JONES LANG LASALLE INC
Form 10-K
February 26, 2019

United States
Securities and Exchange Commission
Washington, D.C. 20549
Form 10-K
Annual Report Pursuant to Section 13 or 15(d) of the Securities Act of 1934
For the fiscal year ended December 31, 2018 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($0.01 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No x
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 every Interactive Data File required to be submitted 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 such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K 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 corporation (as defined in Rule 12b-2 of the Exchange Act).
Large accelerated filer x Accelerated filer o Non-accelerated filer 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 aggregate market value of the voting stock (common stock) held by non-affiliates of the registrant as of the close of business on June 30, 2018 was $7,470,521,871.
The number of shares outstanding of the registrant's common stock (par value $0.01) as of the close of business on February 18, 2019 was 45,621,647.

Portions of the Registrant's Proxy Statement for its 2019 Annual Meeting of Shareholders are incorporated by reference in Part III of this report.

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PART I
ITEM 1. BUSINESS
COMPANY OVERVIEW
Jones Lang LaSalle Incorporated is a Maryland corporation that was incorporated in 1997. References to “JLL,” “the Company,” “we,” “us” and “our” refer to Jones Lang LaSalle Incorporated and include all of its consolidated subsidiaries, unless otherwise indicated or the context requires otherwise. Our common stock is listed on The New York Stock Exchange under the symbol “JLL.”
We are a 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. JLL is a Fortune 500 company with annual revenue of $16.3 billion, operations in over 80 countries and a global workforce of over 90,000 as of December 31, 2018. We provide services for a broad range of clients who represent a wide variety of industries and are based in markets throughout the world. Our clients vary greatly in size and include for-profit and not-for-profit entities, public-private partnerships and governmental ("public sector") entities looking to outsource real estate services. Through LaSalle, we invest for clients on a global basis in both private assets and publicly traded real estate securities.
Our issuer and senior unsecured ratings are investment grade as of December 31, 2018: Baa1 (stable outlook) from Moody’s Investors Service, Inc. ("Moody’s") and BBB+ (stable outlook) from Standard & Poor’s Ratings Services ("S&P").
We use JLL as our principal trading name. Jones Lang LaSalle Incorporated remains our legal name. JLL is a registered trademark in the countries in which we do business, as is our logo:
LaSalle Investment Management, which uses LaSalle as its principal trading name, is a wholly-owned member of the Jones Lang LaSalle Incorporated group. LaSalle is one of the world's largest and most diversified real estate investment management companies. As of December 31, 2018, LaSalle's assets under management were $60.5 billion. LaSalle is a registered trademark in the countries in which we conduct business, as is the logo:
We deliver an array of services across four business segments. We manage our Real Estate Services (“RES”) offerings across three geographic business segments: (i) the Americas, (ii) Europe, Middle East and Africa ("EMEA"), and (iii) Asia Pacific, and we manage our investment management business globally as (iv) LaSalle Investment Management. In our Americas, EMEA and Asia Pacific operating segments, we provide a full range of leasing, capital markets, integrated property and facility management, project management, advisory, consulting, valuations and digital solutions services locally, regionally and globally.
In 2018, we generated 13% annual growth in both consolidated revenue and fee revenue. Our global platform and diverse service and product offerings position us to take advantage of the opportunities in a consolidating industry and to successfully navigate the dynamic and challenging markets in which we compete worldwide.
For a detailed discussion of our segment results, please see "Results of Operations" and "Market Risks" in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as Note 3, Business Segments, in the Notes to Consolidated Financial Statements.

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OUR HISTORY

We began to establish our network of services across the globe through the 1999 merger of the Jones Lang Wootton companies ("JLW", founded in England in 1783) with LaSalle Partners Incorporated ("LaSalle Partners", founded in the United States in 1968 and incorporated in 1997). We have grown our business by expanding our client base and the range of our services and products, both organically and through a series of mergers and acquisitions. Our extensive global platform and in-depth knowledge of local real estate markets enable us to serve as a single-source provider of solutions for the full spectrum of our clients' real estate needs.

Over the last ten years, we completed nearly 90 strategic acquisitions as part of our global growth strategy. These acquisitions have given us additional share in key geographical markets, expanded our capabilities in certain service offerings and further broadened the global platform we make available to our clients.

For information on recent acquisitions, refer to Note 4, Business Combinations, Goodwill and Other Intangibles, of the Notes to the Consolidated Financial Statements, included in Item 8.

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OUR SERVICES AND BUSINESS SEGMENTS

To address the needs of real estate owners, occupiers, and investors, we leverage our deep real estate expertise and experience to provide clients with a full range of the following services on a local, regional, and global scale.

The following reflects our revenue and fee revenue by service line:

To calculate fee revenue, we deduct directly reimbursed expenses from revenue and then exclude (i) net non-cash mortgage servicing rights and mortgage banking derivative activity and (ii) gross contract costs associated with client-dedicated labor, and third-party vendors and subcontractors. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional discussion of fee revenue, a non-GAAP measure, and reconciliation from the most comparable U.S. GAAP measure.

The broad range of services we offer includes (in alphabetical order):

Agency Leasing	Logistics and Supply-Chain Management
Corporate Finance	Mortgage Origination and Servicing
Debt Placement	Project and Development Management / Design
Digital Solutions	Property Management
Energy and Sustainability Services	Real Estate Investment Banking
Integrated Facilities Management	Research
Investment Management & Advisory	Strategic Consulting and Advisory Services
Investment Sales	Tenant Representation
Lease Administration	Valuations

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We offer these services locally, regionally and globally to real estate owners, occupiers, investors and developers for a variety of property types, including:

Critical Environments and Data Centers	Hotels and Hospitality Facilities	Residential (Individual and Multifamily)
Cultural Facilities	Industrial and Warehouse	Retail and Shopping Malls
Educational Facilities	Infrastructure Projects	Sort & Fulfillment Centers
Government Facilities	Military Housing	Sports Facilities
Healthcare and Laboratory Facilities	Office (including flex space)	Transportation Centers

Individual segments and markets may focus on different property types to a greater or lesser extent depending on local requirements, market conditions, and client needs.

We are committed to transforming our company and our clients through technology. Across our service lines, we offer and will continue to develop and invest in unique digital solutions and products that help us and our clients strategize, build data, offer workplace technology and visualize real estate innovations. Refer to the Digital portion of our Strategic Framework section below for additional information about our digital agenda.

We believe our market reach and depth of service offerings strengthen the long-term value of the enterprise in a number of ways, including: (i) reducing the potential impact of episodic volatility or disruption in any specific region; (ii) enhancing the expertise of our people through knowledge sharing among colleagues across the globe; and (iii) allowing us to identify and quickly react to emerging trends, risks and opportunities.

Real Estate Services: Americas, EMEA, and Asia Pacific

We organize our RES offerings into five major product service lines: (1) Leasing; (2) Capital Markets; (3) Property & Facility Management; (4) Project & Development Services; and (5) Advisory, Consulting and Other Services.

For the year ended December 31, 2018, our RES revenue and fee revenue was generated as follows:

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In the Americas, our RES revenue for 2018 was $9.0 billion, earned geographically as follows:
In EMEA, our RES revenue for 2018 was $3.5 billion, earned geographically as follows:
In Asia Pacific, our RES revenue for 2018 was $3.2 billion, earned geographically as follows:

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Our service lines, and the services we provide within them, include:

1. Leasing

Agency Leasing executes leasing programs, including marketing, on behalf of investors, developers, property companies and public entities to secure tenants and negotiate leases with terms that reflect our clients' best interests. In 2018, we completed approximately 16,100 agency leasing transactions representing 250 million square feet of space. Our agency leasing fees are typically based on a percentage of the value of the lease revenue commitment for executed leases, although in some cases they are based on a dollar amount per square foot leased.

Tenant Representation establishes strategic alliances with clients which may include helping them: defining space requirements; identifying suitable alternatives; recommending appropriate occupancy solutions; negotiating lease and ownership terms with landlords; and reducing real estate costs by analyzing, structuring, and negotiating business and economic incentives. We employ a multi-disciplinary approach to develop occupancy strategies linked to our clients' core business objectives.

Tenant Representation realizes revenue on a negotiated fee basis which, in many cases, landlords are responsible for paying. Fees sometimes reflect performance measures related to targets that we and our clients establish prior to engagement or, in the case of strategic alliances, at future annual intervals. We use quantitative and qualitative measurements to assess performance relative to these goals, and we may be awarded incentive fees for superior performance. In 2018, we completed approximately 21,400 tenant representation transactions representing 821 million square feet of space.

2. Capital Markets

Capital Markets includes property sales and acquisitions, real estate financings, private equity placements, portfolio advisory activities, and corporate finance advice and execution. We provide these services for substantially all types of properties, including hotel and hospitality assets. In the U.S., we are an approved HUD/Ginnie Mae, Fannie Mae and Freddie Mac commercial multifamily lender and loan servicer. Real Estate Investment Banking includes sourcing capital, both equity and debt, derivatives structuring, and other traditional investment banking services designed to assist investor and corporate clients in maximizing the value of their real estate. To meet client demands for marketing real estate assets internationally and investing outside of their home markets, our Capital Markets teams combine local market knowledge with our access to global capital sources to provide superior execution in raising capital for real estate transactions. By researching, developing and introducing innovative new financial products and strategies, Capital Markets is also integral to the business development efforts of our other businesses.

Clients typically compensate Capital Markets units on the basis of the value of transactions we complete or securities we place. In certain circumstances, we receive retainer fees for portfolio advisory services. Real Estate Investment Banking fees are generally transaction-specific and conditioned upon the successful completion of the transaction. During 2018, we provided capital markets services for approximately $179 billion of client transactions.

3. Property & Facility Management

Property Management provides on-site management services to real estate owners for office, industrial, retail, multifamily residential and specialty properties. We seek to leverage our market share and buying power to deliver superior service and value to our clients. We provide services through our own employees or through contracts with third-party providers, striving to maintain high levels of occupancy and tenant satisfaction while lowering clients' property operating costs. As of December 31, 2018, we provided on-site property management services for properties totaling approximately 3.2 billion square feet.

We typically provide property management services through an on-site general manager and staff. Our general managers are responsible for day-to-day property management activities, client satisfaction and financial results. We support them with regional supervisory teams and central resources in such areas as training, technical and environmental services, accounting, marketing, and human resources. We are generally compensated based upon a percentage of cash collections on behalf of our clients or square footage managed; however, in some cases, management agreements provide for incentive compensation relating to operating expense reductions, gross revenue or occupancy objectives, or tenant satisfaction levels. Consistent with industry custom, management contract terms typically range from one to three years, although some contracts can be terminated at will at any time following a short notice period, usually 30 to 120 days, as is typical in the industry.

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Integrated Facilities Management ("IFM") provides comprehensive portfolio and facility management services to corporations and institutions that outsource the management of the real estate they occupy. Through digital investments, procurement and supply chain management expertise, as well as process discipline across a globally integrated platform, we provide services at a lower cost than our clients could otherwise achieve themselves while also enhancing the human experience of their employees and other end-users of their space. Technology is the backbone of our IFM delivery, leveraging advanced products such as cloud-based work order management and advanced business intelligence tools that empower clients in their space optimization assessments. Our IFM services focus on the day-to-day management of client locations and include, but are not limited to, repairs and maintenance, call center operations, security and landscaping delivered through an integrated model. Our extended delivery team includes our own personnel as well as third-party vendors and subcontractors. Facilities under management cover all real estate asset classes, including corporate headquarters, distribution facilities, hospitals, research & development facilities, data centers and industrial complexes. As of December 31, 2018, IFM managed approximately 1.4 billion square feet of real estate for our clients.

Our target clients typically have large portfolios (usually over one million square feet) that offer significant opportunities to reduce costs and improve service delivery. The competitive trends of globalization, outsourcing and off-shoring have prompted many of these clients to demand consistent service delivery worldwide and a single point of contact from their real estate service providers. We tailor our service delivery to individual client needs by combining our large global platform with substantial local expertise. Depending on client needs, our IFM personnel, either alone or as partners with other business units or third-party providers, frequently also provide services beyond core IFM including portfolio planning, agency leasing, tenant representation, acquisition, finance, disposition, development management, energy and sustainability services, digital solutions and land advisory services.

IFM contracts are typically structured to include reimbursement for costs of client-dedicated personnel and third-party vendors and subcontractors in addition to a base fee and a performance bonus. Performance bonus compensation results from achievement of quantitative performance measures and regularly scheduled client satisfaction surveys. IFM agreements are typically three to seven years in duration, although most contracts can be terminated at will by the client upon a short notice period, usually 30 to 60 days, as is typical in the industry.

In the U.S., the UK and selected other countries, we provide Mobile Engineering services to clients with large portfolios of sites or where we have multiple clients in proximity to each other. Rather than using multiple vendors to perform facility services, clients hire us to provide HVAC, electrical and plumbing services, and general interior repair and maintenance. Our multi-disciplined mobile engineers serve numerous clients in a specified geographic area, performing multiple tasks in a single visit and are responsible for the operational success of the sites they service. This service delivery model reduces clients' operating costs by bundling on-site services, leveraging resources across multiple accounts, and reducing travel time between sites.

4. Project & Development Services

Project & Development Services provides consulting, design, management and build services to tenants of leased space, owners in self-occupied buildings and owners of real estate investments, leveraging technology to drive outstanding service delivery. In addition to strategic occupancy planning services, we bring a life-cycle perspective to our clients, from consulting and capital management through design, construction and move in. Project & Development Services also manages all aspects of development and renovation of commercial projects for our clients, in some cases serving as a general contractor. In addition, we provide these services to public-sector clients, particularly to military and government entities, as well as educational institutions, primarily in the U.S. and to a growing extent in other countries. Predominantly in Europe, we provide design, fit-out and refurbishment services on a principal basis under the Tétris brand.

Our Project & Development Services business is generally compensated on the basis of negotiated fees and reimbursement of costs when we are principal to a contract (or client). Individual projects are generally completed in less than one year, but client contracts may extend multiple years in duration and govern a number of discrete projects.

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5. Advisory, Consulting and Other

Advisory and Consulting delivers innovative, results-driven real estate solutions that align with client business objectives. We provide clients with specialized, value-added real estate consulting services in such areas as technology implementation and optimization, mergers and acquisitions, asset management, occupier portfolio strategy, workplace solutions, location advisory, industry research, financial optimization strategies, organizational strategy and Six Sigma process solutions. Our professionals focus on translating global best practices into local real estate solutions, creating optimal financial and operational results for our clients across asset classes.

We typically negotiate compensation for Advisory and Consulting based on developed work plans that vary based on the scope and complexity of projects.

Valuation helps clients determine market values for office, retail, industrial, mixed-use and other types of properties. These services may involve valuing a single property or a global portfolio of multiple property types. We conduct valuations, which typically involve commercial property, for a variety of purposes supporting our clients, including acquisitions, dispositions, debt and equity financings, mergers and acquisitions, securities offerings (including initial public offerings) and privatization initiatives. Clients include occupiers, investors and financing sources from the public and private sectors. We usually negotiate compensation for valuation services based on the scale and complexity of each assignment, and our fees typically relate in part to the value of the underlying assets.

We provide Energy and Sustainability Services to occupiers and investors to help them develop and enhance corporate sustainability strategies, address climate risk, green their real estate portfolios, reduce their energy consumption and carbon footprint, upgrade building performance by managing Leadership in Energy and Environmental Design ("LEED") construction or retrofits, provide sustainable building operations management, and prepare corporate social responsibility and sustainability reports. We have energy and sustainability accredited professionals worldwide. Our teams can benefit a wide range of clients, including Leasing clients who commission green leases, green interior design and green assessments of prospective buildings; Capital Markets and Investment Management clients who want green building valuation assessments; and Project & Development Services clients who request green retrofits to existing buildings. Refer to our latest Global Sustainability Report, available on jll.com, for metrics on documented energy savings, reduction in greenhouse gas emissions and the work of our sustainability teams.

We generally negotiate compensation for Energy and Sustainability Services for each assignment based on shared savings or the scale and complexity of the project.

Corporate Solutions

Rapid and complex change, including digitization, increasing regulation, globalization and evolving workforce demographics, have created a new world of work and, as a result, a new mandate for corporate real estate with significant opportunities for growth. Our global Corporate Solutions business is positioned to capture this growth by partnering with clients across industries to drive strategic value from their corporate real estate portfolios and people.

During 2018, our Corporate Solutions business continued to expand its client base as follows:

FY 2018 JLL Client Wins

Total Wins	New Business	Expansions	Renewals
275	145	78	52

While each client is unique, they are consistent in looking for real estate to enable business transformation around three key value levers.

- Enabling data-driven decisions
- Achieving operational excellence through improved productivity and financial performance
- Attracting and retaining key talent through an enhanced corporate real estate user experience

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Our comprehensive global service delivery platform is designed to achieve these outcomes through a diverse range of strategy, services and digital solutions that address clients' entire real estate life cycle on both a local and global scale. We consider the real estate life cycle to include: portfolio, capital and operations decisions.

Portfolio. Through the nexus of services our Corporate Solutions business provides to clients, we gain unique information about their corporate real estate footprints and the organizational strategies they have developed to succeed. Combining this with the expertise we can draw from our broader integrated global platform, we advise our clients about how to optimize their workplace strategies and occupancy planning efforts. More broadly, this advice may extend to our clients' portfolio strategies. When evolution of strategies dictates change, our Corporate Solutions business partners with other professionals throughout our organization to help clients execute leasing, acquisition and disposition strategies.

Capital. Our Corporate Solutions business advises clients across the world about how and when to make critical capital decisions regarding their workplaces and corporate real estate portfolios to maximize the returns on such investments. In many geographies, our design & build professionals work alongside clients to capture the vision of their organizations through the design of space they occupy. We then manage, and in some cases are responsible for, the successful completion of the fit-out activities to achieve their vision. Helping our clients manage the costs they incur to realize their space and location objectives is essential to that strategy. When capital decisions involve a change in location, our relocation management professionals facilitate smooth transitions.

Operations. IFM is our largest service offering within Corporate Solutions and includes management of integrated services that improve operations and performance of individual facilities, as well as the experience of employees and other end-users of the space. Most frequently, new Corporate Solutions client relationships are formed through IFM business wins, which we accomplish both through transitions from other service providers or conversions from in-sourced real estate management models. In addition to maximizing efficiency and quality of service delivery, our digitally-enabled platform also provides clients with opportunities to tailor the balance of services we provide versus what they self-perform.

In an era of rapid digital evolution, technology is core to the advancement of our Corporate Solutions business in all facets. This is enabled by a best-in-class approach to technology and data management that centers around a structured product management discipline, a holistic build-buy-partner strategy and investments in world-class technology talent. Corporate Solutions brings a unique, comprehensive offering that covers all client technology needs, from consulting and foundational data management and Smart Buildings, to RED(sm) - our proprietary analytics and BI platform - that delivers actionable insights. Through Digital Solutions, which we have grown primarily through strategic acquisitions, our professionals assist clients in their selection and implementation of real estate-related software and applications to better help them understand their portfolios and drive efficiencies. We are committed to innovation to advance our Corporate Solutions business as the digital evolution continues.

LaSalle

Complementing our real estate services capabilities, our global real estate investment management business, LaSalle, has three priorities:

- Deliver superior risk-adjusted investment returns to our clients
- Develop and execute investment strategies that meet the specific investment objectives of our clients
- Deliver uniformly high levels of client service globally

We are one of the world's largest managers of institutional capital invested in real estate assets and securities, providing investment management services to institutional and retail investors, including high-net-worth individuals. We seek to establish and maintain relationships of trust with sophisticated investors who value our global platform and extensive local market knowledge.

LaSalle provides clients with a broad range of real estate investment products and services in the private and public capital markets. We design these products and services to meet the differing strategic, asset allocation, risk/return and liquidity requirements of clients. The range of investment solutions includes private investments in multiple real estate property types, including office, retail, industrial, health care and multifamily residential, as well as investments in debt. We act either through commingled investment funds or single client account relationships ("separate accounts"). We also offer indirect public investments, primarily in publicly traded real estate investment trusts ("REITs") and other real estate equities.

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LaSalle's assets under management of $60.5 billion, as of December 31, 2018, by geographic distribution and fund type were as follows ($ in billions):

We believe LaSalle's success is the product of our strong investment performance, industry-leading research capabilities, experienced investment professionals, innovative investment strategies, global presence and coordinated platform, local market knowledge and strong client focus. Research and strategy are integrated throughout the investment management process, from portfolio strategy formulation and property acquisition, through ongoing asset management and disposition.

The investment and capital origination activities of our investment management business have become increasingly global. We have invested in direct real estate assets in 20 countries around the globe, as well as in public real estate companies traded on all major stock exchanges.

Where consistent with client requirements and market terms and conditions, LaSalle from time to time retains JLL to provide services to assets in LaSalle funds in the ordinary course of business.

Direct Investments in Real Estate Properties (Separate Accounts and Commingled Funds)

In serving our investment management clients, LaSalle is responsible for the acquisition, financing, leasing, management and divestiture of real estate investments across a broad range of real estate property types. LaSalle launched its first institutional investment fund in 1979 and currently has a series of commingled investment funds, including seven funds that invest in assets in the Americas, seven funds that invest in assets located in Europe, and five funds that invest in assets in Asia Pacific. LaSalle also maintains separate account relationships with investors for whom we manage private real estate investments.

LaSalle is the advisor to Jones Lang LaSalle Income Property Trust, Inc. ("JLL IPT"), a daily valued, non-listed U.S. real estate investment trust launched in 2012 that gives suitable individual investors access to a growing portfolio of diversified commercial real estate investments. As of December 31, 2018, JLL IPT had $2.6 billion in assets under management.

Some investors prefer to partner with investment managers willing to co-invest their own funds to more closely align the interests of the investor and the investment manager. We believe that our ability to co-invest alongside our clients' funds will continue to be an important factor in maintaining and continually improving our competitive position. We believe our co-investment strategy strengthens our ability to raise capital for new real estate investments and real estate funds. In addition, co-investment may bring the opportunity to provide additional services related to the acquisition, financing, property management, leasing and disposition of such investments. As of December 31, 2018, we had a total of $306 million of co-investments, alongside our clients, in real estate ventures included in LaSalle's total assets under management.

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LaSalle is generally compensated for investment management services for private equity investments based on capital committed, invested and managed (advisory fees), with additional fees (incentive fees) tied to investment performance above benchmark levels. In some cases, LaSalle also receives fees tied to acquisitions and dispositions. Our investment funds have various life spans, typically ranging between five and nine years, but in some cases they are open-ended. Separate account advisory agreements generally have specific terms with "at will" termination provisions, and include fee arrangements that are linked to the market value of the assets under management, plus incentive fees in some cases.

Investments in Public Securities

LaSalle also offers clients the ability to invest in separate accounts focused on public real estate securities. We invest the capital of these clients principally in publicly traded securities of real estate investment trusts and property companies. As of December 31, 2018, LaSalle had approximately $6.9 billion of assets under management in these types of investments. LaSalle is typically compensated by securities investment clients on the basis of the market value of assets under management.

INDUSTRY TRENDS

We are focused on four major macroeconomic trends affecting the real estate sector today, each with an estimated multi-year lifespan:

Rising investment allocations and globalization of capital flows to real estate

Once categorized as alternative investments, real estate has emerged over the past decade as a major defined asset class of its own, with a sustained long-term trend of attracting rising investment allocations. Investors continue to allocate significant portions of their investment capital to real estate. Supporting that, we see parallel sustained growth trajectories in transaction volumes and in capital flows across borders and between continents, creating new opportunities for advisors and investment managers equipped to source and facilitate international real estate capital flows and execute cross-border transactions. Our real estate investment expertise, linking seamlessly across the world's major markets, is ideally placed to support our clients' investment ambitions.

As noted above in the LaSalle section, many investors have shown a desire to commit their capital to investment managers willing to co-invest their own capital in specific real estate investments or real estate funds.

Growth in corporate outsourcing

As a proportion of the total commercial-built real estate worldwide, corporate outsourcing of real estate services is still at a relatively early stage, but it is a trend that continues to move steadily upward as more businesses look to drive efficiency and returns by partnering with dedicated real estate service providers. In recent years, outsourcing of professional real estate services has increased substantially, as corporations focus their own resources on core competencies. Although some continue to unbundle and separate the sources of their real estate services, medium-to-large users of commercial real estate services continue to demonstrate an overall preference for working with single-source service providers able to operate seamlessly from a local to global level. The ability to offer a full range of services on this scale requires significant infrastructure investment, including digital applications and personnel training. Smaller regional and local real estate service firms, with limited resources, are less able to make such investments. In addition, public and other non-corporate users of real estate, including government agencies and health and educational institutions, have begun to outsource real estate activities as a means of reducing costs. As a result, we believe there will continue to be significant growth opportunities for companies like ours that can provide integrated real estate services across many geographic markets and types of clients.

Many such clients are striving to control costs by outsourcing or off-shoring non-core business activities. Both trends have increased the demand for global real estate services, including facility management, tenant representation and leasing, and property and energy management services. We believe that these trends will favor real estate service providers with the capability to provide services - and at consistently high service levels - in multiple markets around the world. Our diverse outsourcing services, shown below, address clients' needs across the real estate life cycle.

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Urbanization

Growing urbanization continues to be a powerful global trend. In its May 2018 report, the United Nations Department of Economic & Social Affairs predicted that 68% of the global population will live in urban areas by 2050, up from 55% as of the publication date (with total global population growth of just over 1% per year). More specifically, the international hub cities where we and our clients do a substantial majority of our business are thriving. This is another sustained trend that successfully overrides national and global political changes and uncertainties.

4th Industrial Revolution

The 4th Industrial Revolution technology, data and the rapid rise in applications of artificial intelligence ("AI") is changing everything. However, there is currently no single technology disruptor positioned to dominate the real estate industry. Instead, thousands of start-ups, applications and concepts are vying to transform the marketplace. The challenge to innovate and maximize the potential benefits of new technology, data and AI uses is constant. At the heart of our Beyond strategy (discussed in detail below), supported by major ongoing investments and innovations, we continue to accelerate progress toward our goal of becoming the widely-recognized leading user of technology and data in real estate.

SUSTAINING OUR ENTERPRISE: A BUSINESS MODEL THAT COMBINES DIFFERENT CAPITAL TO CREATE STAKEHOLDER VALUE

Our global sustainability commitment - Building A Better Tomorrow

Our vision is to make JLL a world-leading, sustainable professional services firm by creating spaces, buildings and cities where everyone can thrive. The world’s financial, social and environmental challenges demand a bolder response from businesses around the globe. This is why we are committed to new ways of partnering with our stakeholders to achieve shared ambitions for a sustainable future.

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From serving our clients and engaging our people, to respecting natural resources in our workplaces and building community relationships, we are focused on what is good for business and for a sustainable future. This progressive approach increases value for all our stakeholders and leads to responsible investment decisions as well as healthier, safer and more engaged people. We are Building a Better Tomorrow everywhere we can.

Creating sustainable value for all our stakeholders

We have designed our business model to (i) create value for our clients, shareholders and employees, (ii) establish high-quality relationships with the suppliers we engage and the communities in which we operate, and (iii) respond to macroeconomic trends impacting the real estate sector. Based on our intimate knowledge of local real estate and capital markets worldwide, as well as our investments in thought leadership and technology, we create value for clients by addressing their real estate needs as well as their broader business, strategic, operating and longer-term sustainability goals.

We strive to create a healthy and dynamic balance between activities that will produce short-term value and returns for our stakeholders through effective management of current transactions and business activities, and investments in people (such as new hires), acquisitions, technologies and systems designed to produce sustainable returns over the long term.

The following diagram summarizes how we create value for our shareholders and our broader stakeholders. It starts with the capital resources - or inputs - we need to do business. We use these resources to deliver services - or outputs - for our clients through the business activities we manage.

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We apply our business model to the resources and capitals that we employ to provide services. We provide these services through our own employees and, where necessary or appropriate in the case of property and facility management and project and development services, through the management of third-party contractors. The revenue and profits we earn from those efforts are allocated among further investments in our business, employee compensation and returns to our shareholders. We are increasingly focused on linking our business and sustainability strategies to promote the goal of creating long-term value for our shareholders, clients, employees and the global community of which JLL is a part. These efforts help our clients manage their real estate more effectively and efficiently, promote employment globally and create wealth for our shareholders and employees. In turn, they allow us to be an increasingly impactful member of, and positive force within, the communities in which we operate.

STRATEGIC FRAMEWORK

In December 2016, our Global Executive Board ("GEB") set out the broad framework for Beyond, a new and ambitious strategic vision to drive long-term sustainable and profitable global growth, incorporating transformational enhancements to our digital, data and AI capabilities, and complementing our unwavering commitment to the highest standards of client service, teamwork, ethics and expertise.

During 2017, the GEB developed the specific initiatives, goals and investment priorities to support the Beyond strategic vision and led implementation of the foundational steps. Examples included consolidation of the company's technology, data and information management resources into a single globally aligned and managed group; initiating work on transformational global platform enhancements for our Finance and Human Resources capabilities; establishing JLL Spark as a global proptech innovation entity based in Silicon Valley; launching our Achieve Ambitions brand identity and accompanying Achieve Your Ambitions employee value proposition; as well as a series of platform investments into further enhancing our global Capital Markets and Corporate Solutions capabilities.

Through 2018, strong ongoing business performance enabled us to accelerate the pace of our multi-year Beyond transformation. Examples included launching the JLL Spark Global Venture Fund and securing several subsequent proptech investments; implementing a new consistent and transparent global career framework and launching a comprehensive single system supporting our human resources interactions for our global employee base of over 90,000 people; introducing CapForce, an advanced and globally integrated CRM system for our Capital Markets teams worldwide; establishing and resourcing a dedicated high-caliber Global Transformation Office to add fresh expertise and impetus to the next phases of our transformation program; business acquisitions to expand our LaSalle platform in Europe and the U.S.; and the launch of our new fully-integrated and wholly-redesigned global website jll.com.

We expect this accelerated momentum in our transformation program to continue through 2019 and 2020. In the following section, we summarize the pillars and guiding priorities in our multi-year Beyond strategic vision.

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Beyond: Our Strategic Vision for Long-Term Sustainable and Profitable Growth

Clients

We are a global leader in providing seamlessly integrated services and advice to international corporate and investor clients in all parts of the world. Our Beyond strategic vision sets ambitious goals for continued enhancements to our comprehensive service offering, attracting new talents and skills to our business, marshaling the best new technology and data analytics, and focusing our teams on truly understanding each client’s broader strategic needs. Our service offerings span the whole real estate life cycle, being consistently delivered to the highest quality and creating real value for our clients. Within our Beyond strategy, we are making significant ongoing investments in advanced client relationship management processes and tools, always with a core commitment to ensuring that our own systems and structures never become an obstacle to assembling international and multidisciplinary teams tailored to meet each client’s requirements.

People

Directly supporting our goals to constantly enhance our client services, we continually invest in our people. We are committed to helping our people achieve their ambitions by enabling them to explore new opportunities, build expertise, create long-term careers, work with other talented people, and succeed through inclusion. Achieve your ambitions, our employee value proposition, articulates the key attractions and advantages of a career with JLL. We offer inclusive, collaborative and flexible working environments and an array of developmental and training opportunities. We continue to support our people in their career planning and progression and have refreshed and updated our worldwide career development and management tools, launching MyPerformance as our new performance management platform to guide employees on maintaining and improving performance and implementing a comprehensive single global system to support human resource interactions with all our employees. In 2018, we also introduced a global career framework that provides transparency and clarity on career paths and allows for our people to explore new career opportunities. We support career growth by providing guidance on globally-aligned leadership capabilities and offering formal mentoring and coaching programs. Our people, their skills and aspirations, and their commitment to a consistently high-performance culture and JLL’s core values are central to our ongoing success and sustained profitable growth.

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Digital

Technology has transformed the definitions of work, workplace and workforce in all aspects of business. We are only at the front edge of the wave of change that digitization, data and analytics, AI and machine learning will bring to our clients, people and shareholders.

Digital is core to our growth strategy. Examples of our investments in leading-edge technology and data capabilities include the following.

- Digitally transforming and enabling delivery of global services with a best-in-class technology foundation and an operational emphasis on data and analytics. This includes increasingly leveraging AI and machine learnings to drive insights, speed and accuracy. A notable example is our 2015 acquisition of Corrigo, which enables our facilities management business globally and continues to grow as a component of our integrated platform
- Expanding Digital Solutions, our global digital advisory and implementation services capability, which is unique to our industry. Critical to our Corporate Solutions business, Digital Solutions designs, integrates and implements innovative digital solutions for clients across industry types in the areas of corporate systems of record, smart buildings and workplace experience. In 2018, we nearly doubled the size of this team through the acquisition of ValuD Consulting, a leading provider of software integration and consulting services. The combined team will bring the next generation of technology to our clients to accelerated innovation and deepened expertise in software platforms
- Hiring executive leadership from the technology industry to guide our digital transformation
- Launching JLL Spark in 2017, focused on creating new property technology products, related strategic investments and incubating technology startups. In mid-2018, we expanded this initiative through the creation of the JLL Spark Global Venture Fund, with plans to invest over a five-year period up to $100 million in a number of exciting proptech ventures with considerable growth potential; visit www.us.jll.com/en/jll-spark to view the investments we have already made

These investments, along with digital enhancements in our internal platform and throughout our core service offerings, put us in position to extend our role as the digital leader in corporate real estate.

Values

All our people are committed to the core values of teamwork, ethics and excellence. These values are the foundation of our organization. Clients, employees, business partners and potential recruits are strongly attracted to these values and to our commitments to a sustainable future through Building a Better Tomorrow, our sustainability leadership ambition. This has earned us repeated recognition from organizations such as the Ethisphere Institute, which in 2018 named JLL as one of the World’s Most Ethical Companies for the 11th consecutive year.

Brand

We continue to strengthen and expand awareness of our brand beyond the traditional real estate sector, with a focused goal in our Beyond strategic vision to reach more CEOs and other senior decision makers. Supporting this goal, we are an active strategic partner of the World Economic Forum and regular participant in its annual meeting in Davos and at other events. In January 2019, Fortune magazine again named JLL as one of the World’s Most Admired Companies (see below for further awards and recognition during the past year). As part of our Beyond strategy, we launched a new visual identity and brand positioning strategy centered on our Achieve Ambitions theme, which is relevant to all our clients and other stakeholders.

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Growth

Our Beyond priorities for clients, people, values, digital and brand combine to provide an integrated strategic vision and platform for growth. This vision is supported by our commitment to enhance productivity in all operations, building margin and creating the basis for long-term sustainable and profitable growth, which reward all our stakeholders, helping them achieve their ambitions.

Consistent with this overarching aim, our Beyond strategic vision overlays and complements additional longstanding strategic priorities for JLL including:

- Employing a growth-oriented investment philosophy that best meets client needs while focusing resources on the services, markets and cities generating the highest margin opportunities
- Establishing charters for internal business boards to promote more interconnected global approaches to client services and delivery
- Leveraging our market-leading research capabilities and data analytics to better inform and advise our clients, enabling them to maximize the value of their real estate portfolios
- Deploying additional digital tools, data and metrics to help our people become progressively more productive and efficient
- Determining how best to marshal, train, recruit, motivate and retain the human resources that will have the skill sets, diversity and other abilities necessary to accomplish our strategic objectives
- Continuing to develop our brand and reputation for high quality client service, integrity, excellence and in-depth local and global market knowledge
- Building our brand in digital and social media channels
- Continuing to promote best-in-class governance, compliance, enterprise risk management and professional standards to operate a sustainable organization which meets the significant challenges and risks inherent in global markets and minimizes disruptions to, and distractions from, the accomplishment of our corporate mission
- Translating our Beyond strategy into best-in-class total shareholder returns

We regularly reevaluate our strategic priorities to optimize sustainable and profitable long-term growth and on-going value creation for all our stakeholders. Our Beyond strategic vision and priorities for growth are built on our closely integrated platform, which combines deep local market knowledge with seamless advice and services tailored to each client's specific needs.

COMPETITION

We operate across a wide variety of highly competitive business lines within the commercial real estate industry globally. Our significant growth over the last decade, and our ability to take advantage of the substantial consolidation that has taken place in our industry, have made us one of the largest commercial real estate services and investment management providers on a global basis.

Since we provide a broad range of commercial real estate and investment management services across many geographies, we face significant competition at international, regional and local levels. We also face competition from companies who may not traditionally be thought of as real estate service providers, including institutional lenders, insurance companies, investment banking firms, investment managers, accounting firms, technology firms, software-as-a-service companies, firms providing co-working space, firms providing outsourcing services of various types (including technology, food service and building products), and companies that self-provide their real estate services with in-house capabilities.

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DISTINGUISHING ATTRIBUTES AND COMPETITIVE DIFFERENTIATORS

Our mission is to deliver exceptional strategic, fully-integrated services, best practices and innovative solutions for real estate owners, occupiers, investors and developers worldwide. We deliver a combination of services, expertise and technology applications via an integrated global platform that we own (and do not franchise). These characteristics distinguish us from our competitors, contribute to service excellence and customer loyalty, and affirm our commitment to sustaining our business over the long term. We seek to successfully manage the financial, environmental, and social risks and opportunities our complex organization faces, and help our clients do the same.

While we face high-quality competition in individual markets, we believe the following are some of the key attributes which make us the best choice for clients seeking real estate and investment management services on a worldwide basis.

- Our focus on client relationship management to provide superior client service on a highly coordinated basis
- Our integrated global platform with local market knowledge, including a highly diverse set of service offerings, enables our ability to deliver our expertise wherever clients need it
- Our ability to deliver innovative solutions and technology applications to help our clients maximize the value of their real estate portfolios
- Our ability to organize and analyze the significant data about real estate that we collect in the course of business
- The quality and worldwide reach of our industry-leading research function, enhanced by digital applications and our ability to synthesize complex information into practical advice for clients
- Our reputation for consistent and trustworthy service delivery worldwide, based on our best practices and the skills, experience, collaborative nature and integrity of our people
- The strength of our brand and reputation, including our reputation as an ethical organization
- The strength of our financial position
- Our employee engagement as well as our employee value proposition - Achieve your ambitions - which articulates what differentiates JLL as an employer
- The quality of our internal governance and enterprise risk management, which clients can rely on over the long term
- The management of our supply chain for the benefit of the project management, property and facility management, and other services we provide to clients
- Our sustainability leadership agenda, which addresses long-term financial, environmental and social risks and opportunities for ourselves and our clients
- Our culture of teamwork, ethics and excellence, which allows us to marshal resources to deliver the greatest possible value and results
- Our "client first" and ethical orientation, which enables our people to focus on how to best provide what our clients need and want with integrity and transparency
- Our strong intellectual capital, long-term approach to business and ability to anticipate, interpret and respond to the trends influencing our industry sector makes us quick and nimble in adapting to new challenges and opportunities in a fast-changing world and in helping our clients do the same

The following is a detailed discussion on select distinguishing attributes and competitive differentiators noted above.

Client Relationship Management. We support our ability to deliver superior service to our clients through our ongoing investments in client relationship management and account management. As an example, CapForce, our sophisticated new CRM tool, links all our capital markets business lines and activities around the world. Our goal is to provide each client with a single point of contact at our company, an individual responsive to and accountable for all the activities we undertake for the client. We believe that we enhance superior client service through best practices in client relationship management, seeking and acting on regular client feedback, and recognizing each client's own specific definition of excellence.

Our client-driven focus enables us to develop long-term client relationships that generate repeat business and create recurring revenue sources. In many cases, we establish strategic alliances with clients whose ongoing service needs mesh with our ability to deliver fully integrated real estate services across multiple business units and locations. We support our relationship focus with an employee compensation and evaluation system aligned with our global career framework, designed to reward client relationship building, teamwork and quality performance, in addition to revenue development.

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Integrated Global Business Model. By combining a wide range of high-quality, complementary services and delivering them at consistently high service levels globally through wholly-owned offices with directly employed personnel, we develop and implement real estate strategies that meet the increasingly complex and far-reaching needs of our clients. We also believe that we can grow revenue without a proportionate increase in infrastructure costs due to our established business presence in the world's principal real estate markets. With operations spanning the globe, we have in-depth knowledge of local and regional markets and can provide a full range of real estate services around the world. This geographic coverage, combined with the ability and willingness of our people to communicate and connect with each other across a common global platform, positions us to serve the needs of our multinational clients and manage the flow of investment capital on a global basis. We anticipate that our cross-selling potential across geographies and product lines will continue to develop new revenue sources which we will enhance by continuing to expand our services via complementary or adjacent offerings.

Industry-Leading Research Capabilities. We invest in and rely on comprehensive research to support and guide the development of real estate and investment strategy for our clients. With nearly 550 research professionals who gather data and cover market and economic conditions around the world, we are an authority on the economics and market dynamics of commercial real estate. Research plays a key role in keeping colleagues throughout the organization attuned to important trends and changing conditions in world markets. We continue to devise and invest in new approaches through data science techniques and other technology to make our research, services and property offerings more readily available to our people and clients.

We believe that our investments in research, technology, data science and analytics, people and thought leadership position JLL as a leading innovator in our industry. Our research initiatives investigate emerging trends to help us anticipate future conditions and shape new services to benefit our clients, which in turn help us secure and maintain profitable long-term relationships with the clients we target: the world's leading real estate owners, occupiers, investors and developers.

Delivery of Innovative Solutions and Consistent Worldwide Service (including through applications of technology and data science). We believe that our globally-coordinated investments in research, technology, data science and analytics, people, quality control and innovation, combined with the facts that our offices are wholly-owned (rather than franchised), and our professionals are directly employed, enable us to develop, share and continually evaluate best practices across our global organization. As a result, we deliver consistently high levels of client service and operational excellence substantially wherever our clients' real estate investment and services needs exist.

Based on our general industry knowledge and on specific client feedback, we believe we are recognized as an industry leader in technology and business intelligence. We provide sophisticated information technology systems on a global basis to serve our clients and support our employees. For example, RED(sm), our client extranet technology, provides clients with detailed and comprehensive insight into their portfolios, the markets in which they operate, and the services we provide to them.

Connect (sm), our intranet technology, offers our employees access to our policies, news and collective thinking regarding our experience, skills and best practices. In addition, we are enhancing the global integration of our systems for finance, human resources and client relationship management, as well as securities management and trading systems for our investment management business. As previously noted, we launched our new global people information system across the globe in 2018. Also this year, select countries in the Americas region have implemented the upgrade to our digitally integrated finance system, with implementation across other geographies continuing in 2019.

We will continue to develop and deploy technology as well as online and social media applications to support our marketing and client development activities and to make our services and real estate property listings increasingly accessible.

Maximizing the Value of Real Estate Portfolios. Our global strategic perspective and presence allow us to assess pricing trends for real estate and know which investors worldwide are investing actively. This gives us an advantage in implementing strategies for acquisitions and dispositions of properties.

During hold periods, our local market research allows us to assess the potential for cash flow enhancement in our clients' assets based on rental-rate trends. When combined, these two perspectives provide us with an optimal view that leads to timely execution and translates into superior investment performance for clients.

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Strong Brand and Reputation. We believe that large corporations and institutional investors and occupiers of real estate recognize our ability to create value reliably in changing market conditions, based on (i) evidence provided by marketing surveys we have commissioned, (ii) the extensive coverage we receive in top-tier business publications, (iii) the major awards we receive in real estate, sustainability and ethics, as well as (iv) our significant, long-standing client relationships. Our reputation derives from our deep industry knowledge, excellence in service delivery, integrity and our global provision of high-quality, professional real estate and investment management services. We believe that the combined strength of the JLL and LaSalle brands represents a significant advantage when we pursue new business opportunities and is also a major motivator for talented people to join us around the world.

The JLL name, which is also our New York Stock Exchange ticker symbol, is our primary trading name. Jones Lang LaSalle remains our legal name. Using the shorter JLL name facilitates its adaptation to different communication styles in different countries, languages and channels and especially to the use of digital and online channels for marketing and communications.

We believe we hold the "Jones Lang LaSalle," "JLL" and "LaSalle Investment Management" trademarks and the related logos, which we expect to continue to renew, as necessary, to conduct the material aspects of our business globally. We have obtained the right to use the top level domain names of each of ".jll" and ".lasalle" from the Internet Corporation for Assigned Names and Numbers.

Financial Strength. We focus on maintaining financial performance metrics, particularly our leverage and debt service coverage ratios, that allow us to maintain investment-grade financial ratings. We believe that confidence in the financial strength of long-term service providers has become increasingly important to our clients, who are increasingly making financial strength an important criterion when they select real estate service providers. Accordingly, our ability to present a superior financial condition distinguishes us as we compete for business.

We also believe that our broad geographic reach and the range of our global service offerings diversify the sources of our revenue, reducing the overall inherent volatility of operating a real estate services business. This creates an additional measure of financial stability relative to other firms with more limited service offerings, or that are only local or regional, and therefore must rely on the strength of fewer markets and services.

We continue our long history of investment grade ratings from Moody's and S&P. Our issuer and senior unsecured ratings as of December 31, 2018 are Baa1 (stable outlook) from Moody’s and BBB+ (stable outlook) from S&P.

Our primary source of credit is our unsecured credit facility (the "Facility") provided by an international syndicate of banks, which as of December 31, 2018 had a maximum borrowing capacity of $2.75 billion and a maturity date in May 2023. In addition, we have €350.0 million of fixed-rate senior notes with half due in June 2027 and the other half due in June 2029 as well as $275 million of fixed-rate senior notes due in November 2022. Our senior notes have increased our proportion of fixed-rate debt.

Strong Governance, Enterprise Risk Management and Integrity. Our overlapping and communicative senior management and Board of Directors structure promotes an environment of best practices in corporate governance and controls. We believe that these attributes allow us to infuse a culture of internal communication and connectivity throughout the organization.

Successful management of any organization's enterprise risks is critical to its long-term viability. We seek to promote, operate and continually improve a globally-integrated enterprise risk management model that optimizes our overall risk/reward profile through the coordinated and sophisticated interaction of business and corporate staff functions.

Related to our governance and enterprise risk management efforts, we believe in uncompromising integrity and the highest ethical conduct. We are proud of the global reputation we have earned and are determined to protect and enhance it. The integrity our brand represents is one of our most valuable assets and a strong differentiator for our company.

Building a Better Tomorrow - our sustainability leadership ambition. Through Building a Better Tomorrow, we seek to meet our sustainability vision through four Pillars depicted below: Clients, People, Workplaces and Communities. These Pillars are underpinned by three Foundations: our commitment to the highest standards of corporate governance, our efforts to drive sustainability thought leadership and our commitment to deploying innovative, forward thinking solutions for ourselves and our clients. To ensure these efforts support our broader business strategy, Building a Better Tomorrow is an integral part of our long-term strategic vision, Beyond.

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By addressing issues which materially affect our clients, investors, employees and communities, we drive positive change through our organization and more widely. For this reason, we recently undertook three reviews to identify our most material sustainability considerations.

In 2017, these reviews were supplemented by additional materiality assessment in collaboration with Ceres, a sustainability nonprofit organization focused on economy-centric solutions, to ensure we are addressing the most significant sustainability impacts through Building a Better Tomorrow. The top five material environmental and social issues identified were:

Environmental Issues	Social Issues
1. Energy consumption and emissions	1. Business ethics and integrity
2. Sustainable buildings	2. Innovation and technology
3. Enhancing client sustainability through our services	3. Health, safety and security
4. Climate risk	4. Talent attraction and retention
5. Responsible supply chain	5. Employee wellbeing

Having exceeded our previous targets at the end of 2017, we set ambitious new goals for JLL based on the results of our materiality process. These goals cover all four Pillars of Building a Better Tomorrow and are covered in detail in our current annual Global Sustainability Report.

Generating sustainable value for our clients. The 4.6 billion square feet of space that we manage globally for our clients gives us the opportunity to have an impact through industry-leading strategies, tools and technologies that significantly improve energy efficiency and societal impacts, as well as reduce costs. Embedding sustainability considerations across our service lines is one of our key priorities, enabling us to offer differentiated and forward-thinking solutions to our clients, as we seek to maximize the positive impact we can have in the world.

Our Energy and Sustainability Services teams provide a range of services covering the construction, operation and maintenance of clients' facilities as well as advice on occupier behavior, socio-economic impacts and site location. In addition to the clear environmental and societal benefits these activities deliver, they also yield significant operational and cost efficiencies. For these reasons, we invest substantial resources into continuing our development of world-class energy and sustainability solutions for our clients.

Our commitment to technological innovation extends to our sustainability service offering. We have developed a number of in-house technology platforms to help us deliver our clients' sustainability objectives. For example, our OneView Energy and Sustainability Analytics (OVESA) platform is used to manage the ever-increasing volumes of complex sustainability data.

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This system, along with our other platforms such as the Portfolio Energy and Environment Reporting System (PEERS) and the Energy and Sustainability Platform (ESP), reflects our commitment to investing in digital, data and information management platforms. By deploying flexible digital solutions, we are able to measure, manage and improve environmental impacts for the nearly 200,000 buildings included on these platforms.

Sustainability thought leadership. We have earned a reputation for progressive thinking through extensive investments in research and thought leadership. In 2018, we produced sustainability thought leadership covering topics as diverse as climate change adaptation, sustainable building design and employee productivity, and workplace economics. Many of these pieces were published on our LinkedIn sustainability showcase, Green Blog and Real Views web pages. We work with global and local sustainability organizations to develop new ways of thinking around some of the biggest challenges facing our sector. This includes working alongside organizations such as the Global Real Estate Sustainability Benchmark and the World Green Building Council. In addition, we have been a signatory of the United Nations Global Compact since 2009.

Employee Value Proposition. Based on input from our employees about our culture and what makes us stand out as an employer, we developed the employee value proposition - Achieve your ambitions - a shared framework to inspire talent to join us, engage our employees and celebrate the values and culture of JLL around the world. An integral part of our brand, it is our promise to our people - employees and candidates alike - and centers on five unique pillars, depicted in the following graphic.

Our goal-setting framework uses three categories of goals (clients, growth and people) that align our people’s efforts with enterprise-wide strategy throughout all levels of the organization and build focus and attention on our priorities.

Awards. We won numerous awards and recognitions in 2018 that reflect the quality of the services we provide to our clients, the integrity of our people and our desirability as a place to work. As examples, we were named:

- A member of the Dow Jones Sustainability Index North America for the third consecutive year
- One of the World's Most Ethical Companies, named by the Ethisphere Institute, for the eleventh consecutive year
- One of the 100 Best Corporate Citizens in the United States, CR Magazine, for the fourth consecutive year
- A most JUST company in the real estate industry on the Forbes' "JUST 100" list, for the third consecutive year
- A Drucker Institute Management Top 250 for the second consecutive year
- One of the World's Most Admired Companies, by Fortune Magazine, for the fourth year
- A LinkedIn Top Company for the third consecutive year
- One of Working Mother's 100 Best Companies for the second consecutive year
- One of the Top 70 Companies for Executive Women, named by the National Association for Female Executives, for the third consecutive year

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- One of the 50 Out Front for Diversity Leadership: Best Places for Women & Diverse Managers to Work, Diversity MBA, for the fourth consecutive year
- A perfect score on the Human Rights Campaign Foundation's Corporate Equality Index, a benchmarking survey on corporate policies and practices related to LGBT workplace equality, for the fifth consecutive year
- One of the Global Outsourcing 100, International Association of Outsourcing Professionals, for the tenth consecutive year
- An Energy Star Sustained Excellence Award recipient, by the U.S. Environmental Protection Agency, for the seventh consecutive year
- One of the Best Places to Work in Money Management, named by Pensions & Investments, for the third consecutive year

INTEGRATED REPORTING

As a part of the Business Network and Framework Panel of the International Integrated Reporting Council ("IIRC"), we support the general principles designed to promote communications and integrated thinking about how an organization's strategy, governance and financial and non-financial performance lead to the creation of value over the short, medium and long term.

Components of Our Integrated Report. This Annual Report on Form 10-K focuses on our business strategy and our financial performance, including an attempt to illustrate how being a sustainable enterprise is integral to our success. Our citizenship and sustainability efforts for ourselves and our clients are reflected primarily in our annual Global Sustainability Report.

Our governance and remuneration practices are reported primarily in the Proxy Statement for our Annual Meeting of Shareholders. The mechanisms we use to make our clients comfortable with respect to our transparency and fair dealing are summarized in our Transparency Report. The behaviors and standards we expect of our employees and of the suppliers we engage for our own company and on behalf of clients are presented in our Code of Business Ethics and our Vendor Code of Conduct. Our Corporate Facts document is intended to provide an overall summary of the information we believe will be of primary interest to our different stakeholders.

We intend this Annual Report to satisfy the requirements of the International <IR> Framework issued by the IIRC in December 2013 (www.theiirc.org). Following the Exhibit Index, we present a tie-out sheet that cross-references the requirements in the Framework and the locations of our responses within this Annual Report. In 2015, we first launched an electronic Integrated Report on our website which provides access to all our information embedded in the documents discussed above through one access portal.

Responsibility for Integrated Reporting. Our Finance and Legal Services functions are primarily responsible for the integrity of our integrated reporting efforts and acknowledge that we have applied a collaborative approach in the preparation and presentation of this report. To do so, we have also engaged other senior members of our organization. In our collective opinion, this report is presented in accordance with the Framework. However, as our effort to comply with the Framework is done voluntarily and continues to evolve, we disclaim any legal liability to the extent that this report is deemed to not comply with the Framework.

Alignment with the Integrated Reporting Framework. Building on our Beyond strategy and as an important part of our aim to align more closely with the Integrated Reporting Framework, in 2017 we began to identify the medium- to long-term global megatrends with the greatest potential to materially impact our business. To do this, we used the 'six capitals' model advocated by the IIRC: financial, human, intellectual, manufactured, social and natural capitals. While we are most heavily dependent on the financial, human and intellectual capitals to execute our own operations successfully, we identified significant trends with implications for our business across all six capitals. Furthermore, changes in the availability of all six capitals impact our clients’ businesses and by extension, our service provision.

We have identified a number of global trends as significant for our business in the medium to long term. All of these, which we are tracking and/or actively managing, are illustrated below. The "JLL Activities," which address these trends, are summarized in the table below primarily via a combination of references to sections within Items 1 and 1A in this Annual Report on Form 10-K and resources we publish on our website, where we discuss relevant points in more detail.

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Driving improvements in Integrated Reporting. We recognize Integrated Reporting is a journey rather than a destination. We are constantly seeking to enhance the way we disclose our corporate information, striving to convey our value-creation story in the fullest way possible. To support these efforts, we have established an Integrated Reporting Working Group made up of representatives of key business functions. The group is tasked not only with furthering efforts to improve our reporting processes and increase our alignment with the <IR> Framework, but also to foster a culture of integrated thinking within the business. Through this Working Group, we are also considering how best to take forward the recommendations from the Sustainability Accounting Standards Board and the Taskforce on Climate-related Financial Disclosures.

Our Materiality Process. We actively identify our long-term risks and opportunities specifically with a view to furthering our integrated reporting journey. This effort complements the Enterprise Risk Management processes we conduct and has enabled further engagement with internal executives; prioritized our long-term risks and opportunities to generate further business value based on the IIRC’s guidance; and helped us articulate how to manage and take advantage of long-term risks and opportunities in reports like this and in our sustainability reporting.

We used the 'six capitals' model from the IR Framework to identify and investigate a number of global trends with the potential to impact our business. This process helped us identify where and how different trends interact with one another. Using this model, we created an initial list of 36 trends and their potential implications for us. We then undertook one-on-one engagements with around 30 executives from different disciplines and geographies across JLL to present the six capitals model; discuss the trends identified; and understand, based on these trends, what the potential risks and opportunities are to JLL and how we are, or should be, responding to them. We then developed comprehensive qualitative and quantitative analyses based on these internal engagements and aligned them with our existing risk-management matrix. We scored the long-term trends according to likelihood and magnitude, taking account of potential impacts on different areas of the business. The result of this scoring is the six capitals risks and opportunities materiality matrices, shown below, which allowed us to identify the most material long-term risks and opportunities for our company.

Since 2014, our GEB and other senior leadership have continued to monitor the evolution of both our opportunities and risks. On a macro basis, they have remained broadly consistent, with some changes in relative significance as, for example, threats of cyber attacks and data theft that have continued to rise. For additional discussion of our risks and the ways we mitigate them, refer to Item 1A. Risk Factors.

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Type of Capital	Global Trends	JLL Activities
Financial	Continued risk of financial crises	• Maintaining our financial strength as a differentiator; Financial Risk Factors
	Potential increase in disruptive market cycles	• Enterprise Risk Management; Strategic Risk Factors; Financial Risk Factors
	Shift toward emerging markets	• Building our Leading Local and Regional Service Operations • Strategic focus on potential growth markets and cities
	Regulatory reform in banking & other sectors	• Enterprise Risk Management; Operational Risk Factors; Legal and Compliance Risk Factors
	Global push against tax avoidance	• Enterprise Risk Management; Strategic Risk Factors; Financial Risk Factors; Legal and Compliance Risk Factors
Human	Changing demographics affects workplace profiles	• Enterprise Risk Management; Operational Risk Factors
	Shift of business model to technology-based which demands: · digital capabilities of who we hire, who we train, needs to appeal to a younger generation, · drives different needs in leadership, demands a truly global way of leading, more flexibility, a focus on social values	• Leadership development programs • Acquisitions of technology platforms • Data & technology and social media programs • Yammer platform encouraging employees to share and exchange online
	Diversity is equated with "good business"	• Business leaders as diversity champions in all our business segments • Annual Diversity and Inclusion Report (on our website) • Global Diversity and Inclusion Website • Annual Global Sustainability Report (on our website)
Intellectual	Increased risk of cyber attacks and data theft	• Enterprise Risk Management; Operational Risk Factors
	Intellectual capital becomes increasingly disseminated	• Strategic focus on technology, digital and social media • Enterprise Risk Management; Operational Risk Factors
	Digital technology transforms how people live and work	• Launch of JLL Spark • Strategic focus on technology, digital and social media
Manufactured	Rapid urbanization and ‘megacities' trends	• Build our Leading Local and Regional Service Operations • Strategic focus on potential growth markets and cities • JLL Cities Research Centre (on our website)
	Changing levels of demand for different types of real estate	• Strategic focus on most lucrative potential services • JLL Research

	Expansion of the global investable real estate universe	• Strategic goal to capture the leading share of global real estate capital flows • Strengthen LaSalle Investment Management's leadership position
Social	Unprecedented levels of transparency	• Code of Business Ethics and Corporate Sustainability • Transparency Report (on our website) • Enterprise Risk Management; Strategic Risk Factors
	Increasing political instability and conflict	• Introduction of global career framework • Enterprise Risk Management; Strategic Risk Factors
	Businesses need to demonstrate social contribution	• Annual Global Sustainability Report (on our website)
Natural	Increase in extreme weather events	• Enterprise Risk Management; Strategic Risk Factors • Global Sustainability & Cities Research • Enhanced disaster recovery protocols
	Natural resources in increasingly short supply	• Enterprise Risk Management; Operational Risk Factors • Global Sustainability Report (on our website)

SEASONALITY

A large portion of our revenue is seasonal, which investors should keep in mind when comparing our financial condition and results of operations from quarter to quarter. 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 is inherently 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.

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EMPLOYEES

The following table reflects our global headcount for reimbursable and non-reimbursable employees.

(in thousands)	December 31, 2018	December 31, 2017
Professional non-reimbursable employees	47.8	42.3
Directly reimbursable employees	42.2	39.6
Total employees	90.0	81.9

Directly reimbursable employees have costs which are fully reimbursed by clients, primarily in our Corporate Solutions business. Specifically, reimbursable employees include our property and IFM professionals as well as our building maintenance employees.

Our employees do not report being members of any labor unions, with the exception of approximately 2,300 property maintenance employees in the United States, 80% of whom are reimbursable. As of both December 31, 2018, and 2017, approximately 70% of our employees were based in countries other than the United States.

INTELLECTUAL PROPERTY

We regard our technology and other intellectual property, including our brands, as a critical part of our business. We hold various trademarks, trade dress and trade names and rely on a combination of patent, copyright, trademark, service mark and trade secret laws, as well as contractual restrictions to establish and protect our proprietary rights. We own numerous domain names, have registered numerous trademarks, and have filed applications for the registration of a number of our other trademarks and service marks in the United States and in foreign countries. We own the rights to use the dot-jll (.jll) and dot-lasalle (.lasalle) top level domain names, which we acquired during 2015. Although we believe our intellectual property plays a role in maintaining our competitive position in a number of the markets that we serve, we do not believe we would be materially adversely affected by the expiration or termination of our trademarks or trade names or the loss of any of our other intellectual property rights other than the “JLL,” "Jones Lang LaSalle," “LaSalle,” and "LaSalle Investment Management" names, and our Design (Three Circles) mark that is also trademarked. Our trademark registrations have to be renewed every ten years. Based on our most recent trademark registrations, the JLL mark would expire in 2024, while the Jones Lang LaSalle name would expire in 2022 and the Design (Three Circles) mark would expire in 2021. Our LaSalle and LaSalle Investment Management marks will expire in 2026.

In addition to our trademarks and trade names, we also have proprietary technologies for the provision of complex services and analysis. Consistent with our belief that we are recognized as an industry leader in technology as discussed above, we currently have a patented process in the United States for a "System and Method for Evaluating Real Estate Financing Structures" that assists clients with determining the optimal financing structure for controlling their real estate assets, including, for example, whether a client should own a particular asset, lease the asset, or control the asset by means of some other financing structure. In addition, we have patented an electrical panel in the United States entitled, “Energized Parts Guard,” which consists of a device to prevent contact with exposed energized electrical conductors during electrical maintenance. In 2018, JLL was granted another patent, Blackbird (sm), a geospatial intelligence tool. We also have a number of pending United States patent applications to further enable us to provide high levels of client service and operational excellence. Our products that have pending patent applications include CRC Website, a cities comparison tool, and Sign and Ladder safety, as examples. We will continue to file additional patent applications on new inventions, as appropriate, demonstrating our commitment to technology and innovation.

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CORPORATE GOVERNANCE; CODE OF BUSINESS ETHICS; CORPORATE SUSTAINABILITY AND RELATED MATTERS

We are committed to the values of effective corporate governance, operating our business to the highest ethical standards and conducting ourselves in an environmentally and socially responsible manner. We believe that these values promote the best long-term performance of JLL for the benefit of our shareholders, clients, staff and other constituencies.

Corporate Governance. We believe our policies and practices reflect corporate governance initiatives that comply with:

- The listing requirements of the New York Stock Exchange ("NYSE"), on which our Common Stock is traded
- The corporate governance requirements of the Sarbanes Oxley Act of 2002, as currently in effect
- U.S. Securities and Exchange Commission ("SEC") regulations
- The Dodd-Frank Wall Street Reform and Consumer Protection Act, as currently in effect
- The General Corporation Law of the State of Maryland, where we are incorporated

Our Board of Directors ("the Board") regularly reviews corporate governance developments and modifies our By-Laws, Guidelines and Committee Charters accordingly. As a result, we have adopted the following corporate governance policies and approaches that are considered to be best practices in corporate governance.

- Annual elections of all members of our Board
- Annual "say on pay" votes by shareholders with respect to executive compensation
- Right of shareholders owning 30% of the outstanding shares of our Common Stock to call a special meeting of shareholders for any purpose
- Majority voting in Director elections
- Separation of Chairman and CEO roles, with the Chairman serving as Lead Independent Director
- Required approval by the Nominating and Governance Committee of any related-party transactions
- Executive session among the Non-Executive Directors at each in-person meeting
- Annual self-assessment by the Board and each of its Committees
- Periodic assessment by our senior executive management of the operation of our Board

Code of Business Ethics. The ethics principles that guide our operations globally are embodied in our Code of Business Ethics, which applies to all employees of JLL, including our Chief Executive Officer, Chief Financial Officer, Global Controller and the members of our Board. The Code of Business Ethics is the cornerstone of our Ethics Everywhere Program, by which we establish, communicate and monitor the overall elements of our efforts. We are proud of, and are determined to protect and enhance, the global reputation we have established since, in a service business such as ours, the integrity that our brand represents is one of our most valuable assets. For a number of years we have applied for and received Ethics Inside™ certification from NYSE Governance Services, a leading organization dedicated to best practices in ethics, compliance, corporate governance and citizenship. We believe it is the only available independent verification of a company's ethics program. As previously noted, we were named to Ethisphere Institute’s list of the World's Most Ethical Companies for the eleventh consecutive time in 2018. We also were recertified under the Ethics Inside program by the Ethisphere Institute.

We support the principles of the United Nations Global Compact, the United Nations Principles of Responsible Investing and, given that our clients include a number of the major companies within the electronic industry, the Electronic Industry Code of Conduct. We are also a member of the Partnering Against Corruption Initiative sponsored by the World Economic Forum.

Vendor Code of Conduct. We expect each of our vendors, meaning any firm or individual providing a product or service to us, or indirectly to our clients as a contractor or subcontractor, will share and embrace the letter and spirit of our commitment to integrity. While vendors are independent entities, their business practices may significantly reflect upon us, our reputation and our brand. Accordingly, we expect all vendors to adhere to the JLL Vendor Code of Conduct, which we publish in multiple languages on our website. We continue to evaluate and implement new ways to monitor the quality and integrity of our supply chain, including developing means to efficiently survey and compare responses about the ethical environment and riskiness of current and potential suppliers that we engage both for our own company and on behalf of clients.

Professional Standards Guide. Our guide to professional standards seeks to establish principles under which our people will perform services for clients. It is published on our website.

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Corporate Sustainability. We encourage and promote the principles of sustainability everywhere we operate, seeking to improve the communities and environment in which our people work and live. We design our corporate policies to reflect the highest standards of corporate governance and transparency, and we hold ourselves responsible for our social, environmental and economic performance. We seek to incorporate sustainability practices and principles into our client investments and asset management. These priorities guide the interactions we have with our shareholders, clients, employees, regulators and vendors, as well as with all others with whom we come into contact. We recognize both the risks and opportunities presented by climate change and seek to address these impacts both in and beyond our business.

We also work to foster an environment that values the richness of our differences and reflects the diverse world in which we live and work. By cultivating a dynamic mix of people and ideas, we enrich our performance, the communities in which we operate, and the lives of our employees. We seek to recruit a diverse workforce, develop and promote exceptional talent from diverse backgrounds, and embrace the varied experiences of all our employees.

Corporate Political Activities. Given the diversity of our clients, shareholders, staff and other constituencies, our general approach is to not take positions as an organization on social or political issues or on political campaigns. Accordingly, our use of corporate funds or other resources for political activities has been negligible. From time to time, we may comment on proposed legislation or regulations that directly affect our business interests and therefore the interests of our shareholders. We may also belong to industry trade associations that do become involved in attempts to influence legislation in the interests of the industry generally.

Conflicts Minerals. Since we are not a manufacturer, nor do we contract to manufacture, we do not believe that we engage in the purchase or procurement of conflicts minerals, either for ourselves or our clients.

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COMPANY WEBSITE AND AVAILABLE INFORMATION

JLL's website address is www.us.jll.com. We use our website as a channel of distribution for company, financial and other information.

On the Investor Relations page on our website, we make available our Annual Report on Form 10-K, our Proxy Statement on Schedule14A, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). Any document we file with the SEC may also be read and copied at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. Information about its public reference room can be obtained by calling the SEC at 1.800.SEC.0330. The SEC maintains www.sec.gov, containing annual, quarterly and current reports, proxy statements, and other information that we file electronically with the SEC.

Our website includes information about our corporate governance. We will also make the following materials available in print to any shareholder who requests them in writing from our Corporate Secretary at the address of our principal executive office set forth on the cover page of this Annual Report on Form 10-K:

Code of Business Ethics	Vendor Code of Conduct	Corporate Facts	Global Sustainability Report
Transparency Report	Business Continuity	Modern Slavery Statement	Health & Safety Report

In addition to the above, the following are also available:

Disaster Recovery Report	Bylaws and Corporate Governance Guidelines	Charters for our Audit, Compensation, and Nominating and Governance Committees
Statement of Qualifications for Members of the Board of Directors	Compliant procedures for Accounting and Auditing Matters	Statements of Beneficial Ownership of our Equity Securities by our Directors/Officers

We intend to post on our website any amendment or waiver of the Code of Business Ethics with respect to a member of our Board or any of the executive officers named in our proxy statement.

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ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following risks and factors that could materially adversely affect our business, financial condition and results of operations, including revenues, profitability and/or stock price. However, the risks and uncertainties we face are not limited to those described below. Our business is also subject to general risks and uncertainties that may broadly affect companies. Furthermore, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial (but that later become material) may also adversely affect our business.

General Overview. Our business environment is complex, dynamic and international. Accordingly, it is subject to a number of significant risks in the ordinary course of its operations. If we cannot or do not successfully manage the risks associated with the services we provide, our operations, business, operating results, reputation and/or financial condition could be materially and adversely affected.

One of the challenges of a global business such as ours is to determine in a sophisticated manner the critical enterprise risks that exist or may newly develop over time as our business evolves. We must then determine how best to employ reasonably available resources to prevent, mitigate and/or minimize those risks that we are able to identify as having the greatest potential to cause significant damage from an operational, financial, or reputational standpoint. An important dynamic we must also consider and appropriately manage is how much and what types of commercial insurance to obtain and how much potential liability may remain uninsured consistent with the infrastructure that is in place within the organization to identify and properly manage it.

Various factors over which we have no control significantly affect commercial real estate markets. These include:

- Macro movements of the stock, bond, currency and derivatives markets
- The political environment
- Government policy and regulations, in each case whether at local, national or international levels
- Interest rates and the availability of real estate debt financing for our clients
- The cost and availability of natural and non-renewable resources used to operate real estate
- Emerging technologies that are potentially disruptive

Governance over Enterprise Risk Management. In 2018, we continued to make enhancements to our enterprise risk management methodology across the globe. Through a framework and methodology designed to: (i) improve and align our understanding of the most significant risks facing us; (ii) improve decision making in governance, strategy, objective setting and day-to-day operations; (iii) decide on what actions to take to lessen the likelihood that significant risks will result in financial or reputational harm to us; and (iv) assign priorities and ownership for purposes of executing those actions. Based on the execution of the enterprise risk management framework and methodology, the top risks are then communicated to the GEB, the Audit Committee and the full Board.

Our Board and its Committees take active roles in overseeing management's identification and mitigation of our enterprise risks. The Audit Committee focuses on the process by which management continuously identifies its enterprise risks and monitors the mitigation efforts that have been established. The Board focuses on substantive aspects of management's evaluation of our enterprise risks and the efforts we take to contain and mitigate them. The Compensation Committee and the Nominating and Governance Committee also monitor and discuss with management those risks that are inherent in the matters that are within each such Committee's purview.

As a regular part of its establishment of executive compensation, the Compensation Committee considers how the structuring of our compensation programs will affect risk-taking and the extent to which they will drive alignment with the long-term success of the enterprise and the interests of our shareholders.

In the normal course of its activities, our Nominating and Governance Committee reviews emerging best practices in corporate governance and stays abreast of changes in laws and regulations that affect the way we conduct our corporate governance, which represents another important aspect of overall enterprise risk management.

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Risk Mitigation Efforts. We do not attempt to discuss in this section all of the various significant efforts we employ to attempt to mitigate or contain the risks we identify, although we believe we have a robust program to do so in a systematic way. These efforts include: (i) the implementation of a continuously improving global safety management system focused on integrating best practice into our operations, including the elimination of hazards, the replacement of hazards with one that is manageable, training of personnel, and the review of our operating procedures; (ii) quarterly reviews of operational errors and litigation events so that we can consider whether there are steps we can take, such as changes to policies or additional staff training, that will prevent similar issues from recurring; (iii) monthly reviews by our global team of Ethics Officers of internal ethics matters (including the cost of investigating and resolving them) and general external ethics issues, as well as consideration of whether there are new or different activities we can establish within our Ethics Everywhere program in order to proactively address them; (iv) the risk mitigation activities and strategies deployed by our business, corporate staff functions and our internal auditors to coordinate enterprise risk mitigation and prevention across the Company; and (v) monthly reviews by our Cyber Committee to evaluate and adapt current prevention efforts and risk mitigation strategies against ever-changing cyber threats.

Seeking Opportunities in Risks. Risks in business can also mean opportunity if they can be translated into services that help clients mitigate their own risks and for which they are willing to pay fees that adequately compensate the provider for the risks being absorbed. An example of how we may be able to monetize the absorption of risks is our ability to charge fees for taking on, as principal, the risks of performance of subcontractors so that our clients do not have to bear them directly. Another example is our experience and ability to conduct business with integrity in emerging markets that are generally perceived to be less transparent. This allows us to charge fees to multi-national firms that want to expand their footprint into new markets with the assistance of service providers they can trust to protect their interests and act according to ethical and other best practices.

Categorization of Enterprise Risks. This section reflects our current views, as of the issuance of this report, concerning the most significant risks we believe our business faces, both in the short term and the long term. We do not, however, purport to include every possible risk from which we might sustain a loss. For purposes of the following analysis and discussion, we generally group the risks we face according to four principal categories:

- Operational Risk Factors
- Strategic Risk Factors
- Legal and Compliance Risk Factors
- Financial Risk Factors

We could appropriately place some of the risks we identify in more than one category, but we have chosen the one category we view as primary. We do not necessarily present the risks below in their order of significance, the relative likelihood that we will experience a loss, or the magnitude of any such loss. Certain of these risks also may give rise to business opportunities for us, but our discussion of risk factors in Item 1A is limited to the adverse effects the risks may have on our business.

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Operational Risk Factors

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of our businesses. It includes information management and data protection and security, including cyber security; supply chain and business disruption, including health and safety; and other risks, including human resources and reputation.

REPUTATIONAL AND BRAND RISKS.

The value and premium status of our brand is one of our most important assets. An inherent risk in maintaining our brand is that we may fail to successfully differentiate the scope and quality of our service and product offerings from those of our competitors, or that we may fail to sufficiently innovate or develop improved products or services that will be attractive to our clients. In addition, given the rigors of the competitive marketplace in which we operate, there is the risk that we may not be able to continue to find ways to operate more productively and more cost-effectively, including by achieving economies of scale, or that we will be limited in our ability to further reduce the costs required to operate on a globally coordinated platform.

The rapid dissemination and increasing transparency of information, particularly for public companies, increases the risks to our business that could result from negative media or announcements about ethics lapses or other operational problems, which could lead clients to terminate or reduce their relationships with us. As such, any negative media, allegations or litigation against us, irrespective of the final outcome, could potentially harm our professional reputation and damage our business. We are also subject to misappropriation of one of the names or trademarks we own by third parties that do not have the right to use them so that they can trade off of the goodwill we have built up in our intellectual property, and our efforts to police usage of our intellectual property may not be successful in all situations.

OPERATIONAL TRANSFORMATION INITIATIVES.

Sustainable long-term growth and differentiating ourselves from our competitors depend on investments in people, technology, data and innovation-focused capital expenditures. We are undergoing a multi-year transformation to position for long-term profitable growth through ongoing investments focused on innovation and cutting-edge digital solutions as well as an enhanced operational platform. Over the course of 2018, we disclosed that we have embarked upon a series of business transformation projects focused on delivering productivity improvements, reducing costs and supporting our digital and technology transformation agenda.

In 2018, we invested in transformation initiatives, such as our global enterprise resource planning implementation and client-facing technology; our patent for Blackbird, a proprietary visualization and data capability that enables quicker client site selection; and the creation of JLL Spark Global Venture Fund, which invests in technology focused on real estate. While we expect to realize efficiencies from these initiatives, there is no guarantee that we will recognize the full efficiency, cost reduction and other benefits of these activities that we expect. In connection with such activities, we may experience a disruption in our ability to perform functions critical to our strategy. If our business transformation initiatives are not successful, or if they are not executed effectively, our business, financial condition and results of operations could be adversely affected. These initiatives involve costs relating to hiring outside experts and implementing these projects, and could have unanticipated costs or unrealized savings. In particular, our transformation initiatives may fail, and our business and financial results may be adversely affected, if we are not able to carry out certain shifts in our corporate culture to achieve our transformation objectives.

COMPETITION FOR TALENT; SUCCESSION OF KEY LEADERS.

We depend, in large part, on the members of our senior management team who possess extensive knowledge and a deep understanding of our business and strategy, as well as the colleagues who are critical to developing and retaining client relationships. Our business depends on the continued availability of skilled personnel with industry experience and knowledge, including our senior management team and other key employees. If we are unable to attract and retain qualified personnel, or to successfully plan for succession of employees holding key management positions, our business and operating results could suffer. There is a further risk of losing talent (and intellectual property and client contacts) to competitors, particularly in the context of increased use of social media networks and transparency of employment information. There is also the risk of losing top producers who provide a material margin contribution Company-wide. These risks increase as we continue to grow as an organization and increase the number of staff, which has expanded significantly over the past decade. There may also be an increase in recruitment and compensation costs. We and our competitors use equity incentives and bonuses to help attract, retain and incentivize key personnel. As competition is significant for the services of such personnel, the expense of such incentives and bonuses may increase and we may be unable to attract or retain such personnel to the same extent that we have in the past. We are also challenged to find and retain sufficiently trained staff in emerging markets and, as a result, we may need to provide our own training programs, which increase both our costs as well as the risk of performance for clients. In particular, in successful emerging markets such as India, attrition by highly informed and mobile staff is a challenge for all companies.

THIRD PARTY SPEND MANAGEMENT AND HEALTH AND SAFETY RISK.

We rely on third parties, and in some cases subcontractors, to perform activities on behalf of our organization to improve quality, increase efficiencies, cut costs and lower operational risks across our business and support functions that are critical to the operations of our business to allow us to focus on our core business objectives. If our third parties do not have the proper safeguards and controls in place, or appropriate oversight cannot be provided, we could be exposed to increased operational, regulatory, financial or reputational risks. A failure by third parties to comply with service level agreements or regulatory or legal requirements in a high quality and timely manner, particularly during periods of peak demand for their services, could result in economic and reputational harm to us. In addition, these third parties face their own technology, operating, business and economic risks, and any significant failures by them, including the improper use or disclosure of our confidential client, employee or company information, could cause damage to our reputation and harm to our business.

Our contractors and their subcontractors are more integrated into our operations than ever before and, as a result, also involved in a significant proportion of the safety incidents we experience. Health and safety is a prominent part of our Beyond strategy, so we take steps to engage with our supply chain and improve our safety performance. This includes producing a dedicated Global Health and Safety Report detailing our approach to managing this important topic. Our goal is to ensure those we work and interact with are unharmed by our operations. We have a multi-disciplinary safety management structure, with executive sponsorship, aimed at managing existing and emerging health and safety risks, and achieving continuous improvement. Our structure aims to empower our workers and dedicated health and safety professionals to promote best practices. However, despite investment in our safety platform, management systems and vendor due diligence program, additional efforts are necessary to ensure vendors are aware of our high health and safety expectations.

TECHNOLOGY AND INFORMATION SYSTEMS; MANAGEMENT OF DATA.

Our business is highly dependent on our ability to collect, use, store and manage organizational and client data to make business decisions and increase the efficiency and competitiveness of our operations. If any of our information and data management systems do not operate properly or are disabled, we could suffer a disruption of our businesses, liability to clients, loss of client data, loss of employee data, regulatory intervention, breach of confidentiality or other contract provisions, or reputational damage. These systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including disruptions of electrical or communications services, disruptions caused by natural disasters, political instability, terrorist attacks, sabotage, computer viruses, or problems with the internet, deliberate attempts to disrupt our computer systems through "hacking," "phishing," or other forms of cyber-attack, or our inability to occupy one or more of our office buildings. As we outsource significant portions of our information technology functions to third-party providers, we bear the risk of having somewhat less direct control over the manner and quality of performance than we would if done by our own employees. An example of this is the increasing use of cloud computing, whereby we outsource to third parties the maintenance of increasing amounts of our business records, including electronically maintained documents and emails, rather than keeping them on our own servers.

We are exposed to the risk of cyber attacks in the normal course of business. In general, cyber incidents can result from deliberate attacks or unintentional events. We have observed an increased level of attention focused on cyber attacks that include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. During the last few years, some major corporations and other entities have reported that they had experienced broad-based theft of customer and internal data, with material financial and reputational consequences. To the extent that our technology systems interact with those of our clients (including by way of the “internet of things”), they may face similar potential problems and losses as the result of cyber attacks through our systems that then impact their systems. Certain high-profile cyber attacks at other firms have come through the systems of suppliers.

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We have experienced various types of cyber-attack incidents, which to date have been contained and have not been material to the organization as a whole. As the result of such incidents, we have continued to implement new controls, governance, technical protections and other procedures. We may incur substantial costs and suffer other negative consequences if we fall victim to other successful cyber attacks. Such negative consequences could include: remediation costs that may include liability for stolen money and other assets or information and repairing system damage that may have been caused; increased cyber-security protection costs that may include organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants; lost revenues resulting from unauthorized use of proprietary information or the failure to retain or attract clients following an attack; litigation; and reputational damage adversely affecting client or investor confidence.

We are increasingly recognizing both the challenges and opportunities involved in mining the data in our systems so that we "know what we know" and can use that knowledge for the benefit of our clients and our organization in the most sophisticated possible ways.

The development of new software systems used to operate one or more aspects of our business is complicated, particularly on a customized basis or in order to coordinate or consolidate financial, human resources or other types of infrastructure data reporting, client accounting, or funds processing. In addition, the effort may result in costs that we cannot recoup in the event of the failure to complete a planned software development. A new software system that has defects may cause reputational issues and client or employee dissatisfaction and/or damages, with our incurring liabilities and/or experiencing lost business as possible results. The acquisition or development of software systems is often dependent to one degree or another on the quality, ability and/or financial stability of one or more third-party vendors, over which we may not have control beyond the rights we negotiate in our contracts.

Privacy regulations vary by jurisdiction (or across a region such as the European Union) and may restrict our ability to share or collect data on a global basis, and this may limit the utility of otherwise available technology. When we transfer data between countries and continents for the purpose of managing and reporting on our global business, both internally within JLL or LaSalle systems and externally through third-party providers, we are exposed to the risk that our systems and operations may not meet all of the data privacy and protection laws of the countries from which the data originates. Furthermore, third-party providers who previously relied on the EU-U.S. Safe Harbor framework have now had to find alternative methods to meet EU standards for data transfers in the wake of the European Commission’s invalidation of Safe Harbor in late 2015. Although we try to stay abreast of data privacy laws worldwide and keep track of our data flows in order to assess where and what compliance requirements apply, the rapid development and changes in systems and technology, along with corresponding changes in laws and regulations, make this a difficult challenge. As one example, effective May 25, 2018, the European General Data Protection Regulation (GDPR) came into effect and the GDPR will replace the UK’s Data Protection Act 1998 (DPA). The GDPR has a greater territorial reach than existing laws and so will apply to many of our contracts and agreement around the world. We will be forced to update all our agreements, which may take significant time and cost.

CONCENTRATIONS OF BUSINESS WITH CORPORATE AND INVESTOR CLIENTS CAUSE INCREASED CREDIT RISK AND GREATER IMPACT FROM THE LOSS OF CERTAIN CLIENTS AND INCREASED RISKS FROM HIGHER LIMITATIONS OF LIABILITY IN CONTRACTS.

While our client base remains highly diversified across industries and geographies, we value the expansion of business relationships with individual corporate clients and institutional investors because of the increased efficiency and economics (both to our clients and us) that can result from developing repeat business and performing an increasingly broad range of services for the same client. Having increasingly large and concentrated clients also can lead to greater or more concentrated risks of loss if, among other possibilities, such a client (i) experiences its own financial problems, which can lead to larger individual credit risks; (ii) becomes bankrupt or insolvent, which can lead to our failure to be paid for services we have previously provided or funds we have previously advanced; (iii) decides to reduce its operations or its real estate facilities; (iv) makes a change in its real estate strategy, such as no longer outsourcing its real estate operations; (v) decides to change its providers of real estate services; or (vi) merges with another corporation or otherwise undergoes a change of control, which may result in new management taking over with a different real estate philosophy or in different relationships with other real estate providers. In the case of LaSalle, concentration of investor clients can lead to fewer sources of investment capital, which can negatively affect assets under management in case a higher-volume client withdraws its funds or does not re-invest them. This is also the case within LaSalle's securities business and for JLL IPT, which are both dependent on the continued ability and willingness of certain brokerage firms to attract investment funds from their clients.

In addition, competitive conditions, particularly in connection with increasingly large clients, may require us to compromise on certain contract terms with respect to the payment of fees, the extent of risk transfer, or acting as principal rather than agent in connection with supplier relationships, liability limitations, credit terms and other contractual terms, or in connection with disputes or potential litigation. Where competitive pressures result in higher levels of potential liability under our contracts, the cost of operational errors and other activities for which we have indemnified our clients will be greater and may not be fully insured.

The global economic downturn provided an example of how risks to our organization increased as the result of the significant financial distress (which in some cases led to bankruptcy or insolvency) it placed on many organizations, including some that were clients of ours. Some of our largest clients include firms in the financial services industry, such as commercial banks, investment banks, and insurance companies, and firms in the auto industry, which were significantly impacted by the global economic downturn and took a number of years to recover.

Where we provide services to firms in the financial services industry, including banks and investment banks, we are experiencing indirectly the increasing extent of the regulatory environment to which they are subject in the aftermath of the global financial crisis. This increases the cost of doing business with them, which we are not always able to pass on, as the result of the additional resources and processes we are required to provide as a critical supplier. This dynamic has continued more recently with the privacy and cyber-security requirements within the financial services industry. We expect that Brexit will continue to result in changes in the dynamics of the financial industry in Europe, which will have consequences on the uses of real estate that we cannot yet foresee.

CONTRACTUAL LIABILITIES AS PRINCIPAL AND FOR WARRANTED PRICING.

We may, on behalf of our clients, hire and supervise third-party contractors to provide construction, engineering, maintenance and various other services for properties we are managing or developing on behalf of clients. Depending upon (i) the terms of our contracts with clients, which, for example, may place us in the position of a principal rather than an agent, or (ii) the responsibilities we assume or are legally deemed to have assumed in the course of a client engagement (whether or not memorialized in a contract), we may be subjected to, or become liable for, claims for construction defects, negligent performance of work, or other similar actions by third parties who we engage. Adverse outcomes of property management disputes or litigation could negatively impact our business, operating results and/or financial condition, particularly if we have not limited in our contracts the extent of damages to which we may be liable for the consequences of our actions, or if our liabilities exceed the amounts of the commercial third-party insurance that we carry. Moreover, our clients may seek to hold us accountable for the actions of contractors because of our role as property manager even if we have technically disclaimed liability as a legal matter, in which case we may find it commercially prudent to participate in a financial settlement for purposes of preserving the client relationship.

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Acting as a principal may also mean that we pay a contractor before we have been reimbursed by the client, which exposes us to additional risks of collection from the client in the event of a dispute with the client or an intervening bankruptcy or insolvency of the client. The reverse can occur as well, where a contractor we have paid files bankruptcy or commits fraud with the funds before completing a project for which we have paid it in part or in full. As part of our project management business, we may enter into agreements with clients that provide for a warranted or guaranteed cost for a project that we manage. In these situations, we are responsible for managing the various other contractors required for a project, including general contractors, in order to ensure that the cost of a project does not exceed the contract price and that the project is completed on time. In the event one of the other contractors on the project does not or cannot perform as a result of bankruptcy or for some other reason, we may be responsible for any cost overruns as well as the consequences for late delivery. In the event, for whatever reason we have not accurately estimated our own costs of providing services under warranted or guaranteed cost contracts, we may lose money on such contracts until such time as we can legally terminate them. Also, the application of indirect taxes, such as sales taxes, goods and services taxes, and value-added taxes may be less clear for these agreements, potentially impacting our margins.

During an economic downturn in a given country or region, we would expect to experience credit-related problems at a higher level than usual with vendors and contractors due to their increased financial instability. For example, this became a reality during the global financial crisis.

PERFORMANCE AND FIDUCIARY OBLIGATIONS UNDER CLIENT CONTRACTS; REVENUE RECOGNITION; SCOPE CREEP; RISING COST OF INSURANCE RESULTING FROM NEGLIGENCE CLAIMS; RESPONSIBILITY FOR SAFETY OF CONTRACTORS.

In certain cases we are subject to fiduciary obligations to our clients, which may result in a higher level of legal obligation compared to basic contractual obligations. These relate to, among other matters, the decisions we make on behalf of a client with respect to managing assets on its behalf or purchasing products or services from third parties or other divisions within our Company. Our services may involve handling substantial amounts of client funds in connection with managing their properties.

They may also involve complicated and high-profile transactions which involve significant amounts of money. We face legal and reputational risks in the event we do not perform, or are perceived to have not performed, under those contracts or in accordance with those obligations, or in the event we are negligent in the handling of client funds or in the way in which we have delivered our professional services. The increased potential for the fraudulent diversion of funds from a "hacking" or "phishing" attack exacerbates these risks.

We have certain business lines, such as valuations and lease administration, where the size of the transactions we handle is much greater than the fees we generate from them. As a result, the consequences of errors that lead to damages can be disproportionately large in the event our contractual protections or our insurance coverage are inadequate to protect us fully.

The precautions we take to prevent these types of occurrences, which represent a significant commitment of corporate resources, may nevertheless be ineffective in certain cases. Unexpected costs or delays could make our client contracts or engagements less profitable than anticipated. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could have an adverse effect on profit margins.

In the event we perform services for clients without executing sufficient contractual documentation, we may be unable to realize our full compensation potential or recognize revenue for accounting and reporting purposes, and we may not be able to effectively limit our liability in the event of client disputes. If we perform services for clients that are beyond, or different from, what were originally contemplated in the governing contracts (known as "scope creep"), we may not be fully reimbursed for the services provided, or our potential liability in the case of a negligence claim may not have been as limited as it normally would have been or may be unclear.

If we make a large insurance claim on our professional indemnity policy due to a situation involving our negligence, we would expect subsequent premiums to increase materially, the size of deductibles we are required to retain could increase substantially, and the availability of future coverage could be negatively impacted.

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ABILITY TO CONTINUE TO MAINTAIN SATISFACTORY INTERNAL FINANCIAL REPORTING CONTROLS AND PROCEDURES.

If we are not able to continue to operate successfully under the requirements of Section 404 of the United States Sarbanes-Oxley Act of 2002, or if there is a failure of one or more controls over financial reporting due to fraud, improper execution or the failure of such controls to adjust adequately as our business evolves, then our reputation, financial results and the market price of our stock could suffer. Our accounting can be complex and requires that management make judgments with respect to revenue recognition and other aspects of our business. While we believe that we have adequate internal financial reporting control procedures over financial reporting in place, we may be exposed to potential risks from this legislation, which requires companies to evaluate the effectiveness of their internal controls, and such internal control over financial reporting is subject to audit by their independent registered public accounting firm on an annual basis. We have evaluated our internal control over financial reporting as required for purposes of this Annual Report on Form 10-K for the year ended December 31, 2018. Our management concluded our internal control over financial reporting was effective as of December 31, 2018. Our independent registered public accounting firm has issued an unqualified opinion on the effectiveness of our internal control over financial reporting. However, there can be no assurance that we will continue to receive an unqualified opinion in future years, particularly since standards continue to evolve and are not necessarily being applied consistently from one independent registered public accounting firm to another. If we identify one or more material weaknesses in our internal control over financial reporting in the future that we cannot remediate in a timely fashion, we may be unable to receive an unqualified opinion at some time in the future from our independent registered public accounting firm with respect to our internal control over financial reporting.

CORPORATE CONFLICTS OF INTEREST.

All providers of professional services to clients, including our Company, must manage potential conflicts of interest. This occurs principally where the primary duty of loyalty we owe to one client may potentially be weakened or compromised by a relationship we also maintain with another client or third party. Corporate conflicts of interest arise in the context of the services we provide as a company to our different clients. Personal conflicts of interest on the part of our employees are separately considered as issues within the context of our Code of Business Ethics. Our failure or inability to identify, disclose and resolve potential conflicts of interest in a significant situation could have a material adverse effect.

An example of a potential conflict of interest situation is that in the ordinary course of its business, LaSalle hires property managers for the investment properties it holds on behalf of clients. In that case, LaSalle may hire JLL to provide such services, or it may hire a firm that is a competitor of JLL. In the event it retains JLL, it may appear to have a conflict of interest with respect to the selection. As a fiduciary with respect to its client funds, LaSalle resolves such potential conflicts by acting independently of JLL and following certain internal procedures designed to select the service provider that can best represent the interests of the investment management client or fund.

Another example is that in certain countries, based upon applicable regulations and local market dynamics, we have established alliances or other arrangements with insurance brokers through which insurance coverage is offered to clients, tenants in buildings we manage, and vendors to those buildings. Although we fully disclose our arrangements and do not require anyone to use the insurance services, JLL has a financial interest in the placement of insurance with such third parties, and therefore we may be deemed to have certain conflicts of interest.

There are occasions when one JLL team represents the landlord of a building in leasing its space and a separate JLL team represents a tenant that is considering, or selects, space in that building. In those situations, we fully disclose our dual roles to both clients, obtain their informed consent to continue and put "ethical wall" and other protections in place (such as ring-fenced compensation protocols) so that each client benefits from the zealous representation by its JLL team.

After reductions in the market values of the underlying properties, firms engaged in the business of providing valuations are inherently subject to a higher risk of claims with respect to conflicts of interest based on the circumstances of valuations they previously issued. Regardless of the ultimate merits of these claims, the allegations themselves can cause reputational damage and can be expensive to defend in terms of counsel fees and otherwise.

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CLIENT AND VENDOR DUE DILIGENCE.

There are circumstances where the conduct or identity of our clients could cause us reputational damage or financial harm or could lead to our non-compliance with certain laws. An example would be the attempt by a client to "launder" funds through its relationship with us, namely to disguise the illegal source of funds that are put into otherwise legitimate real estate investments. Additional examples are (i) our inadvertently doing business with a client that has been listed on one of the "prohibited persons" lists now issued by many governments around the world and (ii) our inadvertently doing business with a private client or governmental entity within a country that is prohibited under applicable regulations such as those published in the United States by the Office of Foreign Asset Control ("OFAC"). We may also from time to time legally invest the sovereign wealth funds of a government entity client which is subsequently deemed to be inappropriate either from a reputational or legal standpoint.

Similar problems can arise with respect to the vendors or suppliers we hire to provide services or products to us or for our clients. In the normal course of business, we spend significant amounts in order to purchase goods and services for the properties we manage on behalf of clients. A potential problem would be an intermediary that makes illegal payments on our behalf or on behalf of a client, even where contrary to our stated policies and to our specific agreement with such intermediary, under the U.S. Foreign Corrupt Practices Act or the U.K. Bribery Act.

Our efforts to evaluate clients, vendors and government entities before doing business with them to avoid conducting business with a prohibited party, or within a prohibited country, and to avoid attempts to launder money, make bribery payments or otherwise to exploit their relationship with us may not be successful in all situations since compliance for a business such as ours is very complex and also since we take a risk-based approach to the procedures we have employed. The ability to conduct due diligence is inherently diminished in less-developed countries with lower levels of transparency and fewer public records.

In addition, it is not always possible to accurately determine the ultimate owners or control persons within our clients' organizations or other entities with which we do business, particularly if they are actively attempting to hide such information from regulatory authorities. We may therefore unknowingly be doing business with entities that are otherwise involved in illegal activities that do not involve us or that are ultimately controlled by persons with whom engaging in business has been prohibited by applicable regulatory authorities.

DIFFICULTIES AND COSTS OF STAFFING AND MANAGING INTERNATIONAL OPERATIONS.

The coordination and management of international operations pose additional costs and difficulties. We must manage operations that are in many time zones and that involve people with language and cultural differences. Our success depends on finding and retaining people who will deal with these challenges effectively, who will represent us with the highest levels of integrity, and who will communicate and cooperate well with colleagues and clients across multiple geographies. If we are unable to attract and retain qualified personnel, or to successfully plan for succession of employees holding key management positions, our growth may not be sustainable, and our business and operating results could suffer. These risks increase as we continue to grow as an organization and increase the number of staff, which has expanded significantly over the past decade.

Among the challenges we face in retaining our people is maintaining a compensation system that rewards them consistent with local market practices and with our profitability. This can be especially difficult where competitors may be aggressively attempting to hire our best people at rates of compensation that are well above the current market level. Another continuing challenge we have is to maintain compensation systems that align financial incentives with our strategic goals as an organization and the business and ethics behaviors we want to drive among our people, while at the same time not creating incentives to engage in overly risky business pursuits or behaviors. How we manage compensation, our biggest expense, can significantly affect our financial results.

We have committed resources to effectively coordinate our business activities around the world to meet our clients' needs, whether they are local, regional, or global. We also consistently attempt to enhance the establishment, organization and communication of corporate policies, particularly where we determine that the nature of our business poses the greatest risk of noncompliance. The failure of our people to carry out their responsibilities in accordance with our client contracts, our corporate and operating policies, our standard operating procedures, or their negligence in doing so, could result in liability to clients or other third parties, which could have a material adverse effect. This is true, not only with respect to individuals we employ directly, but also with individuals who work for third-party vendors whom we manage on behalf of clients, especially where we are acting in a principal capacity.

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We believe these risks may be higher for our company than for others given that the nature of our business requires our people to be spread across numerous corporate offices and client facilities globally, which makes communications and consistency of standards more challenging. In addition, the nature of our global outsourcing business means that we regularly must on-board significant numbers of new staff at one time as part of the transition into our company of new global accounts, which again makes communications of our policies and driving performance consistency particularly challenging.

Employees we hire may be subject to restrictions under employment agreements with previous employers that can restrict their activities, and therefore their contributions, for a period of time after they join us. For example, they may be prohibited from soliciting business from certain clients, or from soliciting other individuals to join us as employees.

In the event that we would have to restructure an organization when faced with a downturn in economic conditions or activity, we would need to take into account the employment laws of the countries in which such actions would be contemplated. In some cases, a restructure could result in significant costs, time delays in implementing headcount adjustments and, potentially, litigation regarding allegedly improper employment practices.

Labor costs are rising in emerging economies and are expected to increase further. Corporate payrolls are projected to increase as greater competition for labor and social pressure to raise salaries in line with productivity growth cause even greater wage inflation. It is becoming increasingly challenging to predict regional and national labor policies, and regulations are becoming increasingly hard to predict. The potential indirect implications of these changes are difficult to assess. For example, rising employment costs for clients could bring about an increase in outsourcing that could benefit our business.

Similarly, changes in immigration regulations are becoming increasingly hard to predict, and also as the result of the Brexit vote in the United Kingdom. This may impact our ability, not only to run day-to-day operations with key resources traveling to and from the United States and the United Kingdom, but also in the longer term, our ability to attract and retain some of our key talent working in or in connection with either of those countries.

EMPLOYEE, VENDOR AND THIRD-PARTY MISCONDUCT.

Like any business, we run the risk that employee fraud or other misconduct could occur. In a company such as ours with approximately 90,000 employees, it is not possible to successfully deter all employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee misconduct, including fraud and involvement in incoming or outgoing bribery situations, can cause significant financial or reputational harm to any business, from which full recovery cannot be assured. We also may not have insurance that covers any losses in full or that covers losses from particular criminal acts.

Because we often hire third-party vendors and suppliers to perform services for our own account or for clients, we are also subject to the consequences of fraud, bribery, or misconduct by employees of our vendors, which also can result in significant financial or reputational harm (even if we have been adequately protected from a legal standpoint). We have instituted a Vendor Code of Conduct, which is published in multiple languages on our public website, and which is intended to communicate to our vendors the standards of conduct we expect them to uphold. Our contracts with vendors also generally impose a contractual obligation to comply with that Vendor Code. In addition, we are investing in technology to help us better screen vendors, with the aim of gaining a deeper understanding of the risks posed to our business by potential and existing vendors.

Anecdotally, the risk that we will be the victim of fraud, both from employees and third parties, is generally thought to increase during times of broad economic stress. An example of a third-party fraud would be attempts to draw on bank accounts by way of forged checks or by corporate identity theft, increasingly including cyber attacks by way of "hacking" or "phishing" methods. We have increasingly experienced both types of attempts in recent years and have realized losses from some of them, although none has caused us material financial loss.

SCRUTINY OF EXECUTIVE COMPENSATION PROGRAMS; AND INFLUENCE OF SHAREHOLDER ADVOCACY GROUPS.

In recent years, there has been increasing scrutiny of the executive compensation practices of all public companies in the United States. Shareholders have been given increasing rights to vote on the acceptability of pay practices and the issuance of equity compensation. Independent shareholder advocacy groups have also had increasing influence on the decisions of institutional investors on how to vote on executive compensation matters. In connection with our 2017

Annual Meeting, we received public criticism of our executive pay levels and compensation policies from one of our larger shareholders. Since we

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have always greatly valued the input and feedback of our shareholders, especially as it relates to corporate governance, we revisited our executive compensation program based in part on feedback we have received from our shareholders. Changes to our pay practices or our ability to issue equity compensation to executives or otherwise to deduct executive compensation may make it difficult to retain our executives or we could experience additional tax costs with respect to our compensation programs.

Strategic Risk Factors

Strategic risk relates to JLL's future business plans and strategies, including the risks associated with: the global macro-environment in which we operate; mergers and acquisitions and restructuring activities; intellectual property; and other risks, including the demand for our services, competitive threats, technology and innovation, and public policy.

DISRUPTIVE TECHNOLOGIES, INNOVATION AND COMPETITION.

Mobile technologies and online collaboration tools are transforming how business gets done. Information technology has entered a "big data" era. Process power and data storage are becoming almost free; networks and the cloud provide global access and a wide range of services; social media is pervasive in the global society, and work and cybersecurity is increasingly important as "hacking" and "phishing" become more sophisticated. The evolution of digital and information technology presents significant challenges for businesses and societies, which must find ways to capture the benefits of new technologies while dealing with the new threats that those technologies present. Within the Real Estate Services industry, managing big data is a critical competitive differentiator and we risk being surpassed if our peers leverage big data more effectively.

The dynamic nature of the internet and social media, which have substantially increased the availability and transparency of information, could devalue the information that we gather and disseminate as part of our business model and may harm certain aspects of our brokerage business in the event that principals of transactions prefer to transact directly with each other. In this regard, we face potential disintermediation challenges from firms whose primary business is to aggregate and disseminate for compensation the listing information they obtain from companies like ours that represent commercial landlords offering space to let. We may also need to become increasingly productive and efficient in the way we deliver services or with respect to the cost structure supporting our businesses, which may in turn require more innovative uses of technology, data gathering and data mining. The ability to protect our intellectual property electronically becomes more challenging as more information becomes publicly available. Associated with this is the potential decline in demand for commercial real estate as flexible working practices increasingly become the norm.

ABILITY TO PROTECT INTELLECTUAL PROPERTY; INFRINGEMENT OF THIRD-PARTY INTELLECTUAL PROPERTY RIGHTS.

Our business depends, in part, on our ability to identify and protect proprietary information and other intellectual property such as our service marks, domain names, client lists and information, business methods and technology innovations and platforms that we may create or acquire. Existing laws of some countries in which we provide or intend to provide services, or the extent to which their laws are actually enforced, may offer only limited protections of our intellectual property rights. We rely on a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements, and on patent, copyright and trademark laws to protect our intellectual property rights. In particular, we hold various trademarks and trade names, including our principal trade names, "JLL" and "LaSalle." If either of our registered trade names were to expire or terminate, our competitive position in certain markets could be materially and adversely affected. Our inability to detect unauthorized use (for example, by current or former employees) or take appropriate or timely steps to enforce our intellectual property rights may have an adverse effect on our business.

We cannot be sure that the intellectual property that we may use in the course of operating our business or the services we offer to clients do not infringe on the rights of third parties, although, in order to mitigate the risk, we do obtain from the licensors representations and warranties, as well as indemnities, which they do not infringe. We may have infringement claims asserted against us or against our clients. These claims may harm our reputation, cost us money and prevent us from offering some services.

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Confidential intellectual property is increasingly stored or carried on mobile devices, such as laptop computers, tablets and smartphones, which makes inadvertent disclosure more of a risk in the event the mobile devices are lost or stolen and the information has not been adequately safeguarded or encrypted. This also makes it easier for a third party with access to our systems, or a third party who gains unauthorized access by "hacking," "phishing," or other type of cyber-attack, to steal information and use it to the disadvantage of our company, our clients, or our people. We believe that the risk from cyber attacks has increased significantly as major firms and other entities during the past few years reported that they had experienced broad-based theft of customer and internal data, with material financial and reputational consequences. We have experienced various types of cyber-attack incidents, which to-date have been contained and have not been material to the organization as a whole. As a result, we have continued to implement new governance, technical protections and other procedures.

Advances in technology, which permit increasingly large amounts of information to be stored on smaller devices or on third-party "cloud" servers, as well as the proliferation of social media techniques, tend to exacerbate these risks. On the other hand, cloud capabilities also allow us to conduct more monitoring of our email and other knowledge storing mechanisms to pro-actively detect misuse of our intellectual property. We have and continue to enhance certain additional monitoring systems, as well as various data analytics designed to detect potential conflicts of interests and other inappropriate behaviors. While we believe these activities are beneficial from the perspective of protecting our assets, including clients' intellectual property to which we may have access, they carry certain risks related to compliance with privacy and other applicable regulations in certain countries.

GENERAL ECONOMIC CONDITIONS AND REAL ESTATE MARKET CONDITIONS.

The success of our business is significantly related to general economic conditions, and our business and financial conditions correlate strongly to local and national economic and political conditions or, at least, to the perceptions and confidence of investors and users as to the relevant economic outlook. For example, corporations may be hesitant to expand space or enter into long-term commitments if they are concerned about the general economic or political environment. Corporations that are under individual financial pressure for any reason, or are attempting to more aggressively manage their expenses, may (i) reduce the size of their workforces, (ii) reduce spending on capital expenditures, including with respect to their offices, (iii) permit more of their staff to work from home offices and/or (iv) seek corresponding reductions in office space and related management services.

We have previously experienced and expect in the future that we will be negatively impacted by periods of economic slowdown or recession and corresponding declines in the demand for real estate and related services. The global economic crisis during the 2007-2009 period was extraordinary for its worldwide scope, severity and impact on major financial institutions, as well as for the extent of governmental stimulus and regulatory responses. From 2011 through the first part of 2016, core real estate markets in the major urban centers of most countries were supported by the low interest rates promoted by central banks. While interest rates in certain countries have rebounded to an extent through the end of 2018, the interest rate environment across the globe is quite low in a historical context. These dynamics have been favorable to our LaSalle business, particularly as they have helped us raise new capital to invest and sell properties into strong markets, which benefits our clients and generates incentive fees and equity earnings. However, many of our markets have been affected generally by various geo-political and economic uncertainties, among them: the vote in June 2016 by the United Kingdom to leave the European Union; trade tensions; instability in the Middle East that has exacerbated the randomness in other parts of the world (such as France and Germany) of terrorism and caused pressures from an immigration perspective (such as in the European Union countries); continued significant volatility in oil and commodity prices; the developing effects of climate change and severe weather; the continued uncertainty on the direction of global tax policy; and the continuing uncertainty about the direction of the political environment in many countries.

Although we have been able to continue to grow our business largely by gaining market share and as the result of targeted acquisitions, it is inherently difficult for us to predict how these types of significant global forces will affect our business in the future and whether we will continue to be able to generate revenue growth to the same extent as we have in the past.

The speed with which markets change, both positively and negatively, has accelerated due to the increased global interconnectivity that has resulted from the immediacy and availability of information permitted by the Internet and social media, among other reasons. This has added to the challenges of anticipating and quickly adapting to changes in business and revenue, particularly since real estate transactions are inherently complicated and longer-term in nature.

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Negative economic conditions and declines in demand for real estate and related services in several markets or in significant markets could have a material adverse effect on our performance as a result of the following factors:

• Decline in Acquisition and Disposition Activity

A general decline in acquisition and disposition activity for commercial real estate can lead to a reduction in the fees and commissions we receive for arranging such transactions, as well as in fees and commissions we earn for arranging financing for acquirers. This can affect both our Capital Markets business and LaSalle business, although not necessarily always negatively. For example, major credit contractions, such as those that took place during the 2008 global financial crisis, negatively impact real estate pricing and transaction volumes, which reduced our Capital Markets transaction fees. Higher interest rates, which increase the cost of debt financing to clients, will also negatively impact transaction volumes. However, a continued bias by investors toward conservatism means their appetite for core investment products, a LaSalle strength, remains noticeably higher than for opportunistic or speculative products.

• Decline in Real Estate Values and Performance, Leasing Activity and Rental Rates

A general decline in the value and performance of real estate and in rental rates can lead to a reduction in both (i) investment management fees, a significant portion of which are generally based on the performance of investments and net asset values, and (ii) the value of the co-investments we make with our investment management clients. In addition, such declines can lead to a reduction in fees and commissions that are based on the value of, or revenue produced by, the properties to which we provide services. This may include fees and commissions (i) for property management and valuations, (ii) generated by our Capital Markets service line and other businesses for arranging acquisitions, dispositions and financings, and (iii) for arranging leasing transactions. Such declines can also lead to an unwillingness or inability of clients to make new (or honor existing) capital commitments to funds sponsored by our investment management business, which can result in a decline of both investment management fees and incentive fees, and can also restrict our ability to deploy capital for new investments in current funds or establish new funds. Historically for organizations in our industry, a significant decline in real estate values in a given market has also generally tended to result in increased litigation and claims regarding advisory and valuation work performed prior to the decline, as well as pressure from investment management clients regarding performance.

• Decline in Value of Real Estate Securities

A general decline in the value of real estate securities (for example, REITs) will have a negative effect on the value of the portfolios that our LaSalle business manages, on any securities held in accounts that LaSalle manages, and therefore the fees we earn on assets under management. In addition, a general decline in the value of real estate securities could negatively impact the amount of money that investors are willing to allocate to real estate securities and the pace of engaging new investor clients.

• Cyclicality in the Real Estate Markets; Lag in Recovery Relative to Broader Markets

Cyclicality in the real estate markets may lead to cyclicality in our earnings and significant volatility in our stock price, which in recent years has continued to be highly sensitive to market perception of both the global economy and our industry. This volatility was evident during the significant stock market decline at the beginning of 2016, when JLL's stock declined significantly even though our underlying business realized record-setting performance in 2015.
Real estate markets are also thought to "lag" the broader economy. As such, even when underlying economic fundamentals improve in a given market, it may take additional time for these improvements to translate into strength in real estate markets. This may be exacerbated when banks delay their resolution of commercial real estate assets whose values are less than their associated loans.

• Effect of Changes in Non-Real Estate Markets

Changes in non-real estate markets can also affect our business in different ways for different types of investors. For example, relative strength in the equity markets can lead certain investors to lower the level of capital allocated to real estate, which in turn can mean that our ability to generate fees from the operation of our investment management business will be negatively impacted. Strength in the equity markets can also negatively impact the perception of relative performance of real estate as an asset class, which in turn means that the incentive fees relating to the performance of our investment funds may be negatively impacted. Offsetting these factors, a low interest rate environment, as we have experienced in recent years, can make yields from real estate more attractive compared to bonds, which has supported REIT stocks.

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POLITICAL AND ECONOMIC INSTABILITY AND TRANSPARENCY: PROTECTIONISM; TERRORIST ACTIVITIES; HEALTH EPIDEMICS.

We provide services in over 80 countries with varying degrees of political and economic stability and transparency. For example, within the past few years certain Middle Eastern, Asian, European and South American countries have experienced serious political and economic instability that will likely continue to arise from time to time in countries in which we have operations. Throughout 2018, the results of the Brexit vote and aftermath in the United Kingdom created uncertainties about its political and economic future direction. It is difficult for us to predict where or when a significant change in the political leadership or regime within a given country may occur, or the implications of such a change on our operations given that legislative, regulatory, tax and business environments can change quickly and dramatically. For example, continuing political activities in Russia, Turkey, Brazil, and separately in various Middle Eastern countries, have significantly disrupted business activity in those countries. Also, in recent years there have been significant political changes in a number of countries, including, India, Brazil and the United States as examples, resulting in changes to financial, tax, healthcare, governance, immigration and other laws that may directly affect our business and continue to evolve.

Our ability to operate in the ordinary course of business and our willingness to commit new resources or investments may be affected or disrupted in one way or another, such as reductions in revenue, increases in taxes (due to more aggressive taxation policies), increases in other expenses (such as with respect to employee healthcare), restrictions on repatriating funds, difficulties in collecting receivables from clients, difficulties in recruiting staff, increased corruption, or other material adverse effects.

In the event that governments engage in protectionist policies which favor local firms over foreign firms or which restrict cross-border capital flows, our ability to utilize and benefit from our global platform and integrated business model could be adversely affected. The global financial crisis in Russia, Greece and Venezuela significantly added to the deficit spending of certain governments in countries where we do business, and also called into question the creditworthiness of some countries. While the U.S. Federal Reserve loosened its monetary policies through low interest rates and quantitative easing programs for a number of years, some European governments instituted austerity programs in an effort to contract spending and avoid defaults on sovereign debt, some of which resulted in social unrest. The social unrest resulting from the implementation of the austerity programs has diminished, and some European countries seem to have emerged successfully as they have also more recently loosened their own monetary policies. There has been some speculation that one or more European countries may stop using the euro as their currency or that additional countries may exit the European Union in the wake of the Brexit vote. The United States and the European Union have instituted various sanctions against Russia as a result of that country's actions with respect to Ukraine and Crimea. It is inherently difficult to predict what the consequences to our business may be from these situations as they develop further.

In addition, terrorist activities have escalated in recent years, have become increasingly unpredictable, and at times have affected cities in which we operate. There have been serious situations in cities where we have operations including: Paris, Barcelona, Berlin, Brussels, Nice, Istanbul, Orlando, Las Vegas and Stockholm. To the extent that similar terrorist activities continue to occur, they may adversely affect our business because they tend to target the same type of high-profile urban areas in which we do business.

Health epidemics that affect the general conduct of business in one or more urban areas (including as the result of travel restrictions and the inability to conduct face-to-face meetings), such as occurred in the past from influenza, or may occur in the future from other types of outbreak, can also adversely affect the volume of business transactions, real estate markets and the cost of operating real estate or providing real estate services.

The increasing globalization of our multinational clients creates pressure to further expand our own geographical reach into less developed countries, including for example within Africa, which tends to exacerbate the above risks. As we continue to provide services in countries that have relatively higher security risks and lower levels of transparency, our exposure to the risks inherent in doing business in less developed markets increases.

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REAL ESTATE SERVICES AND INVESTMENT MANAGEMENT MARKETS ARE HIGHLY COMPETITIVE.

We provide a broad range of commercial real estate and investment management services. There is significant competition on international, regional and local levels with respect to many of these services and in commercial real estate services generally. Depending on the service, we face competition from other real estate service providers, institutional lenders, insurance companies, investment banking firms, investment managers, accounting firms, technology firms, consulting firms, co-locating providers, temporary space providers and firms providing outsourcing of various types (including technology and building products), any of which may be a global, regional or local firm, and from firms that self-provide their real estate services with in-house capabilities.

Many of our competitors are local or regional firms. Although they may be substantially smaller in overall size than we are, they may be larger than we are in a specific local or regional market. Some of our competitors have expanded the services they offer in an attempt to gain additional business. Some may be providing outsourced facility management services to sell clients products (such as HVAC systems or food services) that we do not offer. In some sectors of our business, particularly Corporate Solutions, some of our competitors may have greater financial, technical and marketing resources, larger customer bases, and more established relationships with their customers and suppliers than we have. Larger or better-capitalized competitors in those sectors may be able to respond faster to the need for technological change, price their services more aggressively, compete more effectively for skilled professionals, finance acquisitions more easily, develop innovative products more effectively, and generally compete more aggressively for market share. This can also lead to increasing commoditization of the services we provide and increasing downward pressure on the fees we can charge.

New competitors, or alliances among competitors that increase their ability to service clients, could emerge and gain market share, develop a lower cost structure, adopt more aggressive pricing policies, aggressively recruit our people at above-market compensation, develop a descriptive technology that captures market share, or provide services that gain greater market acceptance than the services we offer. Some of these may come from non-traditional sources, such as information aggregators or digital technology firms. To respond to increased competition and pricing pressure, we may have to lower our prices, loosen contractual terms (such as liability limitations), develop our own innovative approaches to mining data and using information, develop our own disruptive technologies, or increase compensation, which may have an adverse effect on our revenue and profit margins. We may also need to become increasingly productive and efficient in the way we deliver services, or with respect to the cost structure supporting our businesses, which may in turn require more innovative uses of technology as well as data gathering and data mining.

Our industry has continued to consolidate, as evidenced by alliances in recent history that have resulted in the Newmark Knight Frank business and the merger first between DTZ and Cassidy Turley and then between DTZ and Cushman & Wakefield. In December 2017, Newmark Group, Inc., a subsidiary of BGC Partners, Inc. (“BGC”) which acquired Newmark Grubb Knight Frank, announced the closing of its initial public offering dropping the name Grubb in preparation for the public offering. Cushman & Wakefield ("CWK") announced the closing of its initial public offering and began trading in the third quarter of 2018. There is an inherent risk that competitive firms may be more successful than we are at growing through merger and acquisition activity. While we have successfully grown organically and through a series of acquisitions, sourcing and completing acquisitions are complex and sensitive activities. In light of the continuing need to provide clients with more comprehensive services on a more productive and cost-efficient basis, we expect acquisition opportunities to continue to emerge. We are considering, and will continue to consider, acquisitions that we believe will strengthen our market position, increase our profitability, and supplement our organic growth. However, there is no assurance that we will be able to continue our acquisition activity in the future at the same pace as we have in the past, particularly as we weigh acquisition opportunities against other potential uses of capital for technology and other investments in systems and human resources, as well as returning capital to shareholders.

Various factors may in some cases lead to a willingness on the part of a competitor to engage in aggressive pricing, advertising or hiring practices in order to maintain market share or client relationships. To the extent this occurs, it increases the competitive risks and the fee and compensation pressures we face, although ramifications will differ from one competitor to another given their different positions within the marketplace and their different financial situations.

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We are substantially dependent on long-term client relationships and on revenue received for services under various service agreements. Many of these agreements may be canceled by the client for any reason with as little as 30 to 60 days' notice, as is typical in the industry. In this competitive market, if we are unable to maintain these relationships or are otherwise unable to retain existing clients and develop new clients, our business, results of operations and/or financial condition may be materially adversely affected. Weaknesses in the markets in which they themselves compete may lead to additional pricing pressure from clients as they themselves came under financial pressure. While conditions across the globe were strong during 2018, they could decline in the wake of continuing political and economic uncertainties within the European Union, the United States, China, India, Russia, or the Middle East, including as a result of volatility in oil and commodity prices, changes in trade policies, and other political and commercial factors over which we have no control.

THE SEASONALITY OF OUR REAL ESTATE SERVICES BUSINESS EXPOSES US TO RISKS.

Within our Real Estate Services business, our revenue and profits have historically grown progressively by quarter throughout the year. This is a result of a general focus in the real estate industry on completing or documenting transactions by fiscal year-end and the fact that certain of our 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 co-investment equity gains or losses, each of which can be particularly unpredictable.

The seasonality of our business makes it difficult to determine during the course of the year whether planned results will be achieved, and thus to budget, and to adjust to changes in expectations. In addition, negative economic or other conditions that arise at a time when they impact performance in the fourth quarter, such as the particular timing of when larger transactions close or changes in the value of the U.S. dollar against other currencies occur, may have a more pronounced impact than if they occurred earlier in the year. To the extent we are not able to identify and adjust for changes in expectations, or we are confronted with negative conditions that inordinately impact the fourth quarter of a calendar year, we could experience a material adverse effect on our financial performance.

Growth in our property management and integrated facilities management businesses and other services related to the growth of outsourcing of corporate real estate services has lessened, to an extent, the seasonality in our revenue and profits during the past few years. However, we believe that some level of seasonality will always be inherent to our industry and outside of our control, as was the case in 2018. We are unable to predict whether the dynamic nature of the markets in which we operate, or any change in their economic or political structures, will have a material effect on the historical seasonality of our business in 2019 and beyond.

RISKS INHERENT IN MAKING ACQUISITIONS AND ENTERING INTO JOINT VENTURES.

Historically, a significant component of our growth has been generated by acquisitions. Any future growth through acquisitions will depend in part on the continued availability of suitable acquisitions at favorable prices and with advantageous terms and conditions, which may not be available to us. Over the last ten years, we completed nearly 90 acquisitions as part of our global growth strategy, with 48 acquisitions completed in 2015 and 2016. In 2017 and 2018, we intentionally reduced the pace of acquisitions to focus on the continued integration of companies we previously acquired.

Acquisitions subject us to a number of significant risks, any of which may prevent us from realizing the anticipated benefits or synergies of the acquisition. The integration of companies is a complex and time-consuming process that could significantly disrupt the businesses of JLL and the acquired company. The challenges involved in integration and realizing the benefits of an acquisition include:

- Diversion of management attention and financial resources from existing operations
- Difficulties in integrating cultures, compensation structures, operations, existing contracts, accounting processes and methodologies, technology, and in realizing the anticipated synergies of the combined businesses
- Failure to identify potential liabilities during the due diligence process
- Failure to identify improper accounting practices during the due diligence process
- Inability to retain the management, key personnel and other employees of the acquired business
- Inability to retain clients of the acquired business

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- Exposure to legal, environmental, employment, professional standards, bribery, money-laundering, ethics, antitrust and other types of claims for improper activities of the acquired business prior to acquisition, including those that may not have been adequately identified during the pre-acquisition due diligence investigation or those which the legal documentation associated with the transaction did not successfully terminate or transfer
- Addition of business lines in which we have not previously engaged or geographical locations where we have not previously conducted business
- Potential impairment of intangible assets, which could adversely affect our reported results

Our failure to meet the challenges involved in successfully integrating our operations with those of another company or otherwise to realize any of the anticipated benefits of an acquisition could have a material adverse effect. Liabilities that we may either knowingly or inadvertently assume may not be fully insured. In addition, the price we pay or other resources that we devote to an acquisition may exceed the value we realize, or the value we could have realized if we had reallocated the consideration payable for the acquisition or other resources to another opportunity.

To a much lesser degree, we have occasionally entered into joint ventures to conduct certain businesses or enter new geographies, and we will consider doing so in appropriate situations in the future. Joint ventures have many of the same risk characteristics as we discuss above with respect to acquisitions, particularly with respect to the due diligence and ongoing relationship with joint venture partners, given that each partner has inherently less control in a joint venture and will be subject to the authority and economics of the particular structure that is negotiated. Given a particular structure, we may not have the authority to direct the management and policies of the joint venture. If a joint venture participant acts contrary to our interest,s it could harm our brand, business, results of operations and financial condition.

CO-INVESTMENT, INVESTMENT AND REAL ESTATE INVESTMENT BANKING ACTIVITIES.

An important part of our business strategy includes investing in real estate, both individually and along with our investment management clients. As of December 31, 2018, we have potential unfunded commitment obligations of $240.6 million to fund future co-investments. To remain competitive with well-capitalized financial services firms, we also may make merchant banking investments for which we may use our capital to acquire properties before the related investment management funds have been established or investment commitments have been received from third-party clients.

Certain service lines we operate have the acquisition, development, management and sale of real estate as part of their strategy. Investing in any of these types of situations exposes us to a number of risks.

Investing in real estate for the above reasons poses the following risks:

- We may lose some or all of the capital we invest if the investments underperform. Real estate investments can underperform as the result of many factors outside of our control, including the general reduction in asset values within a particular geography or asset class. Starting in 2007 and continuing through 2009, for example, real estate prices in many markets declined as the result of the significant tightening of credit markets and the effects of recessionary economies and significant unemployment. We had no notable impairment activity during the years ended December 31, 2018, 2017 and 2016. In contrast, as real estate investments benefited from favorable interest rate environments globally, and with continuing recovery in many of our markets, we recognized equity earnings from our co-investments of $32.8 million, $44.4 million and $33.8 million for the years ended December 31, 2018, 2017, and 2016, respectively
- We will have fluctuations in earnings and cash flow as we recognize gains or losses, and receive cash upon the disposition of investments, the timing of which is geared toward the benefit of our clients
- We generally hold our investments in real estate through subsidiaries with limited liability; however, in certain circumstances, it is possible that this limited exposure may be expanded in the future based on, among other things, changes in applicable laws. To the extent this occurs, our liability could exceed the amount we have invested
- We make co-investments in real estate in many countries, and this presents risks as described above. This may include changes to tax treaties, tax policy, foreign investment policy, or other local political or legislative changes that may adversely affect the performance of our co-investments. Countries' efforts to lessen legal tax avoidance through changes in their domestic tax laws and treaties and to reform their tax laws to broaden the bases of income which are subject to taxation have increased in recent years and may continue at a rapid pace, which could produce adverse

effects

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- We generally make co-investments in the local currency of the country in which the investment asset exists. We will therefore be subject to the risks described below under "Currency Restrictions and Exchange Rate Fluctuations"

In certain situations, although they have been relatively limited historically, we raise funds from outside investors where we are the sponsor of real estate investments, developments, or projects. To the extent we return less than the investors' original investments because the investments, developments, or projects have underperformed relative to expectations, the investors could attempt to recoup the full amount of their investments under securities law theories such as lack of adequate disclosure when funds were initially raised. Sponsoring funds into which retail investors are able to invest may increase this risk.

INFRASTRUCTURE DISRUPTIONS.

Our ability to conduct a global business may be adversely impacted by disruptions to the infrastructure that supports our businesses and the communities in which they are located. This may include disruptions involving electrical, communications, information technology, transportation, or other services used by JLL or third parties with which we conduct business. It may also include disruptions as a result of political instability, general labor strikes or turmoil, cyber attacks, terrorist attacks, and also as a result of natural disasters such as hurricanes, earthquakes, and floods, whether as a result of climate change or otherwise. The infrastructure disruptions we experience as a result of such disasters also disrupt our ability to manage real estate for clients or may adversely affect the value of real estate investments we make on behalf of clients.

These disruptions may occur, for example, as a result of events affecting only the buildings in which we operate (such as fires or targeted terrorist attacks), or as a result of events with a broader impact on the cities where those buildings are located (including, potentially, the longer-term effects of global climate change). Nearly all of our employees in our primary locations, including Chicago, Washington, D.C., New York, London, Singapore, Frankfurt and Sydney, work in close proximity to each other in one or more buildings. If a disruption occurs in one location and our employees in that location are unable to communicate with or travel to other locations, our ability to service and interact with our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel.

The infrastructure disruptions we describe above may also disrupt our ability to manage real estate for clients or may adversely affect the value of real estate investments we make on behalf of clients. The buildings we manage for clients, which include some of the world's largest office properties and retail centers, are used by many people daily. As a result, fires, earthquakes, floods, other natural disasters and terrorist attacks can result in significant loss of life. To the extent we are held to have been negligent in connection with our management of affected properties, we could incur significant financial liabilities and reputational harm.

The occurrence of natural disasters and terrorist attacks can also significantly impact the availability and/or cost of commercial insurance policies covering real estate, both for our own business and for those clients whose properties we manage and who may purchase their insurance through the insurance buying programs we make available to them. Sometimes, even where policies are available, specific coverage for wind, flooding, earthquakes, or terrorism may not be available or may be very expensive.

There can be no assurance that the disaster recovery and crisis management procedures we employ will suffice in any particular situation to avoid a significant loss. Since our employees are increasingly mobile and less reliant on physical presence in a JLL or LaSalle office, our disaster recovery plans increasingly rely on the availability of the internet (including cloud-based technology) and mobile phone technology, so the disruption of those systems, such as because of a cyber attack, would likely affect our ability to recover promptly from a crisis.

In addition, our ability to foresee or mitigate the potential consequences to managed properties, and real estate generally, from the effects of climate change, may be limited. We have significant operations and client relationships in cities with coastal exposure, such as New York and Miami.

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Legal and Compliance Risk Factors
Legal and compliance risk relates to risks arising from the government and regulatory environment and action, and legal proceedings and compliance with integrity policies and procedures. Government and regulatory risk includes the risk that government or regulatory actions will impose additional cost on us or cause us to have to change our business models or practices.

BURDEN OF COMPLYING WITH MULTIPLE AND POTENTIALLY CONFLICTING LAWS AND REGULATIONS AND DEALING WITH CHANGES IN LEGAL AND REGULATORY REQUIREMENTS.

We face a broad range of legal and regulatory environments in the countries in which we do business. Coordinating our activities to deal with these requirements presents significant challenges. For example, in the United Kingdom, the Financial Conduct Authority ("FCA") regulates the conduct of investment businesses, often by implementing regulation imposed on it by the European Union, and the Royal Institute of Chartered Surveyors ("RICS") regulates the profession of Chartered Surveyors, which is the professional qualification required for certain services we provide in the United Kingdom, in each case through upholding standards of competence and conduct. As another example, activities associated with raising capital, offering investment funds and completing investment sales are regulated in the United States by the SEC and in other countries by similar securities regulatory authorities.

As a publicly traded company, we are subject to various corporate governance and other requirements established by statute, pursuant to SEC regulations and under the rules of the New York Stock Exchange. The Sarbanes-Oxley and Dodd-Frank legislative initiatives in the United States have added significant requirements to various aspects of our governance. In addition, changes in legal and regulatory requirements can impact our ability to engage in business in certain jurisdictions or increase the cost of doing so. The legal requirements of U.S. statutes may also conflict with local legal requirements in a particular country. For example, anonymous hotlines required under U.S. law were construed to conflict in part with French privacy laws. Avoiding regulatory pitfalls as a result of conflicting laws will continue to be a key focus as non-U.S. statutory law and court decisions create more ambiguity. The jurisdictional reach of laws may be unclear as well, as when laws in one country purport to regulate the behavior of affiliated corporations within our group that are operating in other countries. There is some uncertainty, for example, in the jurisdictional reach of the U.K. Bribery Act, and the standards for illegal activity in that Act are in some ways higher than those established under the U.S. Foreign Corrupt Practices Act.

Identifying the regulations with which we must comply and then complying with them is complex. We may not be successful in complying with regulations in all situations, as a result of which we could be subject to regulatory actions and fines for non-compliance. The global economic crisis resulted in an unusual level of related government and legislative activities, including for example the Dodd-Frank Wall Street Reform and Consumer Protection Act, which we expect will continue into the future, exacerbating these risks. We are also seeing increasing levels of labor regulation in emerging markets, such as China, which affect many of our businesses.

The Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) of the U.S. Securities Exchange Act of 1934, as amended ("Section 13(r)"). Section 13(r) requires disclosure where we or any of our affiliates have knowingly engaged, among other things, in certain transactions involving Iran, the Government of Iran, or persons or entities designated under certain executive orders. We must also file a notice with the SEC if any disclosable activities under Section 13(r) have been included in an annual or quarterly report. Section 13(r) applies to all annual and quarterly reports required to be made after February 6, 2013, and applies to all contracts, including those in existence on or before that date.

U.S. laws and regulations govern the provision of products and services to, and of other trade-related activities involving, certain targeted countries and parties. These measures include U.S. economic sanctions targeting Iran to which we are subject. As a result, we have had longstanding policies and procedures to restrict or prohibit sales of our services into countries that are subject to embargoes and sanctions, or to countries designated as state sponsors of terrorism, such as Iran. In conjunction with such policies, we have also implemented certain procedures to evaluate whether existing or potential clients appear on the "Specially Designated Nationals and Blocked Persons List" ("SDN List") maintained by OFAC.

Changes in governments or majority political parties may result in significant changes in enforcement priorities with respect to employment, health and safety, tax, securities disclosure and other regulations, which, in turn, could negatively affect our business.

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CIVIL AND REGULATORY CLAIMS; LITIGATING DISPUTES IN DIFFERENT JURISDICTIONS.

Substantial civil legal liability or a significant regulatory action against our Company could have a material adverse financial effect or cause us significant reputational harm, which in turn could seriously harm our business prospects. Many legal systems, including in the United States, have fairly significant barriers against recovering legal fees from plaintiffs that file cases we consider frivolous, so the costs to us of defending such cases can be substantial even if we prevail.

While we maintain commercial insurance in an amount we believe is appropriate, we also maintain a significant level of self-insurance for liabilities we may incur. Although we place our commercial insurance only with highly-rated firms, the value of otherwise valid claims we hold under insurance policies may become uncollectible due to the insolvency of the applicable insurance company.

In addition, the claims we have can be complex, and insurance companies can prove difficult or bureaucratic in resolving them, which may result in payments to us being delayed or reduced, or that we must litigate to enforce an insurance policy claim.

Any disputes we have with third parties, or any government regulatory matters, generally must be adjudicated within the jurisdiction in which the dispute arose. Therefore, our ability to resolve such disputes successfully depends on the local laws that apply and the operation of the local judicial system. The timeliness, quality, transparency, integrity and sophistication of judicial systems vary widely from one jurisdiction to another. Our geographic diversity therefore may expose us to disputes in certain jurisdictions that could be challenging to resolve efficiently and/or effectively, particularly as there appears to be an increasing tendency toward litigation in emerging markets, where the rule of law is less reliable, legal systems are less mature and transparent, and the potential for judicial corruption remains a practical reality. It may also be more difficult to collect receivables from clients who do not pay their bills in certain jurisdictions, since resorting to the judicial system in certain countries may not be an effective alternative, given the delays and costs involved.

LICENSING AND REGULATORY REQUIREMENTS.

The brokerage of real estate sales and leasing transactions; multifamily real estate lending; servicing and asset management; property management; construction; mobile engineering; conducting valuations; trading in securities for clients; and the operation of the investment advisory business, among other business lines, may require us to maintain licenses in various jurisdictions in which we operate and to comply with particular regulations. We believe that licensing requirements, including protectionist policies which favor local firms over foreign firms, have generally been increasing in recent years. If we fail to maintain our licenses or conduct regulated activities without a license or in contravention of applicable regulations, we may be required to pay fines or return commissions or investment capital from investors. We may also have a given license suspended or revoked, meaning that we would need to suspend or cease business activities for which the license was required. Our acquisition activity increases these risks, because we must successfully transfer licenses of acquired entities and their staff, as appropriate. Licensing requirements may also preclude us from engaging in certain types of transactions or change the way in which we conduct business or the cost of doing so. In addition, because the size and scope of real estate sales transactions and the number of countries in which we operate or invest have increased significantly during the past several years, both the difficulty of ensuring compliance with the numerous licensing regimes and the possible loss resulting from noncompliance, have increased. To the extent we continue to expand our service offerings further into more heavily regulated sectors, such as healthcare, environmental, pharmaceutical, scientific and medical laboratories, airports, and industrial, the regulatory framework within which we operate may get more complicated and the consequences of noncompliance more serious.

With respect to our status as an approved lender for Fannie Mae, Freddie Mac and as a HUD-approved originator and issuer of Ginnie Mae securities (collectively the “Agencies”), we are required to comply with various eligibility criteria established by the Agencies, such as minimum net worth, operational liquidity and collateral requirements. In addition, we are required to originate and service loans in accordance with the applicable program requirements and guidelines established from time to time by the Agencies. Failure to comply with any of these program requirements may result in the termination or withdrawal of our approval to sell loans to the Agencies and service their loans.

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To fund the Agency loans we originate, we require short-term funding capacity. As of December 31, 2018, we had $1,250.0 million of committed loan funding available through three commercial banks. Consistent with industry practice, our existing warehouse facilities are short-term, requiring annual renewal. Although we believe that our current warehouse facilities are sufficient to meet our current needs in connection with our participation in the Agency programs, in the event any of our warehouse lines are terminated or are not renewed, we may be unable to find replacement financing on favorable terms, or at all, and we might not be able to originate loans.

The regulatory environment facing the investment management industry has also grown significantly more complex in recent years. Countries are expanding the criteria requiring registration of investment advisors and funds, whether based in their country or not, and expanding the rules applicable to those that are registered, all in an effort to provide more protection to investors located within their countries. In some cases, rules from different countries are applicable to more than one of our investment advisory businesses and can conflict with those of their home countries. Although we believe we have good processes, policies and controls in place to address the new requirements, these additional registrations and increasingly complex rules increase the possibility that violations may occur.

These risks also apply separately to the real estate investment trust we launched during 2012 that is managed by LaSalle. That entity has registered the securities it is issuing with the SEC in the United States and is subject to regulation as a public company, albeit not one separately listed on a stock exchange.

Laws and regulations applicable to our business, both in the United States and in other countries, may change in ways that materially increase the costs of compliance. Particularly in emerging markets, there can be relatively less transparency around the standards and conditions under which licenses are granted, maintained, or renewed. It also may be difficult to defend against the arbitrary revocation of a license in a jurisdiction where the rule of law is less well developed.

As a licensed real estate service provider and advisor in various jurisdictions, we and our licensed employees may be subject to various due diligence, disclosure, standard-of-care, anti-money laundering and other obligations in the jurisdictions in which we operate. Failure to fulfill these obligations could subject us to litigation from parties who purchased, sold, or leased properties we brokered or managed, or who invested in our funds. We could become subject to claims by participants in real estate sales or other services claiming that we did not fulfill our obligations as a service provider or broker. This may include claims with respect to conflicts of interest where we are acting, or are perceived to be acting, for two or more clients with potentially contrary interests.

Licensing requirements may also preclude us from engaging in certain types of transactions or change the way in which we conduct business or the cost of doing so. In addition, because the size and scope of real estate sales transactions and the number of countries in which we operate or invest have increased significantly during the past several years, both the difficulty of ensuring compliance with the numerous licensing regimes and the possible loss resulting from noncompliance have increased. To the extent we expand our service offerings further into more heavily regulated sectors, such as healthcare, environmental, pharmaceutical, scientific and medical laboratories, airports and industrial, the regulatory framework within which we operate may get more complicated and the consequences of noncompliance more serious.

POTENTIALLY ADVERSE TAX CONSEQUENCES; CHANGES IN TAX LEGISLATION, REGULATION AND TAX RATES.

We face a variety of risks of increased future taxation on our earnings as a corporate taxpayer in the countries in which we have operations. Moving funds between countries can produce adverse tax consequences in the countries from which and to which funds are transferred, as well as in other countries, such as the United States, in which we are potentially subject to the taxation of earnings of other countries' operations. In addition, as our operations are global, we face challenges in effectively gaining a tax benefit for costs incurred in one country that benefit our operations in other countries.

Changes in tax legislation or tax rates may occur in one or more jurisdictions in which we operate that may materially impact the cost of operating our business. In December 2017, the U.S. government enacted comprehensive federal tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Act"). The Act includes a decrease in the U.S. federal corporate tax rate, new limitations on business-related deductions and two new taxes which may cause foreign earnings to be taxable in the U.S. The Act changes were generally effective for taxable years beginning after

December 31, 2017. During 2018, the U.S. Treasury Department and the Internal Revenue Service issued significant guidance interpreting the Act, and additional guidance will be forthcoming in 2019 and future years. These changes could result in significant charges and payments in future taxable years and increase our future U.S. tax expense.

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The implementation of new practices and processes designed to comply with, and benefit from, the Act and its rules and regulations could require us to make substantial changes to our business practices and allocate additional compliance resources. These responses may increase our costs, which could negatively affect our business, results of operations and financial condition.

In addition, the potential exists for significant legislative policy change in the taxation of multinational corporations, as has recently been the subject of the Base Erosion and Profit Shifting project of the Organization for Economic Co-operation and Development, the European Union Anti-Tax Avoidance Directives, and legislation inspired or required by those initiatives. It is also possible that some governments will make significant changes to their tax policies as part of their responses to budgetary positions.

Further, interpretations of existing tax law in various countries may change due to the activities of tax authorities, which we believe are generally increasing the level of examination activities of major corporations, and the decisions of courts. In addition, the views of the business community and the public on acceptable tax planning activities, expressed through increased media scrutiny and the activities of non-governmental activist organizations, may influence further changes in tax law, affecting corporate taxpayers broadly.

We face such risks both in our own business and also in the investment funds that LaSalle operates. Adverse or unanticipated tax consequences to the funds can negatively impact fund performance, incentive fees and the value of co-investments that we have made. We are uncertain as to the ultimate results of these potential changes or what their effects will be on our business in particular.

NONCOMPLIANCE WITH POLICIES; COMMUNICATIONS AND ENFORCEMENT OF OUR POLICIES AND OUR CODE OF BUSINESS ETHICS.

The geographic and cultural diversity in our organization makes it more challenging to communicate the importance of adherence to our global corporate policies, our Code of Business Ethics and our Vendor Code of Conduct, and to monitor and enforce compliance with their provisions on a worldwide basis, which includes local compliance with United States, United Kingdom and other laws and regulations that apply globally in certain circumstances. These include the U.S. Foreign Corrupt Practices Act, the Patriot Act and the Sarbanes-Oxley Act of 2002 in the United States, the Bribery Act in the United Kingdom, the General Data Protection Regulation in the European Union, and the Anti-Corruption Law in Brazil.

Breaches of our Code of Business Ethics, particularly by our executive management, could have a material adverse effect. Breaches of our Vendor Code of Conduct by vendors whom we retain in our role as a principal for client engagements can also lead to significant losses to clients and our Company from financial liabilities that might result. Breaches of our corporate policies could lead to risk of improper conduct and an increase in chances of certain legal and compliance violations that could lead to monetary losses.

ENVIRONMENTAL LIABILITIES AND REGULATIONS; CLIMATE CHANGE RISKS; AND AIR QUALITY RISKS.

Our operations are affected by federal, state and/or local environmental laws in the countries in which we maintain office space for our own operations and where we manage properties for clients. We may face liability with respect to environmental issues occurring at properties that we manage or occupy, or in which we invest. Various laws and regulations restrict the levels of certain substances that may be discharged into the environment by properties, or they may impose liability on current or previous real estate owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. We may face costs or liabilities under these laws as a result of our role as an on-site property manager or a manager of construction projects. Our risks for such liabilities may increase as we expand our services to include more industrial and/or manufacturing facilities than has been the case in the past. In addition, we may face liability if such laws are applied to expand our limited liability with respect to our co-investments in real estate as discussed above. Within our own operations, we face additional costs from rising energy costs which make it more expensive to power our corporate offices.

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Given that our own operations are generally conducted within leased office building space, we do not currently anticipate that regulations restricting the emissions of greenhouse gases, or taxes that may be imposed on their release, would result in material costs or capital expenditures. However, we cannot be certain about the extent to which such regulations will develop, as there are higher levels of understanding and commitments by different governments around the world regarding the risks of climate change and how they should be mitigated. Regulations relating to climate change may affect the scope of services we provide to clients in their managed properties, but clients would typically bear any additional costs of doing so under their contracts with us. In any event, we anticipate that the burden and cost of climate change disclosure and carbon reporting will increase over time.

We are not aware of any material noncompliance with the environmental laws or regulations currently applicable to us, and we are not the subject of any material claim for liability with respect to contamination at any location. However, these laws and regulations may discourage sales and leasing activities and mortgage lending with respect to some properties, which may adversely affect both us and the commercial real estate services industry in general. Environmental contamination or other environmental liabilities may also negatively affect the value of commercial real estate assets held by entities that are managed by our investment management business, which could adversely affect the results of operations of this business segment.

The impact of climate change presents a significant risk. Damage to assets caused by extreme weather events linked to climate change is becoming more evident, highlighting the fragility of global infrastructure. As an example, there is a significant risk to coastal properties as sea levels rise.

We also anticipate that the potential effects of climate change will increasingly impact our own operations and those of client properties we manage, especially when they are located in coastal cities. For example, in 2018, the impact of natural disasters was significant with a series of devastating wildfires in the U.S. as well as floods in several geographies around the globe.

We anticipate that the potential effects of climate change will increasingly impact the decisions and analysis that LaSalle makes with respect to the properties it considers for acquisition on behalf of clients, since climate change considerations can impact the relative desirability of locations and the cost of operating and insuring acquired properties. Future legislation that requires specific performance levels for building operations could make non-compliant buildings obsolete, which could materially affect investments in properties we have made on behalf of clients, including those in which we may have co-invested. Climate change considerations will likely also increasingly be part of the consulting work that JLL does for clients to the extent it is relevant to the decisions our clients are seeking to make.

Around the world, many countries are enacting stricter regulations to protect the environment and preserve their natural resources. Those regulations are likely to become more rigorous over time. Firms also may face several layers of national and regional regulations. In Europe, the EU’s Environmental Liability Directive establishes a comprehensive liability standard, but individual EU countries may have stricter regulations. The risks may not be limited to fines and the costs of remediation. In Brazil, employees can risk jail sentences as well as fines in connection with pollution incidents. In April 2014, China passed the biggest changes to its environmental protection laws in 25 years, outlining plans to punish polluters more severely as leaders work to limit contaminated water, air and soil linked to economic growth and public health.

Declining air quality in major cities, Beijing being an example, may have consequences for our business in various ways, including the need to respond to new regulations that affect the management of buildings, declines in the desire of investors or corporates to invest in or occupy properties in such cities, and our ability to retain staff in locations that may be relatively undesirable as places to live.

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THE CHARTER AND THE BYLAWS OF JONES LANG LASALLE, OR THE MARYLAND GENERAL CORPORATION LAW, COULD DELAY, DEFER OR PREVENT A CHANGE OF CONTROL.

Our charter and bylaws include provisions that may discourage, delay, defer or prevent a takeover attempt that may be in the best interest of our shareholders and may adversely affect the market price of our common stock.

The charter and bylaws provide for:

- The ability of the Board to establish one or more classes and series of capital stock including the ability to issue up to 10,000,000 shares of preferred stock, and to determine the price, rights, preferences and privileges of such capital stock without any further shareholder approval
- A requirement that any shareholder action taken without a meeting be pursuant to unanimous written consent
- Certain advance notice procedures for our shareholders nominating candidates for election to our Board

Under the Maryland General Corporation Law (the "MGCL"), certain "Business Combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any person who beneficially owns 10% or more of the voting power of the corporation's shares, or an affiliate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation (an "Interested Shareholder") or an affiliate of the Interested Shareholder, are prohibited for five years after the most recent date on which the Interested Shareholder became an Interested Shareholder. Thereafter, any such Business Combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (i) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation and (ii) 66 2/3% of the votes entitled to be cast by holders of outstanding voting shares of the corporation other than shares held by the Interested Shareholder with whom the Business Combination is to be effected, unless, among other things, the corporation's shareholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Shareholder for its shares. Pursuant to the MGCL, these provisions also do not apply to Business Combinations approved or exempted by the board of directors of the corporation prior to the time that the Interested Shareholder becomes an Interested Shareholder.

Financial Risk Factors

Financial risk relates to our ability to meet financial obligations and mitigate exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates; credit risk; and liquidity risk, including risk related to our credit ratings and our availability and cost of funding.

INDEBTEDNESS WITH FIXED OR VARIABLE INTEREST RATES AND CERTAIN COVENANTS WITH WHICH WE MUST COMPLY.

As of December 31, 2018, we had the ability to borrow, from a syndicate of lenders, up to $2.75 billion on an unsecured revolving credit facility that matures in 2023. Borrowings under our Facility bear variable interest rates ranging from LIBOR plus 0.875% to 1.35%. As of December 31, 2018, we had no outstanding borrowings under the Facility and outstanding letters of credit of $8.6 million. Our average outstanding borrowings under the Facility were $364.1 million during the year ended December 31, 2018 at an effective interest rate of 2.9%. In addition to the Facility, we also have $275.0 million of unsecured long-term senior notes (the "Notes") that are due in 2022. The Notes bear an annual interest 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).

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 (“Securities Act”). The fixed-rate Euro Notes have 10-year and 12-year maturities. 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.

Our outstanding borrowings under the Facility fluctuate during the year primarily due to varying working capital requirements and acquisition activities. For example, payment of annual incentive compensation represents a significant cash

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requirement commanding increased borrowings in the first half of the year, while historically our seasonal earnings pattern provides more cash flow in the second half of the year. To the extent we continue our acquisition activities in the future, the level of our indebtedness could increase materially if we use the Facility to fund such purchases.

The terms of the Facility, and to a lesser degree the Notes, contain a number of covenants that could restrict our flexibility to finance future operations or capital needs, or to engage in other business activities that may be in our best interest. The debt covenants have the effect of limiting our ability, among other things, to encumber or dispose of assets and to make significant investments.

In addition, the Facility requires that we comply with various financial covenants, including minimum leverage and cash interest coverage ratios. If we are unable to make required payments under the Facility or required by the Notes, or if we breach any of the covenants, we will be in default, which could cause acceleration of repayment of outstanding amounts as well as defaults under other existing and future debt obligations.

DOWNGRADES IN OUR CREDIT RATINGS COULD INCREASE OUR BORROWING COSTS OR REDUCE OUR ACCESS TO FUNDING SOURCES IN THE CREDIT AND CAPITAL MARKETS.

We are currently assigned corporate credit ratings from Moody's and S&P based on their evaluation of our creditworthiness. As of the date of this filing, our debt ratings remain investment grade, but there can be no assurance that we will not be downgraded or that any of our ratings will remain investment grade in the future. If our credit ratings are downgraded or other negative action is taken, we could be required, among other things, to pay additional interest on our Notes. Credit rating reductions by one or more rating agencies could also adversely affect our access to funding sources, the cost and other terms of obtaining funding as well as our overall financial condition, operating results and cash flow.

VOLATILITY IN LASALLE INVESTMENT MANAGEMENT INCENTIVE FEE REVENUE.

LaSalle's portfolio is of sufficient size to periodically generate large incentive fees and equity gains (losses) that significantly influence our earnings and the changes in earnings from one year to the next. Volatility in this component of our earnings is inevitable due to the nature of this aspect of our business, and the amount of incentive fees or equity earnings or losses we may recognize in future quarters is inherently unpredictable and relates to market and other dynamics in effect at the time. For example, underlying market conditions, particular decisions regarding the acquisition and disposition of fund assets, and the specifics of client mandates will determine the timing and size of incentive fees or equity earnings or losses from one fund or investment to another.

While LaSalle has focused over the past several years on developing more predictable annuity-type revenue, incentive fees should continue to be an important part of our revenue and earnings as long as real estate markets remain healthy. However, it is likely that the volatility described above will continue, and competitive pressures may in some cases restrict our ability to negotiate incentive fees.

Where incentive fees on a given transaction or portfolio are particularly large, certain clients have attempted to renegotiate fees even though contractually obligated to pay them, and we expect this to occur from time to time in the future. Our efforts to collect our fees in these situations may lead to significant legal fees and/or significant delays in collection due to extended negotiations, arbitration or litigation. They may also result in either negotiated reductions in fees that take into account the future value of the relationship or loss of the client.

VOLATILITY IN CAPITAL MARKETS FEES.

We have business lines other than LaSalle that also generate fees based on the timing, size and pricing of closed transactions, and these fees may significantly contribute to our earnings and to changes in earnings from one quarter or year to the next. Volatility in this component of our earnings is inevitable due to the nature of these businesses and the amount of the fees we will recognize in future quarters is inherently unpredictable.

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LASALLE'S BANKING AND CLIENT RELATIONSHIPS.

Although not highly leveraged by general industry standards, the investment funds that LaSalle operates in the ordinary course of business borrow money from a variety of institutional lenders. The loans typically are secured by liens on specific investment properties, but are otherwise non-recourse. During the global financial crisis, the values of specific properties were in some cases less than the amount of the outstanding loan on the property, which gave the lender the right to foreclose on the property, in which case the equity invested by the fund would be without value. These situations were typically addressed on a case-by-case basis and, because we maintain good relationships with our lenders, we were generally successful in renegotiations to retain the management of substantially all fund properties, which provided additional time for values to recover. A similar phenomenon could occur in connection with future economic recessions or liquidity contractions.

Some clients of LaSalle that had open commitments to provide additional investments came under stress due to the financial downturn, became less able financially to honor their commitments and sought to renegotiate the terms of their commitments or the fees that they pay. These activities did not result in materially adverse consequences to LaSalle or any of its funds. Clients adversely affected due to a future downturn may react similarly.

Within a difficult economic environment, raising new funds takes longer and may be less successful as current and prospective clients may be less able or willing to commit new funds to real estate investments, which are inherently less liquid than many competing investments. In addition, certain clients may decide to manage all or a portion of their real estate investments with internal resources rather than hiring outside investment managers.

CURRENCY RESTRICTIONS AND EXCHANGE RATE FLUCTUATIONS.

We produce positive flows of cash in various countries and currencies that can be most effectively used to fund operations in other countries or to repay our indebtedness, which is currently primarily denominated in U.S. dollars and euros. We face 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. We also face risks associated with fluctuations in currency exchange rates that may lead to a decline in the value of the funds earned in certain jurisdictions.

Although we operate globally, we report our results in U.S. dollars, and thus our reported results may be positively or negatively impacted by the strengthening or weakening of currencies against the U.S. dollar. As an example, the euro and the pound sterling, each a currency used in a significant portion of our operations, have fluctuated significantly in recent years. Our revenue from outside of the United States approximated 48% of our total revenue for 2018 and 2017. In addition to the potential negative impact on reported earnings, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of the reported results of operations.

We are authorized to use currency-hedging instruments, including foreign currency forward contracts, purchased currency options and borrowings in foreign currency. There can be no assurance that such hedging will be economically effective. We do not use hedging instruments for speculative purposes.

As currency forward and option contracts are generally conducted off-exchange or over-the-counter ("OTC"), many of the safeguards accorded to participants on organized exchanges, such as the performance guarantee of an exchange clearing house, are generally unavailable in connection with OTC transactions. In addition, there can be no guarantee that the counterparty will fulfill its obligations under the contractual agreement, especially in the event of a bankruptcy or insolvency of the counterparty, which would effectively leave us unhedged.

GREATER DIFFICULTY IN COLLECTING ACCOUNTS RECEIVABLE IN CERTAIN GEOGRAPHIES.

We face challenges in our ability to efficiently and/or effectively collect accounts receivable in certain countries and regions. For example, various countries have underdeveloped insolvency laws, and clients often are slow to pay. In some countries, clients typically tend to delay payments, reflecting a different business culture over which we do not necessarily have any control. Less-developed countries may have very lengthy or difficult judicial processes that can make collections through the court system more problematic than they would otherwise be. In addition, weakness in the global economy can put additional financial stress on clients and landlords, who sometimes are the parties that pay our commissions where we have placed a tenant representation client into their buildings. This in turn can negatively impact our ability to collect our receivables fully or in a timely manner. We cannot be sure that the procedures we use to identify and rectify slowly paid receivables, and to protect ourselves against the insolvencies or bankruptcies of clients, landlords and other third parties with which we do business, which may involve placing liens on properties or litigating, will be effective in all cases.

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INCREASING FINANCIAL RISK OF COUNTERPARTIES, INCLUDING REFINANCING RISK.

Unprecedented disruptions and dynamic changes in the financial markets, and particularly insofar as they have led to major changes in the status and creditworthiness of some of the world's largest banks, investment banks and insurance companies, among others, have generally increased the counterparty risk to us from a financial standpoint, including with respect to:

- Obtaining new credit commitments from lenders
- Refinancing credit commitments or loans that have terminated or matured according to their terms, including funds sponsored by our LaSalle which use leverage in the ordinary course of their investment activities
- Placing insurance
- Engaging in hedging transactions
- Maintaining cash deposits or other investments, both our own and those we hold for the benefit of clients, which are generally much larger than the maximum amount of government-sponsored deposit insurance in effect for a particular account

While these risks remain higher than they have been historically, we believe they have moderated as financial markets have stabilized in recent years. During 2012 and 2017, we also diversified some of the counterparty risk under the Facility by issuing long-term senior notes, the proceeds of which were initially used to reduce the outstanding loans under the Facility. We believe counterparty financial risks still remain elevated due mainly to the potential liquidity issues within certain European financial institutions.

We generally attempt to conduct business with only the highest-quality and most well-known counterparties, but there can be no assurance (i) that our efforts to evaluate their creditworthiness will be effective in all cases, particularly as the quality of credit ratings provided by the nationally recognized rating agencies has been called into question, (ii) that we will always be able to obtain the full benefit of the financial commitments made to us by lenders, insurance companies, hedging counterparties or other organizations with which we do business, or (iii) that we will always be able to refinance existing indebtedness, or commitments to provide indebtedness, which has matured by its terms, including funds sponsored by our investment management subsidiary.

In addition, the ability of government regulatory authorities to adequately monitor and regulate banks, investment banks, securities firms and insurance companies was significantly called into question during the recent financial crisis (for example, in identifying and preventing "pyramid schemes," "bubbles" in different asset classes and other potential systemic failures in a timely fashion), as the result of which the overall risk of unforeseeable financial loss from engaging in business with ostensibly regulated counterparties has increased.

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ITEM 1B. UNRESOLVED STAFF COMMENTS
None.
ITEM 2. PROPERTIES
Our principal corporate holding company headquarters are located at 200 East Randolph Drive, Chicago, Illinois, where we currently occupy over 165,000 square feet of office space under a lease that expires in May 2032. Our regional headquarters for our Americas, EMEA and Asia Pacific businesses are located in Chicago, London and Singapore, respectively. We have 299 corporate offices worldwide located in most major cities and metropolitan areas as follows: 144 offices in 9 countries in the Americas (including 122 in the United States), 79 offices in 27 countries in EMEA, and 76 offices in 16 countries in Asia Pacific. In addition, we have on-site property and corporate offices located throughout the world. On-site property and facility management offices are generally located within properties we manage and are provided to us without cost.
ITEM 3. LEGAL PROCEEDINGS
We have contingent liabilities from various pending claims and litigation matters arising in the ordinary course of business, some of which involve claims for damages that are substantial in amount. Many of these matters are covered by insurance (including insurance provided through a captive insurance company), although they may nevertheless be subject to large deductibles or retentions, and the amounts being claimed may exceed the available insurance. Although the ultimate liability for these matters cannot be determined, 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 4. MINE SAFETY DISCLOSURES
Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed for trading on the New York Stock Exchange under the symbol "JLL." As of February 15, 2019, there were 348 shareholders of record of our common stock and more than 45,000 additional street name holders whose shares were held of record by banks, brokers and other financial institutions.

Dividends

On December 14, 2018, we paid a semi-annual dividend of $0.41 per share of our common stock to holders of record at the close of business on November 16, 2018. We also paid a cash dividend of $0.41 per share of its common stock on June 15, 2018, to holders of record at the close of business on May 18, 2018. Dividend-equivalents in the same amounts were also paid simultaneously on eligible outstanding but unvested restricted stock units.

We paid our first cash dividend in October 14, 2005, and have paid semi-annual dividends each year since 2006. 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 our Board of Directors.

Share Repurchases

We have made no share repurchases under our share repurchase program in 2018 or 2017.

Transfer Agent

Computershare
P.O. Box 505000
Louisville, KY 40233

Equity Compensation Plan Information

For information regarding our equity compensation plans, including both shareholder approved plans and plans not approved by shareholders, see Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management.

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Comparison of Cumulative Total Shareholder Return

The following graph compares the cumulative 5-year total return to shareholders of JLL's common stock relative to the cumulative total returns of the S&P 500 Index, and a customized peer group that includes: 1) CBRE Group Inc. (CBG), a global commercial real estate services company publicly traded in the U.S., 2) Cushman & Wakefield plc (CWK), a global commercial real estate services company publicly traded in the U.S., 3) Colliers International Group Inc. (CIGI), a global commercial real estate services company, and 4) Savills Plc. (SVS.L), a real estate services company traded on the London Stock Exchange. With the exception of Cushman & Wakefield, the following graph assumes the value of the investment in JLL's common stock, the S&P 500 Index, and the peer group (including reinvestment of dividends) was $100 on December 31, 2013. For Cushman & Wakefield, the $100 is assumed to be invested on the date of their initial public offering.

	December 31,					
	2013	2014	2015	2016	2017	2018
JLL	$100	$147	$157	$100	$148	$127
S&P 500	100	111	111	121	145	136
Peer Group	100	127	138	122	173	146

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ITEM 6. SELECTED FINANCIAL DATA (UNAUDITED)

The following table sets forth our summary historical consolidated financial data. The information should be read in conjunction with Item 8. Financial Statements and Supplementary Data and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,				
(in millions, except share and per share data)	2018	2017 (2)	2016 (2)	2015	2014
Statements of Operations Data:					
Revenue	$16,318.4	14,453.2	12,991.2	5,965.7	5,429.6
Operating income	706.9	545.9	455.7	529.8	465.6
Interest expense, net of interest income	51.1	56.2	45.3	28.1	28.3
Equity earnings from real estate ventures	32.8	44.4	33.8	77.4	48.3
Other income	17.4	1.7	19.5	—	—
Income before provision for income taxes and noncontrolling interest	706.0	535.8	463.7	579.1	485.6
Provision for income taxes	214.3	256.3	117.8	132.8	97.6
Net income	491.7	279.5	345.9	446.3	388.0
Net income attributable to noncontrolling interest	7.2	3.1	16.2	7.6	2.0
Net income attributable to the Company	484.5	276.4	329.7	438.7	386.0
Dividends on unvested common stock, net of tax	0.4	0.4	0.4	0.3	0.3
Net income attributable to common shareholders	$484.1	276.0	329.3	438.4	385.7
Basic earnings per common share before dividends on unvested common stock	$10.65	6.10	7.30	9.76	8.64
Dividends on unvested common stock, net of tax	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Basic earnings per common share	$10.64	6.09	7.29	9.75	8.63
Basic weighted average shares outstanding (in 000's)	45,517	45,316	45,154	44,940	44,684
Diluted earnings per common share dividends on unvested common stock	$10.55	6.04	7.24	9.66	8.53
Dividends on unvested common stock, net of tax	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Diluted earnings per common share	$10.54	6.03	7.23	9.65	8.52
Diluted weighted average shares outstanding (in 000's)	45,931	45,758	45,528	45,415	45,261
Cash dividends declared per common share	$0.82	0.72	0.64	0.56	0.48

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(in millions, except ratios and Assets under management)	As of and for the Year Ended December 31, 2018	2017 (2)	2016 (2)	2015	2014
Other Data:					
EBITDA (1)	$935.6	755.7	634.2	707.4	606.0
Ratio of earnings to fixed charges (3)	7.53X	5.42X	5.66X	8.21X	6.93X
Cash flows provided by (used in):					
Operating activities	$604.1	798.7	222.6	375.8	498.9
Investing activities	(280.4)	(170.8)	(805.5)	(584.6)	(188.0)
Financing activities	(141.3)	(623.5)	636.4	191.6	(203.0)
Assets under management (in billions) (4)	$60.5	58.1	60.1	56.4	53.6
Total square feet under management	4,633	4,555	4,402	3,994	3,440
Balance Sheet Data:					
Cash and cash equivalents	$480.9	268.0	258.5	216.6	250.4
Total assets	10,025.5	9,254.4	8,629.9	6,187.1	5,075.3
Total debt (5)	688.3	752.7	1,267.6	561.1	294.6
Deferred business acquisition obligations (6)	62.3	81.9	102.4	97.6	118.1
Total liabilities	6,291.0	5,872.4	5,734.7	3,457.7	2,652.8
Total Company shareholders' equity	3,691.5	3,340.1	2,863.5	2,688.8	2,386.8

(1) We define EBITDA attributable to common shareholders ("EBITDA") as Net income attributable to common shareholders before (i) Interest expense, net of interest income, (ii) Provision for income taxes, and (iii) Depreciation and amortization. Although EBITDA is a non-GAAP financial measure, it is used extensively by management in normal business operations to develop budgets and forecasts as well as measure and reward performance against those budgets and forecasts, exclusive of the impact from capital expenditures, reflected through depreciation expense, along with other components of our capital structure. EBITDA is believed to be useful to investors and other external stakeholders as a supplemental measure of performance and is used in the calculation of certain covenants related to our revolving credit facility. However, this measure should not be considered an alternative to net income determined in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Any measure that eliminates components of a company's capital and investment structure as well as costs associated with operations has limitations as a performance measure. In light of these limitations, management also considers results determined in accordance with U.S. GAAP and does not solely rely on EBITDA. Because EBITDA is not calculated under U.S. GAAP, it may not be comparable to similarly titled measures used by other companies.

Below is a reconciliation of our Net income attributable to common shareholders to EBITDA as presented in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

($ in millions)	Year Ended December 31, 2018	2017 (2)	2016 (2)	2015	2014
Net income attributable to common shareholders	$484.1	276.0	329.3	438.4	385.7
Interest expense, net of interest income	51.1	56.2	45.3	28.1	28.3
Provision for income taxes	214.3	256.3	117.8	132.8	97.6
Depreciation and amortization	186.1	167.2	141.8	108.1	94.4
EBITDA	$935.6	755.7	634.2	707.4	606.0

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Below is a reconciliation of our net cash provided by operating activities, the most comparable cash flow measure on the statements of cash flows, to EBITDA.

	Year Ended December 31,				
($ in millions)	2018	2017 (2)	2016 (2)	2015	2014
Net cash provided by operating activities	$ 604.1				