Investor presentation

Over 90,000 employees, 80 countries, 1 global brand

Published March 2019
Cautionary note regarding forward-looking statements

This presentation, and other statements that Jones Lang LaSalle Incorporated ("JLL") may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, with respect to JLL's future financial or business performance, strategies, or expectations.

Forward-looking statements are typically identified by words or phrases such as “trend,” “potential,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “assume,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve,” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may,” and similar expressions. Forward-looking statements in this presentation may involve, without limitation, known and unknown risks, uncertainties, and other factors which may cause JLL’s actual results, performance, achievements, plans and objectives, to be materially different from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ from those in our forward-looking statements include, without limitation: 1) the effect of political, economic and market conditions and geopolitical events, 2) the logistical and other challenges inherent in operating in numerous different countries, 3) the actions and initiatives of current and potential competitors, 4) the level and volatility of real estate prices, interest rates, currency values and other market indices, 5) the outcome of pending litigation, and 6) the impact of current, pending and future legislation and regulation.

Any forward-looking statements speak only as of the date of this release, and except to the extent required by applicable securities laws, we expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements contained herein to reflect any change in our expectations or results, or any change in events.

We caution investors not to rely unduly on any forward-looking statement and urge you to carefully consider the risks described in our most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, filed with the Securities and Exchange Commission.

The following presentation includes a discussion of certain non-GAAP financial measures. Information required by Regulation G with respect to such non-GAAP financial measures can be found in the Appendix and via the JLL website, Appendix www.JLL.com.
Leading professional services firm that specializes in real estate and investment management. Our vision is to reimagine the world of real estate, creating rewarding opportunities and amazing spaces where people can achieve their ambitions. In doing so, we will build a better tomorrow for our clients, our people and our communities.

Globally integrated platform
with 2018 fee revenue of $6.5 billion, over 90,000 colleagues serve clients in over 80 countries.

Fee revenue by segment

- Americas: 50%
- EMEA: 26%
- Asia Pacific: 16%
- LaSalle Investment Management: 8%

2018 Fee Revenue = $6.5B

Awards

- World’s Most Admired Companies Fortune Magazine, 2nd year in a row
- World’s Most Ethical Companies Ethisphere Institute, 10th year in a row
- 100 Best Corporate Citizens, CR Magazine #1 in Financial Services/Real Estate/Insurance category
- One of the world’s best outsourcing service providers receiving the highest possible rating on the IAOP®
- Dow Jones Sustainability Index North America

Note: Refer to pages A2-A4 for definitions and reconciliations of non-GAAP financial measures.

© 2019 Jones Lang LaSalle IP, Inc. All rights reserved.
The JLL story
Over 250 years building a premier global brand and platform

1760 1783
- Jones Lang Wootton founded

1968
- LaSalle Partners founded
- LaSalle Partners initial public offering

1997 1999
- LaSalle Partners and Jones Lang Wootton merge to create Jones Lang LaSalle
  Integrated global platform (NYSE ticker “JLL”)

2008
- The Staubach Company and Jones Lang LaSalle combine operations
  Largest merger in JLL history transforms U.S. leasing brokerage position

2011
- King Sturge (est. 1760) and Jones Lang LaSalle merge EMEA operations
  Enhances strength and depth of service capabilities in the UK and EMEA

2015 2018
- JLL first named to Fortune 500
What we do
Diversified real estate services

Leasing
Broker transactions between tenants and landlords
Driven by economic growth and corporate confidence

Capital Markets
Investments sales, debt placement and finance arrangements
Driven by investor allocations to real estate and market liquidity

Advisory, Consulting & Other
Workplace strategy, digital solutions, valuation, consulting and advisory
Driven by best practices in workplace productivity

Property & Facility Management
Management and outsourcing of properties and portfolios
Driven by value enhancement for investors and corporate occupiers

Project & Development Services
Design and management of real estate projects
Driven by capital expenditures and expansion

LaSalle
Real estate investment management
Driven by investment performance and capital raising

2018 Fee Revenue = $6.5B

JLL has expertise across a diverse array of real estate assets

Office  Industrial & logistics  Retail  Multi-family  Hotel

Note: Refer to pages A2-A4 for definitions and reconciliations of non-GAAP financial measures.
We see four long-term trends that really help us. How we respond to these will be pivotal to our future success. As our strategic vision, Beyond is focused around delivering on four key drivers that enable us to meet these challenges and growth opportunities.

**Rising investment capital allocations to real estate**
For investors, real estate is no longer an alternative asset. It’s now a core asset class. In a world starved of income return, they are seeking to increase their exposure to real estate.

**More companies outsourcing their real estate needs**
80% of corporations are managing their real estate in-house, presenting a huge untapped market.

**Continued growth in the world’s major cities**
Cities are growing faster than ever: more than half the global population live in cities now, and by 2050 another 2.5 billion people will join them. This is where we do most of our business.

**4th Industrial Revolution**
Technological advances are blurring the lines between the physical, digital and biological spheres. It is evolving at an exponential rather than a linear pace, poised to disrupt almost every industry.

**Our response**
We’re leading investors to success as their strategic partner in delivering seamless advice around the world and across the capital stack.

A compelling combination of seamless global services, advanced tech and unrivaled expertise, all characterized by our hallmark commitment to excellence.

Leading the way in creating value for our clients and building a better tomorrow for the wider community across the world’s major cities, with insightful advice and a passion for amazing spaces.

We are relentlessly pursuing our ambition to be the leading user of technology and data in real estate, providing unique insights and advanced solutions for our clients.
Transformational agenda

Outsourcing Growth
Penetrate growing market

Operating Excellence
Productivity supports long-term growth

Digital Drive
Business intelligence for actionable insights

Next Generation Platform
Flexible, scalable and integrated client solutions

Leverage the JLL brand to grow Beyond

© 2019 Jones Lang LaSalle IP, Inc. All rights reserved.
Corporate Solutions annuity revenues

Wide spectrum of corporate real estate partnering models fuels contractual fee revenue growth

Corporate outsourcing services:

- Integrated Facility Management
- Leasing
- Project & Development Services
- Advisory, Consulting & Other

Corporate Solutions’ full suite of services addresses clients’ needs across the full real estate life cycle globally.

Digitally-enabling services transform how clients use, manage and drive value from real estate.

JLL’s global platform allows Corporate Solutions to compete with few others for mandates to run multi-service, multi-geography portfolios.
2025 Growth targets
Accelerate profitable growth

Solid foundation supports 9% average annual fee revenue growth

<table>
<thead>
<tr>
<th>Corporate Solutions</th>
<th>Capital Markets</th>
<th>Local Markets</th>
<th>LaSalle Investment Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%+ Revenue CAGR</td>
<td>2x Revenue</td>
<td>7%+ Revenue CAGR</td>
<td>2x Revenue</td>
</tr>
<tr>
<td>Partner strategically</td>
<td>Integrate globally</td>
<td>Leverage market position</td>
<td>Fewer, simpler, bigger</td>
</tr>
<tr>
<td>• Client centricity</td>
<td>• Diversify capabilities</td>
<td>• Grow share</td>
<td>• Focused growth</td>
</tr>
<tr>
<td>• Value chain</td>
<td>• Digitize platform</td>
<td>• Drive productivity</td>
<td>• Top-tier performance</td>
</tr>
<tr>
<td>• Technology</td>
<td>• Market intelligence</td>
<td>• Further develop top talent</td>
<td>• Leverage knowledge &amp; people</td>
</tr>
</tbody>
</table>

Adjusted EBITDA range  14% - 16%

*Adjusted EBITDA range calculated on fee revenue
Source: As presented on JLL’s Investor Day, December 2017
© 2019 Jones Lang LaSalle IP, Inc. All rights reserved.
"At JLL, we are conscious of our ability, and responsibility, to make a substantial positive impact on the world in which we live. Our vision is to make JLL a world-leading professional services firm by creating spaces, buildings and cities where everyone can thrive. We aim to realize the value that sustainability brings for our clients, our investors, our employees, and our communities by incorporating sustainability into everything we do."

- Christian Ulbrich, CEO

Here is a link for a replay of the 2018 investor webcast

*https://www.webcaster4.com/Webcast/Page/473/27780
2019 operating environment

2019 Global real estate outlook

- Stable fundamentals supported by economic growth, significant capital availability and relatively low interest rates
- Softer investment volumes expected following near record 2018 given continued investor discipline
- Continued robust leasing demand; 2019 forecast expected to be in line with record 2018

2019 JLL priorities

- Continue organic growth and cost discipline
- Deliver 2019 consolidated adjusted EBITDA margin percentage range of 12.5 -14.5%, based fee revenue definition
- Leverage strong balance sheet for strategic M&A opportunities
- Convert Corporate Solutions strong pipeline and drive further margin expansion
- Strengthen Capital Market teams and drive productivity
- Continue to drive differentiation through technology
- Accelerate early successes in digital journey; digital services and products to contribute over $100 million in direct revenues
- Replace local legacy systems with global business applications aligned with service lines
- Complete ERP/Platform transformation in EMEA and APAC

Notes:
- Source: JLL Research, February 2019
- Leasing, vacancy, rental and capital value projections relate to the office sector
- Adjusted EBITDA margin percentage based on fee revenue
Strong balance sheet for long-term growth

**Highlights:**
- Capital expenditures remain focused on IT
- Adequate liquidity to support continued long-term growth
- Investment grade ratings reflect financial and balance sheet strength
- Strong cash generation and working capital management drive net debt reduction
- Cash use reflects disciplined approach to capital allocation

<table>
<thead>
<tr>
<th>Net Debt ($ in millions)</th>
<th>Q4 2018</th>
<th>Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$481</td>
<td>$268</td>
</tr>
<tr>
<td>Short Term Borrowings</td>
<td>33</td>
<td>77</td>
</tr>
<tr>
<td>Credit Facility (1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Bank Debt (Net Cash Position)</td>
<td>$(448)</td>
<td>$(191)</td>
</tr>
<tr>
<td>Long Term Senior Notes (1)</td>
<td>675</td>
<td>695</td>
</tr>
<tr>
<td>Deferred Business Acquisition Obligations</td>
<td>62</td>
<td>82</td>
</tr>
<tr>
<td><strong>Total Net Debt</strong></td>
<td><strong>$289</strong></td>
<td><strong>$586</strong></td>
</tr>
<tr>
<td><strong>Net Debt /Adjusted TTM EBITDA</strong> (3)</td>
<td>0.3x</td>
<td>0.9x</td>
</tr>
</tbody>
</table>

(1) Principal balances shown exclude debt issuance costs of $20M for both Q4 2018 and Q4 2017.
(2) Investment grade ratings as of February 2019.
(3) Refer to pages A2-A4 for definitions and reconciliations of non-GAAP financial measures.

**Issued € 350M Senior Notes**
10 year debt 1.96% fixed
12 year debt 2.21% fixed

**$2.75B Credit Facility**
matures in May 2023

**Investment Grade Ratings**
Moody’s: Baa1 (Stable)
S&P: BBB+ (Stable)
Continued investment for long-term growth

Focused capital allocation strategy

**Highlights:**
- Dividend increase driven by improved cash flow
- Technology and innovation-focused capital expenditures
- Continued JLL co-investment

<table>
<thead>
<tr>
<th>Cash Use ($ in millions)</th>
<th>YTD Q4 2018</th>
<th>YTD Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;A (Including deferred)</td>
<td>$172</td>
<td>$74</td>
</tr>
<tr>
<td>Co-investment</td>
<td>8</td>
<td>(5)</td>
</tr>
<tr>
<td>Dividends</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>162</td>
<td>151</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$380</strong></td>
<td><strong>$253</strong></td>
</tr>
</tbody>
</table>

(1) M&A includes payments made at close plus guaranteed deferred payments and earn-outs paid during the period for transactions closed in prior periods.

(2) Capital contributions are offset by distributions, and includes amounts contributed to consolidated less than wholly-owned investments. Co-investment shown net of distributions.

(3) Excludes capital leases and tenant improvement reimbursements that are required to be included under U.S. GAAP.
## Consolidated Fee Revenue

### Highlights

#### Services
- Capital Markets
- Leasing
- Property and Facility Management
- Project and Development
- Consulting and Advisory
- Investment Management

#### Global footprint
2018 fee revenue of ~$6.5 billion, over 90,000 colleagues serve clients in over 80 countries

#### Capital Markets
During 2018, JLL provided capital markets services for $179 billion of client transactions

#### Property and Facility Management
We are an industry leader in property and corporate facility management services, with a portfolio of 4.6 billion square feet worldwide in 2018

#### Leasing
During 2018, JLL completed 37,500 leasing transactions for landlord and tenant clients, representing 1.1 B square feet of space

#### LaSalle Investment Management *
Our investment management business, is one of the world’s largest and most diverse in real estate with $60.5 billion of assets under management.

* Assets under management as of Q4 2018. Reported one quarter in arrears. LaSalle fee revenue excludes equity earnings for all year shown.

---

### JLL consolidated fee revenue

($ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>LaSalle Asia Pacific</th>
<th>EMEA</th>
<th>Americas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$381</td>
<td>$602</td>
<td>$926</td>
</tr>
<tr>
<td>2017</td>
<td>$366</td>
<td>$536</td>
<td>$871</td>
</tr>
<tr>
<td>2018</td>
<td>$354</td>
<td>$539</td>
<td>$644</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$802</td>
</tr>
<tr>
<td>2008</td>
<td>$871</td>
</tr>
<tr>
<td>2009</td>
<td>$888</td>
</tr>
<tr>
<td>2010</td>
<td>$893</td>
</tr>
<tr>
<td>2011</td>
<td>$936</td>
</tr>
<tr>
<td>2012</td>
<td>$1,118</td>
</tr>
<tr>
<td>2013</td>
<td>$1,316</td>
</tr>
<tr>
<td>2014</td>
<td>$1,406</td>
</tr>
<tr>
<td>2015</td>
<td>$1,338</td>
</tr>
<tr>
<td>2016</td>
<td>$1,109</td>
</tr>
<tr>
<td>2017</td>
<td>$1,611</td>
</tr>
<tr>
<td>2018</td>
<td>$1,710</td>
</tr>
</tbody>
</table>

### Notes
- Reflects ASC 606
- 2016, 2017 and 2018 recast reflects adoption of ASC 606 and an updated fee revenue calculation. See page A4 for additional information.

---

© 2019 Jones Lang LaSalle IP, Inc. All rights reserved.
**Highlights**

**Services**
- Investment sales
- Structured finance
- Private equity placements
- Portfolio advisory activities
- Corporate finance
- Multifamily lending and commercial loan servicing
- Transaction underwriting

**Accretive investments**
- Gains across geographies
- Acquisitions add skills and coverage

**Talent**
- Acquire and retain talent

**2018 key statistics**
Closed $179B in client transactions

**Global footprint**
- International Capital Group captures increasing cross-border opportunities
- Strong global capital flows

**Leading global Hotels & Hospitality team**
- Industry intelligence and deep market insights
- Forward thinking research provides clients with competitive advantage

**2017 acquisitions**
- Zabel Property AG

---

**JLL Capital Markets fee revenue**

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>Asia Pacific</th>
<th>EMEA</th>
<th>Americas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$557</td>
<td>$104</td>
<td>$103</td>
</tr>
<tr>
<td>2008</td>
<td>$339</td>
<td>$60</td>
<td>$196</td>
</tr>
<tr>
<td>2009</td>
<td>$317</td>
<td>$61</td>
<td>$161</td>
</tr>
<tr>
<td>2010</td>
<td>$306</td>
<td>$203</td>
<td>$107</td>
</tr>
<tr>
<td>2011</td>
<td>$460</td>
<td>$38</td>
<td>$107</td>
</tr>
<tr>
<td>2012</td>
<td>$460</td>
<td>$235</td>
<td>$169</td>
</tr>
<tr>
<td>2013</td>
<td>$513</td>
<td>$81</td>
<td>$219</td>
</tr>
<tr>
<td>2014</td>
<td>$716</td>
<td>$229</td>
<td>$333</td>
</tr>
<tr>
<td>2015</td>
<td>$823</td>
<td>$145</td>
<td>$411</td>
</tr>
<tr>
<td>2016</td>
<td>$956</td>
<td>$149</td>
<td>$475</td>
</tr>
<tr>
<td>2017</td>
<td>$936</td>
<td>$156</td>
<td>$376</td>
</tr>
<tr>
<td>2018</td>
<td>$1,108</td>
<td>$203</td>
<td>$448</td>
</tr>
</tbody>
</table>

Reflects ASC 606

---

* May 2011: King Sturge acquired
** November 2015: Oak Grove acquired

Notes: Refer to page A4 for Fee Revenue definition.
2016, 2017 and 2018 recast reflects adoption of ASC 606 and an updated fee revenue calculation. See page A4 for additional information.
Leasing

Highlights

Leasing
• M&A and organic market share growth
• Strength in client relationships drives recurring revenue
• Tenant Representation, Agency Leasing, and Corporate Solutions momentum and renewals drive annuity base

Global Transaction Management - iDesk
• Bridging connections between our global transaction specialists
• Leveraging international client relationships
• Winning more business globally

2017 acquisitions
• Ubris Partner
• Meridian Immobilier SA

2018 acquisitions
• Northwest Atlantic in Canada

2018 key statistics
• Completed approximately 21,400 tenant representation transactions representing 821 million square feet of space.
• Completed approximately 16,100 agency leasing transactions representing 250 million square feet of space.

JLL Leasing fee revenue
($ in millions)

Asia Pacific
EMEA
Americas

Reflects ASC 606

Notes: Refer to page A4 for Fee Revenue definition.
2016, 2017 and 2018 recast reflects adoption of ASC 606 and an updated fee revenue calculation. See page A4 for additional information.
**Highlights**

**Services**

*Property Management*
On-site management to real estate owners for office, industrial, retail, multifamily residential and specialty properties.

*Integrated Facility Management*
Comprehensive portfolio and facility management to clients that outsource the management of the real estate they occupy.

**2018 key statistics**

Property & Facility Management oversees ~4.6B square feet globally

**Innovative technology**

RED & Corigo create value, client savings, and powerful differentiation

**Annuity focus**

- Double digit growth
- 3-5 year contract terms with high renewal rates
- Leverage market share and buying power
- Cross-selling

**2018 acquisitions**

- Value D - technology

**FY 2018 Corporate Solutions client wins**

<table>
<thead>
<tr>
<th>New Wins</th>
<th>Expansions</th>
<th>Renewals</th>
</tr>
</thead>
<tbody>
<tr>
<td>275</td>
<td>78</td>
<td>52</td>
</tr>
</tbody>
</table>

**JLL Property & Facilities Management fee revenue**

($ in millions)

- Asia Pacific
- EMEA
- Americas

Notes: Refer to page A4 for Fee Revenue definition.

* August 2016: Integral UK acquired

2016, 2017 and 2018 recast reflects adoption of ASC 606 and an updated fee revenue calculation. See page A4 for additional information.
Project & Development Services

Highlights

Services
- Conversion management
- Move management
- Design and construction management
- Strategic occupancy planning
- Relocation and build-outs
- Discrete projects and multi-year
- Services Corporate Solutions

Annuity focus
- Double digit growth
- Multi-year contracts
- Leverage market share and buying power
- Cross-selling

2018 acquisitions
- JCL International

Scale and service
- Successful expansions into new markets
- High client satisfaction scores
- Client savings
- Returns driven by procurement initiatives and early project completions

JLL Project and Development Services fee revenue
($ in millions)

Asia Pacific
EMEA
Americas

Notes: Refer to page A4 for Fee Revenue definition.
2016, 2017 and 2018 recast reflects adoption of ASC 606 and an updated fee revenue calculation. See page A4 for additional information.
Advisory, Consulting and Other Services

Highlights

Services
- Workspace solutions
- Valuations & appraisals
- Six Sigma process solutions
- Mergers & acquisitions
- Energy and Sustainability

Energy and Sustainability *
- 43 sustainability awards won
- 465,000 metric ton CO2e averted by advising on renewable energy projects
- 52% of JLL country operations run sustainability programs
- $59 million estimate U.S. client projected savings through energy efficient programs

2017 acquisitions
- Maloney Field Services
- Integra Orange County

2018 acquisitions
- RCGT valuation and advisory division
- REAS
- Value Recovery Services
- Stessa - technology

JLL Advisory, Consulting and Other Services fee revenue
($ in millions)

Asia Pacific
EMEA
Americas

Notes: Refer to page A4 for Fee Revenue definition.
2016, 2017 and 2018 recast reflects adoption of ASC 606 and an updated fee revenue calculation. See page A4 for additional information.

* Based on July 2017 JLL Global Sustainability Report.
LaSalle Investment Management

Highlights

$6.1B

Capital raised
FY 2018

Proven performance
- Long-standing client relationships
- Trusted advisors
- Outstanding returns on investments

Sizable AUM
- Income generating real estate highly attractive to investors
- Drives incentive fees and equity earnings
- “Dry powder” of ~$7B available to deploy into new investment opportunities
- Provides annuity-like advisory fees

Global platform
- Diversified geographic investments
- Ability to penetrate multiple markets
- Capitalize on global capital flows
- Competitive differentiator

2018 acquisitions
- Aviva

Global Financial Crisis
Stabilized Advisory Fees
Growth

2006 to 2018 advisory revenue ($ million)

Incentive fees ($M)  $171 $88 $59 $13 $11 $19 $23 $14 $105 $124 $96 $216
AUM ($B) $41 $50 $46 $40 $41 $48 $47 $48 $54 $56 $60 $58 $61

Assets Under Management ($ billions)

Separate Accounts 56%
Fund Management 33%
Public Securities 11%
Q4 2018 AUM $60.5

Note: AUM data reported on a one-quarter lag.
Dry powder as of December 31, 2018

© 2019 Jones Lang LaSalle IP, Inc. All rights reserved.
Since May 2014, the Financial Accounting Standards Board (“FASB”) has issued multiple accounting standards updates that comprise and amend ASC Topic 606 (“ASC 606”), Revenue from Contracts with Customers. ASC 606 replaces most U.S. GAAP revenue recognition guidance and requires an entity to recognize the amount of revenue it expects to receive when the promised goods or services are transferred to customers.

ASC 606 is effective for JLL for the reporting period beginning January 1, 2018. We will apply the full retrospective approach to adopt ASC 606, so when presenting our 2018 results, we will recast our comparative 2017 and 2016 results as if we had always reported under ASC 606 during those periods.

The most notable impacts to JLL from ASC 606 include:

- **Significant increase to the number of gross contracts** – Primarily impacts our Property & Facility Management and Project & Development Services contracts. Historically, our gross versus net evaluations contemplated both performance and payment risk. Contractual provisions with clients and third-party vendors/subcontractors, such as “pay-when-paid”, that substantially mitigate payment risk to JLL with respect to on-site personnel and other expenses historically led the majority of our service contracts to be accounted for on a net basis. Within ASC 606, payment risk is not an evaluation factor. Instead, control of the service before transfer to the customer is the focal point of gross versus net assessments. As a result, for these service contracts, we will present the expenses incurred on behalf of clients, including costs associated with dedicated on-site personnel, along with the corresponding reimbursement revenue on a gross basis.

- **Timing of revenue recognition** - Primarily impacts Leasing services in the U.S. which include variable consideration (revenue) or other aspects, such as contingencies, that under the legacy framework precluded revenue recognition at the time of lease execution by our clients. Such restrictions on the timing of revenue recognition are generally reduced under ASC 606, resulting in an acceleration in the timing of revenue recognition. To maintain the historical alignment between the timing of recognition of leasing revenue and the directly associated commissions expense payable to JLL brokers, the adoption of ASC 606 will also require an acceleration of the timing of expense recognition for commissions payable to JLL brokers.
  - To a much lesser extent than Leasing, we expect the phasing of certain annual variable revenue, such as at-risk and incentive fees, to be recognized across quarters to a greater extent than historically within Facility Management.

- **Increase to total assets and total liabilities** – Reflects:
  - Contract assets and accrued commissions payable recognized upon acceleration of the timing of revenue recognition for the aforementioned transaction commissions and advisory services; and
  - Increased receivables and restricted cash offset by increased payables relating to Property & Facility Management and Project & Development Services contracts to be reported on a gross basis.

For more information regarding ASC 606, please refer to our podcast by visiting: [http://ir.jll.com](http://ir.jll.com)
## Reconciliation of GAAP to non-GAAP

### Net Income to Adjusted EBITDA

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP net income attributable to common shareholders</td>
<td>$329.3</td>
<td>$276.0</td>
<td>$484.1</td>
</tr>
<tr>
<td>Interest expense, net of interest income</td>
<td>45.3</td>
<td>56.2</td>
<td>51.1</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>117.9</td>
<td>256.3</td>
<td>214.3</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>141.8</td>
<td>167.2</td>
<td>186.1</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>$634.3</strong></td>
<td><strong>$755.7</strong></td>
<td><strong>$935.6</strong></td>
</tr>
<tr>
<td>Restructuring and acquisition charges</td>
<td>68.5</td>
<td>30.7</td>
<td>38.8</td>
</tr>
<tr>
<td>Gain on disposition</td>
<td>-</td>
<td>-</td>
<td>(12.9)</td>
</tr>
<tr>
<td>MSR and related derivatives – net non-cash activity</td>
<td>(23.5)</td>
<td>(15.7)</td>
<td>(8.3)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>$679.3</strong></td>
<td><strong>$770.7</strong></td>
<td><strong>$953.2</strong></td>
</tr>
<tr>
<td>Net income margin attributable to common shareholders</td>
<td>2.5%</td>
<td>3.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Adjusted EBITDA margin %, fee revenue</td>
<td>13.4%</td>
<td>13.4%</td>
<td>14.9%</td>
</tr>
</tbody>
</table>

Note: See page A4 for additional information.
2014-2018 Fee revenue/fee-based operating expenses reconciliation

- Gross accounting requirements increase revenue and costs without corresponding increase to profit
- Reimbursable vendor, subcontractor and out-of-pocket costs reported as revenue and expense in JLL financial statements have been increasing steadily
- Business managed on a fee revenue basis to focus on margin expansion in the base business

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$5,429.6</td>
<td>$5,965.7</td>
<td>$12,991.2</td>
<td>$14,453.2</td>
<td>$16,318.4</td>
</tr>
<tr>
<td>Reimbursements</td>
<td>n/a</td>
<td>n/a</td>
<td>(6,080.6)</td>
<td>(6,485.8)</td>
<td>(7,228.9)</td>
</tr>
<tr>
<td>Revenue before reimbursements</td>
<td>$5,429.6</td>
<td>$5,965.7</td>
<td>$6,910.6</td>
<td>$7,967.4</td>
<td>$9,089.5</td>
</tr>
<tr>
<td>Gross contract costs</td>
<td>(727.9)</td>
<td>(801.3)</td>
<td>(1,812.8)</td>
<td>(2,168.8)</td>
<td>(2,595.0)</td>
</tr>
<tr>
<td>MSR and related derivatives – net non-cash activity</td>
<td>n/m</td>
<td>0.8</td>
<td>(23.5)</td>
<td>(15.7)</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Fee revenue</td>
<td>$4,701.7</td>
<td>$5,165.2</td>
<td>$5,074.3</td>
<td>$5,782.9</td>
<td>$6,486.2</td>
</tr>
</tbody>
</table>

Note: Restructuring and acquisition charges, Mortgage servicing rights (MSRs) - net non-cash activity, and Amortization of acquisition-related intangibles are excluded from adjusted operating income margin. See page A4 for additional information.
Non-GAAP 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 operating income,
(iii) Adjusted EBITDA and Adjusted EBITDA margin,
(iv) Adjusted net income and Adjusted diluted earnings per share, and
(v) 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 the company’s 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 Certain costs associated with client-dedicated employees and third-party vendors and subcontractors ("gross contract costs") are indirectly reimbursed through the management fee the company receives. These costs are presented on a gross basis in Revenue before reimbursements and Operating expenses. However, as the company generally earns little to no margin on such costs, excluding gross contract costs from both Fee revenue and Fee-based operating expenses more accurately reflects how the company manages its expense base and operating margins and better aligns performance assessment between fixed-price and gross contracts. Effective January 1, 2018, the company adopted ASC Topic 606, Revenue from Contracts with Customers, ("ASC 606") and changed its definition of fee non-GAAP fee revenue. The adoption of ASC 606, together with the continued changes in our business mix, prompted the company to expand the types of costs excluded from the calculation of the non-GAAP measure "Fee revenue." Specifically, the drivers were (i) the increase in compensation and benefits associated with client-dedicated personnel presented on a gross basis and (ii) the expansion of annuity businesses engaged to provide outsourced services to clients. The most notable change is the inclusion of compensation and benefits associated with client dedicated employees in gross contract costs. In addition, the previous calculation of gross contract costs applied to only Project & Development Services and Property & Facility Management but now applies to all service lines and businesses. The largest impacts of the change to the company's definition of fee revenue are within Project & Development Services and Property & Facility Management.

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 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 the company manages and evaluates performance because the excluded activity is non-cash in nature.

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 from operating income to adjusted operating income and Adjusted EBITDA.

Amortization of acquisition-related intangibles, primarily composed of the estimated fair value ascribed at closing of an acquisition to assets such as acquired management contracts, customer backlog and trade name, is more notable following the company's increase in acquisition activity over the past few years. At the segment reporting level, this is the only reconciling difference between operating income and adjusted operating income, except for the Americas segment, where Net non-cash MSR and mortgage banking derivative activity is also excluded.

Percentage Variances—Local Currency

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.