

Registered number: 2597050

## **LASALLE INVESTMENT MANAGEMENT**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



## **LASALLE INVESTMENT MANAGEMENT**

### **COMPANY INFORMATION**

<b>Directors</b>	Mr J Lyon Mr A Tripp Mr S Richmond-Watson Mr J Agnew Mr S Marrison
<b>Company secretary</b>	Mr M Coulton
<b>Registered number</b>	2597050
<b>Registered office</b>	One Curzon Street London W1J 5HD
<b>Independent auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

## **LASALLE INVESTMENT MANAGEMENT**

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**LASALLE INVESTMENT MANAGEMENT**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Introduction**

The Directors present their strategic and Directors' reports and the financial statements for the year ended 31 December 2018.

**Business review**

The results for the year, as shown on page 8, and the financial position of the Company, as shown on page 9, are considered to be satisfactory by the Directors.

2018 was a successful year from the point of view of providing outperformance for our investors, however turnover and margins were lower than in the previous year. The Company's income largely derives from Investment Management fees, which showed a year-on-year increase. A lower level of both Performance and Transaction Fees were seen in 2018 than in 2017. Costs showed a general increase.

**Principal risks and uncertainties**

In relation to the assessment and monitoring of economic, political and regulatory risks, the Company is continuing to evaluate the impact of the outcome of the 2016 referendum in relation to the UK's membership of the EU on the Company's business strategy and business risks.

The Company continues to closely monitor developments and will make appropriate changes to the business strategy once the impact on the UK and European investment management and real estate services industry is more certain.

The possible impact of the UK, European and Global macro-economic and political uncertainties allied with continuing uncertainty over the economic impact of the decision to leave the EU means that the UK business environment will continue to be challenging. These all have the potential to affect and disrupt international capital flows into the UK real estate market.

In light of this, the board maintains a heightened focus on both the wider external and business specific risk. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company.

The principal risk to the Company is related to the performance of the assets it manages, both on a stand-alone basis, and in comparison to industry benchmarks, as this is a key factor influencing investor retention and in attracting new business.

Our main measure of comparative performance is for our Relative return funds against an MSCI/IPD benchmark. These funds outperformed over one, three, five, ten and twenty years, with the three-year rolling performance of 7.1% (2017: 9.6%) p.a. against a benchmark of 6.8% (2017: 8.9%) p.a. and five-year rolling performance of 11.1% (2017: 12.4%) p.a. against a benchmark of 10.1% (2017: 11.26%) p.a.

The average length of our relationships with Clients is 15 years (2017: 15 years). Property is generally an attractive asset class to our Clients, as it has historically provided strong income yields relative to some other asset classes.

When seeking new business opportunities, the Company mitigates the risk to its financial position by modelling a fee basis that maintains required margins. During the year, the Company acquired one (2017: two) new mandate.

**LASALLE INVESTMENT MANAGEMENT**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Financial key performance indicators**

	2018	2017
Revenue	£56.0m	£57.9m
Profit before tax	£4.7m	£8.1m
Margin	8%	14%

**Other key performance indicators**

	2018	2017
Assets Under Management	£13.1bn	£13.0bn
AUM per Employee	£78.6m	£80.0m

**Financial Conduct Authority**

The Company is regulated by the Financial Conduct Authority (registration number 179466). It is required to make Pillar 3 disclosures and has elected to make these available on the Company website, which may be accessed on [www.lasalle.com](http://www.lasalle.com).

This report was approved by the board and signed on its behalf.

.....  
**Mr J Lyon**  
Director

Date:

23 MAY 2019

**LASALLE INVESTMENT MANAGEMENT**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

**Principal activity**

The Company is a property investment manager, regulated by the Financial Conduct Authority (FCA).

**Results and dividends**

The profit for the year, after taxation, amounted to £4,601,364 (2017 - £6,086,045).

The Directors do not recommend payment of a dividend (2017 - £nil).

**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**

**Future developments**

The Company will continue to explore new investment opportunities for current & future clients, in order to provide outstanding investment performance.

**Disclosure of information to auditor**

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information.

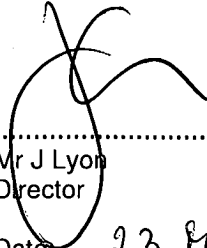
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

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

This report was approved by the board and signed on its behalf.

  
.....  
Mr J Lyon  
Director  
Date: 23 MAY 2019

## **LASALLE INVESTMENT MANAGEMENT**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements 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 to 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.

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

### **Opinion**

We have audited the financial statements of LaSalle Investment Management ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Brexit other matter paragraph**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

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

### **Going concern**

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

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

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



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

### **Other information**

The directors are responsible for the other information, which comprises the strategic report, the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

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

### **Auditor's responsibilities**

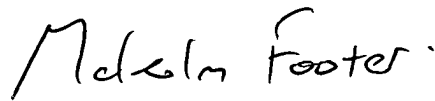
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LASALLE INVESTMENT MANAGEMENT

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

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



Malcolm Footer (Senior statutory auditor)

for and on behalf of

**KPMG LLP**

15 Canada Square

London

E14 5GL

Date: 23 Oct 2019.

# LASALLE INVESTMENT MANAGEMENT

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	56,028,804	57,858,676
<b>Gross profit</b>		<u>56,028,804</u>	<u>57,858,676</u>
Administrative expenses		(52,408,997)	(50,657,982)
<b>Operating profit</b>	5	3,619,807	7,200,694
Interest receivable and similar income	9	1,134,064	963,462
Interest payable and expenses	10	(4,007)	(5,336)
Other finance income		(44,000)	(65,000)
<b>Profit before tax</b>		<u>4,705,864</u>	<u>8,093,820</u>
Tax on profit	12	(104,500)	(2,007,775)
<b>Profit for the financial year</b>		<u>4,601,364</u>	<u>6,086,045</u>
<b>Other comprehensive income for the year</b>			
Actuarial gains on defined benefit pension scheme		1,083,000	1,136,000
Movement of deferred tax relating to pension deficit		(150,610)	(17,430)
<b>Other comprehensive income for the year</b>		<u>932,390</u>	<u>1,118,570</u>
<b>Total comprehensive income for the year</b>		<u><u>5,533,754</u></u>	<u><u>7,204,615</u></u>

The notes on pages 12 to 37 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	694,491	432,470
Investments	14	8,190,686	1,371,994
		<u>8,885,177</u>	<u>1,804,464</u>
<b>Current assets</b>			
Debtors	15	94,946,773	94,149,766
Cash at bank and in hand	16	71,631	88,548
		<u>95,018,404</u>	<u>94,238,314</u>
Creditors: amounts falling due within one year	17	(23,479,885)	(21,882,772)
<b>Net current assets</b>		<u>71,538,519</u>	<u>72,355,542</u>
<b>Total assets less current liabilities</b>		<u>80,423,696</u>	<u>74,160,006</u>
Creditors: amounts falling due after more than one year	18	(2,723,491)	(1,380,144)
Pension liability		(737,840)	(1,389,230)
<b>Net assets</b>		<u><u>76,962,365</u></u>	<u><u>71,390,632</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	7,125,000	7,125,000
Profit and loss account	22	69,837,365	64,265,632
		<u><u>76,962,365</u></u>	<u><u>71,390,632</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 MAY 2019

.....  
**Mr J Lyon**  
 Director

The notes on pages 12 to 37 form part of these financial statements.

# **LASALLE INVESTMENT MANAGEMENT**

## **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	7,125,000	64,265,632	71,390,632
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,601,364	4,601,364
Actuarial gains on pension scheme	-	932,390	932,390
<b>Other comprehensive income for the year</b>	-	932,390	932,390
<b>Total comprehensive income for the year</b>	-	5,533,754	5,533,754
Movements in respect of Share-based payments	-	37,979	37,979
<b>At 31 December 2018</b>	<b>7,125,000</b>	<b>69,837,365</b>	<b>76,962,365</b>

The notes on pages 12 to 37 form part of these financial statements.

# **LASALLE INVESTMENT MANAGEMENT**

## **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	7,125,000	57,139,987	64,264,987
<b>Comprehensive income for the year</b>			
Profit for the year	-	6,086,045	6,086,045
Actuarial gains on pension scheme	-	1,118,570	1,118,570
<b>Other comprehensive income for the year</b>	-	1,118,570	1,118,570
<b>Total comprehensive income for the year</b>	-	7,204,615	7,204,615
Movements in respect of Share-based payments	-	(78,970)	(78,970)
<b>At 31 December 2017</b>	<b>7,125,000</b>	<b>64,265,632</b>	<b>71,390,632</b>

The notes on pages 12 to 37 form part of these financial statements.

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. General information**

The Company is a property investment manager, regulated by the FCA.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Jones Lang LaSalle Incorporated as at 31 December 2018 and these financial statements may be obtained from Jones Lang LaSalle Incorporated, 200 East Randolph Drive, Chicago, Illinois 60601, USA.

##### **2.3 Going concern**

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons:

The Directors assessed the Company's financial position, and they have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

On the basis of their assessment the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.4 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

##### **2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.



## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.7 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### **2.8 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.9 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

###### **Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.10 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

##### **2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.12 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### **2.13 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

<b>Leasehold property improvements</b>	<b>- over the length of the lease</b>
<b>Office equipment</b>	<b>- 5 to 7 years</b>
<b>Computer equipment</b>	<b>- 3 to 5 years</b>

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### **2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### **2.15 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.17 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **2.19 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.19 Financial instruments (continued)**

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors have not made any judgements in the process of applying the accounting policies that have a significant effect on the amounts recognised in the financial statements other than already disclosed in the notes to the accounts or below or made any key assumptions concerning the future and any other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

##### *Intangible assets, goodwill and investment*

The Company considers whether its intangible assets, goodwill and investments are impaired. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. The recoverable value requires estimation of the future cash flows generated by the underlining business and selection of appropriate discount rates in order to calculate the net present value of those cash flows.

##### *Defined benefit pension scheme*

The Company has obligations to pay pension benefits to certain employees. The cost of those benefits and the present value of the obligation depend on number of factors, including life expectancy, salary increase, assets valuation and the discount rates. Management estimates these factors in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends. Defined benefit pension obligations are updated based on calculations carried out by the Scheme actuaries.

##### *Investment Management income*

Income is recognised in the period in which it is earned, but generally accrued quarterly in arrears. The income is accrued based on past invoices, with the values adjusted for significant events within the period. Where other fees are earned, but not invoiced, accruals are calculated based on the Clients' contractual obligations.

Significant regular expenses are accrued in the month to which they refer, based on the most recent information available.

Regular meetings are held with Senior Managers to ensure that both fees, and any Corporate liabilities are recognised within the accounts.

# LASALLE INVESTMENT MANAGEMENT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
<b>Advisory Fees</b>	50,494,457	51,443,366
<b>Acquisition Fees</b>	1,389,307	292,714
<b>Periodic Performance Fees</b>	26,896	1,331,849
<b>Other Income</b>	4,118,144	4,790,748
	<u>56,028,804</u>	<u>57,858,677</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
<b>United Kingdom</b>	46,347,363	48,250,728
<b>Rest of Europe</b>	7,869,125	8,382,406
<b>Rest of the world</b>	1,812,316	1,225,542
	<u>56,028,804</u>	<u>57,858,676</u>

### 5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
<b>Depreciation of tangible fixed assets</b>	286,577	368,041
<b>Amortisation of intangible assets, including goodwill</b>	400,000	-
<b>Exchange differences</b>	103,146	134,794
<b>Defined contribution pension cost</b>	1,178,862	1,822,044
<b>Defined benefit pension cost</b>	520,000	474,000
	<u></u>	<u></u>

### 6. Auditor's remuneration

	2018 £	2017 £
<b>Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements</b>	<u>64,726</u>	<u>65,356</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

# **LASALLE INVESTMENT MANAGEMENT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **7. Employees**

Staff costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
<b>Wages and salaries</b>	<b>30,364,526</b>	26,644,383
<b>Social security costs</b>	<b>3,997,860</b>	3,518,407
<b>Cost of defined benefit scheme</b>	<b>520,000</b>	474,000
<b>Cost of defined contribution scheme</b>	<b>1,178,862</b>	1,822,044
	<b><u>36,061,248</u></b>	<u>32,458,834</u>

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

	2018 No.	2017 No.
<b>UK</b>	<b>167</b>	160
<b>Overseas</b>	-	3
	<b><u>167</u></b>	<u>163</u>



# **LASALLE INVESTMENT MANAGEMENT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **8. Directors' remuneration**

	2018 £	2017 £
<b>Directors' emoluments</b>	<b>2,835,530</b>	2,386,214
<b>Company contributions to defined contribution pension schemes</b>	<b>15,000</b>	49,271
	<u><b>2,850,530</b></u>	<u><b>2,435,485</b></u>

During the year retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,010,217 (2017 - £1,461,257).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2017 - £NIL).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £NIL (2017 - £NIL).

During the year NIL directors received shares under the long term incentive schemes (2017 - NIL)

The total accrued pension provision of the highest paid Director at 31 December 2018 amounted to £NIL (2017 - £NIL).

The amount of the accrued lump sum in respect of the highest paid Director at 31 December 2018 amounted to £NIL (2017 - £NIL).

### **9. Interest receivable**

	2018 £	2017 £
<b>Interest receivable from group companies</b>	<b>1,133,839</b>	955,586
<b>Other interest receivable</b>	<b>225</b>	7,876
	<u><b>1,134,064</b></u>	<u><b>963,462</b></u>

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	5	(360)
Loans from group undertakings	4,002	5,696
	<u>4,007</u>	<u>5,336</u>

**11. Other finance costs**

	2018 £	2017 £
Net interest on net defined benefit liability	(44,000)	(65,000)
	<u>(44,000)</u>	<u>(65,000)</u>

**12. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,176,067	1,508,341
Adjustments in respect of previous periods	(1,391,156)	615,375
	<u>(215,089)</u>	<u>2,123,716</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	-	(58,659)
	<u>-</u>	<u>(58,659)</u>
<b>Total current tax</b>	<u>(215,089)</u>	<u>2,065,057</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	319,589	(57,282)
<b>Total deferred tax</b>	<u>319,589</u>	<u>(57,282)</u>
<b>Taxation on profit on ordinary activities</b>	<u>104,500</u>	<u>2,007,775</u>

# **LASALLE INVESTMENT MANAGEMENT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **12. Taxation (continued)**

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

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

	2018 £	2017 £
<b>Profit on ordinary activities before tax</b>	<b>4,705,864</b>	<b>8,093,820</b>
<b>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)</b>	<b>894,114</b>	<b>1,558,060</b>
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	4,670
Expenses not deductible for tax purposes, other than intangible fixed assets amortisation and impairment	180,427	103,371
Capital allowances for year in excess of depreciation	21,113	32,032
Overseas Tax	-	(58,659)
Adjustments to tax charge in respect of prior periods	(1,391,156)	615,375
Other timing differences leading to an increase (decrease) in taxation	(44,678)	(107,606)
Impact of share-based charges	125,091	(82,186)
Deferred Tax	319,589	(57,282)
<b>Total tax charge for the year</b>	<b>104,500</b>	<b>2,007,775</b>

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

The main rate of UK corporation tax for 2018 is 19%, it was reduced from 20% to 19% effective from 1 April 2017 (2017:19.25%) by the Finance Act 2016. The Finance Act 2016 has set the UK corporation tax rate for the Financial year 2020, commencing 1 April 2020, at 17%.

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. Tangible fixed assets**

	Leasehold property improvements £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2018	1,156,230	468,101	906,821	2,531,152
Additions	8,014	313,714	228,878	550,606
Disposals	-	-	(3,841)	(3,841)
<b>At 31 December 2018</b>	<b>1,164,244</b>	<b>781,815</b>	<b>1,131,858</b>	<b>3,077,917</b>
<b>Depreciation</b>				
At 1 January 2018	1,036,620	413,056	649,006	2,098,682
Charge for the year on owned assets	119,610	36,766	130,201	286,577
Disposals	-	-	(1,833)	(1,833)
<b>At 31 December 2018</b>	<b>1,156,230</b>	<b>449,822</b>	<b>777,374</b>	<b>2,383,426</b>
<b>Net book value</b>				
At 31 December 2018	8,014	331,993	354,484	694,491
At 31 December 2017	119,610	55,045	257,815	432,470

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2018	4,148,066
Additions	6,818,692
At 31 December 2018	<u>10,966,758</u>
<b>Impairment</b>	
At 1 January 2018	<u>2,776,072</u>
At 31 December 2018	<u>2,776,072</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>8,190,686</u></u>
At 31 December 2017	<u><u>1,371,994</u></u>

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 14. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Alaska UK (GP) Ltd	United Kingdom	Ordinary	100%
Barwood LaSalle Land General Partner Ltd	United Kingdom	Ordinary	100%
Barwood LaSalle Land Trustee Ltd	United Kingdom	Ordinary	100%
LaSalle Blooms General Partner Ltd	United Kingdom	Ordinary	100%
LaSalle Direct General Partner Ltd	United Kingdom	Ordinary	100%
LaSalle Funds General Partner Ltd	United Kingdom	Ordinary	100%
LaSalle UK Property Services Ltd	United Kingdom	Ordinary	100%
LaSalle UK Ventures (General Partner) Ltd	United Kingdom	Ordinary	100%
LIC II (General Partner) Ltd	United Kingdom	Ordinary	100%
Oxford General Partner Ltd	United Kingdom	Ordinary	100%
Triangle General Partner Ltd	United Kingdom	Ordinary	100%
LaSalle Investment Management Co., Ltd	Korea	Ordinary	100%
LaSalle Global Partner Solutions Ltd	United Kingdom	Ordinary	100%
LaSalle Investment Management (Jersey) Ltd	Jersey	Ordinary	100%
LaSalle Co-Investment Management (General Partner) Ltd	United Kingdom	Ordinary	49.5%

##### UK Companies Registered Office:

One Curzon Street, London, W1J 5HD, United Kingdom.

##### Korean Company Registered Office:

23, Yeouido-dong, Tw o IFC, 16th Floor, Yeongdeungpo-gu, Seoul, Korea, 150-010.

##### Jersey Company Registered Office:

Gaspé House, 66-72 Esplanade, St Helier, JE2 3QT, Jersey.

# LASALLE INVESTMENT MANAGEMENT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 14. Fixed asset investments (continued)

#### Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss ) £
Alaska UK (GP) Ltd	67,207	16,150
Barwood LaSalle Land General Partner Ltd	7,598	807
Barwood LaSalle Land Trustee Ltd	1	-
LaSalle Blooms General Partner Ltd	735	-
LaSalle Direct General Partner Ltd	739	-
LaSalle Funds General Partner Ltd	74,863	(18)
LaSalle UK Property Services Ltd	90,329	20,262
LaSalle UK Ventures (General Partner) Ltd	4,434	72
LIC II (General Partner) Ltd	1	-
Oxford General Partner Ltd	13,063	-
Triangle General Partner Ltd	8,935	-
LaSalle Investment Management Co., Ltd	4,570,515	(147,801)
LaSalle Global Partner Solutions Ltd	1,230,961	1,230,861
LaSalle Investment Management (Jersey) Ltd	(15,220)	(25,220)
LaSalle Co-Investment Management (General Partner) Ltd	594	-

On 6th November 2018 the Company purchased the UK business of Aviva's global indirect real estate investment division including workforce and client relationships from Aviva Investors Global Services Limited as a part of the LaSalle group acquisition from the Aviva Group. The acquisition price was £4m.

The business was transferred on acquisition to the Company's subsidiary LaSalle Global Partner Solutions Ltd, company registered in England and Wales.

Other increases in investments represent capital injections.

### 15. Debtors

	2018 £	2017 £
Trade debtors	3,535,717	3,221,572
Amounts owed by group undertakings	78,175,850	79,483,485
Other debtors	3,463,311	1,621,118
Prepayments and accrued income	9,675,477	9,407,584
Deferred taxation	96,418	416,007

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Debtors (continued)**

<b>94,946,773</b>	<b>94,149,766</b>
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**16. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>71,631</b>	<b>88,548</b>
	<b>71,631</b>	<b>88,548</b>

**17. Creditors: Amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>308,877</b>	<b>692,766</b>
Amounts owed to group undertakings	<b>1,322,713</b>	<b>-</b>
Corporation tax	<b>1,176,067</b>	<b>4,518,877</b>
Other taxation and social security	<b>1,832,521</b>	<b>426,336</b>
Other creditors	<b>780,972</b>	<b>694,877</b>
Accruals and deferred income	<b>18,058,735</b>	<b>15,549,916</b>
	<b>23,479,885</b>	<b>21,882,772</b>

**18. Creditors: Amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other creditors	<b>217,746</b>	<b>1,379,143</b>
Accruals and deferred income	<b>2,505,745</b>	<b>1,001</b>
	<b>2,723,491</b>	<b>1,380,144</b>



# **LASALLE INVESTMENT MANAGEMENT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **19. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	71,631	88,548
Financial assets that are debt instruments measured at amortised cost	93,936,898	92,566,275
	<u>94,008,529</u>	<u>92,654,823</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(23,194,788)	(18,317,702)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and amounts owed to group undertakings.

### **20. Deferred taxation**

	2018 £
At beginning of year	416,007
Charged to the profit or loss	(319,589)
At end of year	<u>96,418</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	41,466	104,580
Other timing differences	54,952	311,427
	<u>96,418</u>	<u>416,007</u>

There are no unused tax losses or unused tax credits. The net deferred tax asset is expected to increase in 2019 by approximately £35,000. This primarily relates to an increase in the timing differences on tangible fixed assets, capital allowances, depreciation and share based payments in the accounts and the expected tax deduction when the shares vest.

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
7,125,000 (2017 - 7,125,000) Ordinary shares of £1 each	<u><b>7,125,000</b></u>	<u><b>7,125,000</b></u>

**22. Reserves**

**Profit and loss account**

The Company's reserves comprise primarily of cumulative profit, available to shareholders; the balance is made up of a combination of actuarial movements on the defined benefit pension scheme, and share-based payments, which reduce the equity.

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 23. Share based payments

The Group operates a number of share based payment schemes, details of these 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 preference conditions, and with the exception of the SAYE scheme, entitle participants to dividend equivalents. 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.

All employees 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.

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 after three years from the grant date. Vesting is conditional upon the participant remaining in the employ of the Group Company.

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
All employees Save As You Earn (SAYE) schemes				
Outstanding at the beginning of the year	7,274	13,754	6,715	9,492
Granted during the year	-	-	8,771	6,729
Forfeited during the year	7,975	(3,034)	5,102	(134)
Exercised during the year	12,900	(1,851)	9,578	(2,333)
	<u>7,356</u>	<u>8,869</u>	<u>7,274</u>	<u>13,754</u>
Outstanding at the end of the year				
Restricted Stock Grant Plan				
Outstanding at the beginning of the year	9,232	6,451	6,965	8,611
Granted during the year	2,750	1,469	3,473	2,302
Forfeited during the year	9,694	(942)	9,395	(220)
Exercised during the year	11,455	(2,951)	8,045	(4,242)
	<u>9,486</u>	<u>4,027</u>	<u>9,232</u>	<u>6,451</u>
Outstanding at the end of the year				

Number of SAYE options exercisable at the end of the year amounted to 3,803 (2017: 1,465).

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

**23. Share based payments (continued)**

There were no SAYE options issued in 2018. The inputs into the Black Scholes valuation model that the Company used to value 2017 SAYE options were as follow:

	3 year	5 year
Weighted average share price (pence)	10,702	10,702
Exercise price (pence)	9,097	9,097
Weighted average contractual life (days)	3	5
Expected volatility	33.38	29.67
Expected dividend growth rate	0.47	0.47
Risk-free interest rate	1.40	1.81

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

Value of shares outstanding at the year end:

	2018 £	2017 £
All employees Save As You Earn (SAYE) schemes	115,763	179,231
Restricted Stock Grant Plan	238,203	415,475
	<u>353,966</u>	<u>594,706</u>

## LASALLE INVESTMENT MANAGEMENT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,178,862 (2017 - £1,822,044). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Company also operates a Defined Benefit Pension Scheme.

The Defined Benefit pension scheme is the Industry-Wide Coal Staff Superannuation Scheme. The Company's obligations are updated on the basis of calculations provided by the Scheme's Actuary. The measurement of these obligations requires the estimation of future changes in salaries and inflation, as well as mortality rates, future pension increases, and the selection of a suitable discount rate. To this end, the Company adopts, subject to suitability, the estimates used by other parts of the UK Group for their final salary pension schemes. These estimates are prepared with assistance from external consultants.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
<b>Reconciliation of present value of plan liabilities</b>		
<b>At the beginning of the year</b>	<b>20,716,000</b>	19,967,000
<b>Service cost (including employee contributions)</b>	<b>487,000</b>	469,000
<b>Interest cost</b>	<b>531,000</b>	541,000
<b>Actuarial (gains)/losses</b>	<b>(2,088,000)</b>	19,000
<b>Benefits paid</b>	<b>(276,000)</b>	(280,000)
<b>At the end of the year</b>	<b>19,370,000</b>	20,716,000

Reconciliation of present value of plan assets:

	2018 £	2017 £
<b>At the beginning of the year</b>	<b>19,326,770</b>	17,648,200
<b>Admin cost</b>	<b>(80,000)</b>	(50,000)
<b>Interest income</b>	<b>487,000</b>	476,000
<b>Actuarial gains/(losses)</b>	<b>(1,005,000)</b>	1,155,000
<b>Contributions</b>	<b>330,000</b>	395,000
<b>Benefits paid</b>	<b>(276,000)</b>	(280,000)
<b>Deferred tax on actuarial gain/loss</b>	<b>(150,610)</b>	(17,430)
<b>At the end of the year</b>	<b>18,632,160</b>	19,326,770

**LASALLE INVESTMENT MANAGEMENT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**24. Pension commitments (continued)**

Composition of plan assets:

	2018 £	2017 £
UK Equities	3,687,000	1,268,000
Overseas Equities	-	2,959,000
UK Corporate Bonds	-	8,000
Multi-Asset Credit	3,791,000	3,863,000
Index Linked Bonds	5,754,000	5,791,000
Diversified Growth Fund	-	3,766,000
Alternatives	3,759,000	-
Property	1,506,000	1,442,000
Cash/Other	42,000	(14,000)
<b>Total plan assets</b>	<b>18,539,000</b>	<b>19,083,000</b>
	2018 £	2017 £
Fair value of plan assets	18,632,160	19,326,770
Present value of plan liabilities	(19,370,000)	(20,716,000)
<b>Net pension scheme liability</b>	<b>(737,840)</b>	<b>(1,389,230)</b>

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Current service cost	440,000	424,000
Net interest on net (asset)/liability	44,000	65,000
Admin Cost	80,000	50,000
<b>Total</b>	<b>564,000</b>	<b>539,000</b>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £1,083,000 (2017 - £1,136,000).

The Company expects to contribute £293,000 to its Defined Benefit Pension Scheme in 2019.

# **LASALLE INVESTMENT MANAGEMENT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **24. Pension commitments (continued)**

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

	<b>2018</b>	2017
	%	%
<b>Discount rate</b>	<b>2.90</b>	2.55
<b>Future salary increases</b>	<b>3.80</b>	3.75
<b>Future pension increases</b>	<b>3.05</b>	3.00
<b>Mortality rates</b>		
- life expectancy of current male pensioners (from age 60)	26.9	27.8
- life expectancy of future male pensioners (from age 60)	28.3	29.5
- life expectancy of current female pensioners (from age 60)	29.0	30.0
- life expectancy of future female pensioners (from age 60)	30.4	31.9

### **25. Commitments under operating leases**

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2018</b>	2017
	£	£
<b>Not later than 1 year</b>	-	791,250
<b>Later than 1 year and not later than 5 years</b>	<b>3,835,042</b>	-
<b>Later than 5 years</b>	<b>4,778,341</b>	-
	<b>8,613,383</b>	791,250

### **26. Related party transactions**

The Company has taken the exemption available under section 33 paragraph 1A of FRS 102 in respect of disclosure of transactions with fellow group undertakings, where the group has 100% control.

### **27. Post balance sheet events**

On the 10th of May 2019 it was decided that the business purchased from Aviva and detailed in note 14 would be transferred back from LaSalle Global Partner Solutions Limited to the Company and that the trade would be included in the results of the Company from that date.

## **LASALLE INVESTMENT MANAGEMENT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **28. 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, 200 East Randolph Drive, Chicago, Illinois 60601, USA.*