

Registered number: 3536032

CBRE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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CBRE LIMITED

COMPANY INFORMATION

Directors	C E Bird G Borok (resigned 17 November 2017) M F Creamer (resigned 29 September 2017) M S Lewis (resigned 7 December 2017) L H Midler (resigned 31 October 2018) M D Samworth D Green D Mercado (appointed 7 December 2017) A E Gaffner (appointed 17 November 2017, resigned 1 June 2018) D A Bazzano (appointed 1 June 2018) P Zargarof (appointed 31 October 2018)
Company secretary	A C Naftis
Registered number	3536032
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

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CBRE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Principal activities

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

Business review

Despite an uncertain market the Company has performed strongly in 2017. Revenue increased by 11% to £354,336k (2016: £318,022k). Profit before tax has increased by 3% to £46,912k (2016: £45,460k).

Tax is receivable for 2017 of which corporation tax is a charge of £9,885k (2016: £893k) and deferred tax a credit of £(678)k (2016: £(420)k credit). Profit after tax therefore stands at £37,705k (2016: £44,987k).

Net assets of the company have increased by 14% to £403,408k (2016: £352,910k).

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 2017:

Revenue - to track the growth in the business. This is a key area of strategic focus for the board. Revenue has increased by 11% to £354,336k (2016: £318,022k).

Profit before tax - to track the underlying performance of the business and to ensure sales growth translates into increased profits. Profit before tax has increased by 3% to £46,912k (2016: £45,460k).

CBRE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 including the resignation of A E Gaffner as at 1 June 2018, the appointment of D A Bazzano as at 1 June 2018, the resignation of L H Midler as at 31 October 2018 and the appointment of P Zargarof as at 31 October 2018.

There has been significant withdrawals from our Defined Benefit Pension schemes during 2018, above the threshold implicit in one scheme. This resulted in a one off profit and loss charge of £6.7m as at the date of signing these accounts.

Additionally, on 26 October 2018, the High Court reached a judgement in the Lloyds Banking Group Pensions Trustees Limited versus Lloyds Bank Plc GMP equalisation case. The High Court concluded that schemes will be required to equalise for the effect of unequal GMP's accrued between 1990 and 1997. This judgement may be subject to appeal.

CBRE Limited operates defined benefit schemes, and at 31 December 2017, no allowance has been made for GMP equalisation when calculating the defined benefit obligations.

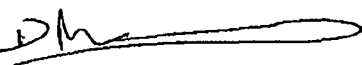
Given that the event that triggers this additional expense is the court judgement itself, this is a non-adjusting post-balance sheet event, and accordingly no adjustment has been made to the defined benefit obligations at 31 December 2017.

The impact of this judgement on the retirement plans is still to be finalised but this is not expected to materially increase the benefit obligations.

2018 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: 16 January 2019

CBRE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the for the year ended 31 December 2017.

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 £37,705k (2016: £44,987k).

CBRE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors

The directors who served during the year were:

C E Bird
G Borok (resigned 17 November 2017)
M F Creamer (resigned 29 September 2017)
M S Lewis (resigned 7 December 2017)
L H Midler (resigned 31 October 2018)
M D Samworth
D Green
D Mercado (appointed 7 December 2017)
A E Gaffner (appointed 17 November 2017, resigned 1 June 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.

CBRE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Post balance sheet events

On 1 June 2018 A E Gaffner resigned as a director of the Company and D A Bazzano was appointed. On 31 October 2018 L H Midler resigned as a director of the Company and P Zargarof was appointed.

There have been significant withdrawals from the Defined Benefit Pension schemes operated by the Company, with one scheme exceeding the threshold implicit in the scheme and as such incurring a £6.7m charge to the profit and loss.

On 26 October 2018, the High Court reached a judgement in the Lloyds Banking Group Pensions Trustees Limited versus Lloyds Bank Plc GMP equalisation case. The High Court concluded that schemes will be required to equalise the effect of unequal GMPs accrued between 1990 and 1997. The judgement may be subject to appeal.

CBRE Limited operates defined benefit schemes, and as at 31 December 2017, no allowance has been made for GMP equalisation when calculating the defined benefit obligations.

Given that the event that triggers this additional expense is the court judgement itself, this is a non-adjusting post-balance sheet event, and accordingly no adjustment has been made to the defined benefit obligation as at 31 December 2017.

The impact of this judgement on the retirement plans is still to be finalised but this is not expected to materially increase the benefit obligations.

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.

This report was approved by the board on 16 January 2019 and signed on its behalf.



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 2017 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE LIMITED

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.

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

17 January 2019

CBRE LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover	4	354,336	318,022
Gross profit		354,336	318,022
Administrative expenses		(309,518)	(274,688)
Operating profit	5	44,818	43,334
Interest receivable and similar income	8	9,170	10,125
Interest payable and similar expenses	9	(7,076)	(7,999)
Profit before tax		46,912	45,460
Tax credit/(charge) on profit	10	(9,207)	(473)
Profit for the financial year		37,705	44,987

The notes on pages 14 to 44 form part of these financial statements.

CBRE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Profit for the financial year		37,705	44,987
Other comprehensive income			
Actuarial gain/(loss) on defined benefit schemes		12,459	(59,167)
Movement on deferred tax relating to pension losses/(gains)		(2,608)	9,173
Other comprehensive income for the year		9,851	(49,994)
Total comprehensive income for the year		47,556	(5,007)

The notes on pages 14 to 44 form part of these financial statements.

CBRE LIMITED
REGISTERED NUMBER:3536032

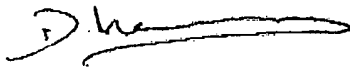
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	11	57,537	65,859
Tangible assets	12	36,394	41,994
Investments	13	18,354	18,004
		<u>112,285</u>	<u>125,857</u>
Non Current assets			
Debtors due after more than 1 year	14	453	744
		<u>453</u>	<u>744</u>
Current assets			
Debtors: amounts falling due within one year	14	576,500	580,693
Cash at bank and in hand	15	83,904	31,592
		<u>660,404</u>	<u>612,285</u>
Creditors: amounts falling due within one year	16	(295,855)	(298,683)
Net current assets		<u>364,549</u>	<u>313,602</u>
Total assets less current liabilities		<u>477,287</u>	<u>440,203</u>
Provisions for liabilities			
Other provisions		(2,721)	(3,399)
		<u>(2,721)</u>	<u>(3,399)</u>
Pension liability		<u>(71,158)</u>	<u>(83,894)</u>
Net assets		<u>403,408</u>	<u>352,910</u>
Capital and reserves			
Called up share capital	20	6,000	6,000
Share premium account	21	203,769	203,769
Other reserves	21	49,549	46,607
Profit and loss account	21	144,090	96,534
		<u>403,408</u>	<u>352,910</u>

CBRE LIMITED
REGISTERED NUMBER:3536032

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 January 2019.



D Mercado

Director

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 gains 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 14 to 44 form part of these financial statements.

CBRE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Share premium account £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 January 2016	6,000	203,769	45,099	101,541	356,409
Total comprehensive income for the year					
Profit for the year	-	-	-	44,987	44,987
Actuarial losses on pension schemes	-	-	-	(49,994)	(49,994)
Other comprehensive income for the year	-	-	-	(49,994)	(49,994)
Total comprehensive income for the year	-	-	-	(5,007)	(5,007)
Share based payment - Capital contribution	-	-	1,508	-	1,508
Total transactions with owners	-	-	1,508	-	1,508
At 31 December 2016	6,000	203,769	46,607	96,534	352,910

The notes on pages 14 to 44 form part of these financial statements.

CBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 directors 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 2017 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 2017**

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.

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017**

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 2017

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 2017

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 2017

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 2017

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 2017**

4. Turnover

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

	2017 £000	2016 £000
Rendering of Services	354,336	318,022
	<u>354,336</u>	<u>318,022</u>

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	295,033	269,382
Rest of Europe	44,030	37,059
Rest of the world	15,273	11,581
	<u>354,336</u>	<u>318,022</u>

5. Operating profit

Company operating profit on ordinary activities is stated after charging:

		2017 £000	2016 £000
Movement in provisions	19	1,501	1,002
Depreciation of tangible fixed assets	12	13,389	11,301
Amortisation of intangible assets, including goodwill	11	8,322	8,730
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		57	57
Exchange differences		(2,548)	2,172
Other operating lease rentals		8,177	7,830
Share based payment	22	2,942	1,508
Defined contribution pension cost	6	6,414	6,764
Defined benefit pension cost	6	314	273
		<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 2017**

6. Employee Information

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

	2017 £000	2016 £000
Wages and salaries	226,404	211,552
Social security costs	31,179	26,418
Cost of defined benefit scheme	314	273
Cost of defined contribution scheme	6,414	6,764
	<u>264,311</u>	<u>245,007</u>

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:

	2017 No.	2016 No.
Professional staff	1,382	1,374
Administrative staff	1,009	939
	<u>2,391</u>	<u>2,313</u>

CBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	5,263	5,264
Contributions to defined benefit and defined contribution pension schemes	30	32
Compensation for loss of office	998	-
	<u>6,291</u>	<u>5,296</u>

During the year retirement benefits were accruing to 4 directors (2016 - 3) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £2,342,000 (2016 - £1,968,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2016 - £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 (2016 - £NIL).

During the year 4 directors received shares under the long term incentive schemes (2016 - 4)

8. Interest receivable and similar income

	2017 £000	2016 £000
Intercompany interest receivable	9,143	9,983
Bank interest receivable	27	142
	<u>9,170</u>	<u>10,125</u>

9. Interest payable and similar expenses

	2017 £000	2016 £000
Bank interest payable	142	1,333
Intercompany interest payable	4,179	4,856
Net cost of financing of retirement benefits	2,755	1,810
	<u>7,076</u>	<u>7,999</u>

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	11,357	1,604
Adjustments in respect of previous periods	(1,472)	(711)
	<u>9,885</u>	<u>893</u>
 Double taxation relief	 (18)	 (2)
	<u>9,867</u>	<u>891</u>
 Foreign tax		
Foreign tax on income for the year	18	2
	<u>18</u>	<u>2</u>
 Total current tax	 <u>9,885</u>	 <u>893</u>
 Deferred tax		
Origination and reversal of timing differences	(594)	(586)
Changes to tax rates	-	4
Adjustment in respect of prior periods	(84)	162
 Total deferred tax	 <u>(678)</u>	 <u>(420)</u>
 Taxation on profit on ordinary activities	 <u>9,207</u>	 <u>473</u>

CBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	46,912	45,460
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	9,029	9,092
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,987	2,880
Adjustments to tax charge in respect of prior periods	(1,318)	1,301
Non-taxable income	(16)	(116)
Group relief	-	(8,921)
Transfer pricing adjustments	5	5
Deferred tax not recognised	1,199	7,300
Fixed asset differences	100	91
Adjustments to bought forward differences	(2,779)	(11,159)
Total tax charge for the year	9,207	473

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

Factors that may affect future tax charges

A reduction in the UK Corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced a further planned reduction to 19% (effective 1 April 2017). At Budget 2016, the government announced a further 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 2017

11. Intangible assets

	Intangible Assets £000	Goodwill £000	Total £000
Cost			
At 1 January 2017	5,804	161,657	167,461
At 31 December 2017	5,804	161,657	167,461
Amortisation			
At 1 January 2017	5,554	96,048	101,602
Charge for the year	250	8,072	8,322
At 31 December 2017	5,804	104,120	109,924
Net book value			
At 31 December 2017	-	57,537	57,537
At 31 December 2016	250	65,609	65,859

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible fixed assets

	Leasehold improvements £000	Office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2017	27,958	8,231	51,966	88,155
Additions	430	211	7,313	7,954
Disposals	(78)	(44)	(51)	(173)
Transfers between classes	(73)	58	15	-
At 31 December 2017	28,237	8,456	59,243	95,936
Depreciation				
At 1 January 2017	12,680	5,113	28,368	46,161
Charge for the year on owned assets	2,185	549	10,655	13,389
Disposals	-	-	(8)	(8)
At 31 December 2017	14,865	5,662	39,015	59,542
Net book value				
At 31 December 2017	13,372	2,794	20,228	36,394
At 31 December 2016	15,278	3,118	23,598	41,994

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Fixed asset investments

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 January 2017	18,004	-	18,004
Additions	-	350	350
At 31 December 2017	18,004	350	18,354
Net book value			
At 31 December 2017	18,004	350	18,354
At 31 December 2016	18,004	-	18,004

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 services
CBRE European Treasury Limited Mareagle (Ireland)	Ordinary	100 %	Investment holding Estate agent and property management services
CBRE Services (Jersey) Limited	Ordinary	100 %	Real estate brokerage
CBRE Hotels Limited	Ordinary	100 %	Investment holding
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 2017**

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 addition in the year relates to 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

	2017 £000	2016 £000
Due after more than one year		
Other debtors	453	744
	<u>453</u>	<u>744</u>
	2017 £000	2016 £000
Due within one year		
Trade debtors	90,304	84,143
Amounts owed by group undertakings	426,981	442,197
Other debtors	24,296	21,343
Prepayments and accrued income	33,586	32,355
Deferred taxation	18 1,333	655
	<u>576,500</u>	<u>580,693</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 2017**

15. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	83,904	31,592
	<u>83,904</u>	<u>31,592</u>

16. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1,323	1,775
Amounts owed to group undertakings	143,324	146,380
Corporation tax and withholding tax	141	102
Other taxation and social security	8,081	11,438
Other creditors	30,155	36,762
Accruals and deferred income	112,831	102,226
	<u>295,855</u>	<u>298,683</u>

A loan for £95,232,607 (2016: £91,309,035) 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 2017**

17. Financial instruments

	2017 £000	2016 £000
Financial assets		
Financial assets measured at fair value through profit or loss	83,904	31,592
Financial assets that are debt instruments measured at amortised cost	556,467	556,766
Financial assets that are equity instruments measured at cost less impairment	350	-
	<u>640,721</u>	<u>588,358</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(287,520)</u>	<u>(287,142)</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:

	2017 £000
At beginning of year	655
Credited to the profit or loss	678
At end of year	<u>1,333</u>

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Capital allowances in excess of depreciation	1,165	551
Other short term timing differences	168	104
	<u>1,333</u>	<u>655</u>

19. Provisions

	Provision for annuities £000	Provisions for onerous leases £000	Other provisions £000	Total £000
At 1 January 2017	1,208	1,061	1,130	3,399
Charged to profit or loss	73	(54)	1,482	1,501
Utilised in year	(322)	183	(2,040)	(2,179)
At 31 December 2017	<u>959</u>	<u>1,190</u>	<u>572</u>	<u>2,721</u>

20. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
6,000,104 (2016 - 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 2017

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 awards of Restricted Shares in CBRE Group, Inc. There were no outstanding share options held by employees of CBRE Limited as at 31 December 2017 or 31 December 2016.

	2017 Number	2016 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:

	2017 Number	2016 Number
Restricted Stock		
Outstanding at the beginning of the year	245,748	414,613
Granted during the year	89,387	72,697
Forfeited during the year	(7,723)	(10,553)
Vested during the year	(117,545)	(231,009)
	<u>209,867</u>	<u>245,748</u>

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Included in wages and salaries is a total expense of restricted share awards of £2,942,476 (2016: £1,507,995) from transactions accounted for as equity settled share-based payment transactions.

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) 2017 £000	Actuarial gain/(loss) 2016 £000	Pension liability 2017 £000	Pension liability 2016 £000	Pension Reserve 2017 £000	Pension Reserve 2016 £000
CB Hillier Parker Pension Scheme	10,462	(50,246)	68,217	80,456	(109,251)	(119,713)
Richard Ellis St Quintin Retirement Fund	1,997	(8,921)	22,175	25,281	(33,084)	(35,081)
Less: Deferred Tax	(2,608)	9,173	(19,234)	(21,843)	11,588	14,196
	<u>9,851</u>	<u>(49,994)</u>	<u>71,158</u>	<u>83,894</u>	<u>(130,747)</u>	<u>(140,598)</u>

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

The employer contribution for the year was £4,165,000 (2016: £3,045,000).

The pension charge to the Company for the year from the scheme was a cost of £2,388,000 (2016: £1,425,000).

The movement in scheme liabilities and assets is as follows:

Reconciliation of present value of plan liabilities:

	2017 £000	2016 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	248,939	182,580
Interest cost	6,561	7,036
Actuarial losses/gains	3,933	63,694
Benefits paid	(11,864)	(4,371)
At the end of the year	247,569	248,939

Reconciliation of present value of plan assets:

	2017 £000	2016 £000
At the beginning of the year	168,483	150,753
Interest income	4,442	5,849
Return on assets, excluding interest income	14,394	13,448
Contributions	4,165	3,042
Benefits paid	(11,864)	(4,371)
Scheme Administrative cost	(268)	(238)
At the end of the year	179,352	168,483

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Pension commitments (continued)

Composition of plan assets:

	2017 £000	2016 £000
Equity	120,208	109,960
GARS Fund	57,535	56,103
Property	-	1,309
Cash	1,609	1,111
Total plan assets	179,352	168,483

	2017 £000	2016 £000
Fair value of plan assets	179,352	168,483
Present value of plan liabilities	(247,569)	(248,939)
Net pension scheme liability	(68,217)	(80,456)

The amounts recognised in profit or loss are as follows:

	2017 £000	2016 £000
Net interest on the net defined benefit liability	2,120	1,187
Service cost - administrative cost	268	238
Total	2,388	1,425

The cumulative amount of actuarial losses recognised in the Statement of comprehensive income was £109,251k (2016 - £119,713k).

The Company expects to contribute £3,737,500 to its defined benefit pension scheme in 2018.

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date:

	2017 %	2016 %
Discount rate	2.50	2.70
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	28.9	28.8
- at 60 for a male aged 40 now	30.3	30.4
- for a female aged 60 now	29.8	30.1
- at 60 for a female member aged 40 now	31.4	31.7

Post retirement mortality assumptions in 2017 are using 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. (2016: SIPA_L tables with allowance for future improvements from 2003 in line with CMI 2013 core projections, with a long term annual rate improvement of 1.0% pa for males and females).

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

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Defined benefit obligation	(247,569)	(248,939)	(182,580)	(193,112)	(171,618)
Scheme assets	179,352	168,483	150,753	152,899	145,283
Surplus	(68,217)	(80,456)	(31,827)	(40,213)	(26,335)

CBRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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 the 30 June 2007.

The total employer contribution for the year was £1,790,000 (2016: £1,369,000).

The pension charge to the Company for the year from the scheme was a cost of £681,000 (2016: £658,000).

The movement in scheme liabilities and assets is as follows:

Reconciliation of present value of plan liabilities

	2017 £000	2016 £000
At the beginning of the year	89,390	73,698
Interest cost	2,269	2,736
Actuarial losses/(gains)	2,435	16,361
Past service costs	(4,277)	(3,405)
At the end of the year	89,817	89,390

Reconciliation of fair value of scheme assets

	2017 £000	2016 £000
At the beginning of the year	64,109	56,627
Interest income	1,634	2,113
Return on assets, excluding interest income	4,432	7,440
Contributions	1,790	1,369
Benefits paid	(4,277)	(3,405)
Fund Administrative Cost	(46)	(35)
At the end of the year	67,642	64,109

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Composition of scheme assets:

	2017	2016
	£000	£000
Equity	22,469	21,765
Broad Bonds	10,415	9,790
Dynamic Assets Allocation	23,372	21,313
Cash and NCA	11,386	11,241
Total fair value of scheme assets	67,642	64,109

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:

	2017	2016
	£000	£000
Fair value of plan assets	67,642	64,109
Present value of plan liabilities	(89,817)	(89,390)
Net pension scheme liability	(22,175)	(25,281)

The amounts recognised in profit or loss are as follows:

	2017	2016
	£000	£000
Service cost - administrative cost	46	35
Net interest on the net defined benefit liability	635	623
Total	681	658

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £33,084k (2016: £35,081k).

The Company expects to contribute £1,640,500 to its Defined Benefit pension schemes in 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
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Principal actuarial assumptions at the Statement of Financial Position date:

	2017	2016
	%	%
Discount rate	2.50	2.60
Future salary increases	N/A	N/A
Future pension increases in line with increase in RPI capped at 5% pa (LPI)	3.30	3.20
Inflation assumption (RPI)	3.50	3.40
Mortality rates		
- for a male aged 65 now	24.1	23.6
- at 65 for a male aged 45 now	25.4	25.0
- for a female aged 65 now	25.0	24.9
- at 65 for a female member aged 45 now	26.5	26.4

Post retirement mortality assumptions in 2017 are using 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. (2016: SIPA_L tables with allowance for future improvements from 2003 in line with CMI 2013 core projections, with a long term annual rate improvement of 1.0% pa for males and females).

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

	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Defined benefit obligation	(89,817)	(89,390)	(73,698)	(77,326)	(69,863)
Scheme assets	67,642	64,109	56,627	57,887	55,168
Deficit	(22,175)	(25,281)	(17,071)	(19,439)	(14,695)

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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 £665,000 (2016: £636,000).

The total pension charge for the year for group personal plans was £6,414,000 (2016: £6,764,000). Contributions totalling £979,502 (2016: £600,335) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Property Leases		
Not later than 1 year	14,786	13,550
Later than 1 year and not later than 5 years	56,778	53,447
Later than 5 years	46,069	37,815
	<u>117,633</u>	<u>104,812</u>
	2017 £000	2016 £000
Other Leases		
Not later than 1 year	733	680
Later than 1 year and not later than 5 years	933	647
	<u>1,666</u>	<u>1,327</u>

CBRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. Post balance sheet events

On 26 October 2018, the High Court reached a judgement in the Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank Plc GMP equalisation case. The High Court concluded that schemes will be required to equalise for the effect of unequal GMPs accrued between 1990 and 1997. This judgement may be subject to appeal.

CBRE Limited operates defined benefit schemes, and at 31 December 2017, no allowance has been made for GMP equalisation when calculating the defined benefit obligations.

Given that the event that triggers this additional expense is the court judgement itself, this is a non-adjusting post-balance sheet event, and accordingly no adjustment has been made to the defined benefit obligations at 31 December 2017.

The impact of this judgement on the retirement plans is still to be finalised but this is not expected to materially increase the benefit obligations.

26. 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.