance and operating leases

All leases held by the Company are operating leases and the rental charges are taken to the income statement on a straight line basis over the life of the lease.

Employee benefit trust

The Company has established an employee benefit trust to provide compensation to employees. The assets and liabilities of the trust that are unvested with employees are recorded as the Company's own assets and liabilities. The cost of funding the trust is charged to the income statement in the year arrangements are entered into.

CBRE Global Investors (UK) Limited
Year ended 31 December 2018
Notes to the financial statements (continued)

2 Revenue

| | 2018 £ | 2017 £ |
|------------------|-------------------|------------------|
| Management fees | 9,933,215 | 8,966,212 |
| Transaction fees | 167,550 | 169,815 |
| Incentive fees | 48,357 | 298,865 |
| | <u>10,149,122</u> | <u>9,434,892</u> |

3 Other operating income

| | 2018 £ | 2017 £ |
|-------------------|----------------|----------------|
| Insurance overage | <u>195,498</u> | <u>224,497</u> |

4 Employees and directors

The Company had no employees and no direct staff costs in the current or preceding year. Directors' remuneration is disclosed in note 15. Staff costs are indirectly charged by another group company within the management recharge which represents the majority of the Company's costs.

5 Auditors' remuneration

Auditors' remuneration of £17,000 (2017: £17,000) for the statutory audit of these financial statements pursuant to legislation was borne in the current and preceding year by CBRE Global Investors Ltd, the immediate parent company.

CBRE Global Investors (UK) Limited
Year ended 31 December 2018
Notes to the financial statements (continued)

6 Taxation on profit on ordinary activities

| | 2018 £ | 2017 £ |
|--|--------------------|--------------------|
| <u>Current Tax</u> | | |
| UK Corporation tax at 19% (2017: 19.25%) based on adjusted profit for the period | 709,867 | 904,560 |
| Adjustment in respect of previous periods | 2,126 | 4,421 |
| | <u>711,993</u> | <u>908,981</u> |
| <u>Deferred Tax</u> | | |
| Origination and reversal of temporary differences | 28,594 | 5,820 |
| Adjustment in respect of previous periods | (306) | 2 |
| Effect of rate change | (3,010) | (377) |
| | <u>25,278</u> | <u>5,445</u> |
| Tax on profit on ordinary activities | <u>737,271</u> | <u>914,426</u> |

The total tax charge for the period is higher (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| <i>Total tax reconciliation</i> | | |
| Profit on ordinary activities before tax | 3,791,850 | 4,777,664 |
| Tax on profit on ordinary activities at standard UK corporation tax rate at 19% (2017: 19.25%) | 720,452 | 919,537 |
| <i>Effects of:</i> | | |
| Adjustments in relation to long term incentive bonus schemes | 17,391 | (11,617) |
| Non qualifying depreciation | 618 | 2,460 |
| Adjustments in respect of previous periods | 1,820 | 4,423 |
| Effect of rate change | (3,010) | (377) |
| Total tax charge | <u>737,271</u> | <u>914,426</u> |

CBRE Global Investors (UK) Limited
Year ended 31 December 2018
Notes to the financial statements (continued)

7 Property, plant and equipment

| | Leasehold Additions £ | Office Furniture and Equipment £ | Total £ |
|-----------------------|-----------------------------|--|------------------|
| Cost | | | |
| At 1 January 2017 | 2,549,030 | 2,160 | 2,551,190 |
| At 31 December 2017 | <u>2,549,030</u> | <u>2,160</u> | <u>2,551,190</u> |
| Depreciation | | | |
| At 1 January 2017 | 2,511,222 | 1,836 | 2,513,058 |
| Charge for year | 30,103 | 324 | 30,427 |
| At 31 December 2017 | <u>2,541,325</u> | <u>2,160</u> | <u>2,543,485</u> |
| Net book value | | | |
| At 31 December 2017 | <u>7,705</u> | <u>-</u> | <u>7,705</u> |
| At 31 December 2016 | <u>37,808</u> | <u>324</u> | <u>38,132</u> |
| Cost | | | |
| At 1 January 2018 | 2,549,030 | 2,160 | 2,551,190 |
| Write off | (2,549,030) | (2,160) | (2,551,190) |
| At 31 December 2018 | <u>-</u> | <u>-</u> | <u>-</u> |
| Depreciation | | | |
| At 1 January 2018 | 2,541,325 | 2,160 | 2,543,485 |
| Charge for year | 7,705 | - | 7,705 |
| Write off | (2,549,030) | (2,160) | (2,551,190) |
| At 31 December 2018 | <u>-</u> | <u>-</u> | <u>-</u> |
| Net book value | | | |
| At 31 December 2018 | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 December 2017 | <u>7,705</u> | <u>-</u> | <u>7,705</u> |

CBRE Global Investors (UK) Limited
Year ended 31 December 2018
Notes to the financial statements (continued)

8 Investments

| | 2018 £ | 2017 £ |
|---------------------------------|---------------|---------------|
| Interests in group undertakings | | |
| Cost at 1 January | 81,004 | 81,004 |
| Disposal | (1) | - |
| Cost at 31 December | <u>81,003</u> | <u>81,004</u> |

Investments in group undertakings are set out below:

| | Country of registration or incorporation | Description of shares held (ordinary shares of £1) | Proportion of nominal value of issued shares held |
|--|--|---|---|
| CBRE Global Investors (UK Funds) Limited | England and Wales | 70,000 at £1 | 100% |
| CBRE UK Property Fund (General Partner) Limited | England and Wales | 1,000 at £1 | 100% |
| Partnership Shares Limited | England and Wales | 2 at £1 | 100% |
| CBRE Global Investors (UK Investments) Limited | England and Wales | 1 at £1 | 100% |
| CBRE Global Investors (Guernsey) Limited | Guernsey | 10,000 at £1 | 100% |

CBRE Global Investors (UK Funds) Limited acts as a property asset manager and operator, and is a Financial Conduct Authority regulated company.

CBRE UK Property Fund (General Partner) Limited acts as general partner to the CBRE UK Property Fund.

Partnership Shares Limited holds shares in CBRE UK Property Income (General Partner) Limited.

CBRE Global Investors (UK Investments) Limited holds investments in unit trusts which invest in and manage property assets.

CBRE Global Investors (Guernsey) Limited acts as manager to several Guernsey-registered unit trusts.

The company previously held 100% of the share capital, being 1 share of £1, of CBRE Retail Property Fund (General Partner) Ltd. This entity was dissolved on 18 April 2018.

CBRE Global Investors (UK) Limited
Year ended 31 December 2018
Notes to the financial statements (continued)

9 Deferred taxation asset

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| | £ | £ |
| At 1 January | 267,550 | 272,995 |
| Charge to the profit and loss for the year | <u>(25,278)</u> | <u>(5,445)</u> |
| At 31 December | <u><u>242,272</u></u> | <u><u>267,550</u></u> |

The deferred tax assets arose out of temporary differences between accumulated depreciation and capital allowances and long term incentive bonus schemes.

The deferred tax assets have been recognised in the current year as management anticipates sufficient future taxable profits will be available against which the assets can be utilised.

A reduction in the UK corporation tax rate from 20% to 19% and subsequently to 17% was substantively enacted in September 2016 and takes effect from 1 April 2017 and 1 April 2020 respectively. The deferred tax asset has been calculated at the rate of 17% substantively enacted at the balance sheet date.

10 Trade and other receivables

| | 2018 | 2017 |
|---------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Fees receivable | 1,620,172 | 948,640 |
| Amounts owed by group undertakings | 1,152,898 | 963,550 |
| Prepayments and accrued income | 2,321,529 | 2,279,753 |
| Assets held in employee benefit trust | 1,052,167 | 1,154,747 |
| | <u><u>6,146,766</u></u> | <u><u>5,346,690</u></u> |

11 Cash and cash equivalents

Included in cash is a balance of £192,978 (2017: £192,414) representing a rental deposit received from the Company's sub-tenant. This amount is also reflected in other payables (see note 12).

CBRE Global Investors (UK) Limited
Year ended 31 December 2018
Notes to the financial statements (continued)

12 Trade and other payables

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Current liabilities: amounts due within less than one year | | |
| Amounts owed to group undertakings | 6,058,714 | 3,024,872 |
| Other taxation and social security payable | 100,068 | 155,148 |
| Obligations under employee benefit trust | 1,052,167 | 1,154,747 |
| Other payables | 338,177 | 351,849 |
| | <u>7,549,126</u> | <u>4,686,616</u> |
| Current liabilities | <u>7,549,126</u> | <u>4,686,616</u> |

Other payables include a rent deposit of £192,978 (2017: £192,414), also reflected in cash (see note 11).

13 Share capital

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| <i>Authorised</i> | | |
| 165,000 'A' ordinary shares of 30p each | 49,500 | 49,500 |
| 165,000 'B' ordinary shares of 10p each | 16,500 | 16,500 |
| 200,000 'D' ordinary shares of £1 each | <u>200,000</u> | <u>200,000</u> |
| | <u>266,000</u> | <u>266,000</u> |
| <i>Issued and fully paid</i> | | |
| 100,000 'A' ordinary shares of 30p each | 30,000 | 30,000 |
| 100,000 'B' ordinary shares of 10p each | 10,000 | 10,000 |
| 173,000 'D' ordinary shares of £1 each | <u>173,000</u> | <u>173,000</u> |
| | <u>213,000</u> | <u>213,000</u> |

The 'A' and 'B' shares rank *pari passu* as regards any profits to be distributed by the Company, regardless of nominal value. They carry one vote per share. On return of assets the 'A' and 'B' shares rank equally and are due a sum equivalent to the amounts originally subscribed for or credited as paid up in respect of each share, including any premium.

Each share is due a proportion of any future distributed reserves calculated *pro-rata* to the original values of each share, subject to the intervening rights of the 'D' shares.

The 'D' shares have no voting rights and no right to a dividend. On liquidation they have the right to a repayment of the original capital paid up only after there has been a distribution of £300 in respect of each 'A' and 'B' share and are not entitled to participate further in any surplus. Accordingly shareholders' funds attributable to the 'D' shares are £nil (2017: £nil).

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Notes to the financial statements (continued)

14 Financial risk management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. This is significant in relation to the financial institutions where the Company holds bank accounts. This risk is mitigated by the Company's policy of only dealing with creditworthy counterparties, specifically institutions with high credit ratings assigned by international credit rating agencies. In addition, the Company's clients are subject to rigorous acceptance procedures and concentration of credit risk is limited due to the large client base. Details of the Company's receivables are summarised in note 10 of these financial statements. Amounts due to and from fellow CBRE Group companies are monitored and settled regularly.

Liquidity risk

The Company manages liquidity risk by maintaining a healthy cash position through continuously monitoring cash flow and funding needs. The Company maintains sufficient resources to meet its cash obligations without relying on any form of borrowing facility. Those assets held by the Company which could be relied on for additional liquidity are third party and intercompany receivables. The Company ensures that these receivables are promptly and easily converted to cash by ensuring that invoices are raised and cash collected against these in a timely manner. The nature and status of the clients of the Company means it does not have any difficulty with recoverability of trade receivables. The Company also has policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Market risk

The Company manages UK real estate investments on behalf of third-party clients and the majority of the Company's income is calculated on the gross asset value of those investments. As such, the Company's income will fluctuate in accordance with UK real estate valuations.

Foreign currency risk

The Company does not hold any foreign currency bank accounts or other assets or liabilities and therefore is not exposed to foreign currency risk.

Interest rate risk

The Company does not have any borrowing facilities and therefore its only exposure is to negative movements in deposit rates. However, interest rates are low and the Company is not significantly exposed.

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Notes to the financial statements (continued)

15. Related parties

The Company is exempt under FRS 102 from having to disclose transactions with other wholly-owned members of the group, on the basis that it is a wholly-owned subsidiary of CB Richard Ellis Group Inc., whose consolidated financial statements are publicly available.

Related parties which are not fellow subsidiaries are Limited Partnerships and Unit Trusts which have been identified as related parties due to the relationship between these entities and the Company as their investment manager, and in some cases due to a fellow group company being General Partner or Trust Manager to these entities. During the year, the Company entered into the following transactions with related parties:

| | 2018 | 2017 |
|---|-----------|-----------|
| | £ | £ |
| Trading transactions | | |
| Related parties not members of CBRE Group Inc: | | |
| Fees earned for investment management services provided | 5,771,244 | 5,344,629 |

No amounts were outstanding at the balance sheet date.

The directors of the Company are also directors of the parent company and fellow subsidiaries. The directors received remuneration for their services to the group and in total for 2018 this was £2,137,823 (2017: £2,736,982), all of which was paid by CBRE Global Investors Limited, the parent company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the parent and fellow subsidiary companies.

No other transactions were entered into with any directors.

Loans to related parties

The Company did not have any loans with related parties at the current or prior year end or during the year.

16 Parent company

The immediate parent company is CBRE Global Investors Limited.

The ultimate parent and ultimate controlling party is CBRE Group Inc., a company incorporated in the United States of America. This is the largest and smallest company for which consolidated accounts are prepared.

The consolidated group financial statements of CBRE Group Inc. are available from www.cbre.com.

17 Events after the reporting date

There are no material events arising after the reporting date that need to be disclosed in the financial statements.