

Registered number: 03536032

CBRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



CBRE LIMITED

COMPANY INFORMATION

Directors	C E Bird L H Midler (resigned 31 October 2018) M D Samworth D Green (resigned 19 August 2019) D Mercado A E Gaffner (resigned 1 June 2018) D A Bazzano (appointed 1 June 2018) P Zargarof (appointed 31 October 2018) E G Foley (appointed 19 August 2019)
Company secretary	A C Naftis
Registered number	03536032
Registered office	St Martin's Court 10 Paternoster Row London EC4M 7HP
Independent auditor	KPMG LLP Chartered Accountants 15 Canada Square Canary Wharf London E14 5GL
Banker	HSBC plc 8 Canada Square London E14 4HQ
Solicitor	Gowling WLG 4 More London Riverside London SE1 2AU

CBRE LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 8
Income statement	9
Statement of comprehensive income	10
Statement of financial position	11 - 12
Statement of changes in equity	13 - 14
Notes to the financial statements	15 - 44

CBRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities

The principal activity of the Company is the provision of property consultancy services.

Business review

Revenue increased by 7.2% to £380.0m (2017: £354.3m). Profit before tax has decreased by 43.9% to £26.3m (2017: £46.9m).

Tax is payable for 2018 of which corporation tax is a charge of £7.8m (2017: £9.9m) and deferred tax a credit of £(1.0)m (2017: £(0.7)m). Profit after tax therefore stands at £19.5m (2017: £37.7m).

Net assets of the company have increased by 5.3% to £424.6m (2017: £403.4m).

Principal financial risks and uncertainties

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

Credit Risk

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 the credit worthiness of our clients. Trade debtors are distributed in such a manner that the concentration of credit risk is not considered extraordinary.

The financial risk associated with cash and trade creditors is considered minimal as the Company places its cash in creditworthy institutions. The Company performs ongoing credit evaluation of its customers' financial condition.

Interest and Inflation Risk

Having limited borrowing exposure, the Directors are of the view that the Company is not exposed to significant interest or inflation rate risk.

Exchange Rate Risk

The Company does not have considerable levels of foreign currency transactions and as such foreign exchange risk is considered to be limited.

The Company holds no foreign currency or interest rate derivatives.

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.

Financial Key Performance Indicators

The Key Performance Indicators presented below reflect the way the performance of the Company has been measured in 2018:

Revenue - to track the growth in the business. This is a key area of strategic focus for the board. Revenue has increased by 7.2% to £380.0m (2017: £354.3m).

Profit before tax - to track the underlying performance of the business and to ensure sales growth translates into increased profits. Profit before tax has decreased by 43.9% to £26.3m (2017: £46.9m).

CBRE LIMITED

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

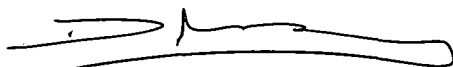
Subsequent Events

There have been no changes to the business activities or risk profile of the Company subsequent to the end of the reporting period. There have been changes to the Company's directors subsequent to the 31 December 2018 including the resignation of D Green as at 19 August 2019 and the appointment of E G Foley as at 19 August 2019.

2019 Focus

The strategy for the coming year is to expand in key areas of the business. To meet expectations with regards to KPI's.

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



D Mercado
Director

Date: 11 November 2019

CBRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the for the year ended 31 December 2018.

Directors' responsibilities statement

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ('FRS 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 and then apply them consistently;
- make judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

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 responsible for 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, and 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.

Results and dividends

The profit for the year, after taxation, amounted to £19.5m (2017 : £37.7m).

CBRE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Directors

The directors who served during the year were:

C E Bird
L H Midler (resigned 31 October 2018)
M D Samworth
D Green (resigned 19 August 2019)
D Mercado
A E Gaffner (resigned 1 June 2018)
D A Bazzano (appointed 1 June 2018)
P Zargarof (appointed 31 October 2018)

The Company secretary is Alex Naftis who was appointed on 31 March 2000.

Future developments

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 - 2.

Employee involvement

Employees are kept informed of information that is relevant to them through the CBRE intranet and internal communication emails.

Disabled employees

CBRE Limited values the individual contribution of all employees and prospective employees from all sectors of the community at large. CBRE Limited recognises its social, moral and statutory duty to employ people with disabilities and will do all that is practicable to meet this responsibility. The Company operates a Code of Good Practice on Disability.

Disclosure of information to auditor

The directors who held office at the date of approval of this Director's report confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each 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 are no post balance sheet events to note.

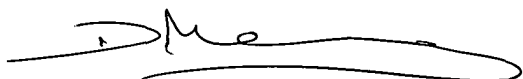
Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier and will therefore continue in office.

CBRE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

This report was approved by the board on 11 November 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D Mercado', with a long horizontal flourish extending to the right.

D Mercado
Director

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE LIMITED

Opinion

We have audited the financial statements of CBRE Limited ("the company") for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, Statement of Financial position, 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 for the year then ended;
- have been properly prepared in accordance with UK accounting standards, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE LIMITED

operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE LIMITED

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.



Richard Kelly (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

11 November 2019

CBRE LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	379,999	354,336
Gross profit		379,999	354,336
Administrative expenses		(354,980)	(309,518)
Operating profit	5	25,019	44,818
Interest receivable and similar income	8	10,159	9,170
Interest payable and similar expenses	9	(8,879)	(7,076)
Profit before tax		26,299	46,912
Tax charge on profit	10	(6,790)	(9,207)
Profit for the financial year		19,509	37,705

The notes on pages 15 to 44 form part of these financial statements.

CBRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Profit for the financial year		19,509	37,705
Other comprehensive income			
Actuarial (loss)/gain on defined benefit schemes		(146)	12,459
Movement on deferred tax relating to pension losses		(309)	(2,608)
Other comprehensive income for the year		(455)	9,851
Total comprehensive income for the year		19,054	47,556

The notes on pages 15 to 44 form part of these financial statements.

CBRE LIMITED
REGISTERED NUMBER:03536032

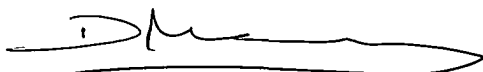
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	50,590	57,537
Tangible assets	12	31,829	36,394
Investments	13	18,354	18,354
		<u>100,773</u>	<u>112,285</u>
Non Current assets			
Debtors due after more than 1 year	14	453	453
		<u>453</u>	<u>453</u>
Current assets			
Debtors: amounts falling due within one year	14	627,279	576,500
Cash at bank and in hand	15	87,671	83,904
		<u>714,950</u>	<u>660,404</u>
Creditors: amounts falling due within one year	16	(319,401)	(295,855)
Net current assets		<u>395,549</u>	<u>364,549</u>
Total assets less current liabilities		<u>496,775</u>	<u>477,287</u>
Provisions for liabilities			
Other provisions	19	(2,505)	(2,721)
		<u>(2,505)</u>	<u>(2,721)</u>
Pension liability	23	(69,649)	(71,158)
Net assets		<u><u>424,621</u></u>	<u><u>403,408</u></u>
Capital and reserves			
Called up share capital	20	6,000	6,000
Share premium account	21	203,769	203,769
Other reserves	21	51,708	49,549
Profit and loss account	21	163,144	144,090
		<u><u>424,621</u></u>	<u><u>403,408</u></u>

CBRE LIMITED
REGISTERED NUMBER:03536032

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 November 2019.



D Mercado

Director

The notes on pages 15 to 44 form part of these financial statements.

CBRE LIMITED

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

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	6,000	203,769	49,549	144,090	403,408
Total comprehensive income for the year					
Profit for the year	-	-	-	19,509	19,509
Actuarial gains on pension schemes	-	-	-	(455)	(455)
Other comprehensive income for the year	-	-	-	(455)	(455)
Total comprehensive income for the year	-	-	-	19,054	19,054
Share based payment - Capital contribution	-	-	2,159	-	2,159
Total transactions with owners	-	-	2,159	-	2,159
At 31 December 2018	6,000	203,769	51,708	163,144	424,621

The notes on pages 15 to 44 form part of these financial statements.

CBRE LIMITED

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

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	6,000	203,769	46,607	96,534	352,910
Total comprehensive income for the year					
Profit for the year	-	-	-	37,705	37,705
Actuarial losses on pension schemes	-	-	-	9,851	9,851
Other comprehensive income for the year	-	-	-	9,851	9,851
Total comprehensive income for the year	-	-	-	47,556	47,556
Share based payment - Capital contribution	-	-	2,942	-	2,942
Total transactions with owners	-	-	2,942	-	2,942
At 31 December 2017	6,000	203,769	49,549	144,090	403,408

The notes on pages 15 to 44 form part of these financial statements.

CBRE LIMITED

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

1. General information

CBRE Limited is a limited Company, incorporated in the United Kingdom under the Companies Act. The address and registered office is St Martin's Court, 10 Paternoster Row, London, EC4M 7HP.

The principal activity of the Company is the provision of property consulting services.

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 accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 judgement in applying the Company's accounting policies (see note 3).

The Company's functional and presentational currency is considered to be pounds sterling as that is the currency of the primary economic environment in which the Company operates.

The following principal accounting policies have been applied:

2.2 Going Concern

The director's have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As such, the Going Concern basis continues to be applied in preparing the annual financial statements.

2.3 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 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 CBRE Group, Inc. as at 31 December 2018 and these financial statements may be obtained from CBRE Limited, St Martin's Court, 10 Paternoster Row, London, EC4M 7HP.

CBRE LIMITED

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

2. Accounting policies (continued)

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.5 Revenue

Revenue comprises commissions and fees receivable in respect of services performed.

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 Income statement 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.

Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

2.7 Interest income

Interest income is recognised in the Income statement using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Income statement 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.

**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 defined contribution plans 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 Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates defined benefit plans 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 Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting 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 plans assets are 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 plans, 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'.

Both pension schemes operated by the Company are closed to new members and with effect from 30 June 2007 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 Company's own resources.

CBRE LIMITED

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

2. Accounting policies (continued)

2.10 Share-based payments

The Company's ultimate parent, CBRE Group, Inc., issues equity settled share-based payments (Share options and restricted stock) to certain employees under its 2012 Equity 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 determined 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 of the share options issued are measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects on non-transferability, exercise restrictions and behavioural considerations.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, 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 reporting 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 Statement of financial position 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 reporting date.

CBRE LIMITED

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

2. Accounting policies (continued)

2.12 Foreign Currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rate 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 the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'Interest receivable and similar charges' and 'Interest payable and similar charges' respectively.

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income statement over its useful economic life which has been determined to be 20 years.

Other 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.

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.

2.14 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.

CBRE LIMITED

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

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

Fixtures and fittings	-	10% per annum
Office equipment	-	10% per annum
Computer equipment	-	33% per annum
Leasehold Improvements	-	shorter of 10 years or the length of the lease

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 Income statement.

2.15 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.16 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 Income statement 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 Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.17 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.

CBRE LIMITED

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

2. Accounting policies (continued)

2.18 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.

2.19 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.

2.20 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 Income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

2.21 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.

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 Income statement.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

CBRE LIMITED

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Bad Debt Provision:

A bad debt provision is set up when a debt has been outstanding for a period of more than 180 days or when the Company becomes aware that the likelihood of recovering the debt is diminished.

Onerous Lease Provisions:

The Company has provided for operating lease rentals where these were above the market rate or where it is probable that a previously sublet unit will revert back to the Company.

The element of the rental which is above market rates, or above any rental costs paid relating to vacated properties is charged against the provision.

Provision are also made for the rates that the Company is liable to on empty sites. The key estimation judgement in determining the onerous amount is the period over the remaining lease term that the property will remain either rented or vacant. The Directors have estimated these periods after considering both the quality and the location of each of the units provided for.

Provisions:

The Company exercises judgement in respect to measuring and recognising provisions related to pending litigation or other outstanding claims. The principal judgements made relate to the likelihood that a pending claim will succeed, and as such a liability exists, and in quantifying the potential financial settlement.

Defined Benefit pension assumptions:

The Company operates two defined benefit pension schemes. The valuation of such schemes is determined by independent qualified actuaries. In carrying out the valuations a number of assumptions are used by the actuaries, the most significant of which are the discount rate, inflation assumptions, rate of salary increases and assumed life expectancies.

CBRE LIMITED

**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
	£000	£000
Rendering of Services	379,999	354,336
	<u>379,999</u>	<u>354,336</u>

Analysis of turnover by country of destination:

	2018	2017
	£000	£000
United Kingdom	297,892	295,033
Rest of Europe	65,635	44,030
Rest of the world	16,472	15,273
	<u>379,999</u>	<u>354,336</u>

5. Operating profit

Company operating profit on ordinary activities is stated after charging:

		2018	2017
		£000	£000
Movement in provisions	19	554	1,501
Depreciation of tangible fixed assets	12	14,427	13,389
Amortisation of intangible assets, including goodwill	11	6,947	8,322
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements		47	47
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiary annual financial statements		56	57
Exchange differences		(1,719)	(2,548)
Other operating lease rentals		8,112	8,177
Share based payment	22	2,191	2,942
Defined contribution pension cost	6	7,988	6,414
Defined benefit pension cost	6	1,032	314
		<u> </u>	<u> </u>

Costs of the defined benefit scheme includes only those items included within operating costs. Items reported elsewhere have been excluded. See Note 23.

CBRE LIMITED

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

6. Employee information

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

	2018	2017
	£000	£000
Wages and salaries	243,007	226,404
Social security costs	34,391	31,179
Cost of defined benefit scheme	1,032	314
Cost of defined contribution scheme	7,988	6,414
	286,418	264,311

Costs of the defined benefit scheme includes only those items included within operating costs. Items reported elsewhere have been excluded. See Note 23.

The average monthly number of employees (including directors), during the year was as follows:

	2018	2017
	No.	No.
Professional staff	1,436	1,382
Administrative staff	1,170	1,009
	2,606	2,391

CBRE LIMITED

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

7. Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	6,264	5,263
Directors pension costs - defined contrib'n sch.	29	30
Compensation for loss of office	-	998
	6,293	6,291

During the year retirement benefits were accruing to 3 directors (2017 - 4) in respect of defined contribution pension schemes.

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

The highest paid director received remuneration of £2,576k (2017 - £2,342k).

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 2 directors received shares under the long term incentive schemes (2017 - 4)

8. Interest receivable and similar income

	2018	2017
	£000	£000
Intercompany interest receivable	10,001	9,143
Bank interest receivable	158	27
	10,159	9,170

9. Interest payable and similar expenses

	2018	2017
	£000	£000
Bank interest payable	-	142
Intercompany interest payable	6,494	4,179
Net cost of financing of retirement benefits	2,385	2,755
	8,879	7,076

CBRE LIMITED

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

10. Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on profits for the year	7,295	11,357
Adjustments in respect of previous periods	513	(1,472)
	<u>7,808</u>	<u>9,885</u>
Double taxation relief	-	(18)
	<u>7,808</u>	<u>9,867</u>
Foreign tax		
Foreign tax on income for the year	-	18
	<u>-</u>	<u>18</u>
Total current tax	<u>7,808</u>	<u>9,885</u>
Deferred tax		
Origination and reversal of timing differences	(960)	(594)
Adjustment in respect of prior periods	(58)	(84)
Total deferred tax	<u>(1,018)</u>	<u>(678)</u>
Taxation on profit on ordinary activities	<u>6,790</u>	<u>9,207</u>

CBRE LIMITED

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

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2017 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	26,299	46,912
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	4,997	9,029
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,754	2,987
Adjustments to tax charge in respect of prior periods	454	(1,555)
Non-taxable income	(2)	(16)
Adjust closing and opening deferred tax rate	65	237
Group relief claimed	(7,295)	-
Payment for group relief	7,295	-
Transfer pricing adjustments	4	5
Deferred tax not recognised	(403)	1,199
Fixed asset differences	170	100
Adjustments to bought forward differences	(1,249)	(2,779)
Total tax charge for the year	6,790	9,207

From 2017 onwards payment is made in relation to group relief.

Factors that may affect future tax charges

At Budget 2016, the government announced a reduction to the corporation tax main rate for the year starting 1 April 2020, setting the rate at 17%. This will reduce the Company's future current tax charge accordingly.

CBRE LIMITED

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

11. Intangible assets

	Intangible Assets £000	Goodwill £000	Total £000
Cost			
At 1 January 2018	5,804	161,657	167,461
At 31 December 2018	<u>5,804</u>	<u>161,657</u>	<u>167,461</u>
Amortisation			
At 1 January 2018	5,804	104,120	109,924
Charge for the year	-	6,947	6,947
At 31 December 2018	<u>5,804</u>	<u>111,067</u>	<u>116,871</u>
Net book value			
At 31 December 2018	<u>-</u>	<u>50,590</u>	<u>50,590</u>
At 31 December 2017	<u>-</u>	<u>57,537</u>	<u>57,537</u>

CBRE LIMITED

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

12. Tangible fixed assets

	Leasehold Improvements £000	Office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2018	28,237	8,456	59,243	95,936
Additions	1,435	15	8,412	9,862
Transfers between classes	(570)	90	480	-
At 31 December 2018	29,102	8,561	68,135	105,798
Depreciation				
At 1 January 2018	14,865	5,662	39,015	59,542
Charge for the year on owned assets	2,308	803	11,316	14,427
At 31 December 2018	17,173	6,465	50,331	73,969
Net book value				
At 31 December 2018	11,929	2,096	17,804	31,829
At 31 December 2017	13,372	2,794	20,228	36,394

13. Fixed asset investments

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 January 2018	18,004	350	18,354
At 31 December 2018	18,004	350	18,354
Net book value			
At 31 December 2018	18,004	350	18,354
At 31 December 2017	18,004	350	18,354

CBRE LIMITED

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

13. Fixed asset investments (continued)**Subsidiary undertakings**

The Company has investments in the following subsidiary undertakings and other investments:

Name	Class of shares	Holding	Principal activity
CB Richard Ellis Limited	Ordinary	100 %	Property services
CBRE Capital Advisors Limited	Ordinary	100 %	Financial Services
CBRE Jersey Limited	Ordinary	100 %	Property Services
CBRE Loan Services Limited	Ordinary	100 %	Property Services
CBRE Indirect Investment Services Limited	Ordinary	100 %	Financial Services
CBRE Management Services Limited	Ordinary	100 %	Management Services
CBRE Financial Services Limited	Ordinary	100 %	Investment holding Treasury management
CBRE European Treasury Limited	Ordinary	100 %	services
Mareagle (Ireland)	Ordinary	100 %	Investment holding Estate agent and property management
CBRE Services (Jersey) Limited	Ordinary	100 %	services
CBRE Hotels Limited	Ordinary	100 %	Real estate brokerage
Fintan Limited	Ordinary	100 %	Investment holding
CBRE Global Investors Europe Holdings Limited	Ordinary	100 %	Investment holding
CB Hillier Parker Pension Scheme Trustee Limited	Ordinary	100 %	Pension Fund Trustee
Richard Ellis St Quintin Trustee Limited	Ordinary	100 %	Pension Fund Trustee

CBRE LIMITED

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

13. Fixed asset investments (continued)

All the above subsidiary undertakings are incorporated in England and Wales with the exception of the following entities:

- CBRE Services (Jersey) Limited - Incorporated in Jersey
- CBRE Jersey Limited - Incorporated in Jersey
- Mareagle (Ireland) - Incorporated in Ireland

Unlisted Investments

The unlisted investment is a 6.9% share in Warehousio Limited, a company registered in England and Wales. The company acts as an agent connecting warehouse owners with spare capacity to occupiers and third logistic companies who are in need of short term space.

14. Debtors

	2018 £000	2017 £000
Due after more than one year		
Other debtors	453	453
	<u>453</u>	<u>453</u>
	2018 £000	2017 £000
Due within one year		
Trade debtors	93,846	90,304
Amounts owed by group undertakings	475,402	426,981
Other debtors	23,973	24,296
Prepayments and accrued income	31,707	33,586
Deferred taxation	2,351	1,333
	<u>627,279</u>	<u>576,500</u>

Amounts due from group companies are unsecured and repayable on demand.

CBRE LIMITED

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

15. Cash and cash equivalents

	2018	2017
	£000	£000
Cash at bank and in hand	87,671	83,904
	87,671	83,904

16. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	2,444	1,323
Amounts owed to group undertakings	165,680	143,324
Corporation tax and withholding tax	152	141
Other taxation and social security	6,604	8,081
Other creditors	34,370	30,155
Accruals and deferred income	110,151	112,831
	319,401	295,855

A loan for £97,555,482 (2017: £95,232,607) is owed to CBRE Luxembourg Finance SARL, payable on demand. Interest is payable at an annual rate equal to LIBOR plus 5.079%.

Amounts due to group companies are unsecured and repayable on demand.

CBRE LIMITED

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

17. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets measured at fair value through profit or loss	87,671	83,904
Financial assets that are debt instruments measured at amortised cost	1,056,910	556,467
Financial assets that are equity instruments measured at cost less impairment	350	350
	<u>1,144,931</u>	<u>640,721</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(739,022)</u>	<u>(287,520)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and intercompany receivables.

Financial assets that are equity instruments measured at cost less impairment comprise of unlisted equity investments.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and intercompany payables.

18. Deferred taxation

Deferred taxation provided in the financial statements is as follows:

	2018 £000
At 1 January 2018	1,333
Credited to the profit or loss	1,018
At end of year	<u>2,351</u>

CBRE LIMITED

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

18. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Fixed asset timing differences	1,972	1,165
Other short term timing differences	379	168
	<u>2,351</u>	<u>1,333</u>

19. Provisions

	Provision for annuities £000	Provisions for onerous leases £000	Other provisions £000	Total £000
At 1 January 2018	959	1,190	572	2,721
Charged to the profit or loss	46	116	392	554
Utilised in year	(334)	(137)	(298)	(769)
At 31 December 2018	<u>671</u>	<u>1,169</u>	<u>666</u>	<u>2,506</u>

20. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
6,000,104 (2017 - 6,000,104) Ordinary shares shares of £1.00 each	<u>6,000</u>	<u>6,000</u>

CBRE LIMITED

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

21. Reserves**Share premium account**

This represents the additional amount paid by shareholders for their issued shares over the nominal value of those shares.

Other reserves

The capital contribution reserve relates to restricted shares in CBRE Group, Inc. awarded to senior employees.

Profit and loss account

This includes all current and prior period retained profits and losses including accumulated actuarial gains and losses on the defined benefit pension schemes.

22. Share based payments

CBRE Limited operates two separate share based payment schemes, awards are made in either the form of Share Options or Restricted Shares in CBRE Group, Inc. There were no outstanding share options held by employees of CBRE Limited as at 31 December 2018 or 31 December 2017.

	2018	2017
	Number	Number
Exercisable at the end of the year	-	-

Restricted Stock

Restricted stock units in CBRE Group, Inc are granted to senior employees. Fair Value is ascertained by reference to the listed share price at the date of grant. The vesting of the shares is dependent upon employees meeting service based vesting conditions with a maximum condition on the current outstanding shares of 4 years. If an employee leaves employment in the Company within the vesting period the shares are forfeited. There are no market based conditions to be met in order for the shares to vest and the exercise price of the shares is £nil. Details of the restricted stock units are summarised below:

	2018	2017
	£000	£000
Outstanding at the beginning of the year	209,867	245,748
Granted during the year	38,823	89,387
Forfeited during the year	(12,590)	(7,723)
Vested during the year	(79,640)	(117,545)
	156,460	209,867

Included in wages and salaries is a total expense of restricted share awards of £2,158,362 (2017: £2,942,476) from transactions accounted for as equity settled share-based payment transactions.

CBRE LIMITED

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

23. Pension Commitments

Defined Benefit schemes

The Company operates two defined benefit pension schemes, The CB Hillier Parker Pension Scheme and the Richard Ellis St Quintin Retirement Fund. Both pension schemes are closed to new members and with effect from 30 June 2007 the CB Hillier Parker Pension Scheme 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 both schemes can be found below:

	Actuarial gain/(loss) 2018 £000	Actuarial gain/(loss) 2017 £000	Pension liability 2018 £000	Pension liability 2017 £000	Pension Reserve 2018 £000	Pension Reserve 2017 £000
CB Hillier Parker Pension Scheme	1,779	10,462	64,695	68,217	(107,472)	(109,251)
Richard Ellis St Quintin Retirement Fund	(1,925)	1,997	23,879	22,175	(35,009)	(33,084)
Less: Deferred Tax	(309)	(2,608)	(18,925)	(19,234)	11,279	11,588
	<u>(455)</u>	<u>9,851</u>	<u>69,649</u>	<u>71,158</u>	<u>(131,202)</u>	<u>(130,747)</u>

CBRE LIMITED

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

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 active members were transferred to deferred and the scheme ceased to accrue for future benefits.

The employer contribution for the year was £3,738,000 (2017: £4,165,000).

The pension charge to the Company for the year from the scheme was a cost of £1,995,000 (2017: £2,388,000).

The movement in the scheme liabilities and asset is as follow:

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	247,569	248,939
Interest cost	6,142	6,561
Actuarial gains/losses	(17,213)	3,933
Benefits paid	(18,378)	(11,864)
At the end of the year	218,120	247,569

Reconciliation of present value of plan assets:

	2018 £000	2017 £000
At the beginning of the year	179,352	168,483
Interest income	4,300	4,442
Return on assets, excluding interest income	(15,434)	14,394
Contributions	3,738	4,165
Benefits paid	(18,378)	(11,864)
Scheme Administrative cost	(153)	(268)
At the end of the year	153,425	179,352

CBRE LIMITED

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

Pension Commitments (continued)

Composition of plan assets:

	2018	2017
	£000	£000
Equity	-	120,208
Diversified Growth Fund	75,374	57,535
Equity Linked LDI	53,328	-
Multi Asset Credit Fund	11,445	-
Fixed Income Global Fund	11,397	-
Cash	1,881	1,609
Total plan assets	153,425	179,352
	2018	2017
	£000	£000
Fair value of plan assets	153,425	179,352
Present value of plan liabilities	(218,120)	(247,569)
Net pension scheme liability	(64,695)	(68,217)

The amounts recognised in profit or loss are as follows:

	2018	2017
	£000	£000
Net interest on the net defined benefit liability	1,842	2,120
Service cost - administrative cost	153	268
Total	1,995	2,388

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £107,472k (2017 - £109,251k).

The Company expects to contribute £3,310,000 to its Defined benefit pension scheme in 2019.

CBRE LIMITED

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

Pension Commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date:

	2018	2017
	%	%
Discount rate	2.75	2.50
Future salary increases	N/A	N/A
Future pension increases	3.50	3.50
Inflation assumption	3.50	3.50
Mortality rates (years)		
- for a male aged 60 now	28.8	28.9
- at 60 for a male aged 40 now	30.3	30.3
- for a female aged 60 now	29.8	29.8
- at 60 for a female member aged 40 now	31.3	31.4

Post retirement mortality assumptions in 2018 are using S2PA_L tables with allowance for future improvements from 2007 in line with CMI 2017 with a smoothing parameter (SK) of 8.5 and a long term annual improvement of 1.25% pa for males and females. (2017: S2PA_L tables with allowance for future improvements from 2007 in line with CMI 2016 with a smoothing parameter (SK) of 8.5 and a long term annual improvement of 1.25% pa for males and females).

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2018	2017	2016	2015	2014
	£000	£000	£000	£000	£000
Defined benefit obligation	(218,120)	(247,569)	(248,939)	(182,580)	(193,112)
Scheme assets	153,425	179,352	168,483	150,753	152,899
Surplus	(64,695)	(68,217)	(80,456)	(31,827)	(40,213)

CBRE LIMITED

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

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 active members were transferred to deferred and the scheme ceased to accrue 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 30 June 2007.

The total employer contribution for the year was £1,641,000 (2017: £1,790,000).

The pension charge to the Company for the year from the scheme was a cost of £1,420,000 (2017: £681,000)

Following the recent High Court judgement in the Lloyds case, overall pension benefits now need to be equalised to eliminate inequalities between males and females in Guaranteed Minimum Pensions ("GMPs"). The Fund has GMPs in the St Quintin Section of the Fund consisting of around 70% of the Fund liabilities.

It has been estimated that the uplift required to equalise the GMPs in the St Quintin section to be 1.4% of its liabilities, making the approximated impact of GMP equalisation to be around £830,000 on the accounting basis. This is treated as a past service cost and will be recognised in the profit and loss as at 31 December 2018.

The movement in scheme liabilities and assets is as follows:

Reconciliation of present value of plan liabilities

	2018	2017
	£000	£000
At the beginning of the year	89,817	89,390
Interest cost	2,206	2,269
Actuarial (gains)/losses	(3,477)	2,435
Benefits paid	(3,836)	(4,277)
Past service cost	830	-
	85,540	89,817

CBRE LIMITED

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

Reconciliation of fair value of scheme assets

	2018 £000	2017 £000
At the beginning of the year	67,642	64,109
Interest income	1,663	1,634
Return on assets, excluding interest income	(5,402)	4,432
Contributions	1,641	1,790
Benefits paid	(3,836)	(4,277)
Fund Administrative cost	(47)	(46)
At the end of the year	61,661	67,642

Composition of scheme assets

	2018 £000	2017 £000
Equity	-	22,469
Broad Bonds	-	10,415
Diversified Growth Fund	27,301	23,372
Equity Linked LDI	18,443	-
Multi Asset Credit Fund	11,925	-
Fixed Income Global Fund	3,711	-
Cash	281	11,386
	61,661	67,642

Scheme Assets

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

	2018 £000	2017 £000
Fair value of plan assets	61,661	67,642
Present value of plan liabilities	(85,540)	(89,817)
Net pension scheme liability	(23,879)	(22,175)

CBRE LIMITED

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

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Service cost - including current & past service costs, settlements	830	-
Service cost - administrative cost	47	46
Net interest on the net defined benefit liability	543	635
Total	1,420	681

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £35,009k (2017: £33,084k).

The Company expects to contribute £1,493,000 to its Defined Benefit pension schemes in 2019.

Principal actuarial assumptions at the Statement of Financial Position date:

	2018 %	2017 %
Discount rate	2.75	2.50
Future salary increases	N/A	N/A
Future pension increases in line with increase in RPI capped at 5% pa (LPI)	3.30	3.30
Inflation assumption (RPI)	3.50	3.50
Mortality rates		
- for a male aged 65 now	24.0	24.1
- at 65 for a male aged 45 now	25.3	25.4
- for a female aged 65 now	25.0	25.0
- at 65 for a female member aged 45 now	26.5	26.5

Post retirement mortality assumptions in 2018 are using S2PA_L tables with allowance for future improvements from 2007 in line with CMI 2017 model, with a smoothing parameter (SK) of 8.5 and long term annual rate improvement of 1.25% pa for males and females. (2017: S2PA_L tables with allowance for future improvements from 2007 in line with CMI 2016 model, with a smoothing parameter (SK) of 8.5 and long term annual rate improvement of 1.25% pa for males and females).

Amounts for the current and previous four periods are as follows:

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Defined benefit obligation	(85,540)	(89,817)	(89,390)	(73,698)	(77,326)
Scheme assets	61,661	67,642	64,109	56,627	57,887
Deficit	(23,879)	(22,175)	(25,281)	(17,071)	(19,439)

CBRE LIMITED

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

Both final salary schemes are closed to new entrants, and under the method used to calculate pension costs, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of 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 the trustees.

The group operated a defined contribution scheme for employees of CBRE 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 CBRE Management Services Limited. The total pension charge for the year was £668,794 (2017: £665,000).

The total pension charge for the year for group personal plans was £7,988,111 (2017: £6,414,000). Contributions totalling £985,017 (2017: £979,502) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

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

	2018 £000	2017 £000
Property Leases		
Not later than 1 year	14,111	14,786
Later than 1 year and not later than 5 years	52,730	56,778
Later than 5 years	31,446	46,069
	<u>98,287</u>	<u>117,633</u>
	2018 £000	2017 £000
Other Leases		
Not later than 1 year	452	733
Later than 1 year and not later than 5 years	343	933
	<u>795</u>	<u>1,666</u>

CBRE LIMITED

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

25. Immediate and ultimate parent company

CBRE Holdings Limited, a company incorporated in England and Wales, is the immediate parent company.

The Directors regard CBRE Group, Inc., a company incorporated in the United States, as the ultimate parent company and ultimate controlling party. CBRE Group, Inc. is the parent company of the largest group of which the Company is a member and for which consolidated financial statements are drawn up.

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