

Registered number: 2597050

LASALLE INVESTMENT MANAGEMENT
(Formerly CIN LA SALLE INVESTMENT MANAGEMENT)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



LASALLE INVESTMENT MANAGEMENT
(Formerly CIN LA SALLE INVESTMENT MANAGEMENT)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Directors

Mr D.W. Cummings	Chairman. Resigned 31 March 2000
Mr P. Beasley	
Mr B.C. Bossom	Resigned 8 April 1999
Mr B. Ellinthorpe	
Dr R.N. Goodchild	
Mrs C. C. Karnezis-Frigo	
Mr P.M. Manley	
Mr R. M. Naish	Appointed 26 March 1999
Mr V.J. Stults	Resigned 5 March 1999
Mr J.C. Wood	
Mr I. Yeatman	Resigned 26 March 1999

Secretary

Mr P.M. Manley

Directors' Report

The Directors present their report for the year ended 31 December 1999 together with the company's financial statements.

None of the Directors acting during the period had any interest in the shares of the company at either 31 December 1998 or 31 December 1999.

On 11 March 1999 the Company changed its name from CIN La Salle Investment Management to LaSalle Investment Management.

Principal Activity

The principal activity of the company continues to be the management of property investments.

Results for the Year

The cumulative results of the company's operations were as follows :-

	£
Profit for the year	1,658,936
Dividends paid	(1,411,000)
Accumulated surplus brought forward	1,589,491
Accumulated surplus carried forward	<u>1,837,427</u>

Dividends

Dividends paid during the year amounted to £1,411,000 (1998:£1,650,000). The Directors do not recommend the payment of a final dividend (1998: £nil).

Year 2000

The company has established a working party to identify the business risks and uncertainties associated with the date change to the year 2000 and to ensure that the problem is resolved without material impact on its operations.

The company has experienced no problems with regard to the critical dates which have now passed, and is unaware of any problems encountered by clients or suppliers which will affect the company. The working party continues to monitor the issue as problems could potentially arise throughout the current year.

The total cost of the project, excluding in-house staffing costs, is under £5,000 and no further expenditure is envisaged.

Auditors

The company has in place an elective resolution whereby there is no requirement to reappoint auditors annually. KPMG Audit plc have remained auditors throughout the year.

BY ORDER OF THE BOARD OF DIRECTORS



Peter Manley
SECRETARY
26 April 2000

Registered Office

33 Cavendish Square
PO Box 2326
London
W1A 2NF

LASALLE INVESTMENT MANAGEMENT
(Formerly CIN LA SALLE INVESTMENT MANAGEMENT)

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF
LASALLE INVESTMENT MANAGEMENT
(Formerly CIN LA SALLE INVESTMENT MANAGEMENT)

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB
27 April 2000

LASALLE INVESTMENT MANAGEMENT
(Formerly CIN LA SALLE INVESTMENT MANAGEMENT)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>Notes</u>	<u>Year to</u> <u>31/12/99</u> £	<u>Year to</u> <u>31/12/98</u> £
Turnover	2	9,519,796	9,634,639
Operating costs	3	<u>7,198,104</u>	<u>7,340,650</u>
Operating profit		2,321,692	2,293,989
Net interest receivable	5	<u>169,411</u>	<u>245,749</u>
Profit on ordinary activities before taxation		2,491,103	2,539,738
Tax on profit on ordinary activities	6	<u>832,167</u>	<u>825,000</u>
Profit on ordinary activities after taxation		1,658,936	1,714,738
Dividends paid		<u>1,411,000</u>	<u>1,650,000</u>
Retained profit for the financial year	14	<u><u>247,936</u></u>	<u><u>64,738</u></u>

The company has no recognised gains and losses other than those passing through the profit and loss account.

All the company's revenues and costs are derived from continuing operations.

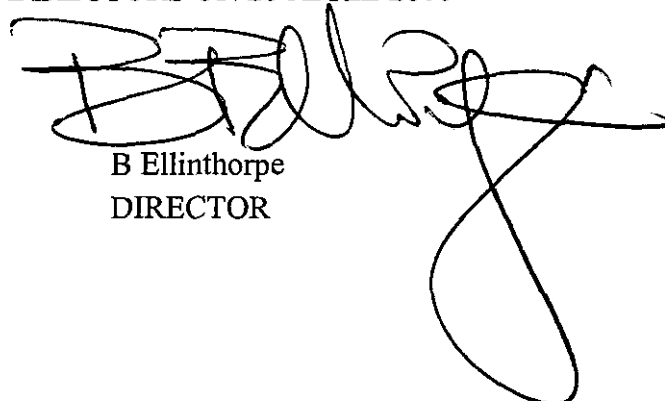
The company's revenues and costs are reported on an historical cost basis. Accordingly there is no difference between historical cost profits and losses and those presented.

LASALLE INVESTMENT MANAGEMENT
(Formerly CIN LA SALLE INVESTMENT MANAGEMENT)

BALANCE SHEET AT 31 DECEMBER 1999

	<u>Notes</u>	<u>31/12/99</u> £	<u>31/12/98</u> £
Fixed Assets			
Tangible assets	7	99,229	169,913
Investments	9	2,000	2,000
		<u>101,229</u>	<u>171,913</u>
Current Assets			
Debtors	10	4,185,441	779,297
Cash		<u>1,588,241</u>	<u>4,548,663</u>
		5,773,682	5,327,960
Creditors: - Amounts falling due within one year	11	<u>2,699,599</u>	<u>2,572,497</u>
Net Current Assets		<u>3,074,083</u>	<u>2,755,463</u>
Total Assets less Current Liabilities		3,175,312	2,927,376
Creditors: - Amounts falling due after more than one year	12	507,000	507,000
		<u>2,668,312</u>	<u>2,420,376</u>
Capital and Reserves			
Called up share capital	13	830,885	830,885
Profit and loss account	14	1,837,427	1,589,491
Equity shareholders' funds	15	<u>2,668,312</u>	<u>2,420,376</u>

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 26 APRIL 2000


 B Ellinthorpe
 DIRECTOR

LASALLE INVESTMENT MANAGEMENT
(Formerly CIN LA SALLE INVESTMENT MANAGEMENT)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999

1. Accounting Policies

a) Basis of preparation

The financial statements of the company have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

b) Related party disclosures

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions with group undertakings as more than 90% of its voting rights are controlled within the group.

c) Turnover

Turnover arose in the UK, principally consists of fees receivable and is stated net of VAT.

d) Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that one is prepared by the parent company.

e) Deferred taxation

Provision is made for deferred taxation to the extent that a liability is expected to arise in the foreseeable future.

f) Tangible fixed assets and depreciation

Fixed assets are stated in the balance sheet at cost, less provision for depreciation.

Depreciation is provided on a straight line basis, calculated on historical amounts so as to write-off the cost, less the estimated residual values of the assets, over their estimated useful economic lives.

The current depreciation policy is as follows:-

<u>Type of Asset</u>	<u>Estimated Useful Life</u>
Computer hardware and software	3 - 5 years
Office equipment	4 years
Fixtures and fittings	5 years

g) Operating leases

Operating lease rentals are charged to the profit and loss account as incurred.

2 Turnover

	<u>Year to</u> <u>31/12/99</u>	<u>Year to</u> <u>31/12/98</u>
	<u>£</u>	<u>£</u>
Management fees	9,432,439	9,612,040
Directors' fees received	20,625	10,000
Other income	66,732	12,599
	<u>9,519,796</u>	<u>9,634,639</u>

3 Operating Costs

Operating costs include the following amounts:

	Year to 31/12/99 £	Year to 31/12/98 £
Wages and salaries	3,103,927	2,919,614
Social security costs	326,093	287,706
Pension costs	323,127	330,048
Auditor's remuneration	4,250	10,000
Other fees paid to the auditor	11,716	79,254
Depreciation	65,586	46,433
Charitable donations	50	572
Operating lease rentals - buildings	667,289	525,281
Operating lease rentals - motor vehicles	136,065	131,911
Operating lease rentals - computer equipment	-	-

The average number of employees during the year was 77 (prior year - 71).

Included within operating lease rentals - buildings is an amount of £331,463 paid to LaSalle Partners International.

4 Emoluments and Interests of Directors

The total emoluments of the Directors were: £600,969 (prior year - £791,698).

The emoluments of the Chairman were £nil (prior year - £nil) and the highest paid Director £166,573 (prior year - £224,168). The highest paid Director's emoluments comprised £106,573 (prior year - £163,168) in respect of salary and benefits in kind and £60,000 (prior year - £61,000) in respect of performance bonuses.

None of the Directors had any material interest in any contract or arrangement made by the Company or its subsidiaries.

Pensions

Both LaSalle Investment Management (formerly CIN La Salle Investment Management) and CIN La Salle Property Services (UK) Ltd make contributions to defined benefit schemes. Contributions are made on a basis agreed with the Schemes' Committee of Management, having regard to the actuary's recommendations. Actuarial valuations are carried out every three years by a qualified actuary.

Particulars of the most recent actuarial valuations may be seen in the consolidated financial statements of La Salle Partners International.

In accordance with SSAP24, pension costs are recognised on a systematic basis so that the cost of providing retirement benefits to employees is evenly spread, so far as is possible, over the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the Pension Scheme is allocated over the average remaining service lives of the current employees in the Scheme. Where an excess of assets so allocated is greater than the regular costs of accruing benefits the effect of the excess assets held in the Scheme is limited, on grounds of prudence, to an amount equal to the regular costs.

5 Net Interest Receivable

	Year to 31/12/99	Year to 31/12/98
	£	£
Interest receivable on bank deposits	215,041	305,297
Interest payable on subordinated loan note	45,630	59,548
	<u>169,411</u>	<u>245,749</u>

6 Tax on Profit on Ordinary Activities

	Year to 31/12/99	Year to 31/12/98
	£	£
Corporation tax for the year at 30.25% (prior year 31%)	838,458	836,671
Adjustment to prior year's liability	(6,291)	(11,671)
	<u>832,167</u>	<u>825,000</u>

7 Tangible Fixed Assets

	<u>Computer & Office Equipment</u> 31/12/99	31/12/98
	£	£
Cost		
At start of year	221,880	58,046
Additions	18,445	163,834
Transfers to group companies	21,650	-
Disposals	2,839	-
At end of year	<u>215,836</u>	<u>221,880</u>
Depreciation		
At start of year	51,967	5,534
Charge for depreciation	65,586	46,433
Transfers to group companies	-	-
Disposals	946	-
At end of year	<u>116,607</u>	<u>51,967</u>
Net book value at end of year	<u>99,229</u>	<u>169,913</u>

8 Financial Commitments

At 31 December 1999, the company was committed to make annual payments under operating leases which expire in the following periods:

	Year to 31/12/99	Year to 31/12/98
	£	£
Within one year	19,522	25,256
Between two and five years	112,472	624,076
After five years	-	-
	<u>131,994</u>	<u>649,332</u>

At 31 December 1999 the company had authorised or contracted capital commitments of £ nil (prior year £nil).

9 Fixed Asset Investments

The company owns two subsidiary companies, CIN La Salle Property Services (UK) Ltd and CIN La Salle Property Services (London) Ltd, which are registered in England and are valued at cost. The Directors are of the opinion that the value of the investments in the subsidiaries is not less than book value.

10 Debtors

	Year to 31/12/99 £	Year to 31/12/98 £
Trade debtors	975	3,559
Amounts due from group undertakings	810,854	300,549
Other debtors	2,821,579	45,878
Prepayments and accrued income	552,033	429,311
	<u>4,185,441</u>	<u>779,297</u>

11 Creditors - Amounts Falling Due Within One Year

	Year to 31/12/99 £	Year to 31/12/98 £
Trade creditors	33,511	52,585
Amounts due to group undertakings	2,550	10,571
Corporation tax	719,330	833,796
Other creditors including taxation and social security	489,897	371,090
Accruals	1,454,311	1,304,455
	<u>2,699,599</u>	<u>2,572,497</u>

12 Creditors - Amounts Falling Due After More Than One Year

	31/12/99 £	31/12/98 £
Amounts payable in two to five years - Subordinated Loan Stock	<u>507,000</u>	<u>507,000</u>

The subordinated loan stock is unsecured and carries interest at 9% per annum. The loan is repayable on 17 October 2001.

13 Called Up Share Capital

	31/12/99	31/12/98
Authorised share capital: Ordinary shares of £1 each	<u>830,885</u>	<u>830,885</u>
Allotted called up and fully paid: Ordinary shares of £1 each	<u>830,885</u>	<u>830,885</u>

14 Profit and Loss Account

	Year to 31/12/99 £	Year to 31/12/98 £
At the beginning of year	1,589,491	1,524,753
Movement for the year	247,936	64,738
At end of year	<u>1,837,427</u>	<u>1,589,491</u>

15 Movement in Equity Shareholders' Funds

	Year to <u>31/12/99</u> £	Year to <u>31/12/98</u> £
Profit for the financial year	247,936	64,738
Equity shareholders' funds at beginning of year	<u>2,420,376</u>	<u>2,355,638</u>
Equity shareholders' funds at end of year	<u><u>2,668,312</u></u>	<u><u>2,420,376</u></u>

16 Status

99% of the equity of the company, which is registered in England, is owned by La Salle Partners International, a company also registered in England. The remaining 1% is owned by Jones Lang LaSalle International Inc.

The smallest group for which group financial statements are prepared is that headed by La Salle Partners International and these are available to the public from the registered office.

The largest group for which group financial statements are prepared is that headed by Jones Lang LaSalle Inc and these are available to the public from 200 East Randolph Drive, Chicago 60601, Illinois, USA.

17 Post Balance Sheet Events

With effect from 1 April 2000 the company acquired the investment management business of Jones Lang LaSalle Ltd, a fellow subsidiary of the Jones Lang LaSalle Inc group of companies. In order to fund this the authorised share capital of the company was increased to £10 million and 6,294,115 £1 ordinary shares were issued, fully paid to La Salle Partners International on 1 April 2000.

During April 2000 the Company acquired LaSalle Partners Investment Management Ltd from its parent company, La Salle Partners International. This company has not commenced trading.