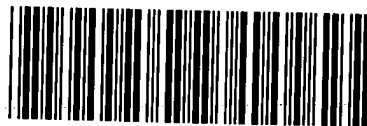


Company Registration No. 1232680

CBRE Global Investors (UK) Limited

Directors' Report and Audited Financial Statements  
31 December 2019

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# **CBRE Global Investors (UK) Limited**

## **Report and financial statements 2019**

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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 11.

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

The profit after tax for the year amounted to £3.0m (2018: £3.1m). 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 or proposed during the year (2018: £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). 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.

#### Impact of Novel Coronavirus (COVID-19)

From late 2019, China and numerous other countries, experienced an outbreak of a new and highly contagious form of coronavirus disease, COVID-19, prompting precautionary government-imposed closures of certain travel and businesses. The US, Canada, the UK and numerous other European countries have also reported cases and fatalities of the coronavirus in 2020 and closures have been mandated in these countries as well. As at the date of these financial statements, the ongoing pandemic is having a significant short-term economic impact in the UK and globally, and there remains the potential for a longer term general economic decline which could have an adverse impact on the ability of CBRE Global Investors UK to source and realise investments. Additional cash flow and going concern analysis has been performed in light of COVID-19 as outlined in Note 1.

Since COVID-19 was first reported, CBRE Global Investors ("the Firm") has been closely monitoring the outbreak and has taken several actions to respond. Given the Firm's role as a global investment manager, we are actively working with clients, tenants and vendors in affected areas to coordinate our response and are closely following the guidance from global and regional health advisory agencies. The Firm also has a robust communications and safety programme in place for its employees to provide them with up-to-date information, guidance and resources as we track ongoing events and support preparedness activities. The Firm's business continuity programme ("BCP") was activated as soon as COVID-19 impacted the markets in which we operate.

## CBRE Global Investors (UK) Limited

### Strategic report (continued)

As part of the BCP, CBRE Global Investors has a Global Corporate Pandemic and Infectious Diseases Response Plan ("the Pandemic Plan") designed by CBRE Group, Inc ("CBRE") which we are using to mitigate the impacts of COVID-19.

The steps which we have taken since the beginning of COVID-19, which are covered in the Pandemic Plan include the following:

- **Organization-wide guidance relating to travel restrictions and quarantine obligations**

We are adhering to applicable government restrictions on travel and public movement and requirements for quarantine, following advice on home working for non-critical operational staff and other work arrangements such as split teams, and have implemented relevant visitor restrictions. As of the date of these financial statements, we have suspended all non-essential business travel worldwide.

- **Regular assessment and monitoring of the situation globally by our Global Security & Crisis Management Team ("GS&CM")**

When it is recognised that COVID-19 has a significant impact on an area, the GS&CM engages with local leadership to ensure that impacts upon CBRE Global Investors, our clients, our tenants, our employees and our supply chain are minimized and properly managed. Local Security & Crisis Management Teams are also in place in each region including the UK.

- **Collaboration with other areas of the business on how best to manage the impacts of COVID-19 such as**

- **Health, Safety and Environment** We are adhering to governing requirements and have developed best practice standards for our operations.
- **People (Human Resources)** As of 16 March 2020, all CBRE Global Investors employees based in Europe, North America and Canada have been working from home. The GS&CM continues to monitor changes in all regions closely and is providing additional direction as often as necessary. Over the last five years, the Firm has invested in state-of-the-art technology including providing laptops and video conferencing, allowing our employees to work remotely and not impact productivity. Our digital and technology systems (such as VPN) allow employees to securely log in remotely to access information necessary to carry out their day-to-day responsibilities.
- **Operations** We continue to source supplies for critical operational workers, including personal protective equipment and other essential supplies such as hand sanitisers, thermometers and disinfectant cleaning products.
- **Procurement** We are working with suppliers in affected locations to ensure their Business Continuity Plans are in place and their level of response is aligned to our requirements.

- **Managing any specific local impacts or questions related to the COVID-19 outbreak**

We are considering the potential impact of COVID-19 on economic growth and real assets performance and incorporating that impact into our semi-annual Global House Views process. Throughout this period, the CBRE Global Investors' Global Investment Committee ("GIC") will meet with increased frequency to discuss the latest market intelligence from our teams and to adjust our House Views as necessary. We are committed to being transparent with our clients about how the evolving situation is affecting the current and projected performance of our real assets portfolios and will circulate ad hoc briefing notes as required.

## CBRE Global Investors (UK) Limited

### Strategic report (continued)

In the meantime, CBRE Global Investors remains in the market but will exercise caution on new investment. We continue to focus on defensive assets and sectors and to pay due attention to downside risk in our underwriting.

CBRE Global Investors will continue to monitor the situation and adapt our strategy as the situation requires.<sup>1</sup>

#### Global Economy & Regulatory Environment

The range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict. The effect of any such political, regulatory, economic or market outcomes on CBRE Global Investors UK could be adverse.

#### Property Valuation Risk

Holdings of property are inherently difficult to value due to the lack of marketability. As a result, estimates of valuation of investment are subject to substantial uncertainty and hence there is no assurance that the estimates resulting from the valuation process of investments will reflect the actual sales price even where such sales occur shortly after the valuation date. Additionally, as at the post balance sheet quarter ends, 31 March and 30 June 2020, independent valuation firms have included a 'material valuation uncertainty' clause in their property valuation reports due to the impact of COVID-19.

#### Financial Condition of Tenants

Adverse changes in the financial condition of any tenant may have an adverse effect on the ability of the CBRE Global Investors UK to collect rent payments. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences. Additionally, as a result of COVID-19, the UK government has banned the forfeiture of commercial leases from 25 March 2020 until 30 September 2020 for non-payment of rent.

#### UK's Exit from the European Union (Brexit)

On 29 March 2017, the UK formally notified the European Commission (EC) of its intention to leave the European Union (EU) ("Brexit"). Under the process for leaving the EU contemplated in Article 50 of the Treaty on the functioning of the EU, the UK left the EU on 31 January 2020 and entered an 11 month transitional period. During the transitional period, the UK and the EU will negotiate the terms of their future relationship and during this period, most EU law will continue to apply to the UK. There is no guarantee that an agreement between the UK and the EU will be reached at the end of the transitional period. Although, one cannot predict the full effect of Brexit, it could have a significant adverse impact on the UK, EU and global macroeconomic conditions and could lead to prolonged political, legal regulatory, tax and economic uncertainty.

#### Litigation

In the ordinary course of their business, CBRE Global Investors UK may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the profitability of CBRE Global Investors UK. Any material litigation may consume substantial amounts of time and attention and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

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<sup>1</sup> **Legal Disclaimer:** This information is to illustrate the measures CBRE Global Investors is taking to mitigate the impact of COVID-19 on its business operations and does not serve as a guarantee of the effectiveness or result of such measures against the spread of COVID-19 in any buildings or to any occupants or visitors or the consequent impact on business performance or activities. CBRE Global Investors does not accept responsibility for the accuracy or validity of any government or official body advice or guidance on COVID-19 on which it has relied.

## CBRE Global Investors (UK) Limited

### Strategic report (continued)

#### Cyber security risk

CBRE Global Investors UK increasingly depends on complex information technology and communication systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect CBRE Global Investors UK. A successful penetration or circumvention of the security of CBRE Global Investors UK's systems could result in the loss or theft of a client or investor's data, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with systems repairs. Such incidents could cause CBRE Global Investors UK to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

#### Operational risks

The main risks we seek to control are operational risks. 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.

#### 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.

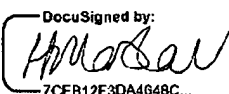
A decline in property values or loss of key clients will impact on fee income nevertheless the business is not exposed to significant long-term costs. This is vigorously and regularly reviewed by the Company. As a result of COVID-19, the directors have further stress-tested the liquidity risk of the Company as outlined in note 1.

#### 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 2019 it increased from £10.1m to £10.6m, a rise of 4%, due to higher management fees earned on assets under management.
- Operating profit reflects the overall profitability of the Company; this has remained stable at £3.8m as the rise in fee income is largely offset by slightly increased costs across the business.

By order of the board

DocuSigned by:  
  
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H Marshall  
Director  
16 October 2020

## CBRE Global Investors (UK) Limited

### Directors' Report

The directors present their annual report and the audited financial statements, for the year ended 31 December 2019. Refer to the Strategic Report for future developments.

#### Directors

The directors who served during the year were:

RWI Dean	
PA Gibson	resigned 15 September 2020
H Marshall	
TJ Munn	resigned 12 December 2019
MA Ness	resigned 15 September 2020
M Chopra	appointed 15 September 2020

#### Proposed Dividend

The directors did not pay or recommend the payment of a dividend.

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

#### Going Concern

As discussed in note 1, in response to the impacts of COVID-19 on the Company and the wider macro-economic environment, the directors have prepared business plans and cash flow forecasts for a period beyond 12 months from the date of their approval of these financial statements, which indicate that, taking into account the reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. As a result, the financial statements have been prepared on a going concern basis.

#### Subsequent events

The directors have reviewed the COVID-19 pandemic and its impact on the Company above, and this is also disclosed in note 16.

#### 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.

## CBRE Global Investors (UK) Limited

### Directors' Report (continued)

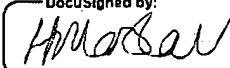
#### Directors' statement as to disclosure of information to auditors

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.

Approved by the Board of directors and signed on behalf of the Board.

DocuSigned by:  
  
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H Marshall  
Director  
16 October 2020

Company Registration No. 1232680

Registered Address: Third Floor, One New Change, London, EC4M 9AF



## 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 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related note and related notes, including the accounting policies 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 31 December 2019 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.

### 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 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)

### Strategic report and directors' report

The directors are responsible for the strategic report and 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 strategic report and 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 strategic report and 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 7, 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

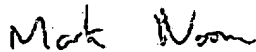
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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](http://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.



Mark Noonan (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square,  
London  
E14 5GL  
16 October 2020

# CBRE Global Investors (UK) Limited

## Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	2	10,556,569	10,149,122
Administrative expenses	4, 5	<u>(7,048,784)</u>	<u>(6,622,687)</u>
Trading profit		3,507,785	3,526,435
Other operating income	3	<u>256,932</u>	<u>195,498</u>
Operating profit		3,764,717	3,721,933
Finance income		<u>147,825</u>	<u>69,917</u>
Profit on ordinary activities before taxation		3,912,542	3,791,850
Income tax expense	6	<u>(923,624)</u>	<u>(737,271)</u>
Profit for year		<u>2,988,918</u>	<u>3,054,579</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 14 to page 23 form part of these financial statements.

# CBRE Global Investors (UK) Limited

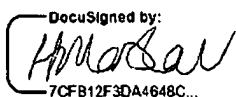
## Balance sheet at 31 December 2019

	Note	2019 £	2018 £
<b>Non-current assets</b>			
Investments	7	81,003	81,003
Deferred tax asset	8	47,397	242,272
		<u>128,400</u>	<u>323,275</u>
<b>Current assets</b>			
Trade and other receivables	9	6,213,057	6,146,766
Cash and cash equivalents	10	24,652,089	19,732,997
		<u>30,865,146</u>	<u>25,879,763</u>
<b>Total assets</b>		<u>30,993,546</u>	<u>26,203,038</u>
<b>Equity and Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	9,350,716	7,549,126
<b>Total liabilities</b>		<u>9,350,716</u>	<u>7,549,126</u>
<b>Equity</b>			
Called up share capital	12	213,000	213,000
Share premium		19,800	19,800
Retained earnings		21,410,030	18,421,112
<b>Total Equity</b>		<u>21,642,830</u>	<u>18,653,912</u>
<b>Total Equity and Liabilities</b>		<u>30,993,546</u>	<u>26,203,038</u>

Notes on page 14 to page 23 form part of these financial statements.

These financial statements were approved by the board of directors on 16 October 2020.

Signed on behalf of the Board of Directors

DocuSigned by:  
  
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H Marshall  
Director

Company Registration No. 1232680

## CBRE Global Investors (UK) Limited

### Statement of changes in equity for the year ended 31 December 2019

	Issued Capital	Share Premium	Retained Earnings	Total Equity
	£	£	£	£
At 1 January 2019	213,000	19,800	18,421,112	18,653,912
Profit for the year	-	-	2,988,918	2,988,918
At 31 December 2019	<u>213,000</u>	<u>19,800</u>	<u>21,410,030</u>	<u>21,642,830</u>

### 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>

Notes on page 14 to page 23 form part of these financial statements.

# **CBRE Global Investors (UK) Limited**

## **Year ended 31 December 2019**

### **Notes to the financial statements**

#### **1 Accounting policies**

##### **Basis of preparation**

CBRE Global Investors (UK) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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 presentation currency of these financial statements is Sterling, rounded to the nearest pound. These financial statements are prepared on a going concern basis, under the historical cost convention.

In considering going concern, the directors have reviewed the capital liquidity and financial position of the Company including future plans. In response to the impacts of COVID-19 on the Company and the wider macroeconomic environment, the directors have prepared business plans and cash flow forecasts for a period beyond 12 months from the date of their approval of these financial statements, which indicate that, taking into account the reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. As a result, the financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These financial statements do not contain areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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 15. 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.



**CBRE Global Investors (UK) Limited**  
**Year ended 31 December 2019**  
**Notes to the financial statements (continued)**

**Accounting policies (continued)**

**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.

**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.

**Fixed asset investments**

Fixed asset investments are stated at cost less provision for impairment.

**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.

**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 2019**  
**Notes to the financial statements (continued)**

**2 Revenue**

	2019 £	2018 £
Management fees	10,354,425	9,933,215
Transaction fees	79,724	167,550
Incentive fees	122,420	48,357
	<u>10,556,569</u>	<u>10,149,122</u>

**3 Other operating income**

	2019 £	2018 £
Insurance overage	<u>256,932</u>	<u>195,498</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 14. 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 £19,550 (2018: £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 Limited, the immediate parent company.

**CBRE Global Investors (UK) Limited**  
**Year ended 31 December 2019**  
**Notes to the financial statements (continued)**

**6 Taxation on profit on ordinary activities**

	2019 £	2018 £
<u>Current Tax</u>		
UK Corporation tax at 19% (2018: 19.00%) based on adjusted profit for the period	730,877	709,867
Adjustment in respect of previous periods	<u>(2,128)</u>	<u>2,126</u>
	728,749	711,993
<u>Deferred Tax</u>		
Origination and reversal of temporary differences	16,007	28,594
Adjustment in respect of previous periods	178,868	(306)
Effect of rate change	<u>-</u>	<u>(3,010)</u>
	194,875	25,278
 Tax on profit on ordinary activities	 <u>923,624</u>	 <u>737,271</u>

The total tax charge for the period is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
<i>Total tax reconciliation</i>		
Profit on ordinary activities before tax	3,912,542	3,791,850
Tax on profit on ordinary activities at standard UK corporation tax rate at 19% (2018: 19.00%)	743,383	720,452
<i>Effects of:</i>		
Expenses not deductible for tax purposes	5,385	-
Adjustments in relation to long term incentive bonus schemes	-	17,391
Non qualifying depreciation	-	618
Adjustments in respect of previous periods	176,740	1,820
Effect of rate change	<u>(1,884)</u>	<u>(3,010)</u>
Total tax charge	<u>923,624</u>	<u>737,271</u>

**CBRE Global Investors (UK) Limited**  
**Year ended 31 December 2019**  
**Notes to the financial statements (continued)**

**7 Fixed asset investments**

	2019 £	2018 £
Interests in group undertakings		
Cost at 1 January	81,003	81,004
Disposal	-	(1)
<b>Cost at 31 December</b>	<b><u>81,003</u></b>	<b><u>81,003</u></b>

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.

**CBRE Global Investors (UK) Limited**  
**Year ended 31 December 2019**  
**Notes to the financial statements (continued)**

**8 Deferred taxation asset**

	2019 £	2018 £
At 1 January	242,272	267,550
Charge to the profit and loss for the year	<u>(194,875)</u>	<u>(25,278)</u>
At 31 December	<u>47,397</u>	<u>242,272</u>

A reduction in the UK corporation tax rate from 20% to 19% (effective 1 April 2017) was substantively enacted on 26 October 2015 and a further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly. The deferred tax asset at 31 December 2019 has been calculated based on these rates. During 2019, the UK government announced that the rate reduction from 19% to 17% is abolished. However, the change was not substantially enacted as at 31 December 2019.

The amounts provided for deferred taxation are in relation to temporary differences between accumulated depreciation and capital allowances and long term incentive bonus schemes. The deferred tax asset has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

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.

**9 Trade and other receivables**

	2019 £	2018 £
Fees receivable	-	1,620,172
Amounts owed by group undertakings	877,553	1,152,898
Prepayments and accrued income	4,673,245	2,321,529
Assets held in employee benefit trust	662,259	1,052,167
	<u>6,213,057</u>	<u>6,146,766</u>

**10 Cash and cash equivalents**

Included in cash in 2018 is a balance of £192,978 representing a rental deposit received from the Company's former sub-tenant. During 2019 the deposit was returned and the account was closed. This amount is also reflected in other payables (see note 11).

**CBRE Global Investors (UK) Limited**  
**Year ended 31 December 2019**  
**Notes to the financial statements (continued)**

**11 Trade and other payables**

	2019 £	2018 £
<b>Current liabilities: amounts due within less than one year</b>		
Amounts owed to group undertakings	8,597,065	6,058,714
Other taxation and social security payable	-	100,068
Obligations under employee benefit trust	662,259	1,052,167
Other payables	91,392	338,177
	<hr/>	<hr/>
Current liabilities	<b>9,350,716</b>	<b>7,549,126</b>

Other payables in 2018 included a rent deposit of £192,978, also reflected in cash (see note 10).

**12 Share capital**

	2019 £	2018 £
<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	200,000	200,000
	<hr/>	<hr/>
	<b>266,000</b>	<b>266,000</b>
<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	173,000	173,000
	<hr/>	<hr/>
	<b>213,000</b>	<b>213,000</b>

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 (2018: £nil).

# **CBRE Global Investors (UK) Limited**

## **Year ended 31 December 2019**

### **Notes to the financial statements (continued)**

## **13 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 9 of these financial statements. Amounts due to and from fellow CBRE Group companies are monitored and settled regularly. There is not considered to be any significant increase in this credit risk as a result of COVID-19.

### **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. As a result of COVID-19, the directors have further stress-tested the liquidity risk of the Company as outlined in note 1.

### **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. The business plans and cashflows prepared in the light of COVID-19 have included downside risk as a result of increased uncertainty around 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. There is no additional impact here as a result of the COVID-19 outbreak.

### **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.

**CBRE Global Investors (UK) Limited**  
**Year ended 31 December 2019**  
**Notes to the financial statements (continued)**

**14 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 CBRE 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:

	2019 £	2018 £
<b>Trading transactions</b>		
Related parties not members of CBRE Group Inc:		
Fees earned for investment management services provided	5,672,702	5,771,244

No amounts were outstanding at the balance sheet date in either 2019 or 2018.

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 2019 this was £3,146,629 (2018: £2,137,823) 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.

**15 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](http://www.cbre.com).



**CBRE Global Investors (UK) Limited**  
**Year ended 31 December 2019**  
**Notes to the financial statements (continued)**

**16 Events after the reporting date**

From late 2019, an outbreak of a new and highly contagious form of coronavirus disease, COVID-19, first reported in Wuhan, China, prompted precautionary Government imposed closures of certain travel and businesses in many countries. The US, Canada, the UK and numerous other European countries have also reported cases and fatalities of the coronavirus in 2020 and closures have been mandated in these countries as well. As at the date of these financial statements, the ongoing pandemic is having a significant short-term economic impact in the UK and globally, and there remains the potential for a longer term general economic decline which could have an adverse impact on the ability of CBRE Global Investors UK to source and realise investments. No estimate of financial impact can be made at present, but additional cash flow and going concern analysis has been performed in light of COVID-19 as outlined in Note 1.

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