

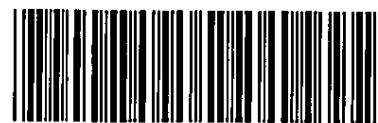
**Company Registration No. 3536032**

**CB Richard Ellis Limited**

**Report and Financial Statements**

**31 December 2008**

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# **CB Richard Ellis Limited**

## **Report and financial statements 2008**

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# **CB Richard Ellis Limited**

## **Report and financial statements 2008**

### **Officers and professional advisers**

#### **Directors**

M F Creamer  
M J Strong  
M Samworth  
M Lubieniecki (resigned 19 May 2008)  
B White  
L H Midler  
A J Lowth  
P Emburey (appointed 19 May 2008)

#### **Secretary**

A Naftis

#### **Registered Office**

St Martin's Court  
10 Paternoster Row  
London  
EC4M 7HP

#### **Bankers**

HSBC Plc  
27-32 Poultry  
London EC2P 2BX

#### **Principal legal advisors**

Wragge and Co LLP  
55 Colmore Row  
Birmingham  
B3 2AS

#### **Auditors**

KPMG LLP  
8 Salisbury Square  
London  
EC4Y 8BB

# **CB Richard Ellis Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

The company has taken advantage of the exemption under section 228a of the Companies Act 1985 not to prepare group accounts. This exemption is available because the results of CB Richard Ellis Limited and all of its subsidiaries are included in the group accounts of CB Richard Ellis Group Inc., a company incorporated in the United States.

### **Principal activities and future developments**

The principal activity of the group continues to be the provision of property consultancy services.

Management believe revenue, profit after tax and net assets to be the key performance indicators for 2008.

As shown in the company's profit and loss account on page 7, the company's revenue has decreased by 19% in comparison to the prior year. Profit after tax has decreased by 34% in comparison to the prior year.

The balance sheet on page 8 of the financial statements shows that the company's net assets have increased by 22% over the prior year. This is predominantly due to the trading profits of approximately £23,000,000 in the year.

### **Financial risk management**

The company has adopted risk management policies that seek to mitigate the financial risks as follows:

Financial assets and liabilities that expose the company to financial risk consist principally of cash, trade debtors and trade creditors. The credit risk associated with trade debtors is managed by monitoring credit worthiness of our clients. The financial instruments associated with cash and trade creditors are considered minimal.

The company places its cash in creditworthy institutions. The company performs ongoing credit evaluation of its customers' financial condition. The trade debtors are distributed in such a manner that the concentration of credit risk is not considered extraordinary.

The company is dependent on its parent company for continued financial support and the directors are satisfied that the financial support will be available when required.

The carrying amounts of cash and bank balances, trade debtors and payables approximate their respective fair values due to the relatively short-term maturing of these financial instruments.

The directors are of the view that the company is not exposed to any significant interest rate, or inflation rate risks.

### **Results and dividends**

The retained profit for the company after taxation for the year ended 31 December 2008 amounted to £22,903,000 (2007 – £34,700,000).

A dividend of £1,500,000 was declared and paid during 2008 (2007 – £nil).

# **CB Richard Ellis Limited**

## **Directors' report**

### **Disabled employees**

It is the group's policy to give full and fair consideration to the employment, training, career development and promotion of disabled persons, and wherever possible, to provide continued employment and training to persons who become disabled while employed by the group.

### **Employee involvement**

The directors recognise that the quality, commitment and motivation of its staff is crucial to the success of the group. Employees are able to share in this success through a bonus scheme.

Employees are kept informed on matters affecting them and made aware of the general economic factors influencing the group. In addition staff social groups, catering for a wide range of leisure interests, are actively supported by the group.

### **Directors**

The directors who served throughout the year and up to the date of this report, except as noted, are shown on page 1.

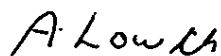
### **Auditors**

Each of the directors at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Article 234ZA of the Companies Act 1985.

Approved by the Board of Directors  
and signed on behalf of the Board



Director  
17 December 2009

# **CB Richard Ellis Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report to the members of CB Richard Ellis Limited**

We have audited the financial statements of CB Richard Ellis Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of total recognised gains and losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

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

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

## **Independent auditors' report to the members of CB Richard Ellis Limited (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

***KPMG LLP***  
KPMG LLP  
Chartered Accountants  
8 Salisbury Square  
London  
Registered Auditor

17 December 2009



## CB Richard Ellis Limited

### Profit and loss account Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	1,2	203,184	250,867
Operating expenses		(186,413)	(207,446)
<b>Operating profit</b>	3	16,771	43,421
Income from subsidiary undertakings		4,000	-
Interest receivable and similar income	6	8,210	5,866
Interest payable and similar charges	7	(10,672)	(9,126)
<b>Profit on ordinary activities before taxation</b>		18,309	40,161
Tax credit/(charge) on profit on ordinary activities	8	4,594	(5,461)
<b>Retained profit for the year</b>	18	22,903	34,700

The businesses which were acquired during the year were integrated directly into the existing business. Consequently it is not possible to separate the results of acquisitions from existing operations.

### Statement of total recognised gains and losses

	Note	2008 £'000	2007 £'000
Profit for the financial year		22,903	34,700
Actuarial (loss)/profit on defined benefit pension schemes	20	(2,472)	1,707
Deferred tax associated with defined benefit pension schemes		(271)	(5,151)
<b>Total recognised gains and losses</b>		20,160	31,256

# CB Richard Ellis Limited

## Balance sheet 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Goodwill	9	98,770	97,793
Tangible assets	10	9,228	10,837
Investments	11	24,171	21,308
		<u>132,169</u>	<u>129,938</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	137,946	163,546
Debtors: amounts falling due after one year	12	860	1,203
Cash at bank and in hand		12,077	13,199
		<u>150,883</u>	<u>177,948</u>
<b>Creditors: amounts falling due within one year</b>	13	(142,949)	(179,427)
<b>Net current assets/(liabilities)</b>		<u>7,934</u>	<u>(1,479)</u>
<b>Total assets less current liabilities</b>		140,103	128,459
<b>Creditors: amounts falling due after more than one year</b>	14	(33,139)	(37,835)
<b>Provisions for liabilities</b>	15	(9,961)	(8,703)
<b>Net assets excluding net pension liabilities</b>		97,003	81,921
Net pension liabilities	20	(9,858)	(10,226)
<b>Net assets including net pension liabilities</b>		<u>87,145</u>	<u>71,695</u>
<b>Capital and reserves</b>			
Called up equity share capital	16	6,000	6,000
Capital contribution		29,317	32,527
Share premium	17	33,954	33,954
Profit and loss account excluding pension reserve	18	64,017	42,793
Pension reserve	20	(46,143)	(43,579)
<b>Shareholders' funds</b>	19	<u>87,145</u>	<u>71,695</u>

These financial statements were approved by the Board of Directors on 17 December 2009.

Signed on behalf of the Board of Directors

*A. Low*

Director

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 1. Principal accounting policies

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and applicable United Kingdom law and accounting standards. The principal accounting policies adopted within that convention are set out below. The accounting policies have been applied consistently in the current and previous year.

#### Share-based payments

The company has applied the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The company's US parent, CB Richard Ellis Group Inc., issued equity-settled share-based payments (share options and restricted stock) to certain employees under its 2001 and 2004 Stock Incentive Plan. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

#### Goodwill

Goodwill is the excess between the amount paid on the acquisition of the business and the fair value of the separable net assets acquired. Goodwill has been capitalised and is written off on a straight line basis over a life of 20 years, being the directors' best estimate of its useful economic life. Provision is made for any impairment.

#### Turnover

Turnover comprises commissions and fees receivable in respect of services performed exclusive of Value Added Tax. Fee income is recognised when the service is delivered.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided so as to write off the cost of tangible fixed assets less their residual value over their estimated useful lives, using the following rates:

Leasehold improvements	length of lease
Furniture and equipment - Fixtures & fittings	10% per annum on a straight-line basis
- Computer equipment	33% per annum on a straight-line basis

#### Fixed asset investments

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

# **CB Richard Ellis Limited**

## **Notes to the accounts Year ended 31 December 2008**

### **1. Principal accounting policies (continued)**

#### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### **Taxation**

Current tax including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Cash flow statement**

No cash flow statement has been prepared, under the provision of FRS1 "Cash flow statements", on the basis that the company is a wholly owned subsidiary of CB Richard Ellis Group Inc., whose consolidated financial statements are publicly available and include a consolidated cash flow statement.

#### **Group accounts**

The company has taken exemption from preparing group financial statements as permitted under section 228a of the Companies Act 1985, as consolidated financial statements are prepared by the ultimate parent undertaking CB Richard Ellis Group Inc., (see note 23). Accordingly these accounts present information about the company as an individual undertaking and not its group.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 1. Principal accounting policies (continued)

#### Pensions

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

The Company operates two pension schemes providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

### 2. Turnover

The group's turnover is derived from property consultancy services. An analysis of turnover by activity has been omitted because, in the opinion of the directors, inclusion would be seriously prejudicial to the business.

Geographical summary by destination of turnover is stated below:

	<b>Turnover</b>	
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	198,305	229,609
Europe	3,982	13,054
Middle East	40	306
Others	857	7,898
	<u>203,184</u>	<u>250,867</u>

### 3. Operating profit

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Group operating profit on ordinary activities is stated after charging:		
Share based payments	2,790	476
Depreciation: Owned assets	2,289	2,558
Movement in provisions	2,007	1,302
Impairment of investments	6,340	1,772
Amortisation of goodwill	6,376	6,324
Fees payable to the company's auditors for the audit of the company's annual accounts	137	150
Operating leases:		
Plant and machinery	1,009	675
Other	<u>7,150</u>	<u>6,380</u>

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 4. Directors' remuneration

	2008 £'000	2007 £'000
<b>Remuneration</b>		
Emoluments	2,797	5,292
Contributions to defined benefit and defined contribution pension schemes	75	63
	<u>2,872</u>	<u>5,355</u>

#### Pensions

The number of directors who were members of pension schemes was as follows:

	No.	No.
Money purchase schemes	4	2
Final salary schemes	1	1
	<u>5</u>	<u>3</u>

	£'000	£'000
<b>Highest paid director</b>		
Emoluments	890	1,820
Company contributions to defined benefit pension schemes	35	-
	<u>925</u>	<u>1,820</u>

### 5. Employment costs (including directors)

	2008 £'000	2007 £'000
Wages and salaries	126,489	140,278
Social security costs	9,719	15,565
Pension costs (see note 21)	3,102	2,551
	<u>139,310</u>	<u>158,394</u>

The average monthly number of employees (including directors) was:

	Average 2008 No.	Average 2007 No.
Professional staff	1,095	983
Administrative staff	547	525
	<u>1,642</u>	<u>1,508</u>

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 6. Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest receivable	4,017	5,109
Intercompany interest receivable	3,590	-
Net credit re financing of retirement benefits	603	757
	<u>8,210</u>	<u>5,866</u>

### 7. Interest payable and similar charges

	2008 £'000	2007 £'000
Bank interest	2,349	1,723
Intercompany interest payable	7,821	6,758
Other interest expense	502	645
	<u>10,672</u>	<u>9,126</u>

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 8. Tax charge on profit on ordinary activities

	2008 £'000	2007 £'000
<b>Current tax</b>		
UK corporation tax	-	6,392
Payments for group relief	182	-
Adjustments in respect of prior periods	(5,135)	457
<b>Total current tax (credit)/charge</b>	<u>(4,953)</u>	<u>6,849</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	535	(1,523)
Adjustments in respect of prior periods	(201)	152
Effect of tax rate change on opening balance	25	(17)
<b>Total deferred tax (credit)/charge</b>	<u>359</u>	<u>(1,388)</u>
<b>Total tax (credit)/charge on profit on ordinary activities</b>	<u>(4,594)</u>	<u>5,461</u>
<b>Deferred tax reconciliation</b>		
Opening deferred tax asset/(liability) (see note 12)	1,203	(185)
Credit/(charge) to the profit and loss account	(359)	1,388
Transfer in	16	-
<b>Closing deferred tax asset/(liability) (see note 12)</b>	<u>860</u>	<u>1,203</u>

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax and after dividend received	<u>18,309</u>	<u>40,161</u>
Tax @ 28.5% (2007 – 30%)	5,217	12,049
Effects of:		
Expenses not deductible for tax purposes	2,390	5,331
Capital allowances in excess of depreciation	191	96
Other fixed asset timing differences	(71)	(263)
Tax adjustments and other timing differences	(1,991)	(2,903)
Adjustments to tax charge in respect of previous periods	(5,135)	457
Group relief claimed for nil consideration	(5,554)	(7,918)
<b>Total current tax (credit)/charge</b>	<u>(4,953)</u>	<u>6,849</u>



## CB Richard Ellis Limited

### Notes to the accounts Year ended 31 December 2008

#### 9. Goodwill

	£'000
<b>Cost</b>	
At 1 January 2008	127,262
Additions	7,555
Adjustment	158
At 31 December 2008	<u>134,975</u>
<b>Amortisation</b>	
At 1 January 2008	29,469
Charge for the year	6,736
At 31 December 2008	<u>36,205</u>
<b>Net book value</b>	
At 31 December 2008	<u>98,770</u>
At 31 December 2007	<u>97,793</u>

On 2 January 2008 the company acquired 100% of the issued share capital in Grenville Smith and Duncan Limited, a UK company for a cash consideration of £8,659,000. On the same day, the trade, assets and liabilities were transferred to CB Richard Ellis Limited giving rise to goodwill in the company of £6,027,000 as explained in note 11.

On 31 January 2008 the company acquired 100% of the issued share capital in Paul Gee & Co Limited for a cash consideration of £1,062,000. On the same day, the trade, assets and liabilities were transferred to CB Richard Ellis Limited giving rise to goodwill in the company of £739,000 as explained in note 11.

On 3 July 2008 the company acquired the trade and employees of Irving Rice, for a cash consideration of £789,000. This gave rise to goodwill in the company of £789,000 as explained overleaf.

The adjustment booked in the year relates to further consideration paid to the former owners of DGI David George, a UK partnership, a business acquired in 2007.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 9. Goodwill (continued)

The following table below sets out the book values of the identifiable assets and liabilities acquired and their fair value to the company:

	<b>Grenville Smith and Duncan £'000</b>	<b>Paul Gee £'000</b>	<b>Irving Rice £'000</b>	<b>Total £'000</b>
Tangible fixed assets	415	11	-	426
Debtors	1,641	213	-	1,854
Cash	1,384	263	-	1,647
Creditors	(393)	(153)	-	(546)
	<u>3,047</u>	<u>334</u>	<u>-</u>	<u>3,381</u>
Fair value adjustment	(415)	(11)	-	(426)
Fair value	<u>2,632</u>	<u>323</u>	<u>-</u>	<u>2,955</u>
Goodwill	<u>6,027</u>	<u>739</u>	<u>789</u>	<u>7,555</u>
	<u>8,659</u>	<u>1,062</u>	<u>789</u>	<u>10,510</u>
Satisfied by				
Cash	8,659	725	789	10,173
Loan notes	-	337	-	337
	<u>8,659</u>	<u>1,062</u>	<u>789</u>	<u>10,510</u>

The fair value adjustment represents a reduction to fixed assets to reflect the fair value on acquisition.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 10. Tangible fixed assets

	<b>Leasehold improvements £'000</b>	<b>Furniture and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2008	7,645	13,261	20,906
Additions	21	798	819
Disposals	-	(165)	(165)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	7,666	13,894	21,560
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 January 2008	1,650	8,419	10,069
Charge for the year	462	1,827	2,289
Disposals	-	(26)	(26)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	2,112	10,220	12,332
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2008	5,554	3,674	9,228
	<hr/>	<hr/>	<hr/>
At 31 December 2007	5,995	4,842	10,837
	<hr/>	<hr/>	<hr/>

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 11. Fixed asset investments

#### *Subsidiary undertakings:*

	<b>£'000</b>
<b>Cost and net book value:</b>	
At 1 January 2008	21,308
Net additions	9,721
Impairment	(6,340)
Investments dissolved	(518)
	<hr/>
At 31 December 2008	24,171
	<hr/>

The company has investments in the following subsidiary undertakings and other investments. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

<b>Principal subsidiaries</b>	<b>Principal activity</b>	<b>Holding No. of shares</b>	<b>Proportion of ordinary share capital %</b>
CBRE Limited	Property services	8,769,749	100
CB Richard Ellis Real Estate Finance Limited	Financial services	133,000	100
CB Richard Ellis Jersey Limited	Property services	9	100
CB Richard Ellis Loan Servicing Limited	Property services	1	100
CB Richard Ellis Indirect Investment Services Limited	Financial services	50,000	100
CB Richard Ellis Management Services Limited	Management services	2	100
CB Richard Ellis Financial Services Limited	Financial services	10,000	100
CBRE European Treasury Limited	Treasury management services	2	100
CB Richard Ellis Investors UK Holdings Limited	Investment holding	50	100
CB Richard Ellis Corporate Capital Limited	Finance and investment	4,223,498	100
Fintan Limited	Investment holding	10	100
Mareagle	Investment holding	132,000	100
CB Richard Ellis Services (Jersey) Limited	Estate agent and property management Services	2	100
Grenville Smith and Duncan Limited	Property services	66,887	100
Paul Gee & Co Limited	Property services	10,000	100

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 11. Fixed asset investments (continued)

Principal subsidiaries	Principal activity	Holding No. of shares	Proportion of ordinary share capital %
CB Richard Ellis Hamptons International Limited*	Property consultancy	500	50
Reech CBRE Alternative Real Estate LLP*	Fund Management	-	59

\* these companies are held indirectly via subsidiary undertakings of CB Richard Ellis Limited

All of the principal subsidiary undertakings and joint venture undertakings are incorporated in Great Britain except for Mareagle which is incorporated in Ireland and CB Richard Ellis Services (Jersey) and CB Richard Ellis Jersey Limited are both incorporated in Jersey.

#### Group reorganisation and transfer of subsidiary undertakings

On 2 January 2008 all of the issued share capital of Grenville Smith and Duncan Limited was acquired for the sum of £8,659,000. On the same day, the trade, assets and liabilities were transferred to CB Richard Ellis Limited at the net book value of £3,047,000. The transfer of business necessitated an impairment of £5,612,000 to the investment held by CB Richard Ellis Limited and accordingly resulted in an increase to the goodwill balance held by CB Richard Ellis Limited.

On 31 January 2008 all of the issued share capital of Paul Gee & Co Limited was acquired for the sum of £1,062,000. On the same day, the trade, assets and liabilities were transferred to CB Richard Ellis Limited at the net book value of £334,000. The transfer of business necessitated an impairment of £728,000 to the investment held by CB Richard Ellis Limited and accordingly resulted in an increase to the goodwill balance held by CB Richard Ellis Limited.

On 12 February 2008 Austin Adams Limited was legally dissolved.

On 6 May 2008 CB Richard Ellis Fund Management Limited, was legally dissolved.

On 6 May 2008 CB Richard Ellis Europe Limited, a subsidiary of CB Richard Ellis Limited was legally dissolved.

Application to wind up CB Richard Ellis Hamptons International Limited was made on 30 October 2008.

An application to wind up Paul Gee & Co Limited is in the process of being made.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 12. Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	47,679	69,308
Amounts owed by ultimate parent undertaking	38,868	13,111
Amounts owed by subsidiary undertakings	7,767	3,774
Amounts owed by fellow group undertakings	29,622	62,311
Other debtors	3,144	9,079
Prepayments	5,999	5,963
Corporation tax	4,867	-
	<u>137,946</u>	<u>163,546</u>
Amounts falling due after more than one year:		
Deferred tax asset	860	1,203
	<u>860</u>	<u>1,203</u>

Deferred taxation provided in the financial statements is as follows:

	2008 £'000	2007 £'000
Capital allowances in excess of depreciation	(608)	(762)
Short term timing differences	1,451	1,965
Other	17	-
	<u>860</u>	<u>1,203</u>
Deferred tax asset	<u>860</u>	<u>1,203</u>

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 13. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	2,159	4,431
Amounts owed to subsidiary undertakings	33,273	30,309
Amounts owed to fellow group undertakings	48,272	48,439
Corporation tax	-	1,597
Other taxation and social security:		
Social security	3,912	12,469
Other taxes	1,423	3,677
Other creditors	11,695	6,533
Accruals and deferred income	42,215	71,972
	<u>142,949</u>	<u>179,427</u>

### 14. Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed to fellow group undertakings	33,139	37,835
	<u>33,139</u>	<u>37,835</u>

A loan for £33,138,812 owed to CBRE Luxembourg Finance SARL is repayable on 19 December 2013 at an annual rate equal to LIBOR plus 5.079%.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 15. Provisions for liabilities

	2008 £'000	2007 £'000
Provisions for annuities	1,969	2,020
Provisions for onerous leases	5,422	4,153
Other provisions	2,570	2,530
	<u>9,961</u>	<u>8,703</u>

	At January 2008 £'000	Additions £'000	Utilised £'000	Imputed interest £'000	At 31 December 2008 £'000
Provision for annuities	2,020	9	(255)	195	1,969
Provisions for onerous leases	4,153	1,958	(996)	307	5,422
Other provisions	2,530	40	-	-	2,570
	<u>8,703</u>	<u>2,007</u>	<u>(1,251)</u>	<u>502</u>	<u>9,961</u>

Annuities are amounts payable to certain former equity partners of Richard Ellis and St Quintin.

Provisions for annuities become payable between 1 and 13 years. Provisions for onerous leases become payable between 1 and 16 years.

Other provisions include a provision for potential professional indemnity claims that arise in the ordinary course of business.

### 16. Share capital

	2008 £	2007 £
<b>Authorised:</b>		
7,000,000 ordinary shares of £1 each	<u>7,000,000</u>	<u>7,000,000</u>
<b>Allotted, called up and fully paid:</b>		
6,000,104 ordinary shares of £1 each	<u>6,000,104</u>	<u>6,000,104</u>

### 17. Share premium

	£000
At 1 January 2007 and 31 December 2008	<u>33,954</u>



# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 18. Profit and loss account

	£'000
At 1 January 2008	42,793
Retained profit for the year	22,903
Dividend payable	(1,500)
Transfer from pension reserve	(179)
At 31 December 2008	<u>64,017</u>

### 19. Reconciliation of movements in shareholders' funds

	Share capital £'000	Capital contribution £'000	Share premium £'000	Profit and loss account £'000	Pension Reserve £'000	Total shareholders' funds £'000
At 31 December 2007	6,000	32,527	33,954	42,793	(43,579)	71,695
Profit for the year	-	-	-	22,903	-	22,903
Dividend	-	-	-	(1,500)	-	(1,500)
Decrease in pension reserve	-	-	-	(179)	(2,564)	(2,743)
Decrease in capital contribution	-	(3,210)	-	-	-	(3,210)
At 31 December 2008	<u>6,000</u>	<u>29,317</u>	<u>33,954</u>	<u>64,017</u>	<u>(46,143)</u>	<u>87,145</u>

In 2005 the company issued 6 million shares for £6 million in satisfaction of £6 million of capital contribution. The 2005 accounts recognised the transaction as satisfaction of the intercompany loan from CBRE Inc in error. The correcting accounting entries have been recognised during 2008, as the Company does not consider that a prior year adjustment is required.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions

#### Defined benefit schemes

The Company operates three defined benefit pension schemes, the CB Hillier Parker Pension Scheme, the Richard Ellis St Quintin Retirement Fund, and the CB Hillier Parker Management Services Pension and Life Assurance Plan. All three pension schemes are closed to new members and with effect from 30 June 2007 the CB Hillier Parker Management Services Pension and Life Assurance Plan and the Richard Ellis St Quintin Retirement Fund transferred all active members to deferred and ceased accrual for future benefits.

The assets of each Scheme are held in trustee administered funds, separated from the group's own resources. Contributions to the schemes are determined by independent qualified actuaries on the basis of periodic valuations using the projected unit method.

A summary of the actuarial gain, pension liability and pension reserve for the three schemes can be found below:

	Actuarial gain/(loss)		Pension liability		Pension reserve	
	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000
CB Hillier Parker Pension Scheme	(1,472)	(2,481)	8,398	9,126	(31,372)	(29,900)
Richard Ellis St Quintin Retirement Fund	(1,000)	4,224	5,294	4,860	(10,958)	(9,958)
CB Hillier Parker Management Services	-	(36)	-	345	(179)	(179)
Transfer to profit and loss reserve	-	-	-	-	179	-
Less: deferred tax	-	-	(3,834)	(4,105)	(3,813)	(3,542)
	<u>(2,472)</u>	<u>1,707</u>	<u>9,858</u>	<u>10,226</u>	<u>(46,143)</u>	<u>(43,579)</u>

#### CB Hillier Parker Pension Scheme

The scheme was closed to new entrants in April 2002. Existing active members continued to accrue future service benefits under the rules of the scheme until 30 June 2007 when the actives were transferred to deferred and the scheme ceased to accrue for future benefits.

The employer contribution for the year was £1,626,000 (2007: £2,143,000).

The pension credit to the Company for the year from the Scheme was £574,000 (2007 credit: £1,833,000).

The last funding valuation was at 31 December 2006 and this has been updated to 31 December 2007 by an independent qualified actuary. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method. Assets have been valued at market value. The valuation shows that the market value of the Scheme's assets was £85.683m and represented 91% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

The following tables set out the key FRS 17 assumptions used for the Scheme. The tables also set out as at 31 December 2008 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities.

### 20. Pensions (continued)

#### Assumptions

	2008 % pa	2007 % pa	2006 % pa
Rate of inflation	3.4	3.5	3.2
Rate of increase in salaries	N/A	N/A	4.2
Rate of increase to pensions in payment	3.4	3.5	3.2
Discount rate	6.6	5.6	5.1

Post mortality assumptions in 2008 and 2007 are 90% of PNA2000, medium cohort year of birth with a minimum improvement rate of 1.5%/1.0% pa for males/females. Assumptions for 2006 are 100% of PA 1992 and medium cohort year of birth.

#### Scheme assets

The fair value of assets in the scheme, the present value of the liabilities in the scheme, and the expected rate of return at the balance sheet date were:

	2008		2007		2006	
	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa
Equities	75.00	7.20	76.00	7.4	80.00	7.3
Gilts	13.00	4.20	13.00	4.4	12.00	4.3
Property	6.00	6.20	6.00	6.4	7.00	6.3
Cash	1.00	4.20	5.00	5.5	1.00	5.0
Bonds	5.00	6.70	-	-	-	-
Total	100.00	6.70	100.00	6.90	100.00	6.80

	2008 £'000	2007 £'000	2006 £'000
Total fair value of assets	85,683	107,931	97,860
Present value of scheme liabilities	(94,081)	(117,057)	(113,482)
Deficit in the scheme	(8,398)	(9,126)	(15,622)
Deferred tax asset	2,353	2,614	4,687
Net pension liability	(6,045)	(6,512)	(10,935)

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

The movement in scheme liabilities and assets is as follows:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Pension scheme liability at 1 January	(117,057)	(113,482)
Current service cost (employee and employer)	-	(1,880)
Contributions (employee and employer)	-	(380)
Curtailment gain	-	2,744
Benefits paid	2,055	2,128
Other net finance income	(6,498)	(5,751)
Actuarial gain/(loss)	27,419	(436)
Pension scheme liability 31 December	<u>(94,081)</u>	<u>(117,057)</u>

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Pension scheme asset at 1 January	107,931	97,860
Expected return on plan assets	7,072	6,720
Contributions (employee and employer)	1,626	7,524
Benefits paid	(2,055)	(2,128)
Actuarial gain/(loss)	(28,891)	(2,045)
Pension scheme asset 31 December	<u>85,683</u>	<u>107,931</u>

Analysis of other pension costs charged in arriving at operating profit:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost (employer's part only)	-	1,880
Curtailment (gain)	-	(2,744)
Total operating (credit)/charge	<u>-</u>	<u>(864)</u>

Analysis of amounts included in other finance costs:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	(7,072)	(6,720)
Interest on post-retirement liabilities	6,498	5,751
Net return to credit to finance income	<u>(574)</u>	<u>(969)</u>

The amount recognised outside the profit and loss account in the statement of total recognised gains and losses (STRGL) for 2008 is a loss of £1.472m (2007: loss of £2.481m). The cumulative amount to be recognised outside the profit and loss account as at 31 December 2008 is a loss of £35.940m.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

Analysis of asset and scheme liabilities and deficits are as follows:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of defined obligation	(94,081)	(117,057)	(113,482)	(87,629)	(69,854)
Fair value of plan assets	85,683	107,931	97,860	113,161	83,734
Surplus/(Deficit)	<u>(8,398)</u>	<u>(9,126)</u>	<u>(15,622)</u>	<u>25,532</u>	<u>13,880</u>
Experience adjustments arising on scheme assets	28,603	2,028	(4,885)	(9,552)	(1,633)
Experience item as a percentage of scheme assets	33.0%	2.0%	(5.0%)	11.0%	(2.0%)
Experience adjustments arising on scheme liabilities	-	674	(1,025)	1,392	599
Experience item as a percentage of scheme liabilities	-	1.0%	(1.0%)	1.0%	1.0%

The expected employer contributions for calendar year 2009 is £1,660,000.

#### *Richard Ellis St Quintin Retirement Fund*

The scheme was closed to new entrants in April 1997 for the Richard Ellis scheme and March 1998 for the St Quintin scheme. Existing active members continued to accrue future service benefits under the rules of the scheme until 30 June 2007 when the actives were transferred to deferred and the scheme ceased accrual for future benefits. In addition a small number of former Richard Ellis directors who are currently in service were granted salary linkage on their accrued deferred pensions up to the 30 June 2007.

The total company contributions to the scheme amounted to £585,000 paid in the year (2007: £5,286,000 paid in the year).

The pension charge for the year was £19,000 (2007: £570,000 credit). The valuation shows that the market value of the schemes assets was £41,319,000 and represented 89% of the benefits that had accrued to members.

The last funding valuation was at 30 June 2007 and this has been updated to 31 December 2008 by an independent qualified actuary. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method.

The following tables set out the key FRS 17 assumptions used for the Scheme. The tables also set out as at 31 December 2008 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

#### Assumptions

The major assumptions used in this valuation were:

	2008 % pa	2007 % pa	2006 % pa
Rate of inflation	3.0	3.5	3.2
Rate of general increase in salaries	N/A	N/A	4.7
Rate of increase to pensions in line with increase in Retail Price Index capped at 5% pa (LPI)	3.0	3.5	3.5
Discount rate for scheme liabilities	6.6	5.7	5.1

The post retirement mortality tables are the '00 Series' tables using a 'Year of Birth' projection, with a minus one-year age rating adjustment to the base tables to allow for the specific characteristics of the members of the Fund. (This means for example that 60 year old will experience the mortality of a 59 year old). Allowance is made for future improvements in mortality in line with the 'medium cohort' effect with a continuing minimum rate of improvement in longevity of 1% per annum.

#### Scheme assets

The following table shows the proportion that the assets are held by class of assets with the expected rate of return for that class of asset. The proportions are calculated by reference to the fair value of the assets.

	2008		2007		2006	
	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa
Equities	33.00	7.20	51.60	7.40	52.70	7.30
Government Bonds	43.00	4.20	24.00	4.40	23.30	4.30
Corporate Bonds	22.00	6.60	24.10	5.80	23.20	5.10
Cash	2.00	4.20	0.30	5.50	0.80	5.00
Total	100.00	5.70	100.00	6.30	100.00	6.10

	2008 £'000	2007 £'000	2006 £'000
Fair value of scheme assets	41,319	49,969	44,168
Present value of scheme liabilities	(46,613)	(54,829)	(59,108)
Deficit in the scheme	(5,294)	(4,860)	(14,940)
Deferred tax asset	1,481	1,392	4,482
Net pension liability	(3,813)	(3,468)	(10,458)

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

The movement in scheme liabilities and assets is as follows:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Pension scheme liability at 1 January	(54,829)	(59,108)
Current service cost	(48)	(578)
Contributions scheme participants	-	(70)
Curtailments	-	1,341
Benefits paid	1,941	1,848
Other net finance income	(3,071)	(2,980)
Actuarial gain	9,394	4,718
Pension scheme liability 31 December	<u>(46,613)</u>	<u>(54,829)</u>
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Pension scheme asset at 1 January	49,969	44,168
Expected return on plan assets	3,100	2,787
Contributions by employer	585	5,286
Contributions by plan participants	0	70
Benefits paid	(1,941)	(1,848)
Actuarial loss	(10,394)	(494)
Pension scheme asset 31 December	<u>41,319</u>	<u>49,969</u>

Analysis of other pension costs charged in arriving at operating profit:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	48	578
Curtailment	0	(1,341)
Total operating charge/(credit)	<u>48</u>	<u>(763)</u>

Analysis of amounts included in other finance costs:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	(3,100)	(2,787)
Interest on pension scheme liabilities	3,071	2,980
Net (credit)/cost	<u>(29)</u>	<u>193</u>

The amount recognised outside the profit and loss account in the statement of total recognised gains and losses (STRGL) for 2008 is a loss of £1.000m (2007: gain of £4.000m). The cumulative amount to be recognised outside the profit and loss account as at 31 December 2008 is a loss of £3.694m.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

Analysis of asset and scheme liabilities and deficits are as follows:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of defined obligation	(46,613)	(54,829)	(59,108)	(59,670)	(46,573)
Fair value of plan assets	41,319	49,969	44,168	39,486	32,910
Surplus/(Deficit)	<u>(5,294)</u>	<u>(4,860)</u>	<u>(14,940)</u>	<u>(20,184)</u>	<u>(13,663)</u>
Experience adjustments arising on scheme liabilities	126	(896)	654	406	(1,326)
Experience item as a percentage of scheme liabilities	0.3%	(1.6%)	1.1%	0.7%	(2.8%)
Experience adjustments arising on scheme assets	10,394	494	(841)	(3,393)	(1,007)
Experience item as a percentage of scheme assets	25.2%	1.0%	(1.9%)	(8.6%)	(3.1%)

The expected employer contributions for calendar year 2009 is £551,000.

#### *CB Hillier Parker Management Services Pension and Life Assurance Plan*

There are no active members of the scheme and the company gave notice to the trustees in 2002 that it would cease making contributions to the scheme with effect from August 2002, causing the scheme to enter winding-up. The company no longer has a liability in relation to the CB Hillier Parker Management Services Pension and Life Assurance Plan. The liability was settled at £392,257 on 30 April 2008 which lead to a loss on settlement of £47,257.

The total employer contributions to the scheme in the year were £nil (2007:£nil).

The total pension charge for the year was £47,257 (2007: £nil).

The latest actuarial valuation for the scheme trustees was 30 April 1999 and this has been updated to 31 December 2008 by an independent qualified actuary. Assets have been valued at market value and the liabilities have been calculated on a Minimum Funding Requirement basis.



# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

The major assumptions used for the actuarial valuation were:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>
Rate of increase in pensions in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	N/A	3.40	3.10
Discount rate	N/A	5.90	5.20
Inflation assumption	N/A	3.40	3.10

The fair value of assets in the scheme and the present value of the liabilities are shown below. The assets are held in an insured agreement with Norwich Union and the expected bonus rate is 0% (2007: 5.00%, 2006: 4.95%).

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equities	-	177	141
Bonds/fixed interest	-	1,623	1,526
Other	-	41	134
Total fair value of assets	-	1,841	1,801
Present value of scheme liabilities	-	(2,186)	(2,091)
Deficit in the scheme	-	(345)	(290)
Deferred tax asset	-	99	87
Net pension liability	-	(246)	(203)

The movement in scheme liabilities and assets is as follows:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Pension scheme liability at 1 January	(2,186)	(2,091)
Current service cost	-	-
Contributions scheme participants	-	-
Benefits paid	-	40
Other net finance income	-	(108)
Actuarial loss	-	(27)
Scheme settlement	2,186	-
Pension scheme liability 31 December	-	(2,186)
Pension scheme asset at 1 January	1,841	1,801
Expected return on plan assets	-	89
Contributions by employer	-	-
Contributions by plan participants	-	-
Benefits paid	-	(40)
Actuarial loss	-	(9)
Scheme settlement	(1,841)	-
Pension scheme asset 31 December	-	1,841

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

	2008 £'000	2007 £'000
<b>Movement in deficit during the year</b>		
Deficit in scheme at beginning of year	(345)	(290)
Movement in year:		
Net Finance cost	-	(19)
Actuarial gain	-	(36)
Loss on settlement	(47)	-
Liability settlement	392	-
	<u>-</u>	<u>(345)</u>
Deficit in scheme at end of year	<u>-</u>	<u>(345)</u>

The company has not made any contributions since July 2002.

Analysis of other pension costs charged in arriving at operating profit:

	2008 £'000	2007 £'000
Current service cost	-	-
Employee contribution	-	-
Settlement loss	47	-
	<u>47</u>	<u>-</u>
Total operating charge	<u>47</u>	<u>-</u>

Analysis of amounts included in other finance costs:

	2008 £'000	2007 £'000
Expected return on pension scheme assets	-	89
Interest on pension scheme liabilities	-	(108)
	<u>-</u>	<u>(19)</u>
Net finance cost	<u>-</u>	<u>(19)</u>

There were no other pension costs charged in arriving at operating profit during the current or preceding year.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 20. Pensions (continued)

Analysis of asset and scheme liabilities and deficits are as follows:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of defined obligation	-	(2,186)	(2,091)	(2,083)	(1,556)
Fair value of plan assets*	-	1,841	1,801	1,788	1,221
Surplus/(Deficit)	-	(345)	(290)	(295)	(335)
Experience adjustments arising on scheme liabilities	-	10	(8)	171	(102)
Experience item as a percentage of scheme liabilities	-	0.5%	(0.4%)	8.2%	(6.6%)
Experience adjustments arising on scheme assets	-	10	57	(2)	(41)
Experience item as a percentage of scheme assets	-	1.5%	3.2%	(0.1%)	(3.4%)

All three final salary schemes are closed to new entrants and, under the method used to calculate pension costs in accordance with FRS 17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

#### *Defined Contribution Schemes*

The group operates three defined contribution schemes. It also makes contributions to group personal pension plans and holds an insurance policy to provide death-in-service benefits to pension scheme members. The assets of all schemes are held separately from those of the company and are administered by trustees.

The group operates a defined contribution scheme for employees of CB Richard Ellis Limited. The scheme was closed in June 2001 and the liability for these members has been substantially extinguished from the scheme by payment of transfer values either to an arrangement of the member's choice or to a Section 32 policy with Friends Provident established by the Trustees.

The group operates two defined contribution schemes for employees of CB Richard Ellis Management Services Limited. The total pension charge for the year was £314,000 (2007: £295,000).

The total pension charge for the year for group personal plans was £3,056,000 (2007: £4,178,000).

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 21. Share-based payments

The costs of issuing the share options and restricted stock are as follows:

	Share Options		Restricted Stock	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Fair Value charge	412	186	2,378	290

#### Fair Value

The fair value of share options and restricted stock is estimated using the Black-Scholes option-pricing model, which takes into account assumptions such as dividend yield, risk-free interest rate, expected stock price volatility and the expected life of the options.

The weighted average fair value of share options granted were \$6.58, \$12.42 and \$10.46 for the years ended 31 December 2008, 2007 and 2006 respectively. There were share options granted during 2008. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, utilising the following weighted average assumptions:

	2008	2007	2006
Dividend yield	0%	0%	0%
Expected volatility	51.97%	44.41%	39.94%
Risk-free interest rate	3.02%	4.14%	4.80%
Expected life	5 years	5 years	5 years

The dividend yield assumption is excluded from the calculation, as it is the present intention to retain all earnings. The expected volatility is based on a combination of the historical stock price and implied volatility. The selection of implied volatility data to estimate expected volatility is based upon the availability of actively traded options on the stock. The risk-free interest rate is based upon the US Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the options.

Share options are valued at fair market value on the date of grant. The share options outstanding during the year were granted as follows:

On 16 September 2003 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$5.77. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$1.92 and increased the number of options three-fold. The options become exercisable with respect to 20% of the shares on the first, second, third, fourth and fifth anniversaries of the date of grant. The share options expire five years from the date of grant and are subject to earlier termination under certain conditions.

On 22 September 2004 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$22.39. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$7.46 and increased the number of options three-fold. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire four years from the date of grant and are subject to earlier termination under certain conditions.

On 25 January 2005 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$33.45 per share. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$11.15 and increased the number of options three-fold. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire four years from the date of grant and are subject to earlier termination under certain conditions.

## CB Richard Ellis Limited

### Notes to the accounts Year ended 31 December 2008

#### 21. Share-based payments (continued)

On 21 September 2005 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$46.28 per share. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$15.43 and increased the number of options three-fold. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire four years from the date of grant and are subject to earlier termination under certain conditions.

On 2 September 2008 options CB Richard Ellis Group Inc were granted with an exercisable price of \$13.29. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire four years from the date of grant and are subject to earlier termination under certain conditions.

Details of the share options are summarised below:

	2008		2007	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at 1 January	634,750	\$6.38	795,520	\$5.73
Granted during the year	182,819	\$13.29	-	-
Exercised during the year	(54,942)	\$6.25	(31,000)	\$3.00
Lapsed during the year	(42,942)	\$7.58	(129,770)	\$3.20
	<u>719,685</u>	<u>\$4.70</u>	<u>634,750</u>	<u>\$6.38</u>
Outstanding at the end of the period	719,685	\$4.70	634,750	\$6.38
Exercisable at the end of the period	508,366		351,041	-

Restricted stock outstanding during the year were granted as follows;

On 21 September 2005, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant.

On 21 February 2006, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split. The shares become vestable on 15 March 2016.

On 6 September 2006, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant.

On 19 March 2007, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable on 15 March 2016.

On 5 September 2007, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant.

# CB Richard Ellis Limited

## Notes to the accounts Year ended 31 December 2008

### 21. Share-based payments (continued)

On 4 February 2008, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable on the eighth anniversaries of the date of grant.

On 2 September 2008, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant.

Details of the restricted stock are summarised below:

	2008		2007	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at 1 January	333,969	-	220,321	-
Stock lapsed during the year	(20,538)	-	-	-
Granted during the year	261,938	-	161,392	-
Vested during the period	(70,786)	-	(47,744)	-
Outstanding at the end of the period	<u>504,583</u>	-	<u>333,969</u>	-

### 22. Financial commitments

At 31 December the group had annual commitments under non-cancellable operating leases as set out below:

	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	35	269	2	208
Between two and five years	3,855	639	3,933	880
After five years	5,760	401	5,968	253
	<u>9,650</u>	<u>1,309</u>	<u>9,903</u>	<u>1,341</u>

### 23. Immediate and ultimate parent company

The directors regard CB Richard Ellis Inc, a company incorporated in the United States, as the immediate parent company.

The directors regard CB Richard Ellis Group Inc., a company incorporated in the United States, as the ultimate parent company and ultimate controlling party.

CB Richard Ellis Group Inc., is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up.

Copies of the consolidated group financial statements for CB Richard Ellis Group Inc. are available from CB Richard Ellis Limited, St Martin's Court, 10 Paternoster Row, London EC4M 7HP.

## **CB Richard Ellis Limited**

### **Notes to the accounts Year ended 31 December 2008**

#### **24. Related parties**

As a subsidiary undertaking of CB Richard Ellis Group Inc., the company has taken advantage of the exemption in Financial Reporting standard No.8 "Related party disclosures" from disclosing transactions with other members of the group headed by that company.

The company undertook transactions during the year of £779,000 for management commission, remuneration (including bonuses) and lifestyle costs with Reech CBRE Alternative Real Estate LLP, a joint venture which it owns a 59% share in. The amount due from Reech CBRE Alternative Real Estate at 31 December 2008 is £610,000 (2007: £857,000)

There were no other transactions with related parties in the year ended 31 December 2008 or December 2007 that require disclosure.