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**LASALLE INVESTMENT MANAGEMENT**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**



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## **LASALLE INVESTMENT MANAGEMENT**

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### **COMPANY INFORMATION**

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**DIRECTORS**

Mr J Lyon  
Mr A Tripp  
Mr S Richmond-Watson  
Mr J Agnew  
Mr S Marrison (appointed 16 April 2014)

**COMPANY SECRETARY**

Mr ML Pollard to 16/04/14, then Mr C Blackmore

**REGISTERED NUMBER**

2597050

**REGISTERED OFFICE**

One Curzon Street  
London  
W1J 5HD

**INDEPENDENT AUDITORS**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

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## **LASALLE INVESTMENT MANAGEMENT**

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## LASALLE INVESTMENT MANAGEMENT

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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#### BUSINESS REVIEW

Profit after tax for the year was £9.9m, compared with £9.8m in the year ended 31 December 2012

#### Key performance indicators

	2013	2012
Assets under management (AUM)	£10.0bn	£9.4bn
AUM per employee	£64.1m	£63.5m
Revenue	£48.0m	£43.6m
Profit before tax	£12.9m	£12.6m
Profit margin	26.9%	28.9%

During the year the Company launched two new funds investing in debt relating to property acquisition and development. At the end of the year the assets under management (AUM) for these funds was £300m. The rest of the increase in AUM represents net investment by existing clients.

Costs incurred during the year rose by £4.4m (13.9%), the largest increase related to professional fees of which £1.4m related to fees payable to an overseas subsidiary.

The Company is subject to a number of 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 a relative return basis. The real return funds outperformed in 2013 (nominal returns of 10.7%), underlining their excellent long term record (8.7% per annum over the last five years). In 2013 the relative return funds continued to perform ahead of the benchmark with a total return of 11.9% - representing 0.5% outperformance over the benchmark in 2013. Over the five years to 2013 the Relative return funds outperformed the Pension Funds benchmark by 1.2% per annum.

The average length of our relationships with current clients is 16 years. The risk to LaSalle's business of a reduced appetite towards property investment is low. Property has historically provided strong income yields, attractive relative to some other asset classes, and demand for quality core assets is strong. A majority of our clients are maintaining or increasing their exposure to real estate, utilising the asset for both higher return seeking activity and asset matching.

A significant proportion of the fees earned by the Company are advisory fees based upon property values. The Company is anticipating that the uplift in property values, which began in the second half of 2013, will continue in 2014. Due to the volume of money targeting UK property, competition in some parts of the market will be particularly strong in 2014. However, the Company is also expecting greater pressure on fee levels in the coming year, but is also seeing new business opportunities arising which, for the right business, will lead to a potential increase in revenues. The Company sees itself in a good position to capture new business opportunities in 2014.

#### 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.

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## **LASALLE INVESTMENT MANAGEMENT**

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### **STRATEGIC REPORT (continued)**

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#### **FINANCIAL CONDUCT AUTHORITY**

The Company is regulated by the FCA (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 on [www.LaSalle.com](http://www.LaSalle.com)

This report was approved by the board on 24 April 2014 and signed on its behalf

A handwritten signature in black ink, appearing to be 'S Richmond-Watson', with a long horizontal flourish extending to the right.

**Mr S Richmond-Watson**  
**Director**

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## **LASALLE INVESTMENT MANAGEMENT**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The Directors present their report and the financial statements for the year ended 31 December 2013

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the 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 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.

#### **PRINCIPAL ACTIVITIES**

The Principal activity of the Company continues to be the management of property investments.

#### **RESULTS**

The profit for the year, after taxation, amounted to £9,906,956 (2012 - £9,830,975)

#### **DIRECTORS**

The Directors who served during the year were

Mr J Lyon  
Mr A Tripp  
Mr S Richmond-Watson  
Mr J Agnew

Mr S Marrison was appointed 16th April 2014

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## **LASALLE INVESTMENT MANAGEMENT**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **DISCLOSURE OF INFORMATION TO AUDITORS**


Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information

#### **AUDITORS**

KPMG Audit Plc resigned as auditors during the year and KPMG LLP were appointed to fill the vacancy arising Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 24 April 2014 and signed on its behalf



**Mr S Richmond-Watson**  
Director

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## **LASALLE INVESTMENT MANAGEMENT**

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

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We have audited the financial statements of LaSalle Investment Management for the year ended 31 December 2013, set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' responsibilities statement, 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 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](http://www.frc.org.uk/auditscopeukprivate).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 Strategic report and 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 we require for our audit.



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LASALLE INVESTMENT MANAGEMENT

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LASALLE INVESTMENT MANAGEMENT

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Sean McCallion (Senior statutory auditor)

for and on behalf of  
**KPMG LLP**

15 Canada Square  
London  
E14 5GL

25 April 2014

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**LASALLE INVESTMENT MANAGEMENT**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	Note	2013 £	2012 £
<b>TURNOVER</b>	1,2	<b>47,995,500</b>	43,625,770
Administrative expenses		<b>(36,136,459)</b>	(31,650,653)
<b>OPERATING PROFIT</b>	3	<b>11,859,041</b>	11,975,117
Interest receivable and similar income	8	<b>561,860</b>	492,574
Income from shares in Group undertakings		<b>303,438</b>	64,205
Interest payable and similar charges	9	<b>(893)</b>	(58)
Other finance income	10	<b>204,000</b>	28,000
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>12,927,446</b>	12,559,838
Tax on profit on ordinary activities	11	<b>(3,020,490)</b>	(2,728,863)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	20	<b>9,906,956</b>	9,830,975

All amounts relate to continuing operations

The notes on pages 10 to 26 form part of these financial statements

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**LASALLE INVESTMENT MANAGEMENT**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>9,906,956</b>	<b>9,830,975</b>
Actuarial gain related to pension scheme	22	<b>(892,000)</b>	<b>(474,000)</b>
Other movements in profit and loss reserve		<b>205,160</b>	<b>116,130</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b><u>9,220,116</u></b>	<b><u>9,473,105</u></b>

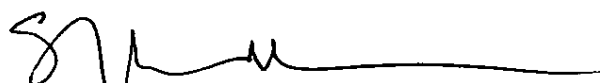
The notes on pages 10 to 26 form part of these financial statements

**LASALLE INVESTMENT MANAGEMENT**  
**REGISTERED NUMBER: 2597050**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	12		956,512		1,341,852
Tangible assets	13		1,291,700		1,461,616
Investments	14		1,934,945		104,598
			<u>4,183,157</u>		<u>2,908,066</u>
<b>CURRENT ASSETS</b>					
Debtors	15	49,490,257		43,453,282	
Cash at bank		49,137		20,486	
		<u>49,539,394</u>		<u>43,473,768</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(13,411,051)		(13,635,979)	
<b>NET CURRENT ASSETS</b>			<u>36,128,343</u>		<u>29,837,789</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>40,311,500</u>		<u>32,745,855</u>
<b>CREDITORS:</b> amounts falling due after more than one year	17		(906,853)		(1,914,553)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>39,404,647</u>		<u>30,831,302</u>
Defined benefit pension scheme liability	22		(840,560)		(1,152,165)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>38,564,087</u>		<u>29,679,137</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		7,125,000		7,125,000
Profit and loss account	20		31,439,087		22,554,137
<b>SHAREHOLDERS' FUNDS</b>	21		<u>38,564,087</u>		<u>29,679,137</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 April 2014



**Mr S Richmond-Watson**  
Director

The notes on pages 10 to 26 form part of these financial statements

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## LASALLE INVESTMENT MANAGEMENT

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

##### 1.2 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

##### 1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	To the expiry of the lease, or ten years, whichever is shorter
Office equipment	-	7 years
Computer equipment	-	3-5 years

##### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment

##### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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## **LASALLE INVESTMENT MANAGEMENT**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.7 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### **1.8 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

##### **1.9 Pensions**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year

The Company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2012

This valuation is updated annually for the purpose of FRS17 disclosures

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 and 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.

##### **1.10 Tax**

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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## LASALLE INVESTMENT MANAGEMENT

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.11 Share based Payments

The share option schemes 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 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 for the full value of the shares as 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 the year end, so as to spread the overall expected charge over the vesting period.

##### 1.12 Cashflow Statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to produce a cashflow statement on the grounds that a parent undertaking includes the Company in its own consolidated financial statements (see note 25).

#### 2. 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, £2,164,539 (2012: £1,837,663) relates to recharges to overseas Group companies.

#### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2013 £	2012 £
Amortisation - intangible fixed assets	385,340	350,840
Depreciation of tangible fixed assets		
- owned by the company	299,151	302,499
Operating lease rentals		
- plant and machinery	-	8
- other operating leases - buildings	(197,872)	628,807
Difference on foreign exchange	139,996	55,765
Charitable Donations	2,760	5,210
	<u>          </u>	<u>          </u>

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 4. AUDITORS' REMUNERATION

	2013 £	2012 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>45,600</u>	<u>43,100</u>

#### 5. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	19,135,106	17,254,073
Social security costs	3,027,854	2,355,355
Other pension costs (Note 22)	(234,166)	1,472,165
Share-based payments	256,279	306,379
	<u>22,185,073</u>	<u>21,387,972</u>

The average monthly number of employees, including the Directors, during the year was as follows

	2013 No	2012 No
Property-related	124	119
Administrative	32	29
	<u>156</u>	<u>148</u>

#### 6. DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	<u>1,676,460</u>	<u>2,169,574</u>
Amounts receivable under long-term incentive schemes	<u>154,943</u>	<u>275,952</u>
Company pension contributions to defined contribution pension schemes	<u>201,851</u>	<u>122,200</u>

During the year retirement benefits were accruing to 4 Directors (2012 - 5) in respect of defined contribution pension schemes



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## LASALLE INVESTMENT MANAGEMENT

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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The highest paid Director received remuneration of £601,040 (2012 - £667,427)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £62,100 (2012 - £22,500)

#### 7. 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 the date of grant. The fair value of SAYE schemes is determined using the Black-Scholes model.

##### 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:

	2013 No	2012 No
Outstanding at the beginning of the year	33,138	42,824
Granted during the year	1,533	11,630
Vested during the year	(5,016)	(22,926)
Forfeited during the year	(1,423)	1,610
Outstanding at the end of the year	<u>28,232</u>	<u>33,138</u>

The options outstanding at 31 December 2013 had a weighted average exercise price of £29.14 (2012 £28.90), and a weighted average remaining Contractual life of 1.08 years (2012 1.83 years). During the year options were granted on 3rd June. The aggregate of the estimated fair values of the options granted on that date is £34,339.

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

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 3 years	2013 5 years	2012 3 years	2012 5 years	2011 3 years	2011 5 years	2010 5 years	2009 5 years
Share Price at date of grant	\$91.35	\$91.35	\$69.72	\$69.72	\$98.50	\$98.50	\$68.82	\$18.78
Share Price at date of grant	£60.08	£60.08	£45.36	£45.36	£61.14	£61.14	£45.64	£13.41
Exercise Price	£51.07	£51.07	£38.56	£38.56	£51.96	£51.96	£39.32	£16.08
Expected volatility	40.70%	57.10%	40.80%	47.20%	51.40%	42.60%	52.90%	38.00%
Expected life	3 years	5 years	3 years	5 years	3 years	5 years	5 years	5 years
Risk free rate	0.50%	1.03%	0.37%	0.73%	1.18%	2.13%	2.13%	1.65%
Expected dividend yield	0.35%	0.35%	1.00%	1.00%	1.00%	1.00%	1.00%	2.20%

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

#### Share Ownership Programme

The Group operates a Share Ownership Programme (SOP), the participants in this were the directors and 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 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 at the end of the year are as follows

	2013 No	2012 No
Outstanding at the beginning of the year	4,571	8,659
Granted during the year	-	-
Exercised during the year	(2,771)	(2,561)
Forfeited during the year	-	(1,527)
Outstanding at the end of the year	<u>1,800</u>	<u>4,571</u>

The options outstanding at 31 December 2013 had a weighted average remaining contractual life of one year (2012: 75 years)

#### 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

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 No	2012 No
Outstanding at the beginning of the year	4,835	5,639
Granted during the year	-	-
Exercised during the year	(883)	(804)
Forfeited during the year	-	-
	<u>3,952</u>	<u>4,835</u>
Outstanding at the end of the year	<u>3,952</u>	<u>4,835</u>

The options outstanding at 31 December 2013 had a remaining contractual life of 2.42 years (2012 2.75 years)

#### 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 installments forty months and sixty four months from the grant date. Vesting is conditional upon the the participant remaining in the employ of a Group Company.

Details of the shares outstanding during the year are as follows

	2013 No	2012 No
Outstanding at the beginning of the year	7,483	4,130
Granted during the year	1,173	4,278
Exercised during the year	(931)	(240)
Forfeited during the year	(2)	(685)
	<u>7,723</u>	<u>7,483</u>
Outstanding at the end of the year	<u>7,723</u>	<u>7,483</u>

The options outstanding at 31 December 2013 had a weighted average remaining contractual life of 2.42 years (2012 2.83 years). Awards were made during the year on 7th March. The share price on date of grant was \$97.41 (£64.51).

#### 8. INTEREST RECEIVABLE

	2013 £	2012 £
Interest receivable from group companies	560,421	492,542
Other interest receivable	1,439	32
	<u>561,860</u>	<u>492,574</u>
	<u>561,860</u>	<u>492,574</u>

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**9. INTEREST PAYABLE**

	2013 £	2012 £
Other interest payable	893	58

**10. OTHER FINANCE INCOME**

	2013 £	2012 £
Expected return on pension scheme assets	723,000	527,000
Interest on pension scheme liabilities	(519,000)	(499,000)
	<u>204,000</u>	<u>28,000</u>

**11. TAXATION**

	2013 £	2012 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	2,693,760	2,089,662
Adjustments in respect of prior periods	(23,299)	(55,247)
	<u>2,670,461</u>	<u>2,034,415</u>
Foreign tax on income for the year	45,789	28,694
<b>Total current tax</b>	<u>2,716,250</u>	<u>2,063,109</u>
<b>Deferred tax</b> (see note 18)		
Movement in deferred tax	304,240	665,754
<b>Tax on profit on ordinary activities</b>	<u>3,020,490</u>	<u>2,728,863</u>

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 11. TAXATION (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	12,927,446	12,559,838
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	3,005,631	3,077,160
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	47,104	49,759
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	93,815	38,975
Capital allowances for year in excess of depreciation	14,024	8,279
Adjustments to tax charge in respect of prior periods	(23,299)	(55,247)
Other timing differences leading to an increase (decrease) in taxation	(278,806)	(309,315)
Non-taxable income	(70,549)	(15,730)
Impact of share-based payment recharges	(71,670)	(730,772)
<b>Current tax charge for the year (see note above)</b>	<b>2,716,250</b>	<b>2,063,109</b>

##### Factors that may affect future tax charges

There were no factors that may affect future tax charges

#### 12. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>Cost</b>	
At 1 January 2013 and 31 December 2013	4,045,347
<b>Amortisation</b>	
At 1 January 2013	2,703,495
Charge for the year	385,340
At 31 December 2013	3,088,835
<b>Net book value</b>	
At 31 December 2013	956,512
At 31 December 2012	1,341,852

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**13. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2013	1,156,230	426,621	717,686	2,300,537
Additions	-	8,487	120,748	129,235
At 31 December 2013	1,156,230	435,108	838,434	2,429,772
<b>Depreciation</b>				
At 1 January 2013	239,220	106,335	493,366	838,921
Charge for the year	159,480	61,890	77,781	299,151
At 31 December 2013	398,700	168,225	571,147	1,138,072
<b>Net book value</b>				
At 31 December 2013	757,530	266,883	267,287	1,291,700
At 31 December 2012	917,010	320,286	224,320	1,461,616

**14. FIXED ASSET INVESTMENTS**

	Unlisted investments £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2013	4,000	100,598	104,598
Additions	2,112	1,928,235	1,930,347
Disposals	-	(100,000)	(100,000)
At 31 December 2013	6,112	1,928,833	1,934,945
<b>Net book value</b>			
At 31 December 2013	6,112	1,928,833	1,934,945
At 31 December 2012	4,000	100,598	104,598

The Company owns ten subsidiary companies

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 14. FIXED ASSET INVESTMENTS (continued)

Name	Country of incorporation	Proportion owned	Activity
LaSalle Blooms (General Partner) Ltd	England and Wales	100 00%	General Partner
LaSalle Direct (General Partner) Ltd	England and Wales	100 00%	General Partner
LIC II (General Partner)	England and Wales	100 00%	General Partner
LaSalle Funds (General Partner) Ltd	England and Wales	100 00%	General Partner
LaSalle UK Ventures (General Partner) Ltd	England and Wales	100 00%	General Partner
Barwood LaSalle Land General Partner Ltd	England and Wales	100 00%	General Partner
Barwood LaSalle Land Trustee Ltd	England and Wales	100 00%	Trustee
Triangle General Partner Ltd	England and Wales	100 00%	General Partner
Oxford General Partner Ltd	England and Wales	100 00%	General Partner
LaSalle Investment Management Co , Ltd	Korea	100 00%	Investment Management

The Korean subsidiary was set up in 2013

In addition the Company has interests in two other entities

Name	Country of incorporation	Proportion owned	Activity
LaSalle Co-Investment Management (General Partner) Ltd	England and Wales	49 50%	General Partner
Shamrock 1 SPICAV	France	0 01%	Investment Vehicle

#### 15 DEBTORS

	2013 £	2012 £
<b>Due after more than one year</b>		
Deferred tax asset (see note 18)	179,191	156,876
<b>Due within one year</b>		
Trade debtors	1,223,602	240,911
Amounts owed by group undertakings	38,370,173	33,307,809
Other debtors	671,503	297,297
Prepayments and accrued income	9,045,788	9,450,389
	<b>49,490,257</b>	<b>43,453,282</b>

# **LASALLE INVESTMENT MANAGEMENT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

### **16. CREDITORS**

**Amounts falling due within one year**

	2013 £	2012 £
Bank loans and overdrafts	65,747	57,234
Trade creditors	166,622	781,461
Amounts owed to group undertakings	637,843	133,921
Corporation tax	2,902,386	2,236,014
Other creditors	2,055,961	3,013,943
Accruals and deferred income	7,582,492	7,413,406
	<u>13,411,051</u>	<u>13,635,979</u>

### **17. CREDITORS:**

**Amounts falling due after more than one year**

	2013 £	2012 £
Other creditors	652,236	652,236
Accruals and deferred income	254,617	1,262,317
	<u>906,853</u>	<u>1,914,553</u>

This includes provisions for pension charges of £840,560 (2012 £1,181,622), shown separately in 2012 accounts

### **18. DEFERRED TAX ASSET**

	2013 £	2012 £
At beginning of year	156,876	497,835
Released during/(charged for) year (P&L)	22,315	(340,959)
	<u>179,191</u>	<u>156,876</u>

The deferred tax asset is made up as follows

	2013 £	2012 £
Accelerated capital allowances	(3,089)	(20,344)
Other timing differences	182,280	177,220
	<u>179,191</u>	<u>156,876</u>



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**LASALLE INVESTMENT MANAGEMENT**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**19. SHARE CAPITAL**

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
7,125,000 Ordinary shares of £1 each	<u>7,125,000</u>	<u>7,125,000</u>

**20. RESERVES**

	Profit and loss account £
At 1 January 2013	22,554,137
Profit for the financial year	9,906,956
Pension reserve movement	(892,000)
Other movements	205,160
Share based payments (charge)/credit for the year	(335,166)
At 31 December 2013	<u>31,439,087</u>

The closing balance on the Profit and loss account includes a £840,560 (2012 - £1,152,165) debit, stated after deferred taxation of £223,440 (2012 - £344,835), in respect of pension scheme liabilities of the Company pension scheme

**21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 £	2012 £
Opening shareholders' funds	29,679,137	20,918,463
Profit for the financial year	9,906,956	9,830,975
Other recognised gains and losses during the year	(686,840)	(357,870)
Other movements in profit and loss reserve	(335,166)	(712,431)
Closing shareholders' funds	<u>38,564,087</u>	<u>29,679,137</u>

**22. PENSION COMMITMENTS**

The Company also operates defined contribution schemes. The pension charge for the year represents contributions payable by the Company to the schemes. The Company's contributions for the year were £1,579,322 (2012 £1,472,165).

The Company operates a defined benefit pension scheme.

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 22. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows

	2013 £	2012 £
Present value of funded obligations	(12,717,000)	(11,991,000)
Fair value of scheme assets	11,653,000	10,494,000
Deficit in scheme	(1,064,000)	(1,497,000)
Related deferred tax asset	223,440	344,835
Net liability	<u>(840,560)</u>	<u>(1,152,165)</u>

The amounts recognised in profit or loss are as follows

	2013 £	2012 £
Current service cost	(186,000)	(159,000)
Interest on obligation	(519,000)	(499,000)
Expected return on scheme assets	723,000	527,000
Total	<u>18,000</u>	<u>(131,000)</u>
Actual return on scheme assets	<u>(1,236,000)</u>	<u>(818,000)</u>

Movements in the present value of the defined benefit obligation were as follows

	2013 £	2012 £
Opening defined benefit obligation	11,991,000	10,615,000
Current service cost	186,000	159,000
Interest cost	519,000	499,000
Contributions by scheme participants	39,000	39,000
Actuarial Losses	1,236,000	818,000
Liabilities extinguished on settlements	(1,022,000)	-
Benefits paid	(232,000)	(139,000)
Closing defined benefit obligation	<u>12,717,000</u>	<u>11,991,000</u>

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**LASALLE INVESTMENT MANAGEMENT**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**22. PENSION COMMITMENTS (continued)**

Changes in the fair value of scheme assets were as follows

	2013 £	2012 £
Opening fair value of scheme assets	10,494,000	8,401,000
Expected return on assets	723,000	527,000
Actuarial gains and (losses)	344,000	344,000
Assets distributed on settlements	(1,369,000)	-
Contributions by employer	1,654,000	1,322,000
Contributions by scheme participants	39,000	39,000
Benefits paid	(232,000)	(139,000)
	<u>11,653,000</u>	<u>10,494,000</u>

The Company expects to contribute £1,295,124 to its defined benefit pension scheme in 2014

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013	2012
UK Equities	16.00 %	15.00 %
Overseas Equities	37.00 %	35.00 %
UK Corporate Bonds	18.00 %	16.00 %
Index Linked Bonds	11.00 %	5.00 %
Property	6.00 %	7.00 %
Alternatives	10.00 %	20.00 %
Cash/Other	3.00 %	2.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2013	2012
Discount rate at 31 December	4.65 %	4.40 %
Expected return on scheme assets at 31 December	6.71 %	6.64 %
Future salary increases	3.85 %	3.40 %
Future pension increases	3.20 %	2.80 %

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 22 PENSION COMMITMENTS (continued)

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2013 £	2012 £	2011 £	2010 £	2009 £
Defined benefit obligation	(12,717,000)	(11,991,000)	(10,615,000)	(10,583,000)	(9,389,000)
Scheme assets	11,653,000	10,494,000	8,401,000	7,269,000	6,281,000
Deficit	<u>(1,064,000)</u>	<u>(1,497,000)</u>	<u>(2,214,000)</u>	<u>(3,314,000)</u>	<u>(3,108,000)</u>
Experience adjustments on scheme liabilities	(526,000)	(84,000)	127,000	(385,000)	158,000
Experience adjustments on scheme assets	<u>344,000</u>	<u>344,000</u>	<u>(292,000)</u>	<u>270,000</u>	<u>630,000</u>

The Company is also a member of a larger group pension scheme providing benefits based on final pensionable salary (the JLL Scheme) The Company is unable to identify its share of the scheme assets and liabilities on a reasonable and consistent basis, and so, as permitted by FRS17 'Retirement benefits', the scheme has been accounted for as if the scheme was a defined contribution scheme Full details of the JLL scheme are available in the accounts of Jones Lang LaSalle Ltd

#### 23. OPERATING LEASE COMMITMENTS

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2013 £	2012 £
<b>Expiry date:</b>		
Between 2 and 5 years	727,295	-
After more than 5 years	-	727,295

#### 24. RELATED PARTY TRANSACTIONS

During the year the Company charged £35,000 (2012 £35,000) to a partly owned subsidiary company, Barwood LaSalle Land General Partner Ltd, in respect of staff and resources made available As at 31 December 2013 £2,900 was unpaid (2012 £2,185)

In addition, the Company charged £1,063,335 to its Profit and Loss account in respect of staff and resources made available by its Korean Subsidiary, LaSalle Investment Management Co, Ltd As at 31 December, £21,112 was accrued, and the balance of £1,042,223 had been invoiced and paid There were no such transactions in 2012

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## **LASALLE INVESTMENT MANAGEMENT**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

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.