JONES LANG LASALLE INC
Form 10-Q
August 03, 2017

United States
Securities and Exchange Commission
Washington, D.C. 20549
Form 10-Q
x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2017
Or
o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission File Number 1-13145
Jones Lang LaSalle Incorporated
(Exact name of registrant as specified in its charter)

Maryland	36-4150422
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 East Randolph Drive, Chicago, IL	60601
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 312-782-5800
Former name, former address and former fiscal year, if changed since last report: Not Applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer (Do not check if a smaller reporting company) o	Smaller reporting company o
Emerging growth company o	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x
The number of shares outstanding of the registrant's common stock (par value $0.01) as of the close of business on July 31, 2017 was 45,335,040.

Table of Contents

Part I. Financial Information
Item 1. Financial Statements
JONES LANG LASALLE INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share data) (unaudited)	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$250.3	258.5
Trade receivables, net of allowances of $47.0 and $37.1	1,718.2	1,870.6
Notes and other receivables	366.4	326.7
Warehouse receivables	798.5	600.8
Prepaid expenses	102.0	81.7
Other	163.9	161.4
Total current assets	3,399.3	3,299.7
Property and equipment, net of accumulated depreciation of $531.6 and $488.0	512.9	501.0
Goodwill	2,668.9	2,579.3
Identified intangibles, net of accumulated amortization of $145.6 and $180.6	302.0	295.0
Investments in real estate ventures, including $228.0 and $212.7 at fair value	364.2	355.4
Long-term receivables	174.2	176.4
Deferred tax assets, net	189.1	180.9
Deferred compensation plan	208.0	173.0
Other	79.3	68.7
Total assets	$7,897.9	7,629.4
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$802.0	846.2
Accrued compensation	740.8	1,064.7
Short-term borrowings	69.5	89.5
Deferred income	158.7	129.8
Deferred business acquisition obligations	29.0	28.6
Short-term earn-out liabilities	27.3	23.8
Warehouse facilities	791.0	580.1
Other	233.5	203.6
Total current liabilities	2,851.8	2,966.3
Credit facility, net of debt issuance costs of $17.4 and $19.6	657.6	905.4
Long-term debt, net of debt issuance costs of $4.6 and $2.3	669.5	272.7
Deferred tax liabilities, net	24.4	21.5
Deferred compensation	222.5	201.1
Deferred business acquisition obligations	69.6	73.8
Long-term earn-out liabilities	198.3	205.8
Other	166.5	161.3
Total liabilities	4,860.2	4,807.9
Redeemable noncontrolling interest	3.9	6.8
Company shareholders' equity:		
Common stock, $0.01 par value per share, 100,000,000 shares authorized; 45,290,277 and 45,213,832 shares issued and outstanding	0.5	0.5

Additional paid-in capital	1,027.2	1,013.3
Retained earnings	2,404.8	2,333.0
Shares held in trust	(6.2)	(6.0)
Accumulated other comprehensive loss	(421.2)	(551.1)
Total Company shareholders' equity	3,005.1	2,789.7
Noncontrolling interest	28.7	25.0
Total equity	3,033.8	2,814.7
Total liabilities and equity	$7,897.9	7,629.4

See accompanying notes to Condensed Consolidated Financial Statements.

Table of Contents

JONES LANG LASALLE INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions, except share and per share data) (unaudited)	Three Months Ended June 30, 2017	2016	Six Months Ended June 30, 2017	2016
Revenue	$1,834.7	1,603.6	$3,449.9	2,940.4
Operating expenses:				
Compensation and benefits	1,049.0	928.0	2,014.3	1,738.4
Operating, administrative and other	634.8	520.0	1,218.6	978.2
Depreciation and amortization	41.2	31.4	80.5	62.6
Restructuring and acquisition charges	5.4	10.3	9.9	17.9
Total operating expenses	1,730.4	1,489.7	3,323.3	2,797.1
Operating income	104.3	113.9	126.6	143.3
Interest expense, net of interest income	14.6	10.9	27.6	19.8
Equity earnings from real estate ventures	14.5	9.2	20.1	22.2
Other income	—	13.3	—	13.3
Income before income taxes and noncontrolling interest	104.2	125.5	119.1	159.0
Provision for income taxes	25.5	31.1	29.1	39.4
Net income	78.7	94.4	90.0	119.6
Net income attributable to noncontrolling interest	0.3	15.4	0.8	14.9
Net income attributable to the Company	78.4	79.0	89.2	104.7
Dividends on unvested common stock, net of tax benefit	0.2	0.2	0.2	0.2
Net income attributable to common shareholders	$78.2	78.8	$89.0	104.5
Basic earnings per common share	$1.73	1.75	$1.97	2.32
Basic weighted average shares outstanding (in 000's)	45,288	45,121	45,273	45,108
Diluted earnings per common share	$1.71	1.73	$1.95	2.30
Diluted weighted average shares outstanding (in 000s)	45,782	45,574	45,728	45,498
Dividends declared per share	$0.35	0.31	$0.35	0.31
Net income attributable to the Company	$78.4	79.0	$89.2	104.7
Change in pension liabilities, net of tax	0.8	—	0.8	—
Foreign currency translation adjustments	68.0	(49.7)	129.1	(35.9)
Comprehensive income attributable to the Company	$147.2	29.3	$219.1	68.8

See accompanying notes to Condensed Consolidated Financial Statements.

Table of Contents

JONES LANG LASALLE INCORPORATED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Company Shareholders' Equity							
(in millions, except share and per share data) (unaudited)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Shares Held in Trust	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Equity
December 31, 2016	45,213,832	$ 0.5	1,013.3	2,333.0	(6.0)	(551.1)	25.0	$ 2,814.7
Net income [1]	—	—	—	89.2	—	—	0.9	90.1
Shares issued under stock-based compensation programs	110,616	—	0.3	—	—	—	—	0.3
Shares repurchased for payment of taxes on stock-based compensation	(34,171)	—	(3.8)	—	—	—	—	(3.8)
Amortization of stock-based compensation	—	—	15.0	—	—	—	—	15.0
Cumulative effect from adoption of new accounting for stock-based compensation	—	—	1.3	(1.3)	—	—	—	—
Dividends paid, $0.35 per share	—	—	—	(16.1)	—	—	—	(16.1)
Shares held in trust	—	—	—	—	(0.2)	—	—	(0.2)
Change in pension liabilities, net of tax	—	—	—	—	—	0.8	—	0.8
Foreign currency translation adjustments	—	—	—	—	—	129.1	—	129.1
Increase in amounts attributable to noncontrolling interest	—	—	—	—	—	—	2.8	2.8
Acquisition of redeemable noncontrolling interest	—	—	1.1	—	—	—	—	1.1
June 30, 2017	45,290,277	$ 0.5	1,027.2	2,404.8	(6.2)	(421.2)	28.7	$ 3,033.8

(1) Excludes net loss attributable to redeemable noncontrolling interest of $0.1 million for six months ended June 30, 2017.

See accompanying notes to Condensed Consolidated Financial Statements.

Table of Contents

JONES LANG LASALLE INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
(in millions) (unaudited)	2017	2016
Cash flows used in operating activities:		
Net income	$90.0	119.6
Adjustments to reconcile net income to net cash used in operating activities:		
Distributions of earnings from real estate ventures	17.1	18.0
Other adjustments, net	88.7	60.1
Changes in working capital, net	(210.6)	(480.5)
Net cash used in operating activities	(14.8)	(282.8)
Cash flows used in investing activities:		
Net capital additions – property and equipment	(63.2)	(79.8)
Acquisition of investment properties (less than wholly-owned)	—	(34.4)
Business acquisitions, net of cash acquired	(18.5)	(93.0)
Capital contributions to real estate ventures	(21.8)	(63.0)
Distributions of capital from real estate ventures	21.9	29.3
Other, net	(2.9)	41.8
Net cash used in investing activities	(84.5)	(199.1)
Cash flows provided by financing activities:		
Proceeds from issuance of senior notes	395.7	—
Proceeds from borrowings under credit facility	1,856.0	1,693.0
Repayments of borrowings under credit facility	(2,106.0)	(1,118.0)
Payments of deferred business acquisition obligations and earn-outs	(23.2)	(30.6)
Payment of dividends	(16.1)	(14.2)
Noncontrolling interest contributions, net	0.7	5.0
Other, net	(22.9)	(57.7)
Net cash provided by financing activities	84.2	477.5
Effect of currency exchange rate changes on cash and cash equivalents	6.9	1.5
Net change in cash and cash equivalents	(8.2)	(2.9)
Cash and cash equivalents, beginning of the period	258.5	216.6
Cash and cash equivalents, end of the period	$250.3	213.7
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$24.9	16.5
Income taxes, net of refunds	70.4	75.1
Non-cash investing activities:		
Business acquisitions, including contingent consideration	$10.7	47.2
Capital leases	2.0	5.7
Non-cash financing activities:		
Deferred business acquisition obligations	$1.8	29.4

See accompanying notes to Condensed Consolidated Financial Statements.

Table of Contents

JONES LANG LASALLE INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
1. INTERIM INFORMATION

Readers of this quarterly report should refer to the audited financial statements of Jones Lang LaSalle Incorporated ("JLL," which may also be referred to as "the Company" or as "we," "us" or "our") for the year ended December 31, 2016, which are included in our 2016 Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission ("SEC") and also available on our website (www.jll.com), since we have omitted from this quarterly report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to the "Summary of Critical Accounting Policies and Estimates" section within Item 7. Management's Discussion and Analysis of Financial Condition and Result of Operations and to Note 2, Summary of Significant Accounting Policies, in the Notes to Consolidated Financial Statements in our 2016 Annual Report on Form 10-K for further discussion of our significant accounting policies and estimates.

Our Condensed Consolidated Financial Statements as of June 30, 2017 and December 31, 2016, and for the three and six months ended June 30, 2017 and 2016, are unaudited. In the opinion of management, we have included all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the Condensed Consolidated Financial Statements for these interim periods. We have reclassified certain prior year amounts to conform to the current year presentation.

Historically, our quarterly revenue and profits have tended to increase from quarter to quarter as the year progresses. This is the result of a general focus in the real estate industry on completing transactions by calendar year-end, while certain expenses are recognized evenly throughout the year. Our LaSalle Investment Management ("LaSalle") segment generally earns investment-generated performance fees on clients' real estate investment returns and co-investment equity gains when assets are sold, the timing of which is geared toward the benefit of our clients. Within our Real Estate Services ("RES") segments, revenue from capital markets activities is driven by the size and timing of our clients' transactions and can fluctuate significantly from period to period.

A significant portion of our compensation and benefits expense is from incentive compensation plans, which we generally accrue throughout the year based on progress toward annual performance targets. This process can result in significant fluctuations in quarterly compensation and benefits expense from period to period. Non-variable operating expenses, which we recognize when incurred during the year, are relatively constant on a quarterly basis.

We provide for the effects of income taxes on interim financial statements based on our estimate of the effective tax rate for the full year, which is based on forecasted income by country and expected enacted tax rates. Changes in the geographic mix of income can impact our estimated effective tax rate.

As a result of the items mentioned above, the results for the periods ended June 30, 2017 and 2016 are not fully indicative of what our results will be for the full fiscal year.

Our Warehouse receivables are classified as held-for-sale as they represent originated mortgage loans for which we have executed commitments to sell to third-parties. Warehouse receivables have historically been carried at the lower of cost or fair value. Effective January 1, 2017, we elected the fair value option to measure and report new Warehouse receivables on an instrument-by-instrument basis. Increases or decreases in the fair value of these loans following origination are recognized in Revenue in the Condensed Consolidated Statements of Comprehensive Income. Our Warehouse receivables balance as of June 30, 2017 did not include any loans reported within our December 31, 2016 balance as all warehoused loans were sold during the three months ended March 31, 2017.

Table of Contents

2. NEW ACCOUNTING STANDARDS

Recently adopted accounting guidance

Effective January 1, 2017, we adopted Accounting Standards Update ("ASU") No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which was intended to simplify several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. One primary effect of adoption was our election to account for forfeitures as they occur, rather than estimate forfeitures in our determination of periodic compensation cost; we adopted this portion of the standard on a modified retrospective basis. The second primary effect of adoption was the recognition of excess tax benefits in our provision for income taxes, rather than Additional paid-in capital, which also results in reclassification of cash flows related to excess tax benefits from a financing activity to an operating activity on the statement of cash flows for periods beginning January 1, 2017; we adopted this portion of the standard on a prospective basis with the effect of adoption reflected for the interim periods beginning this year.

As a result of the adoption, we recorded a $1.3 million cumulative-effect decrease to beginning retained earnings to recognize the impact of share-based compensation expense previously estimated to be forfeited; there was no material impact to our provision for income taxes in the six months ended June 30, 2017.

Recently issued accounting guidance, not yet adopted

In March 2017, the FASB issued ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit Cost (Topic 715), which amends the requirements for presentation of service costs and other components of net benefit costs on the Income Statement. This ASU is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. We do not believe this guidance will have a material impact on our financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, Simplifying the Test for Goodwill Impairment, which eliminates Step 2 from the goodwill impairment test. The annual goodwill impairment test will require companies to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge when the carrying amount exceeds the fair value of the reporting unit. This ASU is effective for annual and interim goodwill impairment tests beginning after December 15, 2019, with early adoption permitted. We do not believe this guidance will have a material impact on our financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments, which addresses appropriate presentation and classification of certain cash receipts and cash payments within the statement of cash flows under Topic 230. Specifically, this ASU provides clarification guidance on eight cash flow issues intended to improve comparability across financial statements. This ASU is effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. We do not believe this guidance will have a material impact on our financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), which creates a new framework to evaluate financial instruments, such as trade receivables, for expected credit losses. This new framework replaces the existing incurred loss approach and is expected to result in more timely recognition of credit losses. ASU No. 2016-13 is effective for annual and interim periods beginning after December 15, 2019 and early adoption is not permitted until years beginning after December 15, 2018. We are evaluating the effect this guidance will have on our financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-08, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarifies the implementation guidance on principal versus agent considerations and together with ASU No. 2014-09 (collectively the "ASUs"), as discussed below, amends and comprises Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. These ASUs, and other related ASUs, will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles ("U.S. GAAP") when effective. The final standard is effective for annual and interim periods in fiscal years beginning after December 15, 2017, with early adoption permitted for annual and interim periods in fiscal years beginning after December 15, 2016.

Table of Contents

We plan to apply the full retrospective approach to adopt ASC Topic 606. Based upon analyses performed to the date of this report, we anticipate ASC 606 will result in an acceleration of the timing of revenue recognition for certain transaction commissions and advisory fees that include variable consideration or other aspects, such as contingencies, that preclude revenue recognition contemporaneous with the satisfaction of our performance obligations within the existing revenue recognition framework. Additionally, we anticipate implementation of the updated principal versus agent considerations in ASC Topic 606 will result in a significant increase to the proportion of our property and facility management contracts accounted for on a gross basis. While our analysis is still ongoing, this expected increase is based on a change in principal versus agent evaluation criteria. Specifically, ASC Topic 606 focuses on the concept of control and the identification of the party to a contract that retains performance risk. Under the existing model, principal versus agent evaluations do not specifically consider the concept of control, but rather contemplate both performance and payment risk. Finally, we expect our disclosures related to revenue from contracts to notably expand as a result of the adoption of ASC Topic 606.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which increases transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet as well as requiring the disclosure of key information about leasing arrangements. This ASU is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted. We anticipate the adoption of this ASU will result in an increase to the Condensed Consolidated Balance Sheet to reflect right-of-use assets and lease liabilities primarily associated with our office leases around the world, but have not yet quantified the impact. We continue to evaluate any other effect the guidance will have on our financial statements and related disclosures.

Table of Contents

3. BUSINESS SEGMENTS

We manage and report our operations as four business segments:

The three geographic regions of RES including:

(1) Americas,
(2) Europe, Middle East and Africa ("EMEA"), and
(3) Asia Pacific;
and
(4) LaSalle, which offers investment management services on a global basis.

Each geographic region offers our full range of real estate services, including agency leasing and tenant representation, capital markets and hotels, property management, facilities management, project and development management, energy management and sustainability, construction management, and advisory, consulting and valuation services. We define "property management" to mean services we provide to non-occupying property investors and "facilities management" to represent services we provide to owner-occupiers. LaSalle provides investment management services to institutional investors and high-net-worth individuals.

Operating income represents total revenue less direct and allocated indirect expenses. We allocate all indirect expenses to our segments, other than interest and income taxes, as nearly all expenses incurred benefit one or more of the segments. Allocated expenses primarily consist of corporate global overhead, which we allocate to the business segments based on the budgeted operating expenses of each segment.

For segment reporting, (a) gross contract costs and (b) net non-cash mortgage servicing rights ("MSR") and mortgage banking derivative activity are both excluded from revenue in determining "fee revenue". Gross contract costs are excluded from operating expenses in determining "fee-based operating expenses." Excluding these costs from revenue and expenses results in a net presentation which we believe more accurately reflects how we manage our expense base, operating margins, and performance. In addition, our measure of segment results excludes Restructuring and acquisition charges.

We have reclassified certain prior year amounts to conform to the current presentation. Specifically during the first quarter of 2017, we revised our methodology for allocating overhead expenses and certain costs associated with our facilities management platform in EMEA to our reporting segments. Prior year amounts have been reclassified to conform to the current presentation. Reclassifications have not been material and have not affected reported net income or consolidated results.

The Chief Operating Decision Maker of JLL measures and evaluates the segment results excluding (a) gross contract costs, (b) Net non-cash MSR and mortgage banking derivative activity, and (c) Restructuring and acquisition charges. As of June 30, 2017, we define the Chief Operating Decision Maker collectively as our Global Executive Board, which is comprised of the following:

- Global Chief Executive Officer
- Global Chief Financial Officer
- Chief Executive Officers of each of our four business segments
- Global Chief Executive Officer of Corporate Solutions
- Global Head of Capital Markets
- Global Chief Human Resources Officer

Table of Contents

Summarized financial information by business segment is as follows.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2017	2016	2017	2016
Real Estate Services				
Americas				
Revenue	$791.8	672.9	$1,514.6	1,276.4
Gross contract costs	(43.9)	(43.4)	(91.0)	(92.2)
Net non-cash MSR and mortgage banking derivative activity	(6.7)	(2.7)	(4.0)	0.6
Total fee revenue	741.2	626.8	1,419.6	1,184.8
Operating expenses:				
Compensation, operating and administrative expenses	693.1	604.1	1,354.9	1,156.4
Depreciation and amortization	23.7	18.2	47.2	37.0
Total segment operating expenses	716.8	622.3	1,402.1	1,193.4
Gross contract costs	(43.9)	(43.4)	(91.0)	(92.2)
Total fee-based segment operating expenses	672.9	578.9	1,311.1	1,101.2
Segment operating income	$75.0	50.6	$112.5	83.0
Equity earnings	0.2	0.4	0.4	0.7
Total segment income	$75.2	51.0	$112.9	83.7
EMEA				
Revenue	$592.4	481.3	$1,091.9	850.7
Gross contract costs	(153.3)	(148.2)	(293.1)	(261.1)
Total fee revenue	439.1	333.1	798.8	589.6
Operating expenses:				
Compensation, operating and administrative expenses	572.3	457.5	1,090.9	835.0
Depreciation and amortization	11.1	8.3	21.4	16.0
Total segment operating expenses	583.4	465.8	1,112.3	851.0
Gross contract costs	(153.3)	(148.2)	(293.1)	(261.1)
Total fee-based segment operating expenses	430.1	317.6	819.2	589.9
Segment operating income (loss)	$9.0	15.5	$(20.4)	(0.3)
Equity losses	—	—	—	(0.1)
Total segment income (loss)	$9.0	15.5	$(20.4)	(0.4)

Table of Contents

Continued: Summarized financial information by business segment is as follows.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2017	2016	2017	2016
Real Estate Services				
Asia Pacific				
Revenue	$377.7	322.4	$682.4	585.8
Gross contract costs	(98.1)	(66.6)	(169.2)	(124.2)
Total fee revenue	279.6	255.8	513.2	461.6
Operating expenses:				
Compensation, operating and administrative expenses	354.5	299.1	650.1	559.7
Depreciation and amortization	5.7	4.2	10.5	8.2
Total segment operating expenses	360.2	303.3	660.6	567.9
Gross contract costs	(98.1)	(66.6)	(169.2)	(124.2)
Total fee-based segment operating expenses	262.1	236.7	491.4	443.7
Segment operating income	$17.5	19.1	$21.8	17.9
Equity earnings (losses)	0.6	(0.1)	1.4	—
Total segment income	$18.1	19.0	$23.2	17.9
LaSalle				
Revenue	$72.8	127.0	$161.0	227.5
Operating expenses:				
Compensation, operating and administrative expenses	63.9	87.4	137.0	165.7
Depreciation and amortization	0.7	0.7	1.4	1.3
Total segment operating expenses	64.6	88.1	138.4	167.0
Segment operating income	$8.2	38.9	$22.6	60.5
Equity earnings	13.7	8.9	18.3	21.6
Total segment income	$21.9	47.8	$40.9	82.1
Segment Reconciling Items				
Total fee revenue	$1,532.7	1,342.7	$2,892.6	2,463.5
Gross contract costs	295.3	258.2	553.3	477.5
Net non-cash MSR and mortgage banking derivative activity	6.7	2.7	4.0	(0.6)
Total revenue	$1,834.7	1,603.6	$3,449.9	2,940.4
Total segment operating expenses before restructuring and acquisition charges	1,725.0	1,479.4	3,313.4	2,779.2
Operating income before restructuring and acquisition charges	$109.7	124.2	$136.5	161.2
Restructuring and acquisition charges	5.4	10.3	9.9	17.9
Operating income	$104.3	113.9	$126.6	143.3

Table of Contents

4. BUSINESS COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS

2017 Business Combinations Activity

During the six months ended June 30, 2017, we completed four new strategic acquisitions, as presented in the table below. These acquisitions reflect continued efforts to grow scale in key regional markets across various business lines.

Acquired Company	Quarter of Acquisition	Country	Primary Service Line
Maloney Field Services	Q1	Australia	Capital Markets & Hotels
Meridian Immobilier SA	Q1	Switzerland	Leasing
Urbis Partners, LLC	Q1	United States	Leasing
Zabel Property AG	Q1	Germany	Capital Markets & Hotels

Aggregate terms of these acquisitions included: (1) cash paid at closing of $22.2 million (exclusive of $5.6 million in cash acquired), (2) guaranteed deferred consideration of $1.8 million subject only to the passage of time, and (3) contingent earn-out consideration of $10.7 million, which we will pay upon satisfaction of certain performance conditions and which we have initially recorded at their respective acquisition date fair value.

A preliminary allocation of purchase consideration resulted in goodwill of $24.0 million, identifiable intangibles of $9.5 million, and other net assets (acquired assets less assumed liabilities) of $1.2 million. As of June 30, 2017, we have not completed our analysis to assign fair values to all of the identifiable intangible and tangible assets acquired and, therefore, we may further refine the purchase price allocations for our 2017 acquisitions during their open measurement periods.

During the six months ended June 30, 2017, we paid $23.2 million for deferred business acquisition and earn-out obligations for acquisitions completed in prior years. We also paid $2.4 million to acquire a portion of the redeemable noncontrolling interest related to our 2014 acquisition of Tenzing AB, a Swedish real estate services provider.

2016 Business Combination Activity

During the six months ended June 30, 2017, we made adjustments to our preliminary allocation of the purchase consideration for certain acquisitions completed in 2016. These adjustments resulted in a $5.2 million increase to goodwill, which included a $3.2 million net working capital adjustment payment for a 2016 acquisition, and a $0.4 million reduction to identifiable intangibles. As of June 30, 2017, we have not completed our analysis to assign fair values to all the identifiable intangible and tangible assets acquired and, therefore, we may further refine the purchase price allocations for our 2016 acquisitions with open measurement periods.

Earn-Out Payments

As of June 30, 2017, we had the potential to make a maximum of $436.0 million (undiscounted) in earn-out payments on 55 completed acquisitions, subject to the achievement of certain performance criteria. We accrued $225.6 million, representing the fair value of these obligations as of June 30, 2017, which is included in Short-term earn-out liabilities and Long-term earn-out liabilities within our Condensed Consolidated Balance Sheet. Assuming the achievement of the applicable performance criteria, we anticipate making these earn-out payments over the next six years.

As of December 31, 2016, we had the potential to make a maximum of $435.0 million (undiscounted) in earn-out payments on 52 completed acquisitions, subject to the achievement of certain performance criteria. We accrued $229.6 million, representing the fair value of these obligations as of December 31, 2016. Refer to Note 7, Fair Value Measurements, and Note 10, Restructuring and Acquisition Charges, for additional discussion of our earn-out liabilities.

Goodwill and Other Intangible Assets

Significant portions of our goodwill and unamortized intangibles are denominated in currencies other than the U.S. dollar, which means a portion of the movements in the reported book value of these balances is attributable to movements in foreign currency exchange rates. The tables below detail the foreign exchange impact on our goodwill and intangible balances. Goodwill and unamortized intangibles of $2,970.9 million as of June 30, 2017 consisted of: (1) goodwill of $2,668.9 million, (2) identifiable intangibles of $293.2 million amortized over their remaining finite useful lives, and (3) $8.8 million of identifiable intangibles with indefinite useful lives that are not amortized.

Table of Contents

The following tables detail, by reporting segment, movements in goodwill with indefinite useful lives.

	Real Estate Services				
(in millions)	Americas	EMEA	Asia Pacific	LaSalle	Consolidated
Balance as of December 31, 2016	$1,406.1	851.7	306.1	15.4	$ 2,579.3
Additions, net of adjustments	4.5	18.2	6.5	—	29.2
Impact of exchange rate movements	0.4	52.1	7.2	0.7	60.4
Balance as of June 30, 2017	$1,411.0	922.0	319.8	16.1	$ 2,668.9

	Real Estate Services				
(in millions)	Americas	EMEA	Asia Pacific	LaSalle	Consolidated
Balance as of December 31, 2015	$1,161.1	696.2	266.6	17.6	$ 2,141.5
Additions, net of adjustments	102.7	36.6	13.2	—	152.5
Impact of exchange rate movements	0.9	(34.7)	3.6	(1.1)	(31.3)
Balance as of June 30, 2016	$1,264.7	698.1	283.4	16.5	$ 2,262.7

The following tables detail, by reporting segment, movements in the gross carrying amount and accumulated amortization of our identifiable intangibles.

	MSRs	Other Intangibles				
(in millions)	Americas	Americas	EMEA	Asia Pacific	LaSalle	Consolidated
Gross Carrying Amount						
Balance as of December 31, 2016	$ 193.1	167.1	91.1	24.2	0.1	$ 475.6
Additions, net of adjustments[1]	29.0	0.2	3.1	5.8	—	38.1
Adjustment for fully amortized intangibles	(6.0)	(50.0)	(7.7)	(8.0)	(0.1)	(71.8)
Impact of exchange rate movements	—	—	4.8	0.9	—	5.7
Balance as of June 30, 2017	$ 216.1	117.3	91.3	22.9	—	$ 447.6
Accumulated Amortization						
Balance as of December 31, 2016	$ (32.3)	(98.7)	(38.0)	(11.5)	(0.1)	$ (180.6)
Amortization, net [2]	(18.9)	(6.9)	(7.6)	(1.2)	—	(34.6)
Adjustment for fully amortized intangibles	6.0	50.0	7.7	8.0	0.1	71.8
Impact of exchange rate movements	—	0.2	(2.2)	(0.2)	—	(2.2)
Balance as of June 30, 2017	$ (45.2)	(55.4)	(40.1)	(4.9)	—	$ (145.6)
Net book value as of June 30, 2017	$ 170.9	61.9	51.2	18.0	—	$ 302.0

(1) Included in this amount for MSRs was $4.3 million relating to prepayments/write-offs due to prepayments of sold warehouse receivables for which we retained the servicing rights.
(2) Amortization of MSRs is included in Revenue within the Condensed Consolidated Statements of Comprehensive Income.

Table of Contents

	MSRs	Other Intangibles				
(in millions)	Americas	Americas	EMEA	Asia Pacific	LaSalle	Consolidated
Gross Carrying Amount						
Balance as of December 31, 2015	$ 171.6	125.5	48.5	14.3	6.3	$ 366.2
Additions, net of adjustments	6.3	13.0	6.6	1.2	—	27.1
Impact of exchange rate movements	—	(0.2)	(3.3)	0.3	0.2	(3.0)
Balance as of June 30, 2016	$ 177.9	138.3	51.8	15.8	6.5	$ 390.3
Accumulated Amortization						
Balance as of December 31, 2015	$ (8.6)	(88.4)	(32.6)	(9.3)	(0.1)	$ (139.0)
Amortization, net [1]	(11.4)	(4.2)	(4.0)	(0.7)	—	(20.3)
Impact of exchange rate movements	—	0.3	2.6	(0.2)	—	2.7
Balance as of June 30, 2016	$ (20.0)	(92.3)	(34.0)	(10.2)	(0.1)	$ (156.6)
Net book value as of June 30, 2016	$ 157.9	46.0	17.8	5.6	6.4	$ 233.7

(1) Amortization of MSRs is included in Revenue within the Condensed Consolidated Statements of Comprehensive Income.

The remaining estimated future amortization expense of MSRs and other identifiable intangible assets, by year, as of June 30, 2017, is presented in the following table.

(in millions)	MSRs	Other Intangibles	Total
2017 (6 months)	$ 14.9	17.4	$ 32.3
2018	28.4	24.2	52.6
2019	25.1	22.2	47.3
2020	21.8	19.5	41.3
2021	18.2	13.3	31.5
2022	15.2	13.5	28.7
Thereafter	47.3	12.2	59.5
Total	$ 170.9	122.3	$ 293.2

5. INVESTMENTS IN REAL ESTATE VENTURES

As of June 30, 2017 and December 31, 2016, we had Investments in real estate ventures of $364.2 million and $355.4 million, respectively.

Approximately two-thirds of our investments are in 49 separate property or commingled funds, where we co-invest alongside our clients and for which we also have an advisory agreement. Our investment ownership percentages in these funds generally range from less than 1% to 10%. The remaining one-third of our Investments in real estate ventures, as of June 30, 2017, were attributable to investment vehicles that use our capital and outside capital primarily provided by institutional investors to invest in certain real estate ventures that own and operate real estate. Of our investments attributable to investment vehicles, the majority was invested in LaSalle Investment Company II ("LIC II"), in which we held an effective ownership interest of 48.78%.

We have maximum potential unfunded commitments to direct investments or investment vehicles of $215.3 million as of June 30, 2017, of which $68.0 million relates to our commitment to LIC II.

Table of Contents

We evaluate our less-than-wholly-owned investments to determine whether the underlying entities are classified as variable interest entities ("VIEs"); we assess each identified VIE to determine whether we are the primary beneficiary. We have determined that we are the primary beneficiary of certain VIEs and accordingly, we have consolidated such entities. The assets of the consolidated VIEs are available only for the settlement of the obligations of the respective entities and the mortgage loans of the consolidated VIEs are non-recourse to JLL.

Summarized financial information for our consolidated VIEs is presented in the following tables.

(in millions)	June 30, 2017	December 31, 2016
Property and equipment, net	$ 13.6	13.8
Investment in real estate ventures	10.4	10.3
Other assets [1]	40.2	40.7
Total assets	$ 64.2	64.8
Mortgage indebtedness	$ 9.3	9.7
Other liabilities [1]	31.3	35.0
Total liabilities	40.6	44.7
Members' equity	23.6	20.1
Total liabilities and members' equity	$ 64.2	64.8

(1) Balances primarily represent investment properties and their corresponding liabilities, classified as held for sale.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2017	2016	2017	2016
Revenue	$1.0	1.1	$2.6	3.0
Operating and other expenses	(0.8)	(0.1)	(2.0)	(2.0)
Gain on sale of investment	—	13.3	—	13.3
Net income	$0.2	14.3	$0.6	14.3

We allocate the members' equity and net income of the consolidated VIEs to the noncontrolling interest holders as Noncontrolling interest on our Condensed Consolidated Balance Sheets and as Net income attributable to noncontrolling interest in our Condensed Consolidated Statements of Comprehensive Income, respectively.

Impairment

There were no significant other-than-temporary impairment charges on Investments in real estate ventures for the three and six months ended June 30, 2017 and 2016, respectively.

Fair Value

We report a majority of our investments in real estate ventures at fair value. For such investments, we increase or decrease our investment each reporting period by the change in the fair value and we report these fair value adjustments in our Condensed Consolidated Statements of Comprehensive Income within Equity earnings from real estate ventures. The table below shows the movement in our investments in real estate ventures reported at fair value.

(in millions)	2017	2016
Fair value investments as of January 1,	$212.7	155.2
Investments	19.2	52.0
Distributions	(18.6)	(21.9)
Change in fair value	10.7	12.2
Foreign currency translation adjustments, net	4.0	6.3
Fair value investments as of June 30,	$228.0	203.8

Table of Contents

6. STOCK-BASED COMPENSATION

Restricted Stock Unit Awards

Along with cash-based salaries and performance-based annual cash incentive awards, restricted stock unit awards represent an important element of compensation to our employees. Restricted stock unit activity is presented in the following tables.

	Shares (thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (in years)
Unvested as of March 31, 2017	785.7	$ 117.62	1.82
Granted	11.1	118.00	
Vested	(3.3)	117.81	
Forfeited	(17.6)	112.71	
Unvested as of June 30, 2017	775.9	$ 117.74	1.61
Unvested shares expected to vest as of June 30, 2017	775.9	$ 117.74	1.61
Unvested as of March 31, 2016	820.4	$ 112.83	2.21
Granted	49.7	108.75	
Vested	(9.7)	92.60	
Forfeited	(43.1)	117.52	
Unvested as of June 30, 2016	817.3	$ 112.58	2.00
Unvested shares expected to vest as of June 30, 2016	796.1	$ 112.69	2.00

	Shares (thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (in years)
Unvested as of December 31, 2016	750.9	$ 113.97	1.71
Granted	151.9	116.54	
Vested	(106.4)	90.32	
Forfeited	(20.5)	113.16	
Unvested as of June 30, 2017	775.9	$ 117.74	1.61
Unvested shares expected to vest as of June 30, 2017	775.9	$ 117.74	1.61
Unvested as of December 31, 2015	706.0	$ 111.78	2.03
Granted	250.6	107.45	
Vested	(94.6)	91.22	
Forfeited	(44.7)	116.50	
Unvested as of June 30, 2016	817.3	$ 112.58	1.99
Unvested shares expected to vest as of June 30, 2016	796.1	$ 112.69	2.00

We determine the fair value of restricted stock units based on the closing market price of the Company's common stock on the grant date. As of June 30, 2017, we had $30.7 million of unamortized deferred compensation related to unvested restricted stock units, which we anticipate recognizing over varying periods into 2020.

17

Table of Contents

7. FAIR VALUE MEASUREMENTS

We measure certain assets and liabilities in accordance with ASC 820, Fair Value Measurements and Disclosures, which defines fair value as the price that would be received for an asset, or paid to transfer a liability, in an orderly transaction between market participants on the measurement date. In addition, it establishes a framework for measuring fair value according to the following three-tier fair value hierarchy:

- Level 1 - Quoted prices for identical assets or liabilities in active markets accessible as of the measurement date;
- Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

We had no transfers among levels of the fair value hierarchy during the six months ended June 30, 2017 and 2016. Our policy is to recognize transfers at the end of quarterly reporting periods.

Financial Instruments

Our financial instruments include Cash and cash equivalents, Trade receivables, Notes and other receivables, Warehouse receivables, restricted cash, Accounts payable, Short-term borrowings, Warehouse facility, Credit facility, Long-term debt and foreign currency exchange contracts. The carrying amounts of Cash and cash equivalents, Trade receivables, Notes and other receivables, restricted cash, Accounts payable, and the Warehouse facility approximate their estimated fair values due to the short-term nature of these instruments. The carrying values of our Credit facility and Short-term borrowings approximate their estimated fair values given the variable interest rate terms and market spreads.

We estimated the fair value of our Long-term debt as $689.4 million and $284.9 million as of June 30, 2017 and December 31, 2016, respectively, using dealer quotes that are Level 2 inputs in the fair value hierarchy. The carrying value of our Long-term debt was $669.5 million and $272.7 million as of June 30, 2017 and December 31, 2016, respectively, and included debt issuance costs of $4.6 million and $2.3 million, respectively.

Investments in Real Estate Ventures at Fair Value - Net Asset Value ("NAV")

We report a majority of our investments in real estate ventures at fair value. For such investments, we increase or decrease our investment each reporting period by the change in the fair value and we report these fair value adjustments in our Condensed Consolidated Statements of Comprehensive Income within Equity earnings from real estate ventures.

Of our investments reported at fair value, we generally estimate the fair value using the NAV per share (or its equivalent) our investees provide. Critical inputs to NAV estimates included valuations of the underlying real estate assets and borrowings, which incorporate investment-specific assumptions such as discount rates, capitalization rates, rental and expense growth rates and asset-specific market borrowing rates. We did not consider adjustments to NAV estimates provided by investees, including adjustments for any restrictions to the transferability of ownership interests embedded within investment agreements to which we are a party, to be necessary based upon (1) our understanding of the methodology utilized and inputs incorporated to estimate NAV at the investee level derived through LaSalle's role as advisor or manager of these ventures, (2) consideration of market demand for the specific types of real estate assets held by each venture, and (3) contemplation of real estate and capital markets conditions in the localities in which these ventures operate. As of June 30, 2017 and December 31, 2016, investments in real estate ventures at fair value using NAV were $181.4 million and $169.0 million, respectively. As these investments are not required to be classified in the fair value hierarchy, they have been excluded from the following table.

Table of Contents

Recurring Fair Value Measurements

The following table categorizes by level in the fair value hierarchy the estimated fair value of our assets and liabilities measured at fair value on a recurring basis.

	June 30, 2017			December 31, 2016		
(in millions)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in real estate ventures - fair value	$46.6	—	—	43.7	—	—
Foreign currency forward contracts receivable	—	13.8	—	—	8.7	—
Warehouse receivables	—	798.5	—	n/a	n/a	n/a
Deferred compensation plan assets	—	208.0	—	—	173.0	—
Mortgage banking derivative assets	—	—	26.5	—	—	31.4
Total assets at fair value	$46.6	1,020.3	26.5	43.7	181.7	31.4
Liabilities						
Foreign currency forward contracts payable	$—	7.9	—	—	22.9	—
Deferred compensation plan liabilities	—	200.3	—	—	169.5	—
Earn-out liabilities	—	—	225.6	—	—	229.6
Mortgage banking derivative liabilities	—	—	12.4	—	—	15.9
Total liabilities at fair value	$—	208.2	238.0	—	192.4	245.5

Investments in Real Estate Ventures

We classify one investment as Level 1 in the fair value hierarchy as quoted prices are readily available. We increase or decrease our investment each reporting period by the change in the fair value of the investment. We report these fair value adjustments in our Condensed Consolidated Statements of Comprehensive Income within Equity earnings from real estate ventures.

Foreign Currency Forward Contracts

We regularly use foreign currency forward contracts to manage our currency exchange rate risk related to intercompany lending and cash management practices. These contracts are on our Condensed Consolidated Balance Sheets as current assets and current liabilities. We determine the fair values of these contracts based on current market rates. The inputs for these valuations are Level 2 inputs in the fair value hierarchy. As of June 30, 2017 and December 31, 2016, these contracts had a gross notional value of $1.80 billion ($1.29 billion on a net basis) and $1.90 billion ($1.39 billion on a net basis), respectively.

The revaluations of foreign currency forward contracts resulted in a net gain of $5.9 million and a net loss of $5.0 million as of June 30, 2017 and 2016, respectively. We recognize gains and losses from revaluation of these contracts as a component of Operating, administrative and other expense. They are offset by the gains and losses we recognize on the revaluation of intercompany loans and other foreign currency balances. The impact to net income was not significant for either of the three or six months ended June 30, 2017 or 2016.

We record the asset and liability positions for our foreign currency forward contracts based on the net payable or net receivable position with the financial institutions from which we purchase these contracts. The $13.8 million asset as of June 30, 2017, was composed of gross contracts with receivable positions of $15.2 million and payable positions of $1.4 million. The $7.9 million liability as of June 30, 2017, was composed of gross contracts with receivable positions of $0.8 million and payable positions of $8.7 million. As of December 31, 2016, the $8.7 million asset was composed of gross contracts with receivable positions of $8.9 million and payable positions of $0.2 million. The $22.9 million liability as of December 31, 2016, was composed of gross contracts with receivable positions of $1.3 million and payable positions of $24.2 million.

Table of Contents

Warehouse Receivables

The fair value of the Warehouse receivables is based on already locked-in security-buy prices. See Note 1, Interim Information, for additional discussion on our election of the fair value option for Warehouse receivables. As of June 30, 2017 and December 31, 2016, all of our Warehouse receivables included in our Condensed Consolidated Balance Sheet were under commitment to be purchased by government-sponsored enterprises ("GSEs") or by a qualifying investor as part of a U.S. government or GSE mortgage-backed security program. The Warehouse receivables are classified as Level 2 in the fair value hierarchy as all significant inputs are readily observable.

Deferred Compensation Plan

We maintain a deferred compensation plan for certain of our U.S. employees that allows them to defer portions of their compensation. We invest directly in insurance contracts which yield returns to fund these deferred compensation obligations. We recognize an asset for the amount that could be realized under these insurance contracts as of the balance sheet date, and we adjust the deferred compensation obligation to reflect the changes in the fair value of the amount owed to the employees. The inputs for this valuation are Level 2 inputs in the fair value hierarchy. We recorded this plan on our Condensed Consolidated Balance Sheet as of June 30, 2017, as Deferred compensation plan assets of $208.0 million, long-term deferred compensation plan liabilities of $200.3 million, included in Deferred compensation, and as a reduction of equity, Shares held in trust, of $6.2 million. We recorded this plan on our Condensed Consolidated Balance Sheet as of December 31, 2016, as Deferred compensation plan assets of $173.0 million, long-term deferred compensation plan liabilities of $169.5 million, included in Deferred compensation, and as a reduction of equity, Shares held in trust, of $6.0 million.

Earn-Out Liabilities

We classify our Earn-out liabilities within Level 3 in the fair value hierarchy because the inputs we use to develop the estimated fair value include unobservable inputs. We base the fair value of our Earn-out liabilities on the present value of probability-weighted future cash flows related to the earn-out performance criteria on each reporting date. We determine the probability of achievement we assign to the performance criteria based on the due diligence we performed at the time of acquisition as well as actual performance achieved subsequent to acquisition. An increase to the probability of achievement would result in a higher fair value measurement. See Note 4, Business Combinations, Goodwill and Intangibles, for additional discussion of our Earn-out liabilities.

Mortgage Banking Derivatives

The fair value of our rate lock commitments to prospective borrowers and the related inputs primarily include, as applicable, the expected net cash flows associated with servicing the loan and the effects of interest rate movements between the date of the interest rate lock commitment ("IRLC") and the balance sheet date based on applicable published U.S. Treasury prices.

The fair value of our forward sales contracts to prospective investors considers the market price movement of a similar security between the trade date and the balance sheet date. The market price changes are multiplied by the notional amount of the forward sales contracts to measure the fair value.

Both the rate lock commitments to prospective borrowers and the forward sale contracts to prospective investors are undesignated derivatives and considered Level 3 valuations due to significant unobservable inputs related to counterparty credit risk. An increase in counterparty credit risk assumptions would result in a lower fair value measurement. The fair valuation is determined using discounted cash flow techniques, and the derivatives are marked to fair value through Revenue in the Condensed Consolidated Statements on Comprehensive Income.

Table of Contents

The tables below present a reconciliation for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

(in millions)	Balance as of March 31, 2017	Net change in fair value	Foreign currency translation adjustments	Purchases / Additions	Settlements	Balance as of June 30, 2017
Earn-out liabilities	$ 232.8	0.7	3.0	1.2	(12.1)	$ 225.6
Mortgage banking derivative assets and liabilities, net	7.2	8.3	—	19.2	(20.6)	14.1

(in millions)	Balance as of March 31, 2016	Net change in fair value	Foreign currency translation adjustments	Purchases / Additions	Settlements	Balance as of June 30, 2016
Earn-out liabilities	$ 158.8	(1.1)	(1.9)	14.9	(1.1)	$ 169.6

(in millions)	Balance as of December 31, 2016	Net change in fair value	Foreign currency translation adjustments	Purchases / Additions	Settlements	Balance as of June 30, 2017
Earn-out liabilities	$ 229.6	(2.1)	4.5	10.7	(17.1)	$ 225.6
Mortgage banking derivative assets and liabilities, net	15.5	8.4	—	31.1	(40.9)	14.1

(in millions)	Balance as of December 31, 2015	Net change in fair value	Foreign currency translation adjustments	Purchases / Additions	Settlements	Balance as of June 30, 2016
Earn-out liabilities	$ 127.3	(0.9)	(1.2)	47.2	(2.8)	$ 169.6

Net change in fair value, included in the tables above, is reported in Net income as follows.

Category of Assets/Liabilities using Unobservable Inputs	Condensed Consolidated Statements of Comprehensive Income Account Caption
Earn-out liabilities (Short-term and Long-term)	Restructuring and acquisition charges
Other current assets - Mortgage banking derivative assets	Revenue
Other current liabilities - Mortgage banking derivative liabilities	Revenue

Non-Recurring Fair Value Measurements

We review our investments in real estate ventures, except those investments otherwise reported at fair value, on a quarterly basis, or as otherwise deemed necessary, for indications of whether we may be unable to recover the carrying value of our investments and whether such investments are other-than-temporarily impaired. When the carrying amount of the investment is in excess of the estimated future undiscounted cash flows, we use a discounted cash flow approach or other acceptable method to determine the fair value of the investment in computing the amount of the impairment. Our determination of fair value primarily relies on Level 3 inputs. We did not recognize any significant investment-level impairment losses during either of the three or six months ended June 30, 2017 or 2016. See Note 5, Investments in Real Estate Ventures, for additional information, including information related to impairment charges recorded at the investee level.

21

Table of Contents

8. DEBT

Short-term borrowings and long-term debt obligations are composed of the following.

(in millions)	June 30, 2017	December 31, 2016
Short-term borrowings:		
Local overdraft facilities	$29.6	31.6
Other short-term borrowings	39.9	57.9
Total short-term borrowings	$69.5	89.5
Credit facility, net of debt issuance costs of $17.4 and $19.6	657.6	905.4
Long-term senior notes, 4.4%, face amount of $275.0, due November 2022, net of debt issuance costs of $2.1 and $2.3	272.9	272.7
Long-term senior notes, 1.96%, face amount of €175.0, due June 2027, net of debt issuance costs of $1.3 and $0.0	198.3	—
Long-term senior notes, 2.21%, face amount of €175.0, due June 2029, net of debt issuance costs of $1.2 and $0.0	198.3	—
Total debt	$1,396.6	1,267.6

Credit Facility

We have a $2.75 billion unsecured revolving credit facility (the "Facility") that matures on June 21, 2021. In addition to outstanding borrowings under the Facility presented in the above table, we had outstanding letters of credit under the Facility of $11.9 million and $18.2 million as of June 30, 2017 and December 31, 2016, respectively. The average outstanding borrowings under the Facility were $1,302.8 million and $941.5 million during the three months ended June 30, 2017 and 2016, respectively, and $1,210.6 million and $747.9 million during the six months ended June 30, 2017 and 2016, respectively.

The pricing on the Facility ranges from LIBOR plus 0.95% to 2.05%, with pricing as of June 30, 2017, at LIBOR plus 1.25%. The effective interest rates on our Facility were 2.0% and 1.5% during the three months ended June 30, 2017 and 2016, respectively, and 1.9% and 1.5% during the six months ended June 30, 2017 and 2016, respectively.

We will continue to use the Facility for, but not limited to, business acquisitions, working capital needs (including payment of accrued incentive compensation), co-investment activities, dividend payments, share repurchases and capital expenditures.

Short-Term Borrowings and Long-Term Debt

In addition to our Facility, we have the capacity to borrow up to an additional $95.3 million under local overdraft facilities. Amounts outstanding are presented in the debt table presented above.

On June 29, 2017, we issued and sold an aggregate principal amount of €350.0 million of senior unsecured notes ("Euro Notes") as a private placement to certain institutional investors in an offering exempt from the registration requirements of the Securities Act of 1933, as amended. The fixed-rate Euro Notes have 10-year and 12-year maturities as reported in the table above. The proceeds, net of debt issuance costs, were $393.2 million, using June 29, 2017 exchange rates, and were used to reduce outstanding borrowings on our Facility.

The Euro Notes are unsecured obligations and rank equally in right of payment with all of our existing and future unsubordinated indebtedness, including our guarantee under the Facility.

As of July 31, 2017, our issuer and senior unsecured ratings are investment grade: BBB (stable outlook) from Standard & Poor's Ratings Services and Baa2 (positive outlook) from Moody's Investors Service, Inc.

Covenants

Our Facility and senior notes are subject to customary financial and other covenants, including cash interest coverage ratios and leverage ratios, as well as event of default conditions. We remained in compliance with all covenants as of June 30, 2017.

Table of Contents

Warehouse Facilities

($ in millions)	June 30, 2017		December 31, 2016	
	Outstanding Balance	Maximum Capacity	Outstanding Balance	Maximum Capacity
Warehouse Facilities:				
LIBOR plus 1.4%, expires September 25, 2017[1]	$314.3	525.0	135.2	275.0
LIBOR plus 1.35%, expires September 22, 2017[2]	357.2	500.0	314.7	650.0
LIBOR plus 1.5%, expires August 31, 2018	77.4	100.0	15.0	100.0
Fannie Mae ASAP program, LIBOR plus 1.30% to 1.45%	42.8	n/a	116.1	n/a
Gross warehouse facilities	$791.7	1,125.0	581.0	1,025.0
Debt issuance costs	(0.7)	n/a	(0.9)	n/a
Total warehouse facilities	$791.0	1,125.0	580.1	1,025.0

[1] JLL entered into an additional temporary agreement from April 17, 2017 through July 14, 2017 that increased the maximum capacity to $525.0 million. Once this temporary agreement expires, the maximum capacity will revert to $275.0 million.

[2] In the second quarter of 2017, JLL negotiated a change to the interest rate on the Warehouse facility; the facility previously had an interest rate of LIBOR plus 1.4%. In addition, JLL entered into a temporary agreement that increased the maximum capacity to $500.0 million from June 29, 2017 through July 30, 2017, and to $1.3 billion from July 31, 2017 through September 11, 2017. Once the temporary agreement expires, the maximum capacity will revert to $250.0 million.

We have lines of credit established for the sole purpose of funding our Warehouse receivables. These lines of credit exist with financial institutions and are secured by the related warehouse receivables. Pursuant to these warehouse facilities, we are required to comply with certain financial covenants regarding (1) minimum net worth, (2) minimum servicing-related loans, and (3) minimum adjusted leverage ratios. We remained in compliance with all covenants under our Warehouse facilities as of June 30, 2017.

As a supplement to our lines of credit, we have an uncommitted facility with Fannie Mae under its As Soon As Pooled ("ASAP") funding program. After origination, we sell certain warehouse receivables to Fannie Mae; the proceeds are used to repay the original lines of credit used to fund the loan. The ASAP funding program requires us to repurchase these loans, generally within 45 days, followed by an immediate sale back to Fannie Mae. The difference between the price paid upon the original sale to Fannie Mae and the ultimate sale reflects a discount representative of borrowing costs.

Table of Contents

9. COMMITMENTS AND CONTINGENCIES

We are a defendant in various litigation matters arising in the ordinary course of business, some of which involve claims for damages that are substantial in amount. Many of these litigation matters are covered by insurance (including insurance provided through a consolidated captive insurance company as further discussed below), but they may nevertheless be subject to large deductibles and the amounts being claimed may exceed the available insurance. Although we cannot determine the ultimate liability for these matters, based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial position, results of operations or liquidity.

In order to better manage our global insurance program and support our risk management efforts, we supplement our traditional insurance coverage for certain types of claims by using a wholly-owned captive insurance company. The level of risk retained by our captive insurance company, with respect to professional indemnity claims, is up to $2.5 million per claim, inclusive of the deductible. We contract third-party insurance companies to provide coverage of risk in excess of this amount. When a potential loss event occurs, we estimate the ultimate cost of the claim and accrue the amount in Other current and long-term liabilities on our Condensed Consolidated Balance Sheets when probable and estimable. In addition, we have established receivables from third-party insurance providers for claim amounts in excess of the risk retained by our captive insurance company. In total, these receivables were $2.4 million and $1.3 million as of June 30, 2017 and December 31, 2016, respectively, and are included in Notes and other receivables and Long-term receivables on our Condensed Consolidated Balance Sheets.

The following table shows the professional indemnity accrual activity and related payments.

(in millions)	
December 31, 2016	$7.3
New claims	0.2
Prior year claims adjustments	1.7
Claims paid	(2.3)
June 30, 2017	$6.9
December 31, 2015	$19.2
New claims	5.7
Prior year claims adjustments	(1.7)
Claims paid	(5.4)
June 30, 2016	$17.8

As a lender in the Fannie Mae Delegated Underwriting and Servicing ("DUS") program, we retain a portion of the risk of loss for loans we originate and sell under the DUS program. The net loss on defaulted loans are shared with Fannie Mae based upon established loss-sharing ratios. Generally, our share of losses is capped at 20% of the principal balance of the mortgage at origination. As of June 30, 2017 and December 31, 2016, we had loans, funded and sold, subject to such loss-sharing arrangements with an aggregate unpaid principal balance of $6.7 billion and $5.8 billion, respectively.

For all DUS program loans with loss-sharing obligations, we record a loan loss accrual equal to the estimated fair value of the guarantee obligations undertaken upon sale of the loan, which reduces our gain on sale of the loan. Subsequently, this accrual is amortized over the life of the loan and recorded as an increase in Revenue on the Statements of Comprehensive Income. At least semi-annually, we perform an analysis of the servicing portfolio with loss-sharing obligations to determine estimated probable losses. If estimated probable losses exceed the existing unamortized guarantee obligation, we record an expense to increase the loan loss accrual for this difference. As of June 30, 2017 and December 31, 2016, loan loss accruals were $13.9 million and $12.2 million, respectively, and are included in Other liabilities on our Condensed Consolidated Balance Sheets.

10. RESTRUCTURING AND ACQUISITION CHARGES

For the three and six months ended June 30, 2017, we recognized Restructuring and acquisition charges of $5.4 million and $9.9 million, respectively. For the three and six months ended June 30, 2016, we recognized Restructuring and acquisition charges of $10.3 million and $17.9 million, respectively.

For the three and six months ended June 30, 2017, we recognized $0.7 million related to net increases and $2.1 million related to net decreases to earn-out liabilities that arose from prior period acquisition activity, respectively. For the six months ended June 30, 2016, we recognized $0.2 million related to net increases to earn-out liabilities that arose from prior period acquisition activity. Additionally, there was a $2.3 million gain for the three and six months ended June 30, 2016, included in Restructuring and acquisition charges for a foreign currency derivative relating to an acquisition payment.

In all periods, the remaining charges primarily consist of (1) severance and employment-related charges, including those related to external service providers, incurred in conjunction with a structural business shift, which can be represented by a notable change in headcount, change in leadership, or transformation of business processes, (2) lease exit charges, and (3) other acquisition and integration-related charges. The following tables show the restructuring and acquisition accrual activity and related payments, which are exclusive of the adjustments individually noted above.

(in millions)	Severance & Employment-Related	Lease Exit	Other Acquisition	Total
December 31, 2016	$ 19.7	5.5	5.8	31.0
Accruals	6.4	1.3	4.3	12.0
Payments made	(15.3)	(0.4)	(5.7)	(21.4)
June 30, 2017	$ 10.8	6.4	4.4	21.6

(in millions)	Severance & Employment-Related	Lease Exit	Other Acquisition	Total
December 31, 2015	$ 2.7	5.7	0.2	8.6
Accruals	11.1	—	8.9	20.0
Payments made	(3.6)	(0.4)	(7.8)	(11.8)
June 30, 2016	$ 10.2	5.3	1.3	16.8

We expect the majority of accrued severance and other accrued acquisition costs as of June 30, 2017 will be paid during the next twelve months. Lease exit payments depend on the terms of various leases, which extend as far out as 2022.

11. NONCONTROLLING INTEREST

We reflect changes in amounts attributable to noncontrolling interests in the Condensed Consolidated Statement of Changes in Equity. We present changes in amounts attributable to redeemable noncontrolling interests in the following table.

(in millions)	
Redeemable noncontrolling interests as of December 31, 2016	$6.8
Acquisition of redeemable noncontrolling interest [1]	(3.5)
Net loss	(0.1)
Impact of exchange rate movements	0.7
Redeemable noncontrolling interests as of June 30, 2017	$3.9

(1) Reflects our redemption of a portion of the redeemable noncontrolling interest related to our 2014 acquisition of Tenzing AB and includes $1.1 million representing the difference between the redemption value and the carrying value of the acquired interest.

Table of Contents

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT

The tables below present the changes in Accumulated other comprehensive income (loss) by component.

(in millions)	Pension and postretirement benefit	Cumulative foreign currency translation adjustment	Total
Balance as of March 31, 2017	$ (68.7)	(421.3)	(490.0)
Other comprehensive income before reclassification	—	68.0	68.0
Amounts reclassified from AOCI after tax expense of $0.2, $ - and $0.2	0.8	—	0.8
Other comprehensive income after tax expense of $0.2, $ - and $0.2	0.8	68.0	68.8
Balance as of June 30, 2017	$ (67.9)	(353.3)	(421.2)

(in millions)	Pension and postretirement benefit	Cumulative foreign currency translation adjustment	Total
Balance as of March 31, 2016	$ (35.8)	(286.7)	(322.5)
Other comprehensive loss before reclassification	—	(49.7)	(49.7)
Amounts reclassified from AOCI after tax expense of $ - , $ - and $ -	—	—	—
Other comprehensive loss after tax expense of $ - , $ - and $ -	—	(49.7)	(49.7)
Balance as of June 30, 2016	$ (35.8)	(336.4)	(372.2)

(in millions)	Pension and postretirement benefit	Cumulative foreign currency translation adjustment	Total
Balance as of December 31, 2016	$ (68.7)	(482.4)	(551.1)
Other comprehensive income before reclassification	—	129.1	129.1
Amounts reclassified from AOCI after tax expense of $0.2, $ - and $0.2	0.8	—	0.8
Other comprehensive income after tax expense of $0.2, $ - and $0.2	0.8	129.1	129.9
Balance as of June 30, 2017	$ (67.9)	(353.3)	(421.2)

(in millions)	Pension and postretirement benefit	Cumulative foreign currency translation adjustment	Total
Balance as of December 31, 2015	$ (35.8)	(300.5)	(336.3)
Other comprehensive loss before reclassification	—	(35.9)	(35.9)

Amounts reclassified from AOCI after tax expense of $ - , $ - and $ -	—	—	—
Other comprehensive loss after tax expense of $ - , $ - and $ -	—	(35.9)	(35.9)
Balance as of June 30, 2016	$ (35.8)	(336.4)	(372.2)

For pension and postretirement benefits, we report amounts reclassified from Accumulated other comprehensive income (loss) in Compensation and benefits within the Condensed Consolidated Statements of Comprehensive Income.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements, including the notes thereto, for the three and six months ended June 30, 2017, and our audited Consolidated Financial Statements and notes thereto for the fiscal year ended December 31, 2016, which are included in our 2016 Annual Report on Form 10-K, filed with the SEC and also available on our website (www.jll.com).You should also refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2016 Annual Report on Form 10-K.

The following discussion and analysis contains certain forward-looking statements generally identified by the words anticipates, believes, estimates, expects, forecasts, plans, intends and other similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause JLL's actual results, performance, achievements, plans and objectives to be materially different from any future results, performance, achievements, plans and objectives expressed or implied by such forward-looking statements. See the Cautionary Note Regarding Forward-Looking Statements included within this section for further information.

We present our quarterly Management's Discussion and Analysis in the following sections:

(1) A summary of our critical accounting policies and estimates;
(2) Certain items affecting the comparability of results and certain market and other risks we face;
(3) The results of our operations, first on a consolidated basis and then for each of our business segments; and
(4) Liquidity and capital resources.

SUMMARY OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

An understanding of our accounting policies is necessary for a complete analysis of our results, financial position, liquidity and trends. See Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in our 2016 Annual Report on Form 10-K for a complete summary of our significant accounting policies.

The preparation of our financial statements requires management to make certain critical accounting estimates and judgments that impact (1) the stated amount of assets and liabilities, (2) disclosure of contingent assets and liabilities at the date of the financial statements, and (3) the reported amount of revenue and expenses during the reporting periods. These accounting estimates are based on management's judgment. We consider them to be critical because of their significance to the financial statements and the possibility that future events may differ from current judgments or that the use of different assumptions could result in materially different estimates. We review these estimates on a periodic basis to ensure reasonableness. Although actual amounts likely differ from such estimated amounts, we believe such differences are not likely to be material.

A discussion of our critical accounting policies and estimates used in the preparation of our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q can be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to these critical accounting policies and estimates during the six months ended June 30, 2017.

The following are the critical accounting policies and estimates discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2016:

- Revenue Recognition;
- Business Combinations, Goodwill and Other Intangible Assets;
- Investments in Real Estate Ventures; and
- Income Taxes.

In addition to the aforementioned critical accounting policies, we believe the calculation of our quarterly tax provision is critical to understanding the estimates and assumptions used in preparing the Condensed Consolidated Financial Statements in Item 1.

Table of Contents

Quarterly Income Tax Provision

We base our fiscal year estimated effective tax rate on estimates we update each quarter. Our effective tax rate for the six months ended June 30, 2017 and our forecasted effective tax rate for 2017 is 24.4%. We provide for the effects of income taxes on interim financial statements based on our estimate of the effective tax rate for the full year, which we base on forecasted income by country and expected enacted tax rates. We evaluate our estimated effective tax rate on a quarterly basis to reflect forecast changes in our geographic mix of income and legislative actions on statutory tax rates and other relevant matters effective in the quarter in which the legislation is enacted.

The geographic mix of our income can significantly impact our effective tax rate. Very low tax rate jurisdictions (those with effective national and local combined tax rates of 25% or lower) that provide the most significant contributions to our effective tax rate include: Hong Kong (16.5%), Singapore (17%), the United Kingdom (19.25%), and the Netherlands (25%). We do not project any other jurisdictions with effective rates of 25% or lower to materially impact our 2017 global effective tax rate.

On March 29, 2017, the UK formally notified the European Union (“EU”) of its intent to withdraw from the EU pursuant to Article 50 of the Treaty of Lisbon. We believe this notification is not itself a change in tax law requiring any changes in the computation of income tax expense for the six months ended June 30, 2017. We have subsidiary operations in the UK and we are presently studying the potential changes in tax expense provision requirements that may be necessary upon the UK’s ultimate exit from the EU, particularly with respect to all types of cross-border payments. Because these consequences will be based, in part, upon potential substitute treaties that may enter into force before or concurrent with that exit occurring, the impact of the UK’s exit from the EU, while potentially significant, is uncertain at this time.

ITEMS AFFECTING COMPARABILITY

Macroeconomic Conditions

Our results of operations and the variability of these results are significantly influenced by (1) macroeconomic trends, (2) the geopolitical environment, (3) the global and regional real estate markets, and (4) the financial and credit markets. These macroeconomic and other conditions have had, and we expect will continue to have, a significant impact on the variability of our results of operations.

Acquisitions

The timing of acquisitions may impact the comparability of our results on a year-over-year basis. Our results include incremental revenues and expenses from the completion date of an acquisition. In addition, there is generally an initial adverse impact on net income from an acquisition as a result of pre-acquisition due diligence expenditures and post-acquisition integration costs, such as fees from third-party advisors engaged to assist with onboarding and process alignment.

LaSalle Revenue

Our investment management business is, in part, compensated through incentive fees where performance of underlying funds' investments exceeds agreed-to benchmark levels. Depending upon performance, disposition activity, and the contractual timing of measurement periods with clients, these fees can be significant and vary substantially from period to period.

Equity earnings from real estate ventures also may vary substantially from period to period for a variety of reasons, including as a result of: (1) gains (losses) on investments reported at fair value, (2) gains (losses) on asset dispositions, and (3) impairment charges. The timing of recognition of these items may impact comparability between quarters, in any one year, or compared to a prior year.

The comparability of these items can be seen in Note 3, Business Segments, of the Notes to Condensed Consolidated Financial Statements and is discussed further in Segment Operating Results included herein.

Table of Contents

Foreign Currency

We conduct business using a variety of currencies, but we report our results in U.S. dollars. As a result, the volatility of currencies against the U.S. dollar may positively or negatively impact our results. This volatility can make it more difficult to perform period-to-period comparisons of the reported U.S. dollar results of operations, because such results may indicate a growth or decline rate that might not have been consistent with the real underlying growth or decline rates in the local operations. Consequently, we provide information about the impact of foreign currencies in the period-to-period comparisons of the reported results of operations in our discussion and analysis of financial condition in the Results of Operations section below.

Transactional-Based Revenue

Transactional-based fees, that are impacted by the size and timing of our clients' transactions, from real estate investment banking, capital markets activities and other services within our RES businesses, and LaSalle, increase the variability of the revenue we earn. The timing and the magnitude of these fees can vary significantly from year to year and quarter to quarter, and from region to region.

Seasonality

Historically, our quarterly revenue and profits have tended to increase from quarter to quarter as the year progresses. This is a result of a general focus in the real estate industry on completing or documenting transactions by calendar year-end and the fact that certain expenses are constant through the year. Historically, we have reported a relatively smaller profit in the first quarter and then increasingly larger profits during each of the following three quarters, excluding the recognition of investment-generated performance fees and realized and unrealized co-investment equity earnings and losses (each of which can be unpredictable). We generally recognize such performance fees and realized co-investment equity earnings or losses when assets are sold, the timing of which is geared toward the benefit of our clients. Non-variable operating expenses, which we treat as expenses when incurred during the year, are relatively constant on a quarterly basis.

A significant portion of our Compensation and benefits expense is from incentive compensation plans, which we generally accrue throughout the year based on progress toward annual performance targets. This quarterly estimation can result in significant fluctuations in quarterly Compensation and benefits expense from period to period. Consequently, the results for the periods ended June 30, 2017 and 2016, are not fully indicative of the results we expect to realize for the full fiscal year.

RESULTS OF OPERATIONS

We define market volumes for Leasing as gross absorption of office real estate space in square feet for the U.S., Europe and selected markets in Asia Pacific. We define market volumes for Capital Markets as the U.S. dollar equivalent value of investment sales transactions globally.

Reclassifications

We have reclassified certain prior year amounts to conform to the current presentation. Specifically during 2017, we revised our methodology for allocating overhead expenses and certain costs associated with our facilities management platform in EMEA to our reporting segments. Prior year amounts have been reclassified to conform to the current presentation. Reclassifications have not been material and have not affected reported net income or consolidated results.

Table of Contents

Consolidated Operating Results

($ in millions)	Three Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Revenue					
Leasing	$475.7	415.4	60.3	15 %	15 %
Capital Markets & Hotels	235.1	220.0	15.1	7	10
Capital Markets & Hotels Fee Revenue	228.4	217.3	11.1	5	8
Property & Facility Management	572.0	405.2	166.8	41	47
Property & Facility Management Fee Revenue	420.6	295.0	125.6	43	49
Project & Development Services	318.5	303.5	15.0	5	7
Project & Development Services Fee Revenue	174.6	155.5	19.1	12	14
Advisory, Consulting and Other	160.6	132.5	28.1	21	24
Real Estate Services ("RES") revenue	$1,761.9	1,476.6	285.3	19 %	22 %
LaSalle	72.8	127.0	(54.2)	(43)	(41)
Total revenue	$1,834.7	1,603.6	231.1	14 %	17 %
Gross contract costs	(295.3)	(258.2)	(37.1)	14	18
Net non-cash MSR and mortgage banking derivative activity	(6.7)	(2.7)	(4.0)	n.m.	n.m.
Total fee revenue	$1,532.7	1,342.7	190.0	14 %	17 %
RES fee revenue	$1,459.9	1,215.7	244.2	20 %	23 %
Compensation, operating and administrative expenses excluding gross contract costs	1,388.5	1,189.8	198.7	17	20
Gross contract costs	295.3	258.2	37.1	14	18
Depreciation and amortization	41.2	31.4	9.8	31	35
Restructuring and acquisition charges	5.4	10.3	(4.9)	(48)	(48)
Total operating expenses	$1,730.4	1,489.7	240.7	16 %	20 %
Operating income	$104.3	113.9	(9.6)	(8)%	(10)%
Equity earnings	$14.5	9.2	5.3	58 %	58 %
Adjusted EBITDA	$158.2	159.8	(1.6)	(1)%	(2)%

n.m. - not meaningful

Table of Contents

Consolidated Operating Results (continued)

($ in millions)	Six Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Revenue					
Leasing	$850.8	735.2	115.6	16 %	17 %
Capital Markets & Hotels	425.9	389.7	36.2	9	13
Capital Markets & Hotels Fee Revenue	421.9	390.3	31.6	8	11
Property & Facility Management	1,114.9	796.2	318.7	40	47
Property & Facility Management Fee Revenue	833.8	581.2	252.6	43	50
Project & Development Services	601.3	549.4	51.9	9	12
Project & Development Services Fee Revenue	329.1	286.9	42.2	15	16
Advisory, Consulting and Other	296.0	242.4	53.6	22	25
Real Estate Services ("RES") revenue	$3,288.9	2,712.9	576.0	21 %	25 %
LaSalle	161.0	227.5	(66.5)	(29)	(27)
Total revenue	$3,449.9	2,940.4	509.5	17 %	21 %
Gross contract costs	(553.3)	(477.5)	(75.8)	16	21
Net non-cash MSR and mortgage banking derivative activity	(4.0)	0.6	(4.6)	n.m.	n.m.
Total fee revenue	$2,892.6	2,463.5	429.1	17 %	21 %
RES fee revenue	$2,731.6	2,236.0	495.6	22 %	25 %
Compensation, operating and administrative expenses excluding gross contract costs	2,679.6	2,239.1	440.5	20	23
Gross contract costs	553.3	477.5	75.8	16	21
Depreciation and amortization	80.5	62.6	17.9	29	32
Restructuring and acquisition charges	9.9	17.9	(8.0)	(45)	(42)
Total operating expenses	$3,323.3	2,797.1	526.2	19 %	23 %
Operating income	$126.6	143.3	(16.7)	(12)%	(17)%
Equity earnings	$20.1	22.2	(2.1)	(9)%	(9)%
Adjusted EBITDA	$232.1	244.8	(12.7)	(5)%	(7)%

n.m. - not meaningful

Table of Contents

Non-GAAP Financial Measures

Management uses certain non-GAAP financial measures to develop budgets and forecasts, measure and reward performance against those budgets and forecasts, and enhance comparability to prior periods. These measures are believed to be useful to investors and other external stakeholders as supplemental measures of core operating performance and include the following:

(i)Fee revenue and Fee-based operating expenses,

(ii)Adjusted EBITDA and Adjusted EBITDA margin, and

(iii)Percentage changes against prior periods, presented on a local currency basis.

However, non-GAAP financial measures should not be considered alternatives to measures determined in accordance with U.S. generally accepted accounting principles ("GAAP"). Any measure that eliminates components of a company's capital structure, cost of operations or investment, or other results has limitations as a performance measure. In light of these limitations, management also considers GAAP financial measures and does not rely solely on non-GAAP financial measures. Because our non-GAAP financial measures are not calculated in accordance with GAAP, they may not be comparable to similarly titled measures used by other companies.

Adjustments to GAAP Financial Measures Used to Calculate non-GAAP Financial Measures

Gross Contract Costs

Consistent with GAAP, certain vendor and subcontractor costs ("gross contract costs") which we manage on certain client assignments in the Property & Facility Management and Project & Development Services business lines are presented on a gross basis in Revenue and Operating expenses. We generally earns little to no margin on the reimbursement of gross contract costs, obtaining reimbursement only for costs incurred. Excluding gross contract costs from both Revenue and Operating expenses more accurately reflects how we manage our expense base and its operating margins.

Net Non-Cash MSR and Mortgage Banking Derivative Activity

Net non-cash mortgage servicing rights ("MSR") and mortgage banking derivative activity consists of the balances presented within Revenue composed of (i) derivative gains/losses resulting from mortgage banking loan commitment activity and (ii) gains recognized from the retention of MSR upon origination and sale of mortgage loans, offset by (iii) amortization of MSR intangible assets over the period that net servicing income is projected to be received. Non-cash derivative gains/losses resulting from mortgage banking loan commitment activity are calculated as the estimated fair value of loan commitments and subsequent changes thereof, primarily represented by the estimated net cash flows associated with future servicing rights. MSR gains and corresponding MSR intangible assets are calculated as the present value of estimated net cash flows over the estimated mortgage servicing periods. The above activity is reported entirely within Revenue of the Capital Markets & Hotels business line of the Americas segment. Excluding net non-cash MSR and mortgage banking derivative activity reflects how we manage and evaluates performance because the excluded activity is non-cash in nature.

Restructuring and Acquisition Charges

Restructuring and acquisition charges primarily consist of: (i) severance and employment-related charges, including those related to external service providers, incurred in conjunction with a structural business shift, which can be represented by a notable change in headcount, change in leadership or transformation of business processes; (ii) acquisition and integration-related charges, including non-cash fair value adjustments to assets and liabilities recorded in purchase accounting such as earn-out liabilities and intangible assets; and (iii) lease exit charges. Such activity is excluded as the amounts are generally either non-cash in nature or the anticipated benefits from the expenditures would not likely be fully realized until future periods. As noted within Note 5, Restructuring and acquisition charges are excluded from segment operating results and therefore not a line item in the segments' reconciliation to Adjusted EBITDA.

Table of Contents

Reconciliation of Non-GAAP Financial Measures

Below are reconciliations of Revenue to fee revenue and Operating expenses to fee-based operating expenses.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2017	2016	2017	2016
Revenue	$1,834.7	1,603.6	$3,449.9	2,940.4
Adjustments:				
Gross contract costs	(295.3)	(258.2)	(553.3)	(477.5)
Net non-cash MSR and mortgage banking derivative activity	(6.7)	(2.7)	(4.0)	0.6
Fee revenue	$1,532.7	1,342.7	$2,892.6	2,463.5
Operating expenses	$1,730.4	1,489.7	$3,323.3	2,797.1
Less: Gross contract costs	(295.3)	(258.2)	(553.3)	(477.5)
Fee-based operating expenses	$1,435.1	1,231.5	$2,770.0	2,319.6
Operating income	$104.3	113.9	$126.6	143.3

To conform to current presentation, 2016 amounts were recast for fee revenue to reflect the adjustment associated with Net non-cash MSR and mortgage banking derivative activity.

Adjusted EBITDA attributable to common shareholders ("Adjusted EBITDA") represents EBITDA attributable to common shareholders (“EBITDA”) further adjusted for certain items we do not consider directly indicative of our ongoing performance in the context of certain performance measurements. Below is (i) a reconciliation of Net income attributable to common shareholders to EBITDA and Adjusted EBITDA and (ii) the Adjusted EBITDA margin (on a fee-revenue basis).

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2017	2016	2017	2016
Net income attributable to common shareholders	$78.2	78.8	$89.0	104.5
Add:				
Interest expense, net of interest income	14.6	10.9	27.6	19.8
Provision for income taxes	25.5	31.1	29.1	39.4
Depreciation and amortization	41.2	31.4	80.5	62.6
EBITDA	$159.5	152.2	$226.2	226.3
Adjustments:				
Restructuring and acquisition charges	5.4	10.3	9.9	17.9
Net non-cash MSR and mortgage banking derivative activity	(6.7)	(2.7)	(4.0)	0.6
Adjusted EBITDA	$158.2	159.8	$232.1	244.8
Net income margin attributable to common shareholders	4.3%	4.9	2.6%	3.6
Adjusted EBITDA margin	10.0%	11.9	7.7%	9.9

Table of Contents

In discussing our operating results, we report Adjusted EBITDA margins and refer to percentage changes in local currency, unless otherwise noted. Amounts presented on a local currency basis are calculated by translating the current period results of our foreign operations to U.S. dollars using the foreign currency exchange rates from the comparative period. We believe this methodology provides a framework for assessing performance and operations excluding the effect of foreign currency fluctuations. The following table reflects the reconciliation to local currency amounts for consolidated (i) Revenue, (ii) fee revenue, (iii) Operating income, and (iv) Adjusted EBITDA.

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in millions)	2017	% Change	2017	% Change
Revenue:				
At current period exchange rates	$1,834.7	14 %	$3,449.9	17 %
Impact of change in exchange rates	48.0	n/a	101.1	n/a
At comparative period exchange rates	$1,882.7	17 %	$3,551.0	21 %
Fee Revenue:				
At current period exchange rates	$1,532.7	14 %	$2,892.6	17 %
Impact of change in exchange rates	38.0	n/a	77.1	n/a
At comparative period exchange rates	$1,570.7	17 %	$2,969.7	21 %
Operating Income:				
At current period exchange rates	$104.3	(8)%	$126.6	(12)%
Impact of change in exchange rates	(2.2)	n/a	(7.0)	n/a
At comparative period exchange rates	$102.1	(10)%	$119.6	(17)%
Adjusted EBITDA:				
At current period exchange rates	$158.2	(1)%	$232.1	(5)%
Impact of change in exchange rates	(1.1)	n/a	(4.4)	n/a
At comparative period exchange rates	$157.1	(2)%	$227.7	(7)%

Table of Contents

Revenue

For the second quarter of 2017, consolidated revenue was $1.8 billion and consolidated fee revenue was $1.5 billion, both up 17% over the prior-year quarter. For the first half of 2017, consolidated revenue was $3.4 billion and consolidated fee revenue was $2.9 billion, both up 21% over 2016. We achieved year-over-year double-digit revenue growth in all three RES segments for the three and six months ended June 30, 2017, with all RES service lines reflecting growth on a consolidated basis compared to last year. Second quarter and year-to-date revenue growth by service line was led by Property & Facility Management, up 47% in both periods, and Leasing, up 15% for the quarter and 17% year-to-date. Geographically, the increase in RES fee revenue for the second quarter, on a local currency basis, was composed of 50% from EMEA, 41% from Americas, and 9% from Asia Pacific. Partially offsetting the revenue growth in our RES reporting segments was LaSalle, down 41% due to a decline in incentive fees for the second quarter.

Property & Facility Management represented nearly 60% of our consolidated second quarter RES revenue growth and was led by EMEA, which contributed over 75% of the consolidated service line growth on a local currency basis. The performance in EMEA was primarily a result of incremental revenue from our August 2016 acquisition of Integral UK Ltd. ("Integral"). Asia Pacific represented nearly 20% of the consolidated Property & Facility Management revenue growth on a local currency basis. The increase in Leasing revenue, on a local currency basis, was nearly entirely driven by the Americas. The increase in consolidated revenue growth, on a local currency basis, in Project & Development Services was led by Asia Pacific and the Americas, partially offset by EMEA. Consolidated revenue growth in Advisory, Consulting and Other was led by Americas, representing over 60% of the growth on a local currency basis. Refer to segment operating results for further discussion.

Our consolidated revenue increased 14% in U.S. dollars and 17% in local currency for the second quarter of 2017 as compared with 2016. This spread was driven by strengthening of the U.S. dollar against the British pound sterling, partially offset by weakening of the U.S. dollar against the euro.

Operating Expenses

In the second quarter of 2017, consolidated operating expenses were $1.7 billion and consolidated fee-based operating expenses, excluding restructuring and acquisition charges, were $1.4 billion, both an increase of 20% as compared with 2016. For the first half 2017, consolidated operating expenses were $3.3 billion and consolidated fee-based operating expenses, excluding restructuring and acquisition charges, were $2.8 billion, an increase of 23% and 24%, respectively, over 2016. The second quarter and year-to-date increases reflected continued expansion of annuity businesses, most notably from the acquisition of Integral, as well as continued increases to investments in data, technology, and people.

Restructuring and acquisition charges were $5.4 million and $10.3 million for the second quarter of 2017 and 2016, respectively. Charges in 2017 included (a) $2.9 million of severance and other employment-related charges incurred with respect to headcount reductions or other activities considered to represent structural changes to our local, regional, and/or global business operations, (b) $1.8 million of costs incurred for pre-acquisition due diligence and post-acquisition integration activities, a result of our recent elevated acquisition activity, and (c) $0.7 million of net non-cash fair value adjustments to amounts relating to net increases to earn-out liabilities that arose from prior period acquisition activity. Comparatively, charges in 2016 included (a) $7.9 million of severance and other employment-related charges, (b) $4.7 million of costs incurred for pre-acquisition due diligence and post-acquisition integration activities, partially offset by a $2.3 million gain on a foreign currency derivative relating to an acquisition payment.

Interest Expense

Net interest expense for the second quarter of 2017 was $14.6 million, up from $10.9 million in 2016. Nearly half of the year-over-year increase was due to a higher effective interest rate on our Facility, 2.0% this quarter as compared with 1.5% last year. An increase in average borrowings from $941.5 million in the second quarter of 2016 to $1,302.8 million in current quarter, driven by nearly $460 million in acquisition-related payments over the last 12 months, also contributed to the increase in net interest expense.

Table of Contents

Equity Earnings from Real Estate Ventures

For the three and six months ended June 30, 2017, we recognized equity earnings of $14.5 million and $20.1 million, respectively, as compared with $9.2 million and $22.2 million during the three and six months ended June 30, 2016, respectively. Nearly all of the activity in each period was attributable to LaSalle; refer to the LaSalle segment results discussion for additional details.

Provision for Income Taxes

The provision for income taxes was $25.5 million and $29.1 million for the second quarter and first half of 2017, respectively, which represented an effective tax rate of 24.4% in both periods, consistent with the effective tax rate for the year ended December 31, 2016.

Net Income and Adjusted EBITDA

Net income attributable to common shareholders for the second quarter and first half of 2017 was $78.2 million and $89.0 million, respectively, compared with $78.8 million and $104.5 million in the respective prior-year periods. Net income margin attributable to common shareholders was 4.3% in the second quarter of 2017, down from 4.9% in the second quarter of 2016. Adjusted EBITDA was $158.2 million and $232.1 million for the second quarter and first half of 2017, respectively, down 2% and 7%, from the respective prior-year periods. Adjusted EBITDA margin, calculated on a fee-revenue basis, for the second quarter of 2017 was 10.3% in USD (10.0% in local currency) as compared with 11.9% for the prior-year quarter. Our results reflected organic business growth which was more than offset by the decline in LaSalle incentive fees as well as ongoing M&A integration.

Segment Operating Results

We manage and report our operations as four business segments:

The three geographic regions of RES including:

(1) Americas,

(2) EMEA, and

(3) Asia Pacific;

and

(4) LaSalle, which offers investment management services on a global basis.

Each geographic region offers our full range of real estate services, including tenant representation and agency leasing, capital markets and hotels, property management, facility management, project and development services, and advisory, consulting and valuation services. We consider "property management" to be services provided to non-occupying property investors and "facility management" to be services provided to owner-occupiers. LaSalle provides investment management services to institutional investors and high-net-worth individuals.

For segment reporting, gross contract costs and Net non-cash MSR and mortgage banking derivative activity are both excluded from revenue in determining "fee revenue". Gross contract costs are excluded from operating expenses in determining "fee-based operating expenses." In addition, our measure of segment results also excludes Restructuring and acquisition charges.

Table of Contents

Americas - Real Estate Services

($ in millions)	Three Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Leasing	$361.9	300.0	61.9	21 %	21 %
Capital Markets & Hotels	104.3	91.2	13.1	14	15
Capital Markets & Hotels Fee Revenue	97.6	88.5	9.1	10	11
Property & Facility Management	173.2	167.4	5.8	3	4
Property & Facility Management Fee Revenue	134.5	127.4	7.1	6	6
Project & Development Services	94.9	79.2	15.7	20	20
Project & Development Services Fee Revenue	89.7	75.8	13.9	18	18
Advisory, Consulting and Other	57.5	35.1	22.4	64	64
Total revenue	$791.8	672.9	118.9	18 %	18 %
Gross contract costs	(43.9)	(43.4)	(0.5)	1	3
Net non-cash MSR and mortgage banking derivative activity	(6.7)	(2.7)	(4.0)	n.m.	n.m.
Total fee revenue	$741.2	626.8	114.4	18 %	18 %
Compensation, operating and administrative expenses excluding gross contract costs	649.2	560.7	88.5	16	16
Gross contract costs	43.9	43.4	0.5	1	3
Depreciation and amortization	23.7	18.2	5.5	30	30
Total operating expenses	$716.8	622.3	94.5	15 %	15 %
Operating income	$75.0	50.6	24.4	48 %	48 %
Equity earnings	$0.2	0.4	(0.2)	(50)%	(50)%
Adjusted EBITDA	$91.8	66.2	25.6	39 %	39 %

n.m. - not meaningful

Table of Contents

Americas - Real Estate Services (continued)

($ in millions)	Six Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Leasing	$658.0	549.0	109.0	20 %	20 %
Capital Markets & Hotels	203.5	169.8	33.7	20	20
Capital Markets & Hotels Fee Revenue	199.5	170.4	29.1	17	17
Property & Facility Management	355.0	344.7	10.3	3	3
Property & Facility Management Fee Revenue	276.9	258.7	18.2	7	7
Project & Development Services	187.9	146.2	41.7	29	28
Project & Development Services Fee Revenue	175.0	140.0	35.0	25	25
Advisory, Consulting and Other	110.2	66.7	43.5	65	65
Total revenue	$1,514.6	1,276.4	238.2	19 %	19 %
Gross contract costs	(91.0)	(92.2)	1.2	(1)	—
Net non-cash MSR and mortgage banking derivative activity	(4.0)	0.6	(4.6)	n.m.	n.m.
Total fee revenue	$1,419.6	1,184.8	234.8	20 %	20 %
Compensation, operating and administrative expenses excluding gross contract costs	1,263.9	1,064.2	199.7	19	19
Gross contract costs	91.0	92.2	(1.2)	(1)	—
Depreciation and amortization	47.2	37.0	10.2	28	28
Total operating expenses	$1,402.1	1,193.4	208.7	17 %	18 %
Operating income	$112.5	83.0	29.5	36 %	36 %
Equity earnings	$0.4	0.7	(0.3)	(43)%	(43)%
Adjusted EBITDA	$155.4	120.8	34.6	29 %	29 %

n.m. - not meaningful

Americas had broad-based revenue and fee revenue growth across all services lines in the second quarter and first six months of 2017, reflecting primarily organic expansion. The increase in Leasing revenue in the second quarter reflected strong transactional performance in comparison to market gross absorption metrics for the same period (as reported by JLL research); our performance was led by the New York, Northwest, and Florida markets in the U.S. and highlighted by certain larger transactions. The increase in Project & Development Services revenue as compared with the second quarter 2016 was Corporate Solutions-focused, a result of expansion of existing client mandates with corporate occupiers together with new client wins. Second quarter growth in Advisory, Consulting and Other was a result of recent acquisitions, including our new U.S. valuations platform and Technology Solutions from BRG.

The increase in operating expenses and fee-based operating expenses for the three and six months ended June 30, 2017, as compared with the same periods in 2016, generally corresponded with the increase in segment revenue discussed above.

Adjusted EBITDA margin, calculated on a fee-revenue basis, was 12.4% in USD and local currency for the second quarter of 2017, as compared with 10.6% last year. This improvement was primarily driven by the notable revenue growth discussed above. The margin expansion, driven by the growth in leasing revenues, was partially offset by continued increases to investments in data, technology, and people.

Table of Contents

EMEA - Real Estate Services

	Three Months Ended June 30,		Change in		% Change in Local
($ in millions)	2017	2016	U.S. dollars		Currency
Leasing	$65.7	64.6	1.1	2 %	7 %
Capital Markets & Hotels	96.2	93.4	2.8	3	10
Property & Facility Management	208.1	80.0	128.1	n.m.	n.m.
Property & Facility Management Fee Revenue	161.4	59.3	102.1	n.m.	n.m.
Project & Development Services	160.0	183.8	(23.8)	(13)	(10)
Project & Development Services Fee Revenue	53.4	56.3	(2.9)	(5)	(1)
Advisory, Consulting and Other	62.4	59.5	2.9	5	11
Total revenue	$592.4	481.3	111.1	23 %	32 %
Gross contract costs	(153.3)	(148.2)	(5.1)	3	10
Total fee revenue	$439.1	333.1	106.0	32 %	42 %
Compensation, operating and administrative expenses excluding gross contract costs	418.9	309.3	109.6	35	46
Gross contract costs	153.3	148.2	5.1	3	10
Depreciation and amortization	11.1	8.3	2.8	34	46
Total operating expenses	$583.4	465.8	117.6	25 %	35 %
Operating income	$9.0	15.5	(6.5)	(42)%	(55)%
Equity earnings	$—	—	—	— %	— %
Adjusted EBITDA	$20.1	23.2	(3.1)	(13)%	(18)%

n.m. - not meaningful

Table of Contents

EMEA - Real Estate Services (continued)

($ in millions)	Six Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Leasing	$114.0	108.1	5.9	5 %	12 %
Capital Markets & Hotels	159.2	158.0	1.2	1	9
Property & Facility Management	406.3	152.3	254.0	n.m.	n.m.
Property & Facility Management Fee Revenue	318.5	111.5	207.0	n.m.	n.m.
Project & Development Services	301.6	323.9	(22.3)	(7)	(2)
Project & Development Services Fee Revenue	96.3	103.6	(7.3)	(7)	(2)
Advisory, Consulting and Other	110.8	108.4	2.4	2	10
Total revenue	$1,091.9	850.7	241.2	28 %	39 %
Gross contract costs	(293.1)	(261.1)	(32.0)	12	21
Total fee revenue	$798.8	589.6	209.2	35 %	48 %
Compensation, operating and administrative expenses excluding gross contract costs	797.8	573.9	223.9	39	52
Gross contract costs	293.1	261.1	32.0	12	21
Depreciation and amortization	21.4	16.0	5.4	34	47
Total operating expenses	$1,112.3	851.0	261.3	31 %	42 %
Operating loss	$(20.4)	(0.3)	(20.1)	n.m.	n.m.
Equity losses	$—	(0.1)	0.1	100 %	100 %
Adjusted EBITDA	$0.9	15.6	(14.7)	(94)%	n.m.

n.m. - not meaningful

EMEA total revenue growth for the second quarter and first half of 2017 was driven by Property & Facility Management, reflecting incremental revenue from Integral. Revenue increases in both Leasing and Capital Markets & Hotels were supported by favorable real estate market fundamentals and reflect notable contributions from our teams in Continental Europe, particularly Germany.

The increase in operating expenses and fee-based operating expenses for the second quarter and first half of 2017 were also driven by incremental operating expenses relating to Integral.

Adjusted EBITDA margin, calculated on a fee-revenue basis, was 4.6% in USD (4.0% in local currency) for the second quarter of 2017, as compared with 7.0% last year. The decline in profitability primarily reflects a shift in service mix associated with the continued integration of Integral together with continued increases to investments in data, technology and people.

Table of Contents

Asia Pacific - Real Estate Services

($ in millions)	Three Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Leasing	$48.1	50.8	(2.7)	(5)%	(5)%
Capital Markets & Hotels	34.6	35.4	(0.8)	(2)	(2)
Property & Facility Management	190.7	157.8	32.9	21	21
Property & Facility Management Fee Revenue	124.7	108.3	16.4	15	16
Project & Development Services	63.6	40.5	23.1	57	58
Project & Development Services Fee Revenue	31.5	23.4	8.1	35	35
Advisory, Consulting and Other	40.7	37.9	2.8	7	8
Total revenue	$377.7	322.4	55.3	17 %	18 %
Gross contract costs	(98.1)	(66.6)	(31.5)	47	47
Total fee revenue	$279.6	255.8	23.8	9 %	10 %
Compensation, operating and administrative expenses excluding gross contract costs	256.4	232.5	23.9	10	11
Gross contract costs	98.1	66.6	31.5	47	47
Depreciation and amortization	5.7	4.2	1.5	36	38
Total operating expenses	$360.2	303.3	56.9	19 %	19 %
Operating income	$17.5	19.1	(1.6)	(8)%	(10)%
Equity earnings (losses)	$0.6	(0.1)	0.7	n.m.	n.m.
Adjusted EBITDA	$23.8	23.2	0.6	3 %	1 %

n.m. - not meaningful

Table of Contents

Asia Pacific - Real Estate Services (continued)

($ in millions)	Six Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Leasing	$78.8	78.1	0.7	1 %	2 %
Capital Markets & Hotels	63.2	61.9	1.3	2	2
Property & Facility Management	353.6	299.2	54.4	18	18
Property & Facility Management Fee Revenue	238.4	211.0	27.4	13	13
Project & Development Services	111.8	79.3	32.5	41	41
Project & Development Services Fee Revenue	57.8	43.3	14.5	33	33
Advisory, Consulting and Other	75.0	67.3	7.7	11	11
Total revenue	$682.4	585.8	96.6	16 %	17 %
Gross contract costs	(169.2)	(124.2)	(45.0)	36	36
Total fee revenue	$513.2	461.6	51.6	11 %	11 %
Compensation, operating and administrative expenses excluding gross contract costs	480.9	435.5	45.4	10	11
Gross contract costs	169.2	124.2	45.0	36	36
Depreciation and amortization	10.5	8.2	2.3	28	28
Total operating expenses	$660.6	567.9	92.7	16 %	17 %
Operating income	$21.8	17.9	3.9	22 %	16 %
Equity earnings	$1.4	—	1.4	n.m.	n.m.
Adjusted EBITDA	$33.7	26.2	7.5	29 %	25 %

n.m. - not meaningful

Asia Pacific revenue growth for the three and six months ended June 30, 2017, as compared with the prior-year periods, was primarily the result of organic expansion. Growth for the quarter and first six months was most prominent in our Property & Facility Management and Project & Development Services annuity businesses, reflecting new client wins, and was geographically led by Greater China, Australia, and India.

The increase in operating expenses and fee-based operating expenses over the prior-year periods correlated with the growth in revenue.

Adjusted EBITDA margin, calculated on a fee-revenue basis, was 8.5% in USD (8.3% in local currency) for the second quarter of 2017, compared with 9.1% last year, and primarily reflects the service mix shift towards annuity businesses as described above.

Table of Contents

LaSalle

($ in millions)	Three Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Advisory fees	$64.4	66.4	(2.0)	(3)%	— %
Transaction fees & other	5.0	8.7	(3.7)	(43)	(41)
Incentive fees	3.4	51.9	(48.5)	(93)	(93)
Total revenue	$72.8	127.0	(54.2)	(43)%	(41)%
Compensation, operating and administrative expenses	63.9	87.3	(23.4)	(27)	(25)
Depreciation and amortization	0.7	0.7	—	—	—
Total operating expenses	$64.6	88.0	(23.4)	(27)%	(24)%
Operating income	$8.2	38.9	(30.7)	(79)%	(78)%
Equity earnings	$13.7	8.9	4.8	54 %	55 %
Adjusted EBITDA	$22.6	47.4	(24.8)	(52)%	(51)%

($ in millions)	Six Months Ended June 30, 2017	2016	Change in U.S. dollars		% Change in Local Currency
Advisory fees	$127.0	128.6	(1.6)	(1)%	2 %
Transaction fees & other	18.7	32.9	(14.2)	(43)	(42)
Incentive fees	15.3	66.0	(50.7)	(77)	(76)
Total revenue	$161.0	227.5	(66.5)	(29)%	(27)%
Compensation, operating and administrative expenses	137.0	165.7	(28.7)	(17)	(15)
Depreciation and amortization	1.4	1.3	0.1	8	8
Total operating expenses	$138.4	167.0	(28.6)	(17)%	(14)%
Operating income	$22.6	60.5	(37.9)	(63)%	(60)%
Equity earnings	$18.3	21.6	(3.3)	(15)%	(15)%
Adjusted EBITDA	$42.2	82.5	(40.3)	(49)%	(47)%

LaSalle's second quarter revenue decreased from 2016, which benefited from substantial incentive fees generated from asset sales within maturing funds. For the first half of 2017, the decline in revenue as compared with 2016 also reflected a reduction in transaction fees as prior year results included fees earned from the successful launch of the LaSalle Logiport REIT in Japan. Advisory fees for the three and six months ended June 30, 2017, while historically strong, were largely flat as compared with the prior-year periods.

The decrease in operating expenses for the three and six months ended June 30, 2017, as compared with the prior-year periods, was due to lower variable compensation expense associated with the year-over-year decline in transaction and incentive fees.

For the quarter and year-to-date, Equity earnings in 2017 were primarily driven by net valuation increases related to investments in Europe and Asia. In 2016, gains recognized on dispositions of legacy investments drove the quarter's results. For the six months ended June 30, 2016, net valuation increases of investments in real estate ventures represented the most substantial driver of reported activity.

Adjusted EBITDA margin was 31.1% in USD (30.8% in local currency) for the second quarter of 2017, compared with 37.3% in 2016. This reduction was due to lower transaction and incentive fee revenue partially offset by decreased compensation expense.

Assets under management ("AUM") was $57.6 billion as of June 30, 2017, a decrease of 1% in USD (2% in local currency) from $58.0 billion as of March 31, 2017. The net decrease in AUM during the second quarter resulted from $4.0 billion of dispositions and withdrawals, partially offset by $2.2 billion of acquisitions, $0.8 billion of net valuation increases, and $0.6 billion of foreign currency increases.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

We finance our operations, co-investment activity, share repurchases and dividend payments, capital expenditures and business acquisitions with internally generated funds, borrowings on our Facility, and through issuance of Long-term debt.

Cash Flows from Operating Activities

During the first six months of 2017 and 2016, cash flows used in operating activities were $14.8 million and $282.8 million, respectively. Cash (used in) provided by operating activities has been a net cash outflow position for the first six months of the calendar year for the past several years, primarily because we pay the majority of annual incentive compensation accrued as of year-end during the first quarter of the following year. The reduction in incentive compensation paid to employees during 2017 as compared with 2016, reflecting the Company's performance in the previous annual periods, together with the implementation of enhanced working capital management processes during the first six months of 2017, directly impacted the comparative cash flows used for operating activities year-over-year. Partially offsetting these improvements to cash used in operating activities was the $29.6 million decrease in Net income for the first half of 2017 as compared with 2016.

Cash Flows from Investing Activities

We used $84.5 million of cash for investing activities during the first six months of 2017, a decrease of $114.6 million from the $199.1 million used during the same period in 2016. The year-over-year decrease was primarily driven by decreases in cash used for (a) payments for business acquisitions, (b) net capital contribution and distribution activity related to co-investments, (c) property and equipment net capital additions, and (d) acquisitions of investment properties by consolidated less-than-wholly-owned subsidiaries. We discuss these key drivers individually below in further detail.

Cash Flows from Financing Activities

Financing activities provided $84.2 million of cash in the first six months of 2017, as compared to $477.5 million provided in the first six months of 2016. The $393.3 million decrease was primarily due to an over $420 million net decrease in cash provided by borrowings, inclusive of cash outflows for debt issuance costs, a result of the year-over-year decline in cash used in operating and investing activities. This decline was partially offset by (a) a net decrease of $21.6 million in net cash used for consolidated VIE activity, and (b) a $7.4 million decrease in payments of deferred acquisition obligations and earn-out payments.

Credit Facility

Our $2.75 billion Facility matures on June 21, 2021. As of June 30, 2017, we had outstanding borrowings under the Facility of $675.0 million and outstanding letters of credit of $11.9 million. As of December 31, 2016, we had outstanding borrowings under the Facility of $925.0 million and outstanding letters of credit of $18.2 million. The average outstanding borrowings under the Facility were $1,302.8 million and $941.5 million during the three months ended June 30, 2017 and 2016, respectively, and $1,210.6 million and $747.9 million during the six months ended June 30, 2017 and 2016, respectively. The year-over-year increase in average outstanding borrowings was driven by nearly $460 million in acquisition-related payments over the last 12 months.

We will continue to use the Facility for working capital needs (including payment of accrued incentive compensation), co-investment activities, dividend payments, share repurchases, capital expenditures and business acquisitions.

Short-Term Borrowings

In addition to our Facility, we had the capacity to borrow up to an additional $95.3 million under local overdraft facilities as of June 30, 2017. We had Short-term borrowings (including capital lease obligations, overdrawn bank accounts and local overdraft facilities) of $69.5 million and $89.5 million as of June 30, 2017 and December 31, 2016, respectively, of which $29.6 million and $31.6 million as of June 30, 2017 and December 31, 2016, respectively, were attributable to local overdraft facilities.

Long-Term Debt

On June 29, 2017, we issued and sold an aggregate principal amount of €350.0 million of senior unsecured notes ("Euro Notes") as a private placement to certain institutional investors. The proceeds, net of debt issuance costs, were $393.2 million, using June 29, 2017 exchange rates, and were used to reduce outstanding borrowings on our Facility.

See Note 8, Debt, of the Notes to Condensed Consolidated Financial Statements for additional information on our Facility, Long-term debt and Short-term borrowings.

Table of Contents

Co-Investment Activity
As of June 30, 2017, we had total investments of $364.2 million in 49 separate property or fund co-investments, primarily related to LaSalle. For the six months ended June 30, 2017, return of capital exceeded funding of co-investments by $0.1 million, as compared with the six months ended June 30, 2016 where funding of co-investments exceeded return of capital by $33.7 million. We expect to continue to pursue strategic co-investment opportunities with our investment management clients in Americas, EMEA and Asia Pacific as co-investment remains an important foundation to the continued growth of LaSalle's business.
See Note 5, Investment in Real Estate Ventures, of the Notes to Condensed Consolidated Financial Statements for additional information on our co-investment activity.
Share Repurchase and Dividend Programs
Since October 2002, our Board of Directors has approved five share repurchase programs under which we have repurchased 5,765,451 shares of common stock. As of June 30, 2017, there were 1,563,100 shares we were authorized to repurchase under the current share repurchase program. We made no share repurchases in 2016 or in the first half of 2017 under this authorization. Our current share repurchase program allows JLL to purchase our common stock in the open market and in privately negotiated transactions from time to time.
On June 15, 2017, we paid a semi-annual cash dividend of $0.35 per share of common stock to holders of record at the close of business on May 15, 2017. A dividend-equivalent in the same per share amount was also paid simultaneously on outstanding but unvested shares of eligible restricted stock units granted under the Company's Stock Award and Incentive Plan.
Capital Expenditures
Total capital expenditures for the six months ended June 30, 2017 and 2016, were $63.2 million and $79.8 million, respectively. Our capital expenditures are primarily for information technology systems, computer hardware, and improvements to leased office spaces.
Capital expenditures for the six months ended June 30, 2016 included $34.4 million of property acquisitions and capital expenditures made by consolidated VIEs, of which $34.1 million for the six months of 2016 was attributable to a then-consolidated VIE in which we held a 25% equity interest. Refer to Note 5, Investment in Real Estate Ventures, of the Notes to the Condensed Consolidated Financial Statements for further information on our consolidated VIE investments.
Business Acquisitions
During the six months ended June 30, 2017, we paid $45.4 million for business acquisitions. This included $22.2 million of payments relating to four new acquisitions in 2017 and $23.2 million for deferred business acquisition and earn-out obligations related to acquisitions completed in prior years. Terms for our acquisitions have typically included cash paid at closing with provisions for additional consideration and earn-out payments subject to certain contract requirements and performance. Deferred business acquisition obligations totaled $98.6 million on our Condensed Consolidated Balance Sheets as of June 30, 2017. These obligations represent the current discounted values of payments to sellers of businesses for which our acquisition had been completed as of the balance sheet date and for which the only remaining condition on those payments is the passage of time. As of June 30, 2017, we had the potential to make earn-out payments for a maximum of $436.0 million on 55 completed acquisitions subject to the achievement of certain performance conditions. We anticipate the majority of these earn-out payments will come due at various times over the next six years, assuming the achievement of the applicable performance conditions. Refer to Note 4, Business Combinations, Goodwill and Other Intangible Assets, of the Notes to the Condensed Consolidated Financial Statements for further information on Business Acquisitions.
We will continue to consider acquisitions that we believe will strengthen our market position, increase our profitability, and supplement our organic growth.
Repatriation of Foreign Earnings
Based on our historical experience and future business plans, we do not expect to repatriate our foreign-sourced earnings to the United States. We believe our policy of permanently investing earnings of foreign subsidiaries does not significantly impact our liquidity. As of June 30, 2017 and December 31, 2016, we had total cash and cash

equivalents of $250.3 million and $258.5 million, respectively, of which approximately $150.0 million and $162.0 million, respectively, was held by foreign subsidiaries.

Table of Contents

Restricted Net Assets

We face regulatory restrictions in certain countries that limit or prevent the transfer of funds to other countries or the exchange of the local currency to other currencies. However, we generally face no such restrictions with regard to the use or application of funds for ordinary course business activities within such countries. The assets of these countries aggregated to approximately 5% and 6% of our total assets as of June 30, 2017 and December 31, 2016, respectively.

Off-Balance Sheet Arrangements

We have unfunded capital commitments to investment vehicles and direct investments for future co-investments, totaling a maximum of $215.3 million as of June 30, 2017. See our discussion of unfunded commitments in Note 5, Investments in Real Estate Ventures, of the Notes to Condensed Consolidated Financial Statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this filing and elsewhere (such as in reports, other filings with the SEC, press releases, presentations and communications by JLL or its management and written and oral statements) regarding, among other things, future financial results and performance, achievements, plans and objectives, and dividend payments may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause JLL's actual results, performance, achievements, plans and objectives, and dividends to be materially different from any of the future results, performance, achievements, plans and objectives, and dividends expressed or implied by such forward-looking statements.

We discuss those risks, uncertainties and other factors in (1) our Annual Report on Form 10-K for the year ended December 31, 2016 in Part I, Item 1A. Risk Factors; Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk; Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements; and elsewhere, (2) this Quarterly Report on Form 10-Q in this section, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; Item 3. Quantitative and Qualitative Disclosures About Market Risk; and elsewhere, and (3) the other reports we file with the United States Securities and Exchange Commission.

Important factors that could cause actual results to differ from those in our forward-looking statements include (without limitation):

- The effect of political, economic and market conditions and geopolitical events;
- The logistical and other challenges inherent in operating in numerous different countries;
- The actions and initiatives of current and potential competitors;
- The level and volatility of real estate prices, interest rates, currency values and other market indices;
- The outcome of pending litigation; and
- The impact of current, pending and future legislation and regulation.

Moreover, there can be no assurance future dividends will be declared since the actual declaration of future dividends, and the establishment of record and payment dates, remains subject to final determination by the Company's Board of Directors.

Accordingly, we caution our readers not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Except to the extent required by applicable securities law, JLL expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements to reflect any changes in events or circumstances or in its expectations or results.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures About Market Risk
MARKET AND OTHER RISK FACTORS
Market Risk
The principal market risks we face due to the risk of loss arising from adverse changes in market rates and prices are:
Interest rates on the Facility; and
Foreign exchange risks.
In the normal course of business, we manage these risks through a variety of strategies, including hedging transactions using various derivative financial instruments such as foreign currency forward contracts. We enter into derivative instruments with high credit-quality counterparties and diversify our positions across such counterparties in order to reduce our exposure to credit losses. We do not enter into derivative transactions for trading or speculative purposes.
Interest Rates
We centrally manage our debt, considering investment opportunities and risks, tax consequences, and overall financing strategies. We are primarily exposed to interest rate risk on our Facility, which had a borrowing capacity of $2.75 billion as of June 30, 2017. The Facility consists of revolving credit available for working capital, investments, capital expenditures, and acquisitions. Our average outstanding borrowings under the Facility for the three and six months ended June 30, 2017 were $1,302.8 million and $1,210.6 million, respectively, with an effective interest rate of 2.0% and 1.9% for the three and six months ended June 30, 2017. We had $675.0 million outstanding under the Facility and outstanding letters of credit of $11.9 million as of June 30, 2017. The Facility bears a variable rate of interest based on market rates.
Our $275.0 million of Long-term senior notes (the "Notes"), excluding debt issuance costs, due in November 2022 bear interest at an annual rate of 4.4%, subject to adjustment if a credit rating assigned to the Notes is downgraded below an investment grade rating (or subsequently upgraded). The issuance of these Notes at a fixed interest rate has helped to limit our exposure to future movements in interest rates.
On June 29, 2017, we issued and sold an aggregate principal amount of €350 million of senior unsecured notes ("Euro Notes") as a private placement to certain institutional investors at a fixed interest rate. The Euro Notes, €175 million due in June 2027 and €175 million due in June 2029, bear interest at an annual rate of 1.96% and 2.21%, respectively. The issuance of this Debt at a fixed interest rate has helped to limit our exposure to future movements in interest rates.
Our overall interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve this objective, in the past we have entered into derivative financial instruments such as interest rate swap agreements when appropriate and we may do so in the future. We did not enter into any such agreements in 2016 or the first six months of 2017, and we had no such agreements outstanding as of June 30, 2017.
We assess interest rate sensitivity to estimate the potential effect of rising short-term interest rates on our variable rate debt. If short-term interest rates were 50 basis points higher during 2017, our results would reflect an increase of $6.1 million to Interest expense, net of interest income.
Foreign Exchange
Foreign exchange risk is the risk we will incur economic losses due to adverse changes in foreign currency exchange rates. Our revenue from outside of the United States totaled 57% and 56% of our total revenue for the six months ended June 30, 2017 and 2016, respectively. Operating in international markets means we are exposed to movements in foreign exchange rates, most significantly by the British pound (17% and 13% of revenue for both the six months ended June 30, 2017 and 2016, respectively) and the euro (12% and 13% of revenue for the six months ended June 30, 2017 and 2016, respectively).
We mitigate our foreign currency exchange risk principally by (1) establishing local operations in the markets we serve and (2) invoicing customers in the same currency as the source of the costs. The impact of translating expenses incurred in foreign currencies back into U.S. dollars reduces the impact of translating revenue earned in foreign currencies back into U.S. dollars. In addition, Polish zloty and Singapore dollar expenses incurred as a result of our regional headquarters being located in Warsaw and Singapore, respectively, have historically acted as partial operational hedges against our translation exposures to Polish zloty and Singapore dollars.

Table of Contents

To show the impact foreign currencies have on our results of operations, we present the change in local currency for revenue and operating expenses on a consolidated basis and by operating segment in Management's Discussion and Analysis of Financial Condition and Results of Operations included herein. The change in local currency represents the change assuming no movement in foreign exchange rates from the prior year. On a quarter-over-quarter basis, for the three months ended June 30, 2017, our total revenue increased 14% in U.S. dollars and 17% in local currency, and our operating income decreased 8% in U.S. dollars and 10% in local currency. On a year-over-year basis, for the six months ended June 30, 2017, our total revenue increased 17% in U.S. dollars and 21% in local currency, and our operating income decreased 12% in U.S. dollars and 17% in local currency. For additional detail of the impact of foreign exchange rates on our results of operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations included herein.

We enter into forward foreign currency exchange contracts to manage currency risks associated with intercompany lending and cash management practices. As of June 30, 2017, we had forward exchange contracts in effect with a gross notional value of $1.80 billion ($1.29 billion on a net basis) and a net gain of $5.9 million for the three months ended June 30, 2017. This net carrying gain is generally offset by a carrying loss in associated intercompany loans.

Disclosure of Limitations

As the information presented above includes only those exposures that exist as of June 30, 2017, it does not consider those exposures or positions which could arise after that date. The information we present has limited predictive value. As a result, the ultimate realized gain or loss with respect to interest rate and foreign currency fluctuations will depend on the exposures that arise during the applicable period, the hedging strategies at the time, and interest and foreign currency rates.

For other risk factors inherent in our business, see Item 1A. Risk Factors in our 2016 Annual Report on Form 10-K.

Item 4. Controls and Procedures

The Company has established disclosure controls and procedures to ensure material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company's financial reports and to the other members of senior management and the Board of Directors.

Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures were effective as of the end of the period covered by this report. There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2017, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents

Part II. Other Information

Item 1. Legal Proceedings

We are a defendant or plaintiff in various litigation matters arising in the ordinary course of business, some of which involve claims for damages that are substantial in amount. Many of these litigation matters are covered by insurance (including insurance provided through a captive insurance company), although they may nevertheless be subject to large deductibles and the amounts being claimed may exceed the available insurance. Although we cannot determine the ultimate liability for these matters based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial position, results of operations or liquidity.

Item 1A. Risk Factors

There have been no material changes to our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 5. Other Information

Corporate Governance

Our policies and practices reflect corporate governance initiatives we believe comply with the listing requirements of the New York Stock Exchange, on which our common stock is traded, the corporate governance requirements of the Sarbanes-Oxley Act of 2002 as currently in effect, various regulations issued by the SEC and certain provisions of the General Corporation Law in the State of Maryland, where JLL is incorporated. We maintain a corporate governance section on our public website which includes key information about our corporate governance initiatives, such as our Corporate Governance Guidelines, Charters for the three Committees of our Board of Directors, a Statement of Qualifications of Members of the Board of Directors and our Code of Business Ethics. The Board of Directors regularly reviews corporate governance developments and modifies our Guidelines and Charters as warranted. The corporate governance section can be found on our website at www.jll.com by clicking "Investor Relations" and then "Board of Directors and Corporate Governance."

Table of Contents

Corporate Officers

The names and titles of our corporate executive officers, as of June 30, 2017, were as follows:

Global Executive Board

Christian Ulbrich
Chief Executive Officer and President

Christie B. Kelly
Executive Vice President and Chief Financial Officer

Richard Bloxam
Global Head of Capital Markets

Anthony Couse
Chief Executive Officer, Asia Pacific

John Forrest
Chief Executive Officer, Global & Americas Corporate Solutions

Guy Grainger
Chief Executive Officer, Europe, Middle East and Africa

Jeff A. Jacobson
Chief Executive Officer, LaSalle Investment Management

Patricia Maxson
Chief Human Resources Officer

Gregory P. O'Brien
Chief Executive Officer, Americas

Additional Global Corporate Officers

Louis F. Bowers Controller	James S. Jasionowski Chief Tax Officer
Grace T. Chang Corporate Finance and Investor Relations	David A. Johnson Chief Information Officer
Bryan J. Duncan Treasurer	Mark J. Ohringer General Counsel and Corporate Secretary
Allan Frazier Chief Data Officer and Global Head of Data and Information Management	Parikshat Suri Chief Audit Executive
	Juud Tempelman Global Head of Corporate Development

Item 6. Exhibits

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q.

Table of Contents

Signature

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 3rd day of August, 2017.

JONES LANG
LASALLE
INCORPORATED

By: /s/ Christie B. Kelly
Christie B. Kelly
Executive Vice
President and Chief
Financial Officer
(Authorized Officer
and Principal
Financial Officer)

Table of Contents

Exhibit Index

Exhibit Number	Description
21.1*	List of Subsidiaries
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (1) Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016 (Unaudited) (2) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2017 and 2016 (Unaudited), (3) Condensed Consolidated Statement of Changes in Equity for the six months ended June 30, 2017 (Unaudited), (4) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016 (Unaudited), and (5) Notes to Condensed Consolidated Financial Statements (Unaudited).

*Filed herewith