

Registered number 2597050

LASALLE INVESTMENT MANAGEMENT

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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COMPANIES HOUSE

Directors

The Directors who served during the year were as follows

Mr J Lyon	
Mr A Tripp	
Mrs S Lloyd-Hurwitz	(Resigned 12 October 2012)
Mr S Richmond-Watson	
Mr J Agnew	(Appointed 12 October 2012)

Secretary

Mr M L Pollard

Directors' Report

The Directors present their annual report for the year ended 31 December 2012 together with the Company's audited financial statements

None of the directors who held office during the year had any interest in the shares of the Company at either 31 December 2011 or 31 December 2012

Principal Activity

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

Business Review

Profit after tax for the year was £9,830,974 compared with £6,474,973 in the year ended 31 December 2011

Key performance indicators

	2012	2011
Assets under management	£9.4bn	£7.9bn
AUM per employee	£63.5m	£56.2m
Revenue	£43.7m	£38.6m
Profit before tax	£12.7m	£8.4m
Profit margin	29.1%	21.9%

In March 2012 the Company entered into two new advisory agreements, taking over the advisory role from a firm which had made the decision to vacate the European property investment management business. This brought an increase of £0.5bn in assets managed by the Company and an increase of 12 in staff who transferred under transfer of undertakings regulations. The staff who transferred included a team in Prague, which has been established as a branch of the Company, and provides a platform in Central Eastern Europe to further develop the business.

During the year, the value of client assets managed by the Company increased by £1.5bn which represents additional new net investment by existing clients of £0.7bn, with the remainder of the increase coming from the business acquired (£0.5bn) and valuation increases. Revenue increased in the year by £5.1m, with most of this represented by the new business acquired.

Costs in the year increased by 3% over 2011 as a result of additional operating costs from the new advisory agreements and transferred staff referred to above, excluding these costs there was a reduction of 7% in the year, principally from lower occupancy costs resulting from the change of office in 2011. Overall, the Company continues to be well placed to meet its objectives and its obligations in 2013 and beyond.

The Company is subject to a number of normal risks which could affect future results. The most important of these is the need to deliver high quality service and to maintain a good performance record for all clients. Due to the increasing range of investment styles of various clients, we report on a real return and relative return basis. The real return funds outperformed in 2012 (Nominal returns of 3.6%), underlining their excellent long term record (2.2% per annum over the last 5 years). Performance for the year for relative return funds continues to exceed target with a 3.4% total return representing a 1.2 percentage points out performance over the Benchmark in 2012. Over the five years to 2012 the Relative return funds outperformed the Pension Funds Benchmark by 1.4 percentage points per annum.

The average length of client mandates is currently fifteen years. The risk to LaSalle's business of a reduced investor appetite towards property investment is low. Property has provided strong levels of historic returns with increasing demand for new, quality core assets. Also opportunities to exploit market anomalies may see some clients increase their allocations, and use real estate more explicitly for liability matching.

A significant proportion of the fees earned by the Company are advisory fees based in turn upon property values. The Company is anticipating that an uplift in property values which has been relatively flat for some years, if not reducing, will, for the right property asset class and location, start growing again from 2013. However, the Company is also expecting greater pressure on fee levels in the coming year, but is also seeing many new business opportunities arising which, for the right business will lead to an increase in revenues. The Company sees itself in a good position to capture new business opportunities in 2013 similar to the business platform takeover of 2012.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Jones Lang LaSalle Incorporated group and are not managed separately. Accordingly, the principal risks and uncertainties of the Company are discussed within Jones Lang LaSalle Incorporated group's form 10k filing at the United States Securities and Exchange Commission, which do not form part of this report.

Financial Services Authority Pillar 3 disclosures

The Company is regulated by the FSA (registration number 174966). It is required to make a Pillar 3 disclosures report, and has elected to make this available on the Company website. The report is accessed from the link Company Legal Information on www.lasalle.com.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and 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 auditor is aware of that information.

Political and charitable contributions

The Company made no political contributions during the year (2011: £nil). Donations to UK charities amounted to £5,210 (2011: £5,198).

Dividends

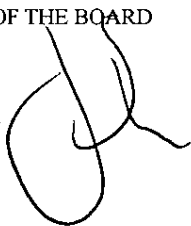
No interim dividend was declared during the year (2011: £nil).

Auditor

The company has in place an elective resolution whereby there is no requirement to reappoint its auditors annually. KPMG Audit Plc will remain in office until otherwise determined.

BY ORDER OF THE BOARD

J Lyon
Director
25 April 2013



Registered Office
One Curzon Street
London
W1J 5HD

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 & 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).

Under company law 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,
- state whether UK 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 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LASALLE INVESTMENT MANAGEMENT**

We have audited the financial statements of LaSalle Investment Management for the year ended 31 December 2012 set out on pages 5 to 23. The financial framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the company's affairs as at 31st December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 that we require for our audit.



Sean McCallion (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
25 April 2013

LASALLE INVESTMENT MANAGEMENT

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31 DECEMBER 2012

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>Notes</u>	<u>31/12/2012</u> £	<u>31/12/2011</u> £
Turnover	2	43,625,770	38,563,162
Operating costs		(31,650,653)	(30,505,878)
Operating profit	3	<u>11,975,117</u>	<u>8,057,284</u>
Income from shares in Group undertakings		64,205	-
Net interest receivable	5	492,516	431,550
Other finance costs	6	28,000	(43,000)
Profit on ordinary activities before taxation		<u>12,559,838</u>	<u>8,445,833</u>
Tax on profit on ordinary activities	7	(2,728,864)	(1,970,860)
Profit on ordinary activities after taxation	17	<u><u>9,830,974</u></u>	<u><u>6,474,973</u></u>

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

The notes on pages 8 to 23 form an integral part of the Financial Statements

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BALANCE SHEET AT 31 DECEMBER 2012

	<u>Notes</u>	As at <u>31/12/2012</u> £	As at <u>31/12/2011</u> £
Fixed assets			
Intangible assets	8	1,341,852	1,578,692
Tangible assets	9	1,461,616	1,526,189
Investments	11	104,598	103,197
		<u>2,908,066</u>	<u>3,208,078</u>
Current assets			
Debtors	12	43,453,288	35,986,158
Cash		<u>(36,748)</u>	<u>37,851</u>
		43,416,540	36,024,009
Creditors: - amounts falling due within one year	13	(13,578,746)	(15,023,956)
Net current assets		<u>29,837,794</u>	<u>21,000,053</u>
Total assets less current liabilities		32,745,860	24,208,131
Creditors.- amounts falling due after more than one year	14	(732,931)	(541,836)
Provisions for liabilities and charges	15	(1,181,622)	(1,087,326)
Net assets excluding pension liabilities		<u>30,831,307</u>	<u>22,578,969</u>
Pension liabilities	18	(1,152,165)	(1,660,500)
Net assets including pension liabilities		<u>29,679,142</u>	<u>20,918,469</u>
Capital and reserves			
Called up share capital	16	7,125,000	7,125,000
Profit and loss account	17	22,554,142	13,793,469
Equity shareholders' funds		<u>29,679,142</u>	<u>20,918,469</u>

The notes on pages 8 to 23 form an integral part of the Financial Statements

These financial statements were approved by the Board of Directors and were signed on its behalf by:



J Lyon
Director
25 April 2013

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>Notes</u>	Year to <u>31/12/2012</u> £	Year to <u>31/12/2011</u> £
Profit for the financial year		9,830,974	6,474,973
Actuarial (loss) recognised in the pension scheme	17	(474,000)	(311,000)
Deferred tax arising on gains in the pension scheme		116,130	82,415
Total recognised gains and losses relating to the financial year		<u>9,473,104</u>	<u>6,246,388</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Year to <u>31/12/2012</u> £	Year to <u>31/12/2011</u> £
Profit for the financial year	9,830,974	6,474,973
Other recognised (losses)/gains relating to the year	(357,870)	(228,585)
Share based payments (charge)/credit for the year	(712,431)	392,587
Net increase in shareholders' funds	<u>8,760,673</u>	<u>6,638,975</u>
Opening shareholders' funds	20,918,469	14,279,494
Closing shareholders' funds	<u>29,679,142</u>	<u>20,918,469</u>

The notes on pages 8 to 23 form an integral part of the Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

a) *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own consolidated financial statements (see note 21)

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

As the Company is a wholly owned subsidiary of Jones Lang LaSalle Inc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

b) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated in the balance sheet at cost, less provision for depreciation and impairment. 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 Economic Life</u>
Computer hardware and software	3-5 years
Office equipment	7 years
Leasehold improvements	To expiry of lease or ten years, whichever is shorter

c) *Operating leases*

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

d) *Post-retirement benefits*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company operates a pension scheme providing benefits based on final pay ("IWCSSS"). The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Pension scheme surpluses (to the extent that they are recoverable) or deficits are recognised in full. The movement in the schemes surpluses/deficits are split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The Company also participates in a group wide pension scheme ("The Jones Lang LaSalle Retirement Benefits Scheme") providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets & liabilities of the scheme on a consistent and reasonable basis and therefore, as permitted by FRS17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account in respect of this scheme represents the contributions payable to the scheme in respect of the accounting period.

e) *Share based payments*

The share option programmes allow employees to acquire shares of the ultimate parent company. The fair value of options granted after 7 November 2002 and those not vested at 1 January 2006 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the SAYE Scheme granted is measured using a valuation pricing model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The group receives a recharge from its ultimate parent company for the full value of shares issued when they vest. Because the charge is clearly linked to the share awards it is recognised directly in the profit and loss reserve. An accrual is made at each year end for the expected value of the charge based on the share price at year end, so as to spread the overall expected charge over the vesting period.

f) *Taxation*

The charge for taxation is based on the result for the year and takes into account deferred taxation. In accordance with FRS 19 'Deferred Tax', deferred taxation is provided fully and on a non discounted basis at future corporation tax rates in respect of transactions or events that have taken place by the balance sheet date and which could give the company the obligation to pay more or less tax in the future.

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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g) *Foreign currencies*

Transactions denominated in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at 31 December 2010. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is dealt with through the profit and loss account.

h) *Goodwill*

On the acquisition of a business, fair values are attributed to the net assets acquired. Where the fair value of the purchase consideration on acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised as an intangible asset and written-off over its useful economic life, up to a maximum of 20 years.

i) *Turnover*

Turnover represents amounts invoiced, excluding VAT, for the provision of services falling within the Company's ordinary activities. All trading arises from the Company's principal activities, primarily in the UK, £1,837,663 (2011: £2,209,279) relates to recharges to overseas Group companies.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

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YEAR ENDED 31 DECEMBER 2012

2 Turnover

	Year to 31/12/2012	Year to 31/12/2011
	£	£
Management fees	41,653,140	36,307,375
Directors' fees received	9,000	6,750
Other income	1,963,630	2,249,037
	<u>43,625,770</u>	<u>38,563,162</u>

3 Operating profit

Operating profit is stated after charging

	Year to 31/12/2012	Year to 31/12/2011
	£	£
Auditor's remuneration	43,100	65,610
Depreciation	302,499	192,168
Amortisation	350,840	178,340
Charitable donations	5,210	-
Operating lease rentals - buildings	628,807	1,027,660
Operating lease rentals - motor vehicles	8	-

Included within operating lease rentals - buildings is an amount of nil paid to LaSalle Partners International (2011 £478,098) under a cancellable lease

4 Staff costs, and emoluments and interests of directors

	Year to 31/12/2012	Year to 31/12/2011
	£	£
Wages and salaries	17,254,073	14,201,886
Social security costs	2,355,355	2,330,765
Pension costs	1,472,165	1,374,904
Share-based payments	306,379	597,911
	<u>21,387,973</u>	<u>18,505,466</u>

The average number of employees (including directors) during the year was 148 (2011 140)

	Number of employees 2012	2011
Property related	118	112
Administrative	29	28
	<u>148</u>	<u>140</u>

The total emoluments of the directors were £2,567,726 (2011 £2,343,392) No directors received or exercised share options in the year Three directors received shares under long term incentive schemes

The emoluments of the highest paid director were £667,427 (2011 £701,056) The highest paid director's emoluments comprised £350,427 (2011 £384,056) in respect of salary and benefits in kind and £317,000 (2011 £317,000) in respect of performance bonuses This director benefitted from share related payments under long term incentive schemes

Pension contributions made by the company in respect of the directors were £96,200 (2011 £78,741), contributions relating to 5 directors (2011 5) Pension contributions in respect of the highest paid director were £22,500 (2011 £20,625)

None of the directors had any material interest in any contract or arrangement made by the company or its subsidiaries in either year

LASALLE INVESTMENT MANAGEMENT

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

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5 Net interest receivable

	Year to 31/12/2012	Year to 31/12/2011
	£	£
Bank interest receivable	-	-
Other interest receivable from third parties	32	18,951
Interest receivable from group companies	492,542	412,865
Interest receivable	492,574	431,816
Bank interest payable	-	(36)
Other interest payable to third parties	(58)	(231)
Interest payable to group companies	-	-
Interest payable	(58)	(267)
Net interest receivable	492,516	431,550

6 Other finance costs

	Year to 31/12/2012	Year to 31/12/2011
	£	£
Expected return on pension scheme assets	499,000	538,000
Interest on pension scheme liabilities	(527,000)	(495,000)
	(28,000)	43,000

7 Tax on profit on ordinary activities

Analysis of charge for the year	Year to 31/12/2012	Year to 31/12/2011
	£	£
Current tax		
UK Corporation tax on profit for the year	2,089,662	1,386,815
Adjustments in respect of previous periods	(55,247)	(339,124)
	2,034,415	1,047,691
Foreign Corporation tax on profit for the year	28,694	-
Total current tax	2,063,109	1,047,691
Deferred tax		
Movement in deferred tax asset (note 12)	665,754	923,169
Tax charge for the year	2,728,863	1,970,860

Factors affecting tax charge for the year

The tax assessed differs from the application of the standard rate of corporation tax in the UK (2012 26% to 31 March, 24% thereafter, 2011 28% to 31 March, 26% from 1 April,) to the company's profit before taxation for the following reasons

Profit on ordinary activities before tax	12,559,838	8,445,833
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 26% to 31 March, 24% from 1 April (avg 24.5%) (2011 26.5%)	3,077,160	2,238,146
Effects of		
Expenses not deductible for tax purposes	88,734	140,593
Capital allowances in excess of depreciation	8,279	-
Depreciation (less than)/ in excess of capital allowances	-	(15,755)
Other timing differences	(309,314)	(14,262)
Impact of share based payment recharges	(730,773)	(961,907)
Income from shares in subsidiaries	(15,730)	-
Adjustments to tax charges of previous periods	(55,247)	(339,124)
Total current tax	2,063,109	1,047,691

7 Tax on profit on ordinary activities (Cont)

The Budget of the Chancellor of the Exchequer, dated 21 March 2012 announced a phased reduction in the main UK corporation tax rate from 26% to 22% by April 2014, with a 2% reduction taking effect from 1 April 2012 (substantively enacted on 26 March 2012), followed by a subsequent reduction to 23% from 1 April 2013 (substantively enacted on 3 July 2012) and a further reduction to 22% from 1 April 2014. The Autumn Statement of the Chancellor of the Exchequer, dated 5 December 2012, announced the intention to reduce the corporation tax rate in the UK for large companies to 21% by April 2014. The Budget of the Chancellor of the Exchequer, dated 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 1 April 2015.

The reduction in the rate to 22% will reduce the company's future tax charge accordingly and further reduce the deferred tax asset at 31 December 2012 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date) by £6,821. It has not been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

8 Intangible assets

	<u>Goodwill</u>	£
Cost		
At start of year	3,931,347	
Additions	<u>114,000</u>	
At end of year	<u>4,045,347</u>	
Amortisation		
At start of year	2,352,655	
Charge for amortisation for the year	<u>350,840</u>	
At end of year	<u>2,703,495</u>	
Net book value at 31 December 2012	<u>1,341,852</u>	
Net book value at 31 December 2011	<u>1,578,692</u>	

9 Tangible fixed assets

	<u>Computer & office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	£	£	£
Cost			
At start of year	950,676	1,111,935	2,062,611
Additions	<u>193,631</u>	<u>44,295</u>	<u>237,926</u>
At end of year	<u>1,144,307</u>	<u>1,156,230</u>	<u>2,300,537</u>
Depreciation			
At start of year	459,953	76,468	536,421
Charge for depreciation	<u>139,748</u>	<u>162,752</u>	<u>302,500</u>
At end of year	<u>599,701</u>	<u>239,220</u>	<u>838,921</u>
Net book value at 31 December 2012	<u>544,606</u>	<u>917,010</u>	<u>1,461,616</u>
Net book value at 31 December 2011	<u>490,723</u>	<u>1,035,467</u>	<u>1,526,190</u>

10 Commitments

At 31 December 2012, the company was committed to make annual payments under operating leases which expire in the following periods

	<u>Land & Buildings</u>	<u>Land & Buildings</u>
	<u>As at</u>	<u>As at</u>
	<u>31/12/2012</u>	<u>31/12/2011</u>
	£	£
Within one year	-	32,224
Between two and five years	-	-
Between five and ten years	727,295	727,295
Total	<u>727,295</u>	<u>759,519</u>

11 Fixed asset investments

Cost and NBV	£
At start of year	103,197
Additions	1,404
Disposals	(3)
At end of year	<u>104,598</u>

The Company owns nine subsidiary companies

	Country of Incorporation	Proportion of share capital owned %	Activity
LaSalle Funds (General Partner) Limited	England & Wales	100	General Partner
LaSalle UK Commercial Management Sarl	Luxembourg	100	Fund Manager
LIC II (General Partner) Limited	England & Wales	100	General Partner
LaSalle Direct General Partner Limited	England & Wales	100	General Partner
LaSalle Blooms General Partner Limited	England & Wales	100	General Partner
LaSalle UK Ventures (General Partner) Limited	England & Wales	100	General Partner
Barwood LaSalle Land General Partner Limited	England & Wales	95	General Partner
Barwood LaSalle Land Trustee Limited	England & Wales	100	Trustee
Triangle General Partner Ltd	England & Wales	100	General Partner
Oxford General Partner Ltd	England & Wales	100	General Partner

In addition, the Company has interests in three other entities

LaSalle Co-Investment Management (General Partner) Limited	England & Wales	49.5	General Partner
Shamrock I SPPICAV	France	0.01	Investment vehicle

The Directors are of the opinion that the value of the investments is not less than book value

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

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12 Debtors

	As at 31/12/2012	As at 31/12/2011
	£	£
Trade debtors	240,911	1,036,301
Amounts due from group undertakings	33,307,809	26,561,433
Deferred tax asset	156,876	497,835
Other debtors	297,303	368,763
Prepayments and accrued income	9,450,389	7,521,826
	<u>43,453,288</u>	<u>35,986,158</u>
Deferred taxation movement		
At beginning of year	497,835	1,158,499
Transferred from / (to) profit and loss account	(340,959)	(660,664)
At end of year	<u>156,876</u>	<u>497,835</u>
Amounts fully provided for deferred taxation		
Accelerated depreciation	(20,343)	9,798
Other timing differences	177,220	488,037
	<u>156,876</u>	<u>497,835</u>

13 Creditors - amounts falling due within one year

	As at 31/12/2012	As at 31/12/2011
	£	£
Trade creditors	781,461	653,320
Amounts due to group undertakings	133,922	813,909
Corporation tax	2,118,356	1,386,815
Other creditors including taxation and social security	2,870,396	2,891,738
Accruals for share based payment recharge	261,205	2,486,670
Other accruals and deferred income	7,413,406	6,791,504
	<u>13,578,746</u>	<u>15,023,956</u>

None of the amounts included within trade creditors at 31 December 2012 were overdue

14 Creditors - amounts falling due after more than one year

	As at 31/12/2012	As at 31/12/2011
	£	£
Accruals for share based payment recharge	667,057	408,765
Other accruals and deferred income	65,874	133,071
	<u>732,931</u>	<u>541,836</u>

15 Provisions for liabilities and charges

	As at 31/12/2012	As at 31/12/2011
	£	£
Pensions and similar obligations	1,181,622	1,087,326
	<u>1,181,622</u>	<u>1,087,326</u>

Further details of pension liabilities are given in Note 18

LASALLE INVESTMENT MANAGEMENT

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16 Called up share capital

	As at <u>31/12/2012</u> No	As at <u>31/12/2011</u> No
Allotted called up and fully paid		
Ordinary shares of £1 each	<u>7,125,000</u>	<u>7,125,000</u>

17 Profit and loss account

	As at <u>31/12/2012</u> £	As at <u>31/12/2011</u> £
At the beginning of year	13,793,469	7,154,495
Profit for the year	9,830,974	6,474,973
Share based payments charge for the year	(1,715,164)	(136,020)
Movement in accruals for share based payment recharge	1,002,733	528,607
Actuarial (loss)/gain recognised in the pension scheme	(474,000)	(311,000)
Deferred tax arising on gain/(loss) in the pension scheme	116,130	82,415
At end of year	<u>22,554,142</u>	<u>13,793,469</u>

18 Pension schemes

The Company operates defined contribution schemes. The pension cost charge for the year represents contributions payable by the Company to the schemes and amounted to £1,472,165 (2011: £946,076).

No contributions were outstanding at 31st December 2012 (2011: £nil).

The Company also operates two pension schemes providing benefits based on final pensionable pay, the 'IWCSS Scheme' and 'The JLL Scheme'. As stated in note 1, the Company is unable to separately identify its share of the assets and liabilities of the group scheme (the JLL Scheme).

The JLL Scheme

The Company is a member of a larger group pension scheme providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for as if the scheme was a defined contribution scheme. The pension cost charge for the year represents contributions payable by the Company to the JLL Scheme and amounted to £94,296 (2011: £24,026).

Full details relating to the JLL Scheme are available in the accounts of Jones Lang LaSalle Ltd.

The IWCSS Scheme

The latest full actuarial valuation was carried out at 31 December 2009, and was updated for FRS purposes to 31st December 2012 by a qualified independent actuary.

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer.

	2012 £000	2011 £000
Present value of funded defined benefit obligations	(11,991)	(10,615)
Fair value of plan assets	10,494	8,401
Deficit	(1,497)	(2,214)
Related deferred tax asset	344	553
Net liability	(1,153)	(1,661)

Movements in present value of defined benefit obligation

	2012 £000	2011 £000
At beginning of year	(10,615)	(9,986)
Current service cost	(198)	(294)
Interest cost	(499)	(538)
Actuarial (losses)/gains	(818)	(19)
Gains on curtailments	-	52
Benefits paid	139	170
At end of year	(11,991)	(10,615)

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

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Movements in fair value of plan assets

	2012 £000	2011 £000
At beginning of year	8,401	7,269
Expected return on plan assets	527	495
Actuarial gains/(losses)	344	(292)
Contributions by employer	1,322	1,048
Contributions by members	39	51
Benefits paid	(139)	(170)
At end of year	<u>10,494</u>	<u>8,401</u>

Expense recognised in the profit and loss account

	2012 £000	2011 £000
Current service cost	159	243
Losses (gains) on curtailments	-	(52)
Interest on defined benefit pension plan obligation	499	538
Expected return on defined benefit pension plan assets	(527)	(495)
	<u>131</u>	<u>234</u>

The expense is recognised in the following line items in the profit and loss account

	2012 £000	2011 £000
Operating costs	159	191
Other finance costs	(28)	43
	<u>131</u>	<u>234</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £357,870 (2011 loss of £311,000)

The fair value of the plan assets and the return on those assets were as follows

	2012 Fair value £000	2011 Fair value £000
Equities	5,236	3,877
Corporate bonds	2,299	2,670
Other	2,248	1,159
Property	711	695
	<u>10,494</u>	<u>8,401</u>
Actual return on plan assets	<u>527</u>	<u>495</u>

Plan assets do not include any financial instruments of the Company or any property occupied by the Company

The major assumptions used in this valuation were

	2012	2011
Discount rate applied to scheme liabilities	4.40%	4.70%
Expected rate of return on plan assets	6.64%	5.87%
Expected return on plan assets at beginning of year	5.87%	6.36%
Future salary increases	3.40%	3.40%
Rate of increase in pensions in payment and deferred pensions	2.80%	2.80%
Inflation assumption	2.90%	2.90%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

In valuing the liabilities of the pension fund at 31 December 2012, the actuary considered that the two most critical factors within the key assumptions were the discount rate, and the future rate of inflation

An increase in the discount rate of 0.5% would lead to a decrease in the deficit of approximately £1,313,000

A 0.5% increase in the assumed rate of future inflation would lead to an increase in the deficit of approximately £1,288,000

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows

Current pensioner aged 60	24.9 years
Future retiree upon reaching 60	25.6 years

History of plan

The history of the plan for the current and prior years is as follows

Balance sheet

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of scheme liabilities	11,991	10,615	10,583	9,389	6,275
Fair value of scheme assets	10,494	8,401	7,269	6,281	4,914
Deficit	(1,497)	(2,214)	(3,314)	(3,108)	(1,361)

Experience adjustments

	2012	2011	2010	2009	2008
Experience adjustments on scheme liabilities (£000)	(84)	127	(385)	158	(29)
% of liabilities at end of year	-0.7%	1.1%	-3.6%	1.7%	-0.5%
Experience adjustments on scheme assets (£000)	344	(292)	270	630	(1,418)
% of assets at end of year	3.3%	-3.5%	3.7%	10.0%	-28.9%

The Company expects to contribute approximately £1,312,000 to its defined benefit plan in the next financial year

19 Share-based payments

The Group operates a number of share-based payment schemes, details of those which apply to employees of the Company follow. The shares are in the ultimate parent company.

All of the schemes provide for shares with no performance conditions, and with the exception of the SAYE scheme, entitle participants to dividend equivalents. Therefore, the fair value of the share awards, other than SAYE, is equal to the share price at date of grant. The fair value of SAYE schemes is determined by using the Black-Scholes valuation model. For 2006 and earlier years the Mercer Binomial valuation model was used.

All employee Save As You Earn (SAYE) schemes

The Group operates a SAYE share option scheme for all employees to encourage participation in the Group's results. Options are exercisable at a price equal to the quoted market price of the Group's shares on the date of grant less a discount of 15 per cent. The options mature after either three years or five years and there is an exercise period of six months from when the share options become exercisable after which period the options lapse.

Details of the share options outstanding during the year are as follows:

	As at 31/12/2012	As at 31/12/2011
Outstanding at the beginning of the year	42,824	54,807
Granted during the year	11,630	1,412
Vested during the year	(22,926)	(1,883)
Forfeited during the year	1,610	(11,512)
Outstanding at the end of the year	33,138	42,824

The options outstanding at 31 December 2012 had a weighted average exercise price of £28.90 (2011: £20.43), and a weighted average remaining contractual life of 1.83 years (2011: 1.25 years). During the year options were granted on 29 June 2012. The aggregate of the estimated fair values of the options granted on that date is £175,182.

The inputs into the binomial model that the company uses to value share options were:

	2012 3 year	2012 5 year	2011 3 year	2011 5 year	2010 3 year	2010 5 year	2009 5 year	2008 5 year
Share price at date of grant	\$69.72	\$69.72	\$98.50	\$98.50	\$68.82	\$68.82	\$18.78	\$74.99
Share price at date of grant	£45.36	£45.36	£61.14	£61.14	£45.64	£45.64	£13.41	£36.92
Exercise price	£38.56	£38.56	£51.96	£51.96	£39.32	£39.32	£16.08	£36.28
Expected volatility	40.80%	47.20%	51.40%	42.60%	64.00%	52.90%	38.00%	27.40%
Expected life	3 years	5 years	3 years	5 years	3 years	5 years	5 years	5 years
Risk free rate	0.37%	0.73%	1.18%	2.13%	1.94%	2.13%	1.65%	2.37%
Expected dividend yield	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	2.20%	1.50%

Expected volatility was determined by calculating the historical volatility for 3 and 5 years up to the date of grant.

Share Ownership Programme

The Group operates a Share Ownership Programme (SOP), the participants in this were the directors & senior managers of the Company. Under the SOP the participants receive part of their discretionary bonus in the form of shares. These shares vest eighteen and thirty months after the financial year to which they relate. Vesting is conditional upon the participant remaining in the employ of a Group company, unless they retire in the intervening period at normal retirement age.

Details of the shares outstanding under the SOP during the year are as follows

	<u>As at</u> <u>31/12/2012</u>	<u>As at</u> <u>31/12/2011</u>
Outstanding at the beginning of the year	8,659	19,398
Granted during the year	-	4,884
Exercised during the year	(2,561)	(15,451)
Forfeited during the year	(1,527)	(172)
Outstanding at the end of the year	<u>4,571</u>	<u>8,659</u>

The options outstanding at 31 December 2012 had a weighted average remaining contractual life of 0.75 years (2012: 1.5 years). During the year no awards were granted.

Long Term Incentive Plan

The Group operates a long term incentive plan (LTIP), under which some directors and senior managers may receive awards of shares. Shares under this plan vest in equal instalments twenty four months and thirty six months from the grant date. Vesting is conditional upon the participant remaining in the employ of a Group company.

Details of the shares outstanding under the LTIP during the year are as follows

	<u>As at</u> <u>31/12/2012</u>	<u>As at</u> <u>31/12/2011</u>
Outstanding at the beginning of the year	48,127	108,788
Granted during the year	-	-
Exercised during the year	(48,127)	(58,985)
Forfeited during the year	-	(1,676)
Outstanding at the end of the year	<u>-</u>	<u>48,127</u>

There were no outstanding options at 31 December 2012.

International Directors' Long Term Incentive Plan

The Group operates a long term incentive plan (LTIP), under which some directors and senior managers may receive awards of shares. Shares under this plan vest on 1st January five years after the grant date. Vesting is conditional upon the participant remaining in the employ of a Group company.

Details of the shares outstanding under the LTIP during the year are as follows

	As at 31/12/2012	As at 31/12/2011
Outstanding at the beginning of the year	5,639	4,007
Granted during the year	-	1,632
Exercised during the year	- 804	-
Forfeited during the year	-	-
Outstanding at the end of the year	<u>4,835</u>	<u>5,639</u>

The options outstanding at 31 December 2012 had a remaining contractual life of 2.75 years (2011: 3.25 years). No awards were granted during the year.

Restricted Stock Grant Plan

The Group operates a restricted stock grant plan (RSG), under which some directors and senior managers may receive awards of shares. Shares under this plan vest in equal instalments forty months and sixty four months from the grant date. Vesting is conditional upon the participant remaining in the employ of a Group company.

Details of the shares outstanding under the RSG during the year are as follows

	As at 31/12/2012	As at 31/12/2011
Outstanding at the beginning of the year	4,130	4,644
Granted during the year	4,278	1,933
Exercised during the year	(240)	(1,350)
Forfeited during the year	<u>(685)</u>	<u>(1,097)</u>
Outstanding at the end of the year	<u>7,483</u>	<u>4,130</u>

The options outstanding at 31 December 2012 had a weighted average remaining contractual life of 2.83 years (2011: 2.25 years). Awards were made during the year.

Date of grant	Share price on date of grant
5th March	£51.81 \$82.02

Global Executive Committee member programme

The Group requires members of the Jones Lang LaSalle Inc Global Executive Committee to receive part of their discretionary bonus in the form of shares. These shares vest eighteen and thirty months after the financial year to which they relate. Vesting is conditional upon the participant remaining in the employ of a Group company, unless they retire in the intervening period at normal retirement age.

Details of the shares outstanding under the GEC member programme during the year are as follows

	As at <u>31/12/2012</u>	As at <u>31/12/2011</u>
Outstanding at the beginning of the year	765	8,457
Granted during the year	-	-
Exercised during the year	(765)	(7,692)
Forfeited during the year	-	-
Outstanding at the end of the year	<u>-</u>	<u>765</u>

There were no awards outstanding at 31 December 2012

20 Related party transactions

During the year, the Company charged £35,000 (2011: £35,000) to a partly owned subsidiary company, Barwood LaSalle Land General Partner Ltd, in respect of staff resources made available. As at 31 December 2012 £2,185 was unpaid (December 2011: £37,900).

21 Ultimate parent company and parent undertaking of larger group of which the company is a member

99.9% of the equity of the Company, which is registered in England, is owned by LaSalle Partners International, a company also registered in England. The remaining 0.1% is owned by Jones Lang LaSalle International Inc, a company registered in Maryland, USA.

The only group in which the financial statements of the Company are consolidated is that headed by Jones Lang LaSalle Incorporated. Copies of the group financial statements of Jones Lang LaSalle Incorporated can be obtained from Jones Lang LaSalle Incorporated, 200 East Randolph Drive, Chicago, Illinois 60601, USA.