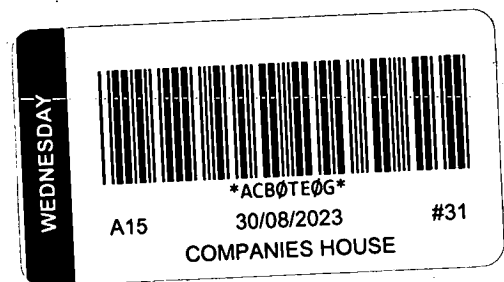


Registered number: 01799580

**CBRE MANAGED SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



CBRE MANAGED SERVICES LIMITED

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CBRE MANAGED SERVICES LIMITED

COMPANY INFORMATION

Directors

K Lynn
M Eastwood
M Farrant
E Gifon
J Lawson

Company secretary

T Chaudhary

Registered number

01799580

Registered office

61 Southwark Street
London
England
SE1 0HL

Independent auditor

KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

CBRE MANAGED SERVICES LIMITED STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for CBRE Managed Services Limited (the "Company") for the year ended 31 December 2022.

Business review

The principal activity of the Company is the maintenance and installation of mechanical and electrical equipment within buildings and the provision of facilities management services.

The profit for the year after tax was £35,949,000 (2021: £35,336,000).

The Company has maintained its commitment to the provision of exceptional service to all our customers. The Company has adhered to its strategy for growth by adding complementary services that are valued by its customers and has continued to broaden and enhance its skill base accordingly.

Principal risks and uncertainties

The Company continues to keep close relations with its strategic supply partners to ensure they are able to continue trading and supplying quality services to the Company's customers. The risk to the Company is considered low and there has been no impact on services to date.

The global coronavirus pandemic has led to challenges for our customers, our suppliers and our employees. A number of our customers have seen their revenues fall significantly in the months since lockdown was introduced. As most of our business is contracted the impact on our own business is limited, however some areas of discretionary spend outside the scope of contracted services have reduced. We have worked with our key stakeholders to navigate through these uncertain times and are well positioned to deliver strong performance for our stakeholders into the future.

Management consider an accident or incident on one of our client sites to be a financial and reputational risk. This has been mitigated by robust and externally certified Quality, Health, Safety and Environmental policies & procedures as well as an insurance policy in place for the Company.

The impact of economic matters that have arisen in 2022, in particular rising inflation, on the regional and global economy remains uncertain and is difficult to assess in terms of duration and severity. The Company will continue to monitor market conditions and to evaluate the potential impact, if any, on its operations going forward.

CBRE MANAGED SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

During 2022, the Company's annualised sales have increased from 2021, with turnover being £1,534m (2021: £1,335m). The 14.9% increase in turnover is driven through increased market share and the expansion of the services delivered to our clients. These results have been achieved against a background of competitive market conditions with many of our customers rightly demanding value for money. Company's operating profit of £41,941,000 (2021: £42,965,000) for the period to 31 December 2022 increased, excluding Royalty Payments and other Group charges.

The Local Facilities Management business continued to see growth in its core UK & Ireland markets, whilst the Data Centre Solutions business continued its expansion in each of the EMEA, Asia Pacific and The Americas regions. The Data Centre Solutions business in particular continues to offer significant opportunities for growth.

Our highly skilled and motivated people and our exceptional range of services, combined with our strong balance sheet, give us confidence that we will continue our profitable growth. Ongoing term contract orders relate to annual turnover of confirmed orders at year end including notified wins and losses. During the pandemic, the Company has continued to enhance its processes, products, services and solutions in order to deliver improvements in the cost, quality and service to customers. The enhancements will further strengthen our relationship with customers and ensure that we retain existing contracts and win further orders despite the economic conditions.

Future developments

The Company will continue to improve processes, products, services and solutions as part of the performance of daily work. It seeks to achieve improvements in the cost, quality and service to customers and to strengthen performance through the evolution of systems, standards and tools.

Financial risk management

Credit risks

The Company's policy is that the credit-worthiness of any prospective client, contractor, subcontractor, vendor, joint venture partner or any entity engaging in an economic transaction with the Company must be evaluated to ascertain whether it has the financial capacity to enter into and perform its obligations under such transactions. This process is undertaken to ensure from a financial standpoint that any third party has the financial stability and strength necessary to fulfil its commitments to the Company. The extent of the credit evaluation must be commensurate with the level of risk associated with the inability of the counterparty to perform under the contract.

The Company's policy is to use financial institutions authorised by CBRE Group, Inc., who actively manage the global banking facilities.

Exchange rate risk

Potential exposure to currency exchange rate fluctuations is managed internally within the group. Consequently, exchange rate risk for the Company is not considered significant.

Price risk

The directors recognise the price risk associated with regular contract renewals as part of the GWS business, however management continue to focus on improving recoveries through the lives of existing and new contracts by securing variation orders and increased scope of work.

CBRE MANAGED SERVICES LIMITED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management (continued)

Liquidity and interest rate risk

If funding is required then this is achieved by either an internal loan from a CBRE Group, Inc., company or through finance arrangements with banks arranged by the ultimate parent company CBRE Group, Inc.

All group risk is closely managed by the corporate risk management team, which is controlled by the ultimate parent company CBRE Group, Inc.

Our commitment to Section 172

Our stakeholders

The directors of the Company have acted in accordance with their duties codified in law, which include their duty to act in the way most likely to promote the success of the Company for the benefit of its shareholders. In doing so, directors must pay regard to the Company's stakeholders and to CBRE's reputation for high standards of business conduct, having regard to matters set out in Section 172 of the Companies Act 2006.

Section 172 requires a director to have regard (amongst other matters), to:

- 1) the likely consequences of any decision in the long term;
- 2) the interests of the company's workforce;
- 3) the need to foster the company's business relationships with suppliers, customers, and others;
- 4) the impact of the company's operations on the community and the environment;
- 5) the desirability of the company maintaining a reputation for high standards of business conduct; and
- 6) the need to act fairly as between members of the company.

The directors consider stakeholder factors when making decisions at Board level, when setting strategy, developing policies, fostering the corporate culture, and guiding and delegating decisions to management and employees. Engagement with stakeholders also involves judgement and actions by managers and employees with whom stakeholders interact directly.

CBRE's RISE values (Respect, Integrity, Service, and Excellence) reflect the Company's consideration of the wide community of stakeholders and the focus on creating outcomes that benefit all of them. The Company considers this commitment to the community and wider stakeholders as a reason for our inclusion in Fortune's Worlds Most Admired Companies for the last thirteen years.

The directors are fully apprised of their responsibilities under Section 172 of the Companies Act 2006 and are so advised and updated regularly by the Company's Secretariat and, where appropriate, through external training. Guidance has been provided by the Company's Secretariat to explain the importance of the considerations referred to in Section 172 as part of good decision making, to ensure that proposals coming to the directors contain appropriate information on the potential impact of business decisions on all the Company's stakeholders, and other relevant matters.

Operating governance meetings are in place at monthly and quarterly frequency to oversee the implementation of the strategy, to track part performance, and to provide outlook for the future. They consider all key stakeholder groups, highlights for the month, how risk areas including projects, legal implications and other matters impact clients/employees and other stakeholders and reflect how the divisions and functions support the business by aligning its focus with the overall business strategy.

CBRE MANAGED SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our commitment to Section 172 (continued)

Our stakeholders (continued)

Reports to the monthly Divisional Reviews, the Quarterly Operating Board, and the Weekly Leadership Meetings' updates explain consideration of stakeholder factors in the development of proposals, to better guide decision-making. The director appointment documentation also directly references directors' legal obligation to consider stakeholder factors. The Governance team will continue to provide support to the Board to ensure that sufficient consideration is given to stakeholder issues.

The Company holds annual networking and strategy events to address the short and the long-term strategy, issues and goals of the business. The strategy addresses the Company's stakeholders directly through its overall aim to produce distinct advantages for clients, employees, and shareholders by creating real estate solutions that drive value and growth.

The following statement identifies the key stakeholder groups and outlines methods that directors used to engage with them, understand the issues to which they should have regard, and gather feedback.

Employees

The Company employs around 7,000 people directly, in addition to staff employed by the wider CBRE UK group who support the business. Our culture provides an inclusive, innovative, and engaging workplace where our employees can realise their full potential.

- The UK business has over 110 trained Mental Health First Aiders to effectively provide support on a first aid basis to colleagues experiencing mental health issues. We have also developed a Mental Health First Aid policy across EMEA.
- Access to Doctor Care Anywhere app is available to CBRE staff for virtual doctor appointments, including monthly and quarterly health and well-being talks and discounted health screenings.
- We have launched 'Spectrum Life', a Workplace Well-being provider that provides a digital well-being app and one stop solution for all employer well-being needs.
- The Company continues to embed the EMEA Diversity, Equity & Inclusion Steering Committee, and action plans. Below is an example of the type of initiatives which are being encouraged:
 - Participate in at least one EBRG event or volunteer opportunity on a quarterly basis;
 - Attend at least one supplier diversity training session before the end of the year;
 - Complete at least two DE&I training modules by end of the year;
 - Refer a deserving diverse talent candidate through a recognized CBRE referral program.
- The Company supports its employees through an array of Employee Resource Groups and Affinity Networks, which are as follows: Ability Network (supporting people with disabilities and long-term conditions), Faith Network, Family Network, REACH Network (CBRE's Race, Ethnicity and Cultural Heritage Network), Proud Network (supporting LGBTQ+ people and Allies), Women's Network and Armed Forces Network.
- We are recognised by the Living Wage Foundation as a 'Recognised Service Provider', with 100% of direct employees being paid Real Living Wage. Benefits of this include enhance workforce satisfaction resulting in higher productivity levels and reduced workforce 'churn'.
- The group holds an annual Global Safety Week, which is committed to developing safe and healthier ways of working for all employees.
- CBRE's continues to evolve its approach to HSE with advanced development of a new proprietary Health, Safety & Environment technology platform. In addition, the Company has 14 consecutive ROSPA Presidents Awards for Health and Safety and has nominated over 220 Risk Champions.

CBRE MANAGED SERVICES LIMITED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Our commitment to Section 172 (continued)

Employees (continued)

- A structured performance development programme is in place for each employee, setting performance goals and identifying development needs with their line manager. CBRE operates an ongoing succession planning process that evaluates employees' future potential and ensures a consistent pipeline of talent is available with which to recruit and promote internally.
- Our annual Next Gen programmes are now firmly established. Across our apprentice, intern and graduate intake we have 163 employees currently on programmes. Developing our Next Generation community with support and ongoing guidance is fundamental to the success of the programme and sustaining our business growth.
- Talent Coach is CBRE's training, development and knowledge platform. Further training and development are delivered through classroom or onsite training.
- A suite of development & talent programmes is available to support career progression for all colleagues.
- A weekly round-up newsletter is emailed to all GWS employees.
- An annual confidential survey is conducted with all employees to enable us to monitor engagement and make improvements to our employees' experience that improve retention and drive performance.
- Ex-Forces Networking Events / Partnership with Ex-Forces-networks in general.
- Focus on "Everyone is a Recruiter" involving a refresh and focus on talent referrals.
- During 2022, CBRE improved the insured provision of Income Protection to all employees with a minimum of 2 years' service, giving our employees improved financial security and early intervention services to facilitate, where possible, a faster return to work.
- In support of our employee wellbeing and benefits experience, we agreed to the procurement of a benefits platform which will be made available to all employees to see and amend the employee benefits offered to them and introduce new benefits which provide tax efficiencies to both employees and the company. This platform is proposed for launch in 2023

Suppliers

The supply chain is fundamental to CBRE's business as a provider of outsourced services.

- In 2022, we were named winners of a Global Procurement Leaders award, IWFM award, PFM award, MSDUK and Social Enterprise UK awards for our efforts to drive diversity and inclusion through our supply chain. We are also finalists in the 2023 CIPS awards for our Social value programme, harnessing our procurement spend to achieve greater positive social and environmental impact.
- Our Supplier Engagement team onboards, supports and mentors our diverse suppliers, giving them the tools and knowledge required to become a successful long term partner to CBRE.
- During the past year, CBRE in the UK have increased spend with diverse suppliers by 71%, with a total spend of \$37.8m split across the following groups:
 - Social enterprises: \$31.1m
 - Ethnic minority businesses: \$620.3k
 - Women-owned businesses: \$5.7m
 - Veteran-owned businesses: \$134.9k
 - In addition, we spent \$625m with small and medium sized firms

We also became a founding partner of OutBritain who are the only existing UK organisation which verifies eligible businesses are majority owned (51% or more) by LGBTQ individuals and can grant certified LGBT Business Enterprise status. Our CBRE GWS Supply Chain organisation has delivered both internal and supplier facing Modern Slavery and Living Wage training which was attended and accessed by over 350 people.

CBRE MANAGED SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our commitment to Section 172 (continued)

Suppliers (continued)

Innovation:

- Each year we issue a challenge to our supplier partners: "join as we empower our clients through innovation. Bring us your greatest innovations, new ways of working and best-in-class service delivery to our customers". This aim is to facilitate innovation through engagement with supplier partners, across a range of categories including Environmental, Social and Governance ("ESG"), Workplace Experience and Digital & Technology.
- We run our annual Supplier Partner Event bringing together our clients, supplier partners and CBRE employees to drive innovation, lead the way on sustainability and deliver excellent service. We harness the expertise of our supplier partners and Create Exceptional Client Outcomes Through Supply Chain Collaboration.

Clients

CBRE is relentlessly focused on client outcomes and satisfaction and has one of the highest client retention rates in the industry.

- CBRE uses a structured approach and framework to deliver tangible innovation and value-add to our customer relationships, this puts a focus on Technology, People, ESG, Communication and Asset Management to ensure a balanced and effective roadmap to improvements, always putting our "Clients First".
- Supporting our customers with the "new normal" as we moved out of the pandemic and returned back to the office with new working patterns. The CBRE offering to our clients focuses on how we influence the workplace to attract, retain and drive collaboration that supports our clients business strategies and outcomes.
- CBRE held Customer engagement events that targeted the value add we deliver in areas such as Innovation and continuous improvement.
- CBRE received 6 awards in 2022 including Global Procurement Leaders, IWFM, MSDUK, SEUK, PFM, this recognises the work we had done with our Diverse and Social supplier partners and the impact it has on clients and our business.
- Following the completion of our "Client Engagement Survey" CBRE evolved actions in response to ensure there was a positive focus on the areas that matter most to their clients.
- CBRE continues to work closely with our customers to mitigate impact on critical spares and project materials at risk of being affected by border delays relating to Brexit and changes in the Global economy.

Community

At CBRE acting responsibly and being successful commercially go hand-in-hand. CBRE is committed to supporting and adding value to the communities where our employees live and work, as well as in communities where the need is greatest. Our charity and communities ambition ensures our business practices make a positive difference to the communities and cities around us so they are safe, resilient and sustainable. Our approach is to deliver a strategic charity, communities and giving programme, in which we monitor our inputs, outputs and impacts. We focus our attention on the areas where we believe we can make the greatest impact and we are committed to tackling issues through the advancement of the SDGs. Our areas of focus include:

- supporting people facing poor housing and homelessness;
- helping tackle loneliness, including mental health, elderly care and social infrastructure; and
- promoting the rights and education of young people.

CBRE MANAGED SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our commitment to Section 172 (continued)

Community (continued)

Our employees' charitable spirit and enthusiasm continues to shine through. Since 2021, Macmillan Cancer Support has been the CBRE Charity Partner across all of our businesses. In this time we have fundraised £731k (£439k in 2022) and volunteered 2,195 hours, becoming Macmillan's most engaged corporate volunteers. Our people created 242 care packages and 169 winter warmer boxes and craft boxes for people living with cancer across the UK. In 2022 we launched CBRE Cares – a platform to record our localised charity donations and volunteering hours help us track, encourage and empower our employees to own and increase their local initiatives. The CBRE Cares platform also allows our people to support communities that need more immediate assistance. In 2022 we launched a global fundraising campaign to provide broader humanitarian relief to individuals who have been displaced or harmed during the war in Ukraine. CBRE matched contributions to the UN Refugee Agency, a disaster aid nonprofit, up to \$100k. The CBRE Foundation also made a donation of \$50k.

To track our performance against our stated objectives, we have determined the following people, charity and community KPIs:

- Total time given to charity
- Total contribution to charity (inclusive of staff time and other contributions)
- Percentage of volunteering which is skilled.

In addition to this the Company supports local, diverse and sustainable suppliers, spending \$38m with diverse suppliers in 2022. We're transforming our procurement practices to ensure more of our billion-pound budget is used to drive economic growth and impact in underrepresented communities in the UK. We're also using our position in the market to build awareness of the importance and benefits of an inclusive supply chain in the wider Business to Business ("B2B") environment.

Environment

Our ambition is to be a Net Zero business globally by 2040 and in the UK, Net Zero by 2035 across Greenhouse Gas ("GHG") scopes 1, 2 and 3. We are accelerating and scaling our decarbonisation plans and holding ourselves accountable through data driven goals.

Our approach is to improve the operational energy and resource efficiency of our offices and reduce the environmental footprint of our business activities, whilst inspiring clients, suppliers and employees to do the same. As we work with our clients and supply partners to create a sustainable future, it is our people that enable us to take Environmental, Social and Governance ("ESG") from strategy to impact. We have increased the number of ESG professionals in our GWS UK | Local and DCS business by 600%, with CBRE now employing over 590 ESG experts globally. We have hundreds of energy engineers sharing sustainability best practice and innovations. In 2022, we began our journey of our first intake of Energy and Sustainability graduates. With 700 applicants, 125 interviews and 35 candidates through our assessment centre, we were delighted to offer roles to 12 graduates.

Our annual "Green Week" in April 2022 saw our employees around the world participating in activities that help us address our sustainability commitments whilst collaborating and sharing best practice solutions for our clients. A continued focus on embedding sustainability as part of our culture and DNA has seen increased training and resources for our employees such as the Sustainability Training Academy, Sustainability Toolkit and Guidance Manual, Sustainability Toolbox Talks and many internal awareness events and campaigns.

To support our journey and offer advanced solutions to our clients, we have formed strategic partnerships and collaborations with Altus Power, Turner & Townsend and Redaptive.

CBRE MANAGED SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our commitment to Section 172 (continued)

Environment (continued)

To track our performance against our stated objectives, we have determined the following Environmental KPIs:

- Total GHG emissions (by scope)
- % energy from renewable sources
- Emissions from business travel
- % of fleet that is zero carbon
- % of waste to landfill
- % of waste recycled
- % of waste to energy
- % change in water use
- % of contracts with biodiversity plans

We have also set client service KPIs as follows:

- Tonnes of carbon saved for clients
- % of client's energy from renewables
- % of client's waste recycled
- % change in client's water use

Achieving our goals means acting now. We have mapped our Net Zero pathway using science-based targets (SBTi) and are targeting Net Zero by 2035 across GHG scopes 1, 2 and 3. This is ahead of CBRE's global target of 2040 which encompasses carbon emissions from our operations and the properties we manage for investors and occupiers, as well as indirect supply chain emissions. To help us achieve this accelerated target, we leverage smart technology, have increased the number of sustainable suppliers, trace carbon emissions from our supply chain and embed ESG into our DNA and working practices. We have set the interim target of achieving 100% renewable energy by 2025 and we have adopted an SBTi to reduce scope 1 emissions 68% by 2035 from a 2019 baseline. We measure our GHG footprint annually and track performance against our stated targets and report the results in our global Corporate Responsibility report.

Standards of business conduct

CBRE is firmly committed to conducting business with the highest integrity and in compliance with the letter and spirit of the law. Our Standards of Business conduct (SOBC) is the company's most senior policy. The SOBC has been in place since 2004, and has received updates in 2011, 2019 and 2021. It aligns with our RISE values - Respect, Integrity, Service and Excellence - and guides our everyday operations. It includes real-life scenarios to help in ethical decision making, a glossary of terms and decision trees for people who learn visually.

The SOBC outlines expectations of employees relating to each other, our business partners, clients and competitors; use of our corporate resources; and engaging in our communities. It affirms our culture of ethics and compliance and preserves the valuable trust of our clients.

Available in 34 languages and approved by our global Board of directors, all employees (including directors) are required annually to confirm they have access to the SOBC, have read and understood it, and will adhere to all company policies.

CBRE MANAGED SERVICES LIMITED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Our commitment to Section 172 (continued)

Standards of business conduct (continued)

In 2022, 94.3% of employees worldwide completed the SOBC certification. Allowing for the timing of new hires and departures, the certification approaches 100% participation.

Mandatory Ethics and Compliance training is deployed to all staff annually, through an Essential Learning program overseen by our global Learning & Development team. Several areas of Ethics and Compliance training are also provided to all new employees and must be completed within 60 days of hire, including

- SOBC;
- Gifts: It's all about appearances;
- Raising concerns: Doing the right thing;
- Anti-Bribery: Making the right decisions;
- Financial integrity and fraud;
- Dignity and respect in the global workplace.

CBRE encourages all employees and stakeholder to bring issues forward if there is a concern that someone is, or may be, doing something that violates our values, policies or the law. We operate an Ethics HelpLine: a worldwide, anonymous reporting and inquiry system available 24 hours a day and accessible in all languages spoken by CBRE employees.

Acting fairly between members

S172 of the Companies Act requires the Company to act fairly between members. The Company is 100% owned by another entity within the CBRE Group.

Streamline Energy and Carbon Reporting

The Company is committed to ensuring environmental compliance to relevant legislation to support in improved transparency across global emissions reporting. As such, in line with UK Streamlined Energy and Carbon Reporting ("SECR") regulation, we are reporting on all relevant FY22 emissions sources as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Methodology

The Company have included all required emissions sources for which we had operational control in the reporting year.

Energy consumption and emissions data reported covers relevant Scope 1-3 activities. In summary, this includes owned fleet emissions (Scope 1) and natural gas (Scope 1), purchased and used electricity and employee business travel (Scope 3). The reporting has been updated this year aligning natural gas data in Scope 1.

With regards to transport emissions (across both Scope 1 & 3), some estimations have been made on the basis of FTE, so that these could be split across CBRE entities as appropriate. Furthermore Network Rail data energy source splits were also utilised to calculate electric versus diesel based emissions.

Dual-emissions reporting through both location and market-based methods have been included (in accordance with GHG Protocol Corporate Accounting and Reporting Standard (revised edition) guidance).

CBRE's global FY22 greenhouse gas ("GHG") data was externally verified. UK source data was taken from our global data management system, where all GHG data is collected and stored.

CBRE MANAGED SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Streamline Energy and Carbon Reporting (continued)

UK FY22 Energy and Emissions

Below tables break down energy consumption and emissions (location and market-based) by scope.

Table 1: Annual energy (MWh) consumption

	2022 MWh	2021 MWh
Scope 1	23,518	24,057
Scope 2	1,815	1,341
Scope 3	23,133	3,359
Total	48,466	28,757

Table 2: Annual location-based emission (tCO₂e)

	2022 Location-based emissions (tCO ₂ e)	2021 Location-based emissions (tCO ₂ e)
Scope 1	5,630	5,961
Scope 2	351	285
Scope 3	4,075	6,776
Total all scopes	10,056	13,022

Table 3: Annual market-based emission (tCO₂e)

	2022 Market-based emissions (tCO ₂ e)	2021 Market-based emissions (tCO ₂ e)
Scope 1	5,630	5,961
Scope 2	623	389
Scope 3	4,075	6,776
Total all scopes	10,328	13,126

Table 4: Emissions normalisation

Electric	2022	2021
Full-time Equivalents (FTE)	10,062	11,001
Total emissions (tCO ₂ e) - location	10,055	13,022
tCO₂e / FTE	0.999	1.184

CBRE MANAGED SERVICES LIMITED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022


Streamline Energy and Carbon Reporting (continued)

Energy Efficient Measures

The Company is committed to identifying and implementing energy efficiency measures across both our building and accountable transport portfolios. Energy efficient action identified includes:

- Elevator programming optimisation
- Heating and cooling optimisation reviewing optimisation levels

This report was approved by the Board on 25 August 2023 and signed on its behalf by:

DocuSigned by:

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K Lynn
Director

CBRE MANAGED SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2022.

Results and dividends

The Company's results for the financial year are set out in the profit and loss account on page 25.

The profit for the financial year amounted to £35,949,000 (2021: £35,336,000).

The directors recommended the payment of a dividend amounted to £150,000,000 (2021: £Nil).

On 13 January 2022, the Company paid out a £150m dividend to its sole shareholder. The transaction was a part of a wider project aimed at strengthening the balance sheet position of another CBRE group entity, CBRE GWS Limited.

Going concern

The directors perform an annual going concern review that considers the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. In reaching their conclusion, the directors considered:

- stress tests on reasonable plausible downside scenarios such as significant reduction in revenue over time;
- level of existing and projected cash resources available in a stressed scenario;
- the directors' review of the performance of the business on an ongoing basis and have available financial reports to assist that review. This includes monthly and year-to-date budget vs actual analysis, monthly reporting to group parent companies and other monitoring activities;
- the Company has adequate liquidity available through the shared treasury function;
- the overall operational and financial stability of the CBRE group as a whole;
- transfer pricing agreements currently in place mean that the Company is benefiting from improved performance across the GWS EMEA entities; and
- the Company was profitable in 2022.

Based on the above, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Future developments

An indication of the likely future development in the business and details of significant events which have occurred since the end of the financial year have been included in the strategic report on page 3.

Financial risk management

The financial risks management of the Company which are detailed in the strategic report on pages 3 and 4, are included in this report by cross reference.

CBRE MANAGED SERVICES LIMITED DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

K Lynn

M Eastwood

E Gifon (appointed 25 May 2022)

M Farrant (appointed 25 May 2022)

J Lawson (appointed 22 July 2022)

P Skertchly (resigned 21 August 2023)

Directors' and officers' liability

As permitted by the Articles of Association, the directors have benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The CBRE Group maintained throughout the financial year directors' and officers' liability insurance.

Employees

The Company values the individual contribution of all employees and prospective employees from all sectors of the community at large. The Company 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.

Applications for employment by disabled persons are always fully considered, bearing in mind their respective aptitudes and abilities. In the event of a member of staff becoming disabled, every effort is made to ensure that employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The directors give the highest priority to ensuring that employees of the Company are regularly informed of, and involved in, all matters connected with the day to day conduct of the business and its future development. Employees' opinions are sought on all aspects of improvement, change, progress and development. In common with many other companies, these communications are largely oral and are promoted by the constant involvement of all employees, in working together to achieve the widely understood and accepted aims of the CBRE Group.

Engagement with employees

The Company values the individual contribution of all employees and prospective employees from all sectors of the community at large. The Company 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.

CBRE MANAGED SERVICES LIMITED DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Quality, Health, Safety & Environmental (QHSE) Matters

In line with CBRE's aspiration is to be recognised as world-class, we are committed to the provision of safe and healthy working conditions for the prevention of injury and ill-health, the elimination of workplace hazards and reduction of occupational health and safety and environmental risks. To facilitate this, and to embed continual improvement, we have a robust and integrated management system that covers all our operations at clients' sites, as well as activity at our own sites. In 2022, this management system was again certified by external audits to ISO45001 (occupational health and safety management), ISO14001 (environmental management) and ISO9001 (quality management). Further external recognition was noted in 2022 as CBRE were awarded the 'Order of Distinction' from the Royal Society for the Prevention of Accidents (RoSPA) in recognition for receiving 15 consecutive years of 'Gold Awards.'

A team of qualified and competent QHSE professionals assist the business with the implementation and development of the management system, as well as providing support to wider business activity. Every employee, at every level, in the organisation has responsibility for success in QHSE management and risk mitigation. Over 220 'Risk Champions' have been nominated, who help drive the agenda down in to the business.

A number of programmes were successfully launched in 2022, including the roll-out and adoption of Harbour, CBRE's proprietary incident and observation and assurance management platform. Over the course of the year over 66,000 observations and over 1,400 audits were proactively logged by CBRE employees on Harbour and its predecessor, 4Sight. In addition, the Sypol system was procured and implemented for the digital management of hazardous substance risk assessments.

Another key initiative that was successfully launched was the evolution of CBRE's core QHSE training. A new QHSE Induction course was rolled out via our Learning Management System, TalentCoach. Additional courses covering control of work and hazard identification and risk assessment were launched throughout the year, with over 27,000 of these modules taken by our employees over 2022.

A focal point for the year was CBRE's Global Safety & Wellbeing week, held in October. The central theme was 'Safe and Well - Across Every Dimension' and employees took part in a range of activities, including a global 'Time Out for Safety.'

Stakeholder engagement statement

The Company strives to maintain this standing and knows that the success of its business depends on the quality of the relationships it forges inside and outside of its organisation. The stakeholders of the Company include its employees, suppliers, clients, communities and others. As set out in Standards of Business conduct and Ethics, the Company will complete and transact with its clients and vendors fairly. No one representing the Company will take unfair advantage of anyone.

For details of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, please refer to the Section 172 statement within the strategic report.

CBRE Managed Services Limited Corporate Governance practices

The corporate governance practices of the Company strengthen directors' oversight of management and serving of the long-term interests of the Company's shareholders, employees, suppliers and other stakeholders. The directors are committed to ensuring that high standards of corporate governance, culture and stakeholder engagement are in place and consistently applied throughout the Company.

CBRE MANAGED SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

CBRE Managed Services Limited Corporate Governance practices (continued)

The corporate governance practices adopted by the Company's ultimate parent, CBRE Group, Inc. (listed on the New York Stock Exchange) also applied to the Company and the wider Group during the financial year ended 31 December 2022. These practices reflect the requirements of applicable securities law, including the Sarbanes-Oxley Act, the New York Stock Exchange listing requirements and the Group's own vision of good governance practices. CBRE's corporate governance guidelines and associated governance documents can be found at <https://ir.cbre.com/corporategovernance/default.aspx>.

Application of the Wates Corporate Governance Principles

The Wates Corporate Governance Principles for large private companies provide a framework for the Company to demonstrate how the Board makes decisions for the long-term success of the Company and its stakeholders and how the Board ensures the Company's compliance with the requirements of Section 172 of the Companies Act 2006. Our reporting against the Wates Principles is included below. Throughout 2022, the Board continues to review and challenge how the Company can improve engagement with, and reporting on, its employees and other stakeholders.

Corporate Governance report

For the year ended 31 December 2022, under the Regulations, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (as published by the Financial Reporting Council in December 2018). Our application of each principle is outlined below.

Principle 1 - Purpose and Leadership

Purpose CBRE Managed Services delivers industry-leading facilities management, project management, transaction and portfolio, and consulting services that drive bottom-line impact and streamlined workplaces across all asset types. The Board ensures that the Company operates with a clear sense of purpose and collective vision.

Values CBRE believes that the way we do business is as important as what we do. Our Employee Advantage strategy has been developed to reinforce the high standards we set for ourselves. Our RISE values (Respect, Integrity, Service, Excellence) support the global principle that everyone is empowered and expected to do better - every day, and to deliver tangible advantage to everything that we do.

The Company adheres to the CBRE Group-wide Standards of Business Conduct to ensure that it conducts business with the highest integrity and compliance with the letter and spirit of the law. The Group is ethically led and is committed to operating its business with the interests of the Group's employees and wider stakeholders in mind.

Strategy The Company's strategy forms part of the wider CBRE GWS strategy. Consideration of, and monitoring of performance against, the strategy is undertaken by the Board, regular operating meetings, and GWS Local/DCS Leadership forums, as well as the UK Local conference held twice a year. Consideration is given to the impact of the Company's operations on various stakeholder groups.

Principle 2 - Board Composition

The Board is chaired by the President of UK Local Facilities Management (the business line covering UK outsourced facilities management contracts) and composed of senior executives from the Local Facilities Management business and the Data Centre Business, including the GWS Local Global CFO, COO, and the Global Controller. The Board feeds into the wider Group's governance bodies to ensure that GWS governance framework, the Group's policies and the Company's statutory obligations are in alignment.

CBRE MANAGED SERVICES LIMITED DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Application of the Wates Corporate Governance Principles (continued)

Corporate Governance report (continued)

Principle 2 - Board Composition (continued)

Diversity, equality and gender parity are global business priorities at CBRE. We have been actively working to improve diversity at every level of our business and across the wider property industry for many years. We have made progress in female representation at the top of the group level of our organisation but recognise that there are areas of our business where progress is slower than we aspire to particularly at senior level and subsidiary Boards' composition. We are increasing our focus on improvements. We remain committed to understanding it more, investing in more measures to address improvements and the acceleration in the pace of change.

CBRE UK's directors keep their knowledge, skills, and familiarity with the business current and up to date by engaging with senior management, attending appropriate external seminars, and internal and external training courses. A detailed directors' induction programme is in place and forms part of the onboarding process for all directors of the Company. The directors stay abreast of legislative updates impacting the Company via regular briefings from the Company Secretarial and Governance team and taking appropriate actions to ensure compliance and mitigate risks.

Principle 3 - Director Responsibilities

Given the diverse nature of the businesses within the CBRE UK Group, Board director appointments have been made with care and to ensure that the Board as a whole includes the right level of skills and experience to address the needs of the business and its customers. The Board is focused on improving operational governance and this ongoing activity is assisted by the Governance team.

The Board delegates certain decision-making powers to individuals, in line with the Articles of Association and the Group-wide Approval Matrix and the Delegated Authority Matrix, which sets out the authority levels and thresholds. This gives every director a clear understanding of their accountability and responsibilities.

Everyone, including Board directors at CBRE must confirm that they are compliant with the Standards of Business Conduct.

The Board receives regular reports from divisional management at its meetings, reviews the information provided and provides appropriate challenge. The data provided to the Board is continuously reviewed and enhanced where necessary to ensure that the right focus is applied to performance against strategy. Key financial information is collated from CBRE's various accounting systems. The CBRE finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to stay abreast of regulatory changes. Financial information is audited by KPMG annually.

Principle 4 - Opportunity and Risk

The Board seeks out opportunity whilst mitigating risk and is responsible for strategic decision-making and risk management. It promotes the success of the Company by identifying opportunities to create and preserve value.

Reports to the Board and business group reviews (new governance bodies established to receive reports from business unit presidents on all aspects of their business) include identification of risks to the business. Risk mitigation is also considered as part of the strategy-setting process. Risks are regularly monitored by directors and the assessment of risk by each business line and each function is reviewed by the Board to ensure that the most profitable and sustainable business opportunities are pursued.

The main financial risks faced by the business are credit risk and cash pooling, and the group has policies/processes in place to mitigate these risks.

CBRE MANAGED SERVICES LIMITED DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Application of the Wates Corporate Governance Principles (continued)

Corporate Governance report (continued)

Principle 4 - Opportunity and Risk (continued)

Management considers that the key risk to the success of the business would be an accident or incident on one of our client sites. This is mitigated by robust Quality, Health, Safety and Environmental policies and procedures, as well as a group insurance policy.

Principle 5 - Remuneration

The CBRE UK Group operates within a group-wide Executive Compensation Programme. A succession planning programme builds skills and experience amongst management and provides a pipeline of talent to fulfil executive and director roles. Where necessary, Executive roles are filled following external search.

The Executive Compensation Programme as applicable to the Company's directors, uses a combination of:

- base pay;
- incentive programmes linked to financial and strategic performance objectives;
- equity awards; and
- deferred cash long-term incentive plan arrangements,

depending on the individual role. Financial objectives may be at the global (CBRE Group) level or based on a combination of global and segment or business line performance, depending on the executive's position.

Following year-end, performance relative to these objectives is measured, and individual annual performance awards determined and approved by management according to the overall CBRE Group Approval Matrix.

Key factors that may be considered in any given year include overall industry, market conditions and financial performance (at global, segment, and business line level), achievement of strategic objectives and the target operating plan, individual performance factors, benchmarked market compensation data, and current and evolving practice among comparable companies.

These factors are reviewed and may vary from year to year, based upon the management's subjective business judgement.

The objective of the Executive Compensation Programme is to attract and retain talented and experienced executives: accordingly, compensation is set at a level competitive with the market.

Principle 6 - Stakeholders

As a business providing a range of outsourced services to its customers, the Company recognises the impact its operations have on a wide range of stakeholders, particularly its employees, customers and suppliers.

Stakeholder engagement is embedded at all levels of the organisation with clear direction from the Board and senior management.

The CBRE Group's RISE values (Respect, Integrity, Service, and Excellence) reflect consideration of the wide community of stakeholders.

The Section 172 statement within the strategic report provides details of how the Company engaged with stakeholders including employees, suppliers, clients, and the community, and outlines plans to enhance stakeholder engagement and feedback channels through 2022.

CBRE MANAGED SERVICES LIMITED DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Streamlined Energy and Carbon Reporting

An indication of the streamlined energy and carbon reporting in the business and details have been included in the strategic report on pages 10 to 12.

Modern Slavery Act

The Company understands its role in eradicating slavery or forced labour of any kind. The Company, as part of the wider CBRE Group, continues to be committed to social and environmental responsibility and has zero tolerance for slavery and human trafficking. A copy of our 2022 Modern Slavery Statement can be found on the Company's website. This statement details the steps CBRE is taking to ensure that slavery and human trafficking do not take place in any of our supply chains or in any part of our business.

Disclosure of information to auditors

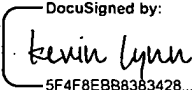
Each director in office at the date that the directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

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

This report was approved by the Board on 25 August 2023 and signed on its behalf by:

DocuSigned by:

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K Lynn
Director

CBRE MANAGED SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, and applicable law, industry Financial Reporting Standard "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 United Kingdom 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE MANAGED SERVICES LIMITED

Opinion

We have audited the financial statements of CBRE Managed Services Limited ("the Company") for the year ended 31 December 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period was a significant decline in the UK facilities management market. We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 3.2 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 3.2 to be acceptable.

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 above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE MANAGED SERVICES LIMITED (CONTINUED)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected, or alleged fraud; and
- Reading board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is recognised based on non-complex contractual terms for rendering of services.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included manual journals with keywords within the journal description and those with unrelated/unexpected account pairings.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, and employment law. Auditing standards limit the required audit procedures to identify non-compliance with laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE MANAGED SERVICES LIMITED (CONTINUED)

Fraud and breaches of laws and regulations - ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 20, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBRE MANAGED SERVICES LIMITED (CONTINUED)

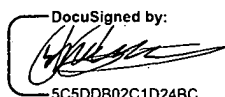
Auditor's responsibilities

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.

DocuSigned by:

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Kevin Williams (Senior Statutory Auditor)
for and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London, UK
E14 5GL

Date: 25 August 2023

CBRE MANAGED SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Turnover	5	1,534,309	1,335,130
Cost of sales		(1,367,499)	(1,180,011)
Gross profit		166,810	155,119
Administrative expenses		(87,626)	(89,324)
Other operating expenses		(37,243)	(22,830)
Operating profit		41,941	42,965
Interest receivable and similar income	9	1,637	60
Interest payable and similar expenses	10	(2)	(28)
Profit before tax		43,576	42,997
Tax on profit	11	(7,627)	(7,661)
Profit for the financial year		35,949	35,336

All income and expenses in the current year were derived from continuing operations.


There are no recognised gains and losses for the current and preceding year other than the profit shown above. Consequently, no statement of other comprehensive income is presented.

The notes on pages 28 to 48 form part of these financial statements.

CBRE MANAGED SERVICES LIMITED
REGISTERED NUMBER: 01799580
BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	13	4,124	4,244
Tangible assets	14	12,747	13,838
Investments	15	2,939	2,939
		19,810	21,021
Current assets			
Stock	16	20,426	10,812
Debtors: amounts falling due after more than one year	17	1,184	1,064
Debtors: amounts falling due within one year	17	369,222	330,487
Cash at bank and in hand		132,899	267,475
		523,731	609,838
Creditors: amounts falling due within one year	18	(397,203)	(366,016)
Net current assets		126,528	243,822
Total assets less current liabilities		146,338	264,843
Creditors: amounts falling due after more than one year	19	–	(4,454)
Net assets		146,338	260,389
Capital and reserves			
Called up share capital	23	62	62
Share premium account	24	3,754	3,754
Capital contribution reserve	24	6,984	6,984
Profit and loss account	24	135,538	249,589
Total shareholder's funds		146,338	260,389

The financial statements on pages 25 to 48 were approved and authorised for issue by the Board on 25 August 2023 and were signed on its behalf by:

DocuSigned by:

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K Lynn
 Director

The notes on pages 28 to 48 form part of these financial statements.

CBRE MANAGED SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total shareholder's funds £'000
At 1 January 2021	62	3,754	6,984	214,253	225,053
Comprehensive income for the year					
Profit for the financial year	—	—	—	35,336	35,336
Total comprehensive income for the year	—	—	—	35,336	35,336
At 31 December 2021 and 1 January 2022	62	3,754	6,984	249,589	260,389
Comprehensive income for the year					
Profit for the financial year	—	—	—	35,949	35,949
Total comprehensive income for the year	—	—	—	35,949	35,949
Transactions with owners:					
Dividends declared and paid (note 12)	—	—	—	(150,000)	(150,000)
Total transactions with owners recognised directly in equity	—	—	—	(150,000)	(150,000)
At 31 December 2022	62	3,754	6,984	135,538	146,338

The notes on pages 28 to 48 form part of these financial statements.

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

The principal activity of CBRE Managed Services Limited (the "Company") is the maintenance and installation of mechanical and electrical equipment within buildings and the provision of facilities management services.

The Company is limited by shares and is incorporated, registered and domiciled in England. The registered number is 01799580 and the registered office address is 61 Southwark Street, London, England, SE1 0HL.

2 Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006.

3 Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies.

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 the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements are presented in pounds sterling rounded to the nearest £1,000.

The following principal accounting policies have been applied consistently for all years presented, unless otherwise stated.

3.2 Going concern

The directors perform an annual going concern review that considers the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. In reaching their conclusion, the directors considered:

- stress tests on reasonable plausible downside scenarios such as significant reduction in revenue over time;
- level of existing and projected cash resources available in a stressed scenario;
- the directors' review of the performance of the business on an ongoing basis and have available financial reports to assist that review. This includes monthly and year-to-date budget vs actual analysis, monthly reporting to group parent companies and other monitoring activities;
- the Company has adequate liquidity available through the shared treasury function;
- the overall operational and financial stability of the CBRE group as a whole;
- transfer pricing agreements currently in place mean that the Company is benefiting from improved performance across the GWS EMEA entities; and
- the Company was profitable in 2022.

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Accounting policies (continued)

3.2 Going concern

Based on the above, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The Company has taken advantage of the following exemptions:

- under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- from disclosing the Company's key management personnel compensation as required by FRS 102 paragraph 33.7; and
- from disclosing related party transactions, under FRS 102 paragraph 33.1A.

The Company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent company, CBRE Group, Inc., includes the related disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 26.

Other than the exemptions taken above, the Company has applied the recognition, measurement and disclosure requirements of FRS 102.

3.4 Consolidation

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company is a wholly owned subsidiary of its ultimate parent company CBRE Group, Inc., and is included in their consolidated financial statements, which are publicly available and can be obtained from the address set out in note 26.

These financial statements present information about the Company as an individual undertaking and not about its group.

3.5 Foreign currency

Functional and presentation currency

The Company's functional and presentational currency is pounds sterling.

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Accounting policies (continued)

3.5 Foreign currency (continued)

Transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

3.6 Turnover

Contracts for facilities management services are typically structured for the Company to receive a monthly management fee, reimbursement of client-dedicated personnel costs and associated overhead expenses, reimbursement of third party subcontractor and vendor costs, and in some cases, pricing incentives.

The basis of the monthly management fee can vary from contract to contract, but common structures include i) fixed fees, ii) cost plus basis, and iii) Guaranteed Maximum Price contracts.

Turnover for facility management services is recognised in the period in which the related service is delivered. For example, fixed fees for annual maintenance contracts are recognised on a straight line over the period of the contract, revenue for small extra work are recognised when the service delivered. Whilst turnover for larger and longer contracts are recognised on the percentage of completion basis.

There is little or no judgement or estimation in determining the transaction price or when the service is delivered as these are usually stipulated in the contract and or occur in line with the associated costs. The percentage of completion is determined based on the output method alongside acceptance by the customer.

3.7 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit and loss in the periods during which services are rendered by employees.

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Accounting policies (continued)

3.7 Employee benefits (continued)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

Long-Term Incentive Cash Scheme (LTIP)

In 2018 the Group put in place a new cash bonus scheme, whereby selected individuals potentially become entitled to Long Term Incentive cash bonuses, based on the financial performance of a collective group of companies called GWS EMEA.

3.8 Other operating expenses

Other operating expenses includes brand rights and enterprise supply chain services which are provided by the ultimate parent company, CBRE Inc. The expenses are recognised in profit or loss as they accrue.

3.9 Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit or loss over the term of the lease as an integral part of the total lease expense.

3.10 Interest receivable and similar income

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

3.11 Interest payable and similar expenses

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in profit or loss (see foreign currency accounting policy).

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Accounting policies (continued)

3.12 Current and deferred taxation

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

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

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

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

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

3.13 Intangible assets

Goodwill

Goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the Company's goodwill is 10 years.

Other intangible assets

The cost of intangible fixed assets which includes software costs together with any incidental costs of acquisition and deferred transition cost.

Software development costs are capitalised when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use
- The intention to complete the software
- The ability to use the software
- How the software will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use the software
- The ability to measure the expenditure attributable to the software during its development

CBRE MANAGED SERVICES LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2022**

3 Accounting policies (continued)

3.13 Intangible assets (continued)

Deferred transition costs include costs incurred leading up to getting a new contract and incremental costs of obtaining a contract are those costs that an entity incurs as a result of successfully obtaining a contract with a customer. These costs would not have been incurred if the contract had not been obtained. These are recognised as contract acquisition costs if recoverable. Qualifying costs must be capitalised and amortised over contract/renewal term as appropriate.

Any costs that would be incurred regardless of whether the contract was obtained are expensed when incurred.

Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Deferred transition cost	Over the term of contract
Software costs	3-5 years

3.14 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation.

Depreciation is recognised so as to write off the cost of each item in equal annual instalments over its expected useful life:

The expected useful lives range as follows:

Computer, tools, furniture and fittings	3-5 years
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3.15 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3.16 Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes labour, subcontractor costs and materials directly attributable to the work being undertaken. The provision of work in progress to net realisable value amounted to £Nil (2021: £Nil) for the Company.

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Accounting policies (continued)

3.17 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3.18 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade creditors and amounts owed to group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Basic debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Accounting policies (continued)

3.18 Financial instruments (continued)

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

3.20 Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

4 Critical accounting judgements and estimation uncertainty

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

(a) Critical judgements in applying the Company's accounting policies

No critical judgements have been made in applying the Company's accounting policies.

(b) Critical accounting estimates and assumptions

No critical accounting estimates and assumptions have been made in applying the Company's accounting policies.

5 Turnover

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

	2022	2021
	£'000	£'000
Maintenance	889,830	783,315
Projects	347,427	294,469
Extra work	297,052	257,346
	1,534,309	1,335,130

CBRE MANAGED SERVICES LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2022**

5 Turnover (continued)

Analysis of turnover by country of destination:

	2022	2021
	£'000	£'000
United Kingdom	1,534,309	1,335,130

Turnover by category

All lines of business turnover relate to service income. CBRE Managed Services Limited operate in the maintenance and installations of mechanical and electrical equipment within buildings and the provision of other facilities management services to customers.

6 Operating profit

Operating profit is stated after charging:

	2022	2021
	£'000	£'000
Amortisation of intangible assets (note 13)	1,946	1,167
Depreciation of tangible assets (note 14)	3,900	6,512
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	554	332
Operating lease expenses	5,421	8,794

7 Employees

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

	2022	2021
	£'000	£'000
Wages and salaries	366,359	359,658
Social security costs	40,593	36,184
Other pension costs	20,201	19,193
LTIP charges	(2,971)	(89)
	424,182	414,946

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

	2022	2021
	Number	Number
Management staff	2,290	1,584
Administrative staff	427	223
Operational staff	5,135	5,609
	7,852	7,416

CBRE MANAGED SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

8 Directors' remuneration

	2022	2021
	£'000	£'000
Directors' emoluments	2,685	4,180
Company contributions to defined contribution pension schemes	123	56
	2,808	4,236

The number of directors during the period in a defined contribution pension scheme for which the Company contributed was 4 (2021: 5). Of the directors serving in the year, 1 (2021: 6) received remuneration from another entity.

The emoluments of the highest paid director including benefits were £784,000 (2021: £1,158,000). Company contributions to defined contribution pension schemes for the highest paid director amounted to £49,000 (2021: £Nil). The amount received under long term incentive plans of the highest paid director is £34,000 (2021: £Nil).

9 Interest receivable and similar income

	2022	2021
	£'000	£'000
Other interest receivable	1,637	60

10 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Bank interest payable	2	28

11 Tax on profit

	2022	2021
	£'000	£'000
Current tax		
UK tax on income for the year	7,621	6,898
Adjustments in respect of previous periods	(636)	452
Total current tax	6,985	7,350
Deferred tax		
Origination and reversal of timing differences	711	1,454
Adjustment in respect of previous periods	(294)	(888)
Effect of changes in tax rates	225	(255)
Total deferred tax	642	311
Total tax charge for the year	7,627	7,661

CBRE MANAGED SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit before tax	43,576	42,997
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	8,279	8,169
Effects of:		
Expenses not deductible	53	183
Adjustment in respect of previous periods	(930)	(436)
Tax rate changes	225	(255)
Group relief surrendered	(7,621)	(6,898)
Payment for group relief	7,621	6,898
Total tax charge for the year	7,627	7,661

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12 Dividends declared and paid

	2022	2021
	£'000	£'000
Dividends declared	150,000	–

CBRE MANAGED SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

13 Intangible assets

	Goodwill	Deferred transition costs	Total
	£'000	£'000	£'000
Cost			
At 1 January 2022	421	11,000	11,421
Additions	–	1,826	1,826
At 31 December 2022	421	12,826	13,247
Accumulated amortisation			
At 1 January 2022	337	6,840	7,177
Charge for the year	84	1,862	1,946
At 31 December 2022	421	8,702	9,123
Net book value			
At 31 December 2022	–	4,124	4,124
At 31 December 2021	84	4,160	4,244

The deferred transition costs include costs incurred leading up to getting a new contract and incremental costs of obtaining a contract are those costs that an entity incurs as a result of successfully obtaining a contract with a customer. These costs would not have been incurred if the contract had not been obtained. These are recognised as contract acquisition costs if recoverable. The deferred transition costs related to internal staff such as salaries and benefits, accounting allocations, IT project management and travel & entertainment required for CBRE employees to complete the transition. The intangible asset is being amortised over the term of contract.

CBRE MANAGED SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

14 Tangible assets

	Software £'000	Computer tools, furniture and fittings £'000	Leasehold land and property £'000	Total £'000
Cost				
At 1 January 2022	19,265	6,292	12,794	38,351
Additions	763	475	1,571	2,809
At 31 December 2022	20,028	6,767	14,365	41,160
Accumulated depreciation				
At 1 January 2022	16,491	5,387	2,635	24,513
Charge for the year	2,536	439	925	3,900
At 31 December 2022	19,027	5,826	3,560	28,413
Net book value				
At 31 December 2022	1,001	941	10,805	12,747
At 31 December 2021	2,774	905	10,159	13,838

15 Investments

	Investments in subsidiary undertakings £'000
Cost and net book value	
At 1 January 2022	2,939
At 31 December 2022	2,939

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Investments (continued)

Subsidiary undertakings

The following are subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Registered address
CBRE GWS (Ireland) Limited	Republic of Ireland	Ordinary	100%	3rd Floor Connaught House, 1 Burlington Road, Dublin 4, D04 C5Y6
CBRE Managed Services Incorporated	United States of America	Ordinary	100%	Corporation Trust Centre, 1209 Orange Street, Willimngton, New Castle County, Delaware 19801
CBRE Managed Services (Singapore) Pte Limited	Singapore	Ordinary	100%	80 Raffles Place, #32-01 UOB Plaza, Singapore (048624)
CBRE Corporate Outsourcing (Hong Kong) Limited	Hong Kong	Ordinary	100%	42/F Central Plaza, 181 Harbour Rd, Wanchai, Hong Kong

The principal activity for the above subsidiaries is maintenance and installation of mechanical and electrical equipment within buildings and other facilities management services.

16 Stock

	2022	2021
	£'000	£'000
Contract work in progress	20,426	10,812

17 Debtors

	2022	2021
	£'000	£'000
Amounts falling due after more than one year		
Deferred tax asset (note 20)	1,184	1,064
	1,184	1,064
Amounts falling due within one year		
Trade debtors	272,119	218,200
Amounts owed by group undertakings	25,805	40,020
Other debtors	33,074	33,699
Prepayments and accrued income	37,978	37,560
Deferred tax asset (note 20)	246	1,008
	369,222	330,487

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

CBRE MANAGED SERVICES LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2022**

18 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	82,566	71,048
Amounts owed to group undertakings	21,996	19,660
Corporation tax payable for group relief	23,769	37,851
Other creditors including taxation and social security	54,974	47,618
Accruals and deferred income	213,898	189,839
	397,203	366,016

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

19 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
LTIP accrual	–	4,454

Long-Term Incentive Cash Scheme (2018)

In 2018, a new Long-Term Incentive Cash Scheme was put in place. These bonuses are calculated based on the financial performance of a collective group of companies called GWS EMEA. In 2022, the Group has provided £Nil (2021: £4.4m).

20 Deferred tax

	2022	2021
	£'000	£'000
At 1 January 2022	2,072	2,383
Charged to profit or loss account	(642)	(311)
At 31 December 2022	1,430	2,072

The deferred tax balance is made up as follows:

	2022	2021
	£'000	£'000
Fixed asset timing differences	1,184	1,064
Short term timing differences - trading	246	1,008
	1,430	2,072

Comprising:

Asset - due after one year	1,184	1,064
Asset - due within one year	246	1,008
	1,430	2,072

CBRE MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Pension commitments

Defined benefit scheme

The Company holds pension schemes with Prudential Pensions Limited and a Local Government Pension Scheme (Suffolk Pension Fund). The FRS 102 (employee benefits) valuations are performed by actuaries. The net pension asset for Prudential Pensions Limited and net pension asset for Suffolk Pension Fund have not been recognised on the balance sheet as it is considered immaterial.

Prudential Pensions Limited

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

	2022	2021
	£'000	£'000
Reconciliation of present value of scheme liabilities		
At the beginning of the year	7,576	7,677
Current service cost	175	271
Contributions by members	16	23
Benefits paid	(164)	(99)
Interest expense	144	101
Actuarial gains	(3,067)	(397)
At the end of the year	4,680	7,576

	2022	2021
	£'000	£'000
Reconciliation of fair value of scheme assets		
At the beginning of the year	8,412	7,749
Contributions by employer	312	458
Contributions by members	16	23
Benefits paid	(164)	(99)
(Loss)/return on assets, excluding interest income	(2,818)	304
Scheme administrative cost	(50)	(125)
Interest income	161	102
At the end of the year	5,869	8,412

The Prudential Pensions Limited Pension Scheme composition of scheme assets are as follows:

	2022	2021
	£'000	£'000
Equities	1,234	1,348
Corporate bonds	4,200	6,591
Other	435	473
Total scheme assets	5,869	8,412

CBRE MANAGED SERVICES LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2022**

21 Pension commitments (continued)

The amount recognised in the balance sheet are as follows:

	2022	2021
	£'000	£'000
Fair value of scheme assets	5,869	8,412
Present value of plan liabilities	(4,680)	(7,576)
Net pension scheme asset	1,189	836

	2022	2021
	£'000	£'000
Current service cost	175	271
Administrative expenses	50	125
Net interest on net defined asset	(17)	(1)
Total amount recognised in the profit and loss account	208	395

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was a gain of £249,000 (2021: losses of £701,000).

The Company expects to contribute £84,000 to this defined benefit pension scheme in 2023.

Prudential Pensions Limited Pension Scheme principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	2022	2021
	%	%
Discount rate	4.8	1.9
Consumer price inflation	2.5	2.3
Future salary increases	3.8	2.9
Future pension increases	3.5	3.3
	2022	2021
	Years	Years
Longevity at age 65 for current pensioners		
Mortality rates		
- for a male aged 65 now	20.7	21.2
- for a female aged 65 now	23.7	24.0
- at 65 for a male aged 45 now	22.0	22.5
- at 65 for a female member aged 45 now	25.1	25.5

CBRE MANAGED SERVICES LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2022**

21 Pension commitments (continued)

Suffolk Pension Fund

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

	2022	2021
	£'000	£'000
Reconciliation of present value of scheme liabilities		
At the beginning of the year	1,481	1,513
Benefits paid	(41)	(30)
Contributions by members	2	3
Current service cost	11	31
Interest expense	28	20
Actuarial gains	(520)	(56)
At the end of the year	961	1,481

	2022	2021
	£'000	£'000
Reconciliation of fair value of scheme assets		
At the beginning of the year	1,745	1,542
Benefit paid	(41)	(30)
Contributions by employer	6	16
Contributions by members	2	3
Interest income	33	20
Return on assets, excluding interest income	(102)	194
At the end of the year	1,643	1,745

The Suffolk Pension Fund Scheme composition of scheme assets are as follows:

	2022	2021
	£'000	£'000
Equities	1,101	1,134
Corporate bonds	378	436
Other	164	175
	1,643	1,745

The amount recognised in the balance sheet are as follows:

	2022	2021
	£'000	£'000
Fair value of scheme assets	1,643	1,745
Present value of scheme liabilities	(961)	(1,481)
Net pension scheme asset	682	264

CBRE MANAGED SERVICES LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2022**

21 Pension commitments (continued)

The amounts recognised in profit and loss are as follows:

	2022	2021
	£'000	£'000
Service cost - administrative expenses	11	31
Net interest on net defined benefit asset	(5)	–
Total amount recognised in profit and loss	6	31

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was a gain of £418,000 (2021: gain of £250,000).

The Company expects to contribute £6,000 to this defined benefit pension scheme in 2023.

Suffolk Pension Fund Scheme principal actuarial assumptions (expressed as weighted averages) at the period end were as follows:

	2022	2021
	%	%
Discount rate	5.00	1.9
Future salary increases	4.00	3.6
Inflation assumption	3.00	2.9
	2022	2021
	Years	Years
Mortality rates		
- for a male aged 65 now	21.9	22.1
- for a female aged 65 now	24.3	24.5
- at 65 for a male aged 45 now	22.9	23.2
- at 65 for a female member aged 45 now	26.1	26.4

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised above.

Pension contributions scheme

The Company operates a company personal defined contribution pension scheme for employees eligible and wishing to participate. The pension charge for the year in respect of the defined contribution schemes was £20,201,000 (2021: £19,193,000) of which £2,188,000 were outstanding as at 31 December 2022 (2021: £1,844,000).

CBRE MANAGED SERVICES LIMITED **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2022**

22 Obligations under operating leases

Aggregate rentals payable under non-cancellable operating leases:

	2022 £'000	2021 £'000
Land and buildings		
Not later than 1 year	4,899	4,451
Later than 1 year and not later than 5 years	18,219	17,679
Later than 5 years	20,510	27,278
	43,628	49,408
	2022 £'000	2021 £'000
Other leases		
Not later than 1 year	4,060	3,728
Later than 1 year and not later than 5 years	3,753	4,751
	7,813	8,479

23 Called up share capital

	2022 £'000	2021 £'000
Called up, allotted and fully paid		
61,869 (2021: 61,869) ordinary shares of £1 each	62	62

24 Reserves

Share premium account

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

Capital contribution reserve

This represents contributions to the Company by the shareholders.

Profit and loss account

This includes all current and prior period retained profits and losses.

25 Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 33.1A not to disclose transactions with other members of the group controlled by CBRE Group, Inc.

CBRE MANAGED SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

26 Immediate parent and ultimate controlling party

Up until 29 July 2022 the immediate parent company was Norland Holdings Limited, a company incorporated and registered in the United Kingdom. The registered address is 61 Southwark Street, London, SE1 0HL, England.

On 29 July CBRE Holdings Limited became the immediate parent, a company incorporated and registered in the United Kingdom. The registered address is Henrietta House, Henrietta Place, London, England, W1G 0NB.

The directors regard CBRE Group, Inc., a company incorporated in the United States of America, 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 at <https://ir.cbre.com/financial-reports/financial-results>.