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**United States**  
**Securities and Exchange Commission**  
**Washington, D.C. 20549**  
**Form 10-Q**

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **September 30, 2020**

Or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-13145



**Jones Lang LaSalle Incorporated**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of incorporation or organization)

**36-4150422**

(I.R.S. Employer Identification No.)

**200 East Randolph Drive Chicago, IL**

(Address of principal executive offices)

**60601**

(Zip Code)

Registrant's telephone number, including area code: **(312) 782-5800**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

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

| <b>Title of each class</b>     | <b>Trading Symbol</b> | <b>Name of each exchange on which registered</b> |
|--------------------------------|-----------------------|--------------------------------------------------|
| Common Stock, par value \$0.01 | JLL                   | The New York Stock Exchange                      |

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 ☒ No ☐

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 shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/>            |                           |                          |

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock (par value \$0.01) as of the close of business on October 27, 2020 was 51,302,899.

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## Table of Contents

|                |                                                                                                           |           |
|----------------|-----------------------------------------------------------------------------------------------------------|-----------|
| <b>Part I</b>  | <b><u>Financial Information</u></b>                                                                       |           |
| Item 1.        | <u>Condensed Consolidated Financial Statements:</u>                                                       | <u>3</u>  |
|                | <u>Balance Sheets as of September 30, 2020 and December 31, 2019</u>                                      | <u>3</u>  |
|                | <u>Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2020 and 2019</u> | <u>4</u>  |
|                | <u>Statements of Changes in Equity for the Three and Nine Months Ended September 30, 2020 and 2019</u>    | <u>5</u>  |
|                | <u>Statements of Cash Flows for the Nine Months Ended September 30, 2020 and 2019</u>                     | <u>7</u>  |
|                | <u>Notes to Condensed Consolidated Financial Statements</u>                                               | <u>8</u>  |
| Item 2.        | <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>              | <u>28</u> |
| Item 3.        | <u>Quantitative and Qualitative Disclosures about Market Risk</u>                                         | <u>49</u> |
| Item 4.        | <u>Controls and Procedures</u>                                                                            | <u>49</u> |
| <b>Part II</b> | <b><u>Other Information</u></b>                                                                           |           |
| Item 1.        | <u>Legal Proceedings</u>                                                                                  | <u>50</u> |
| Item 1A.       | <u>Risk Factors</u>                                                                                       | <u>50</u> |
| Item 2.        | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>                                        | <u>50</u> |
| Item 6.        | <u>Exhibits</u>                                                                                           | <u>51</u> |
|                | <u>Signature</u>                                                                                          | <u>52</u> |

**Part I. Financial Information**  
**Item 1. Financial Statements**

**JONES LANG LASALLE INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in millions, except share and per share data)

|                                                                                                                                                         | September 30, 2020 | December 31, 2019 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| <b>Assets</b>                                                                                                                                           | (unaudited)        |                   |
| Current assets:                                                                                                                                         |                    |                   |
| Cash and cash equivalents                                                                                                                               | \$ 440.0           | 451.9             |
| Trade receivables, net of allowance of \$81.3 and \$68.1                                                                                                | 1,439.9            | 2,034.3           |
| Notes and other receivables                                                                                                                             | 443.1              | 472.8             |
| Reimbursable receivables                                                                                                                                | 1,357.1            | 1,671.2           |
| Warehouse receivables                                                                                                                                   | 1,750.6            | 527.1             |
| Short-term contract assets, net of allowance of \$2.8 and \$-                                                                                           | 293.0              | 333.4             |
| Prepaid & other                                                                                                                                         | 444.8              | 377.9             |
| Total current assets                                                                                                                                    | 6,168.5            | 5,868.6           |
| Property and equipment, net of accumulated depreciation of \$775.9 and \$660.7                                                                          | 675.4              | 701.9             |
| Operating lease right-of-use assets                                                                                                                     | 756.8              | 804.4             |
| Goodwill                                                                                                                                                | 4,164.0            | 4,168.2           |
| Identified intangibles, net of accumulated amortization of \$277.0 and \$214.8                                                                          | 653.9              | 682.6             |
| Investments in real estate ventures, including \$299.0 and \$328.6 at fair value                                                                        | 389.6              | 404.2             |
| Long-term receivables                                                                                                                                   | 239.8              | 250.2             |
| Deferred tax assets, net                                                                                                                                | 235.3              | 245.4             |
| Deferred compensation plan                                                                                                                              | 410.7              | 349.9             |
| Other                                                                                                                                                   | 208.1              | 197.2             |
| Total assets                                                                                                                                            | \$ 13,902.1        | 13,672.6          |
| <b>Liabilities and Equity</b>                                                                                                                           |                    |                   |
| Current liabilities:                                                                                                                                    |                    |                   |
| Accounts payable and accrued liabilities                                                                                                                | \$ 1,096.7         | 1,289.4           |
| Reimbursable payables                                                                                                                                   | 1,030.3            | 1,245.8           |
| Accrued compensation & benefits                                                                                                                         | 1,113.7            | 1,729.2           |
| Short-term borrowings                                                                                                                                   | 106.4              | 120.1             |
| Short-term contract liabilities and deferred income                                                                                                     | 161.0              | 158.8             |
| Short-term acquisition-related obligations                                                                                                              | 92.6               | 74.4              |
| Warehouse facilities                                                                                                                                    | 1,723.8            | 515.9             |
| Short-term operating lease liabilities                                                                                                                  | 164.0              | 153.4             |
| Other                                                                                                                                                   | 313.6              | 203.2             |
| Total current liabilities                                                                                                                               | 5,802.1            | 5,490.2           |
| Credit facility, net of debt issuance costs of \$9.6 and \$12.3                                                                                         | 390.4              | 512.7             |
| Long-term debt, net of debt issuance costs of \$2.7 and \$3.1                                                                                           | 682.9              | 664.6             |
| Deferred tax liabilities, net                                                                                                                           | 42.9               | 106.0             |
| Deferred compensation                                                                                                                                   | 405.9              | 374.3             |
| Long-term acquisition-related obligations                                                                                                               | 39.6               | 124.1             |
| Long-term operating lease liabilities                                                                                                                   | 705.1              | 751.2             |
| Other                                                                                                                                                   | 539.1              | 436.2             |
| Total liabilities                                                                                                                                       | 8,608.0            | 8,459.3           |
| Redeemable noncontrolling interest                                                                                                                      | 7.9                | 8.6               |
| Company shareholders' equity:                                                                                                                           |                    |                   |
| Common stock, \$0.01 par value per share, 100,000,000 shares authorized; 51,968,753 and 51,549,654 shares issued; 51,539,136 and 51,549,654 outstanding | 0.5                | 0.5               |
| Additional paid-in capital                                                                                                                              | 2,008.1            | 1,962.8           |
| Retained earnings                                                                                                                                       | 3,725.9            | 3,588.3           |
| Treasury stock, at cost, 429,617 and - shares                                                                                                           | (47.8)             | —                 |
| Shares held in trust                                                                                                                                    | (5.6)              | (5.7)             |
| Accumulated other comprehensive loss                                                                                                                    | (477.4)            | (427.8)           |
| Total Company shareholders' equity                                                                                                                      | 5,203.7            | 5,118.1           |
| Noncontrolling interest                                                                                                                                 | 82.5               | 86.6              |
| Total equity                                                                                                                                            | 5,286.2            | 5,204.7           |
| Total liabilities, redeemable noncontrolling interest and equity                                                                                        | \$ 13,902.1        | \$ 13,672.6       |

See accompanying notes to Condensed Consolidated Financial Statements.

**JONES LANG LASALLE INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| (in millions, except share and per share data) (unaudited) | Three Months Ended September 30, |         | Nine Months Ended September 30, |          |
|------------------------------------------------------------|----------------------------------|---------|---------------------------------|----------|
|                                                            | 2020                             | 2019    | 2020                            | 2019     |
| <b>Revenue:</b>                                            |                                  |         |                                 |          |
| Revenue before reimbursements                              | \$ 2,091.4                       | 2,545.8 | \$ 6,152.9                      | 6,855.6  |
| Reimbursements                                             | 1,886.7                          | 1,949.8 | 5,591.6                         | 5,727.1  |
| Total revenue                                              | \$ 3,978.1                       | 4,495.6 | \$ 11,744.5                     | 12,582.7 |
| <b>Operating expenses:</b>                                 |                                  |         |                                 |          |
| Compensation and benefits                                  | \$ 1,198.7                       | 1,488.6 | \$ 3,698.5                      | 4,007.2  |
| Operating, administrative and other                        | 649.4                            | 762.0   | 1,981.5                         | 2,241.4  |
| Reimbursed expenses                                        | 1,886.7                          | 1,949.8 | 5,591.6                         | 5,727.1  |
| Depreciation and amortization                              | 54.9                             | 53.6    | 166.8                           | 145.6    |
| Restructuring and acquisition charges                      | 33.5                             | 70.0    | 75.8                            | 114.3    |
| Total operating expenses                                   | \$ 3,823.2                       | 4,324.0 | \$ 11,514.2                     | 12,235.6 |
| <b>Operating income</b>                                    | \$ 154.9                         | 171.6   | \$ 230.3                        | 347.1    |
| Interest expense, net of interest income                   | 12.3                             | 18.0    | 41.8                            | 41.2     |
| Equity earnings                                            | 15.0                             | 17.1    | 1.4                             | 32.3     |
| Other income                                               | 2.7                              | 0.7     | 8.8                             | 1.2      |
| Income before income taxes and noncontrolling interest     | 160.3                            | 171.4   | 198.7                           | 339.4    |
| Income tax provision                                       | 25.7                             | 42.1    | 32.2                            | 77.6     |
| <b>Net income</b>                                          | 134.6                            | 129.3   | 166.5                           | 261.8    |
| Net income attributable to noncontrolling interest         | 2.7                              | 0.4     | 14.1                            | 0.9      |
| Net income attributable to the Company                     | 131.9                            | 128.9   | 152.4                           | 260.9    |
| Dividends on unvested common stock, net of tax benefit     | —                                | —       | —                               | 0.2      |
| <b>Net income attributable to common shareholders</b>      | \$ 131.9                         | 128.9   | \$ 152.4                        | 260.7    |
| Basic earnings per common share                            | \$ 2.55                          | 2.50    | \$ 2.95                         | 5.47     |
| Basic weighted average shares outstanding (in 000's)       | 51,761                           | 51,528  | 51,670                          | 47,672   |
| Diluted earnings per common share                          | \$ 2.52                          | 2.47    | \$ 2.92                         | 5.42     |
| Diluted weighted average shares outstanding (in 000's)     | 52,247                           | 52,104  | 52,224                          | 48,077   |
| <b>Dividends declared per share</b>                        | \$ —                             | —       | \$ —                            | 0.43     |
| Net income attributable to the Company                     | \$ 131.9                         | 128.9   | \$ 152.4                        | 260.9    |
| Change in pension liabilities, net of tax                  | 0.7                              | 0.1     | 0.7                             | (1.7)    |
| Foreign currency translation adjustments                   | 59.3                             | (34.6)  | (50.3)                          | (26.6)   |
| <b>Comprehensive income attributable to the Company</b>    | \$ 191.9                         | 94.4    | \$ 102.8                        | 232.6    |

See accompanying notes to Condensed Consolidated Financial Statements.

**JONES LANG LASALLE INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

| (in millions, except share and<br>per share data) (unaudited)       | Company Shareholders' Equity |        |                                  |                      |                            |                   |                     |                    | Total<br>Equity |
|---------------------------------------------------------------------|------------------------------|--------|----------------------------------|----------------------|----------------------------|-------------------|---------------------|--------------------|-----------------|
|                                                                     | Common Stock                 |        | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Shares<br>Held in<br>Trust | Treasury<br>Stock | AOCI <sup>(1)</sup> | NCI <sup>(2)</sup> |                 |
|                                                                     | Outstanding<br>Shares        | Amount |                                  |                      |                            |                   |                     |                    |                 |
| December 31, 2019                                                   | 51,549,654                   | \$ 0.5 | 1,962.8                          | 3,588.3              | (5.7)                      | —                 | (427.8)             | 86.6               | \$ 5,204.7      |
| Net income                                                          | —                            | —      | —                                | 5.3                  | —                          | —                 | —                   | 12.3               | 17.6            |
| Shares issued under stock-based compensation programs               | 363,308                      | —      | 4.4                              | —                    | —                          | —                 | —                   | —                  | 4.4             |
| Shares repurchased for payment of taxes on stock-based compensation | (102,370)                    | —      | (16.2)                           | —                    | —                          | —                 | —                   | —                  | (16.2)          |
| Amortization of stock-based compensation                            | —                            | —      | 18.6                             | —                    | —                          | —                 | —                   | —                  | 18.6            |
| Shares held in trust                                                | —                            | —      | —                                | —                    | 0.1                        | —                 | —                   | —                  | 0.1             |
| Cumulative effect from adoption of new accounting for credit losses | —                            | —      | —                                | (14.9)               | —                          | —                 | —                   | —                  | (14.9)          |
| Repurchase of common stock                                          | (187,753)                    | —      | —                                | —                    | —                          | (25.0)            | —                   | —                  | (25.0)          |
| Foreign currency translation adjustments                            | —                            | —      | —                                | —                    | —                          | —                 | (143.4)             | —                  | (143.4)         |
| Decrease in amounts attributable to noncontrolling interest         | —                            | —      | —                                | —                    | —                          | —                 | —                   | (17.0)             | (17.0)          |
| March 31, 2020                                                      | 51,622,839                   | \$ 0.5 | 1,969.6                          | 3,578.7              | (5.6)                      | (25.0)            | (571.2)             | 81.9               | \$ 5,028.9      |
| Net income <sup>(3)</sup>                                           | —                            | —      | —                                | 15.2                 | —                          | —                 | —                   | (1.0)              | 14.2            |
| Shares issued under stock-based compensation programs               | 23,762                       | —      | —                                | —                    | —                          | 0.6               | —                   | —                  | 0.6             |
| Shares repurchased for payment of taxes on stock-based compensation | (4,546)                      | —      | (1.0)                            | —                    | —                          | —                 | —                   | —                  | (1.0)           |
| Amortization of stock-based compensation                            | —                            | —      | 30.7                             | —                    | —                          | —                 | —                   | —                  | 30.7            |
| Shares held in trust                                                | —                            | —      | —                                | —                    | (0.1)                      | —                 | —                   | —                  | (0.1)           |
| Foreign currency translation adjustments                            | —                            | —      | —                                | —                    | —                          | —                 | 33.8                | —                  | 33.8            |
| Increase in amounts attributable to noncontrolling interest         | —                            | —      | —                                | —                    | —                          | —                 | —                   | 2.3                | 2.3             |
| June 30, 2020                                                       | 51,642,055                   | \$ 0.5 | 1,999.3                          | 3,593.9              | (5.7)                      | (24.4)            | (537.4)             | 83.2               | \$ 5,109.4      |
| Net income <sup>(3)</sup>                                           | —                            | —      | —                                | 131.9                | —                          | —                 | —                   | 2.9                | 134.8           |
| Shares issued under stock-based compensation programs               | 221,527                      | —      | (1.2)                            | 0.1                  | —                          | 1.6               | —                   | —                  | 0.5             |
| Shares repurchased for payment of taxes on stock-based compensation | (66,315)                     | —      | (6.3)                            | —                    | —                          | —                 | —                   | —                  | (6.3)           |
| Amortization of stock-based compensation                            | —                            | —      | 16.3                             | —                    | —                          | —                 | —                   | —                  | 16.3            |
| Shares held in trust                                                | —                            | —      | —                                | —                    | 0.1                        | —                 | —                   | —                  | 0.1             |
| Repurchase of common stock                                          | (258,131)                    | —      | —                                | —                    | —                          | (25.0)            | —                   | —                  | (25.0)          |
| Change in pension liabilities, net of tax                           | —                            | —      | —                                | —                    | —                          | —                 | 0.7                 | —                  | 0.7             |
| Foreign currency translation adjustments                            | —                            | —      | —                                | —                    | —                          | —                 | 59.3                | —                  | 59.3            |
| Decrease in amounts attributable to noncontrolling interest         | —                            | —      | —                                | —                    | —                          | —                 | —                   | (3.6)              | (3.6)           |
| September 30, 2020                                                  | 51,539,136                   | \$ 0.5 | 2,008.1                          | 3,725.9              | (5.6)                      | (47.8)            | (477.4)             | 82.5               | \$ 5,286.2      |

(1) AOCI: Accumulated other comprehensive income (loss)

(2) NCI: Noncontrolling interest

(3) Excludes net (loss) income attributable to redeemable noncontrolling interest of \$(0.2) million and \$0.1 million for the three months ended September 30, 2020 and June 30, 2020, respectively.

**JONES LANG LASALLE INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

| (in millions, except share and per share data) (unaudited)          | Company Shareholder's Equity |        |                 |          |               |                          |                |            |
|---------------------------------------------------------------------|------------------------------|--------|-----------------|----------|---------------|--------------------------|----------------|------------|
|                                                                     | Common Stock                 |        | Additional      | Retained | Shares        | Accumulated              | Noncontrolling | Total      |
|                                                                     | Shares                       | Amount | Paid-In Capital | Earnings | Held in Trust | Other Comprehensive Loss |                |            |
| December 31, 2018                                                   | 45,599,418                   | \$ 0.5 | 1,057.3         | 3,095.7  | (5.8)         | (456.2)                  | 43.0           | \$ 3,734.5 |
| Net income                                                          | —                            | —      | —               | 21.3     | —             | —                        | (0.1)          | 21.2       |
| Shares issued under stock-based compensation programs               | 198,575                      | —      | 2.0             | —        | —             | —                        | —              | 2.0        |
| Shares repurchased for payment of taxes on stock-based compensation | (58,750)                     | —      | (9.7)           | —        | —             | —                        | —              | (9.7)      |
| Amortization of stock-based compensation                            | —                            | —      | 7.0             | —        | —             | —                        | —              | 7.0        |
| Change in pension liabilities, net of tax                           | —                            | —      | —               | —        | —             | (1.0)                    | —              | (1.0)      |
| Foreign currency translation adjustments                            | —                            | —      | —               | —        | —             | 31.3                     | —              | 31.3       |
| Increase in amounts attributable to noncontrolling interest         | —                            | —      | —               | —        | —             | —                        | 9.8            | 9.8        |
| March 31, 2019                                                      | 45,739,243                   | \$ 0.5 | 1,056.6         | 3,117.0  | (5.8)         | (425.9)                  | 52.7           | \$ 3,795.1 |
| Net income <sup>(3)</sup>                                           | —                            | —      | —               | 110.7    | —             | —                        | 0.5            | 111.2      |
| Shares issued under stock-based compensation programs               | 31,820                       | —      | 0.8             | —        | —             | —                        | —              | 0.8        |
| Shares repurchased for payment of taxes on stock-based compensation | (8,375)                      | —      | (0.7)           | —        | —             | —                        | —              | (0.7)      |
| Amortization of stock-based compensation                            | —                            | —      | 12.9            | —        | —             | —                        | —              | 12.9       |
| Dividends paid                                                      | —                            | —      | —               | (19.9)   | —             | —                        | —              | (19.9)     |
| Shares held in trust                                                | —                            | —      | —               | —        | (0.1)         | —                        | —              | (0.1)      |
| Change in pension liabilities, net of tax                           | —                            | —      | —               | —        | —             | (0.8)                    | —              | (0.8)      |
| Foreign currency translation adjustments                            | —                            | —      | —               | —        | —             | (23.3)                   | —              | (23.3)     |
| Increase in amounts attributable to noncontrolling interest         | —                            | —      | —               | —        | —             | —                        | 0.1            | 0.1        |
| June 30, 2019                                                       | 45,762,688                   | \$ 0.5 | 1,069.6         | 3,207.8  | (5.9)         | (450.0)                  | 53.3           | \$ 3,875.3 |
| Net income                                                          | —                            | —      | —               | 128.9    | —             | —                        | 0.4            | 129.3      |
| Shares issued under stock-based compensation programs               | 49,292                       | —      | 0.9             | —        | —             | —                        | —              | 0.9        |
| Acquisition of HFF                                                  | 5,733,603                    | —      | 841.2           | —        | —             | —                        | —              | 841.2      |
| Shares repurchased for payment of taxes on stock-based compensation | (11,464)                     | —      | (2.1)           | —        | —             | —                        | —              | (2.1)      |
| Amortization of stock-based compensation                            | —                            | —      | 27.7            | —        | —             | —                        | —              | 27.7       |
| Shares held in trust                                                | —                            | —      | —               | —        | 0.2           | —                        | —              | 0.2        |
| Change in pension liabilities, net of tax                           | —                            | —      | —               | —        | —             | 0.1                      | —              | 0.1        |
| Foreign currency translation adjustments                            | —                            | —      | —               | —        | —             | (34.6)                   | —              | (34.6)     |
| Increase in amounts attributable to noncontrolling interest         | —                            | —      | —               | —        | —             | —                        | 20.1           | 20.1       |
| September 30, 2019                                                  | 51,534,119                   | \$ 0.5 | 1,937.3         | 3,336.7  | (5.7)         | (484.5)                  | 73.8           | \$ 4,858.1 |

(3) Excludes net income attributable to redeemable noncontrolling interest of \$0.1 million for the three months ended June 30, 2019.

See accompanying notes to Condensed Consolidated Financial Statements.

**JONES LANG LASALLE INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| (in millions) (unaudited)                                                              | Nine Months Ended September 30, |                |
|----------------------------------------------------------------------------------------|---------------------------------|----------------|
|                                                                                        | 2020                            | 2019           |
| <b>Cash flows from operating activities:</b>                                           |                                 |                |
| Net income                                                                             | \$ 166.5                        | 261.8          |
| Adjustments to reconcile net income to net cash used in operating activities:          |                                 |                |
| Distributions of earnings from real estate ventures                                    | 10.4                            | 12.0           |
| Other adjustments, net                                                                 | 238.8                           | 169.2          |
| Changes in working capital, net                                                        | (52.6)                          | (694.5)        |
| <b>Net cash provided by (used in) operating activities</b>                             | <b>363.1</b>                    | <b>(251.5)</b> |
| <b>Cash flows from investing activities:</b>                                           |                                 |                |
| Net capital additions – property and equipment                                         | (112.5)                         | (131.1)        |
| Net investment asset activity (less than wholly-owned)                                 | (10.2)                          | (67.6)         |
| Business acquisitions, net of cash acquired                                            | —                               | (789.2)        |
| Capital contributions to real estate ventures                                          | (63.2)                          | (65.6)         |
| Distributions of capital from real estate ventures                                     | 30.5                            | 24.4           |
| Other, net                                                                             | 31.2                            | 35.0           |
| <b>Net cash used in investing activities</b>                                           | <b>(124.2)</b>                  | <b>(994.1)</b> |
| <b>Cash flows from financing activities:</b>                                           |                                 |                |
| Proceeds from borrowings under credit facility                                         | 4,404.0                         | 4,705.0        |
| Repayments of borrowings under credit facility                                         | (4,529.0)                       | (3,580.0)      |
| Net (repayments of) proceeds from short-term borrowings                                | (17.1)                          | 68.6           |
| Payments of deferred business acquisition obligations and earn-outs                    | (28.9)                          | (39.8)         |
| Repurchase of common stock                                                             | (50.0)                          | —              |
| Payment of dividends                                                                   | —                               | (19.9)         |
| Other, net                                                                             | (22.8)                          | 60.7           |
| <b>Net cash (used in) provided by financing activities</b>                             | <b>(243.8)</b>                  | <b>1,194.6</b> |
| Effect of currency exchange rate changes on cash, cash equivalents and restricted cash | (4.3)                           | (9.4)          |
| <b>Net change in cash, cash equivalents and restricted cash</b>                        | <b>(9.2)</b>                    | <b>(60.4)</b>  |
| Cash, cash equivalents and restricted cash, beginning of the period                    | 652.1                           | 634.2          |
| <b>Cash, cash equivalents and restricted cash, end of the period</b>                   | <b>\$ 642.9</b>                 | <b>573.8</b>   |
| <b>Supplemental disclosure of cash flow information:</b>                               |                                 |                |
| Restricted cash, beginning of period                                                   | \$ 200.2                        | 153.3          |
| Restricted cash, end of period                                                         | 202.9                           | 171.6          |
| Cash paid during the period for:                                                       |                                 |                |
| Interest                                                                               | \$ 35.0                         | 36.7           |
| Income taxes, net of refunds                                                           | 101.6                           | 218.8          |
| Operating leases                                                                       | 142.0                           | 127.7          |
| Non-cash activities:                                                                   |                                 |                |
| Business acquisitions (including contingent consideration)                             | \$ —                            | 842.7          |
| Deferred business acquisition obligations                                              | —                               | 6.5            |

See accompanying notes to Condensed Consolidated Financial Statements.

**JONES LANG LASALLE INCORPORATED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. INTERIM INFORMATION**

Readers of this quarterly report should refer to the audited financial statements of Jones Lang LaSalle Incorporated ("JLL," which may also be referred to as "the Company" or as "we," "us" or "our") for the year ended December 31, 2019, which are included in our 2019 Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission ("SEC") and also available on our website ([www.us.jll.com](http://www.us.jll.com)), since we have omitted from this quarterly report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to the "Summary of Critical Accounting Policies and Estimates" section within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and to Note 2, Summary of Significant Accounting Policies, in the Notes to Consolidated Financial Statements in our 2019 Annual Report on Form 10-K for further discussion of our significant accounting policies and estimates.

Our Condensed Consolidated Financial Statements as of September 30, 2020, and for the periods ended September 30, 2020 and 2019, are unaudited. In the opinion of management, we have included all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the Condensed Consolidated Financial Statements for these interim periods.

Historically, our quarterly revenue and profits have tended to increase from quarter to quarter as the year progresses. This is the result of a general focus in the real estate industry on completing transactions by calendar year end, while certain expenses are recognized evenly throughout the year. Our LaSalle Investment Management ("LaSalle") segment generally earns investment-generated performance fees on clients' real estate investment returns when assets are sold, the timing of which is geared toward the benefit of our clients, as well as co-investment equity gains and losses, primarily dependent on underlying valuations. Within our Real Estate Services ("RES") segments, revenue from transaction-based activities (e.g. leasing and capital markets) is driven by the size and timing of our clients' transactions and can fluctuate significantly from period to period. The COVID-19 pandemic may have a material impact on the historical seasonality of our revenue and profits.

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

We provide for the effects of income taxes on interim financial statements based on our estimate of the effective tax rate for the full year, which we base on forecasted income by country and expected enacted tax rates. As required, we adjust for the impact of discrete items in the quarters in which they occur. Changes in the geographic mix of income, including as a result of the COVID-19 pandemic, can impact our estimated effective tax rate.

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

## 2. NEW ACCOUNTING STANDARDS

### *Recently adopted accounting guidance*

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (ASC Topic 326)*, which created a new framework to evaluate financial instruments, such as trade receivables, for expected credit losses. This new framework replaced the existing incurred loss approach and is expected to result in more timely recognition of credit losses. On January 1, 2020, we adopted ASU No. 2016-13 using a modified-retrospective approach, as required by the ASU.

The adoption impacted our methodology of reserving for (i) Trade receivables, (ii) other receivable-related financial assets, specifically contract assets, and (iii) off-balance sheet credit exposures within the scope of this ASU. Specifically, we evaluated our historical reserve balances for Trade receivables and the related write-off activity and developed a forward-looking process for adoption. We also evaluated our loss-sharing guarantee obligation for certain mortgage loans we originate, sell and retain the servicing rights. The following sections discuss our updated reserve methodologies.

### *Trade Receivables*

We estimate an allowance to provide for uncollectible accounts receivable, which is applied upon recognition of the receivable. We base this estimate on historical experience combined with a review of the receivable aging, current and expected economic conditions, and client credit quality. The estimate also includes specifically identified amounts for which payment has become unlikely. As trade receivables are due within one year, changes to economic conditions are not expected to have a significant impact on our estimate of expected credit losses. However, we will monitor economic conditions on a quarterly basis to determine if any adjustments are deemed necessary.

### *Notes and Other Receivables and Long-Term Receivables*

We make ongoing assessments of the collectability of outstanding Notes and other receivables and Long-term receivables, considering both objective and subjective factors such as the aging profile of outstanding balances, the contractual terms of repayment, and credit quality. Aspects of credit quality considered in our assessments of collectability include historical experience, current and expected economic conditions, and our broader business relationship with the obligor. We record an allowance against the outstanding balance when our assessments determine payment has become unlikely. After all collection efforts have been exhausted by management, the outstanding balance is written off against the reserve. Historically, credit quality deterioration to the point of impairment or non-performance in our Notes and other receivables and Long-term receivables has been limited and has not had a material impact on the Condensed Consolidated Financial Statements.

### *Reimbursable Receivables*

We record an allowance based on specific identification of an uncollectible reimbursable receivable, considering current and future economic conditions as well as client credit quality. Historically, we have not experienced any material collection issues and, as such, have not applied a formulaic reserve to these receivables.

### *Contract Assets*

Contract assets include amounts recognized as revenue for which we are not yet entitled to payment for reasons other than the passage of time, but that do not constrain revenue recognition. Historically, we have not recognized a provision for contract assets. Under ASC Topic 326, we include Contract assets in our reserving process and assess the risk of loss similar to our methodology for Trade receivables, since Contract assets are reclassified to Trade receivables when we become entitled to payment. Accordingly, a reserve is applied upon recognition of the contract asset.

## Financial Guarantees

Certain loans we originate and sell under the Fannie Mae Delegated Underwriting and Servicing ("DUS") program retain a percentage of the risk of loss. This loss-sharing aspect of the program represents an off-balance sheet credit exposure, and we have established a contingent reserve ("loan loss guarantee reserve") for this risk in accordance with ASC Topic 326. To estimate the reserve, we use a model that analyzes historical losses, current and expected economic conditions, and reasonable and supportable forecasts. The model also considers specific details of the underlying property used as collateral, such as occupancy and financial performance. The loan loss guarantee reserve is calculated on an individual loan level. As of September 30, 2020, the loan loss guarantee reserve was \$45.7 million and was included within Other liabilities on the Condensed Consolidated Balance Sheets. This balance reflected a notable increase from our opening balance (reflected in the table below) as a result of incorporating, into our model, economic conditions and projections related to the COVID-19 pandemic.

The loss-sharing guarantee obligation (in accordance with ASC Topic 460, *Guarantees*) represents the non-contingent obligation incurred as a result of issuing a loss-sharing guarantee as part of our participation in the DUS program and is separate from the loan loss guarantee reserve discussed above. See Note 10, Commitments and Contingencies, for further information on the DUS program and the loss-sharing guarantee obligation.

The following table details the cumulative impact to retained earnings upon adoption of ASC Topic 326.

| (in millions)                                | Published<br>December 31, 2019<br>(audited) | Adjustment due to<br>adoption of<br>ASC Topic 326 | As Reported Under<br>ASC Topic 326 on January 1, 2020<br>(unaudited) |
|----------------------------------------------|---------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------|
| <b>Assets</b>                                |                                             |                                                   |                                                                      |
| Allowance for trade receivables              | \$ (68.1)                                   | (3.6)                                             | \$ (71.7)                                                            |
| Deferred tax assets, net                     | 245.4                                       | 5.5                                               | 250.9                                                                |
| Allowance for contract assets <sup>(1)</sup> | —                                           | (1.7)                                             | (1.7)                                                                |
| <b>Liabilities and equity</b>                |                                             |                                                   |                                                                      |
| Loan loss guarantee reserve <sup>(2)</sup>   | \$ —                                        | 15.1                                              | \$ 15.1                                                              |
| Retained earnings                            | 3,588.3                                     | (14.9)                                            | 3,573.4                                                              |

<sup>1</sup> The portion of the allowance for long-term contract assets is included within Other assets on the Condensed Consolidated Balance Sheets.

<sup>2</sup> Included within Other liabilities on the Condensed Consolidated Balance Sheets

## 3. REVENUE RECOGNITION

**Revenue excluded from the scope of ASC Topic 606** - Our mortgage banking and servicing operations - such as Mortgage Servicing Rights ("MSR")-related activity, loan origination fees, and servicing income - are excluded from the scope of ASC Topic 606. Such revenue was included entirely within Americas Capital Markets and is presented below.

| (in millions)                                | Three Months Ended September 30, |      | Nine months ended<br>September 30, |       |
|----------------------------------------------|----------------------------------|------|------------------------------------|-------|
|                                              | 2020                             | 2019 | 2020                               | 2019  |
| Revenue excluded from scope of ASC Topic 606 | \$ 72.0                          | 74.3 | \$ 174.7                           | 137.6 |

**Contract assets and liabilities** - Our contract assets, net of allowance, are included in Short-term contract assets and Other assets and our contract liabilities are included in Short-term contract liabilities and deferred income on our Condensed Consolidated Balance Sheets. The majority of contract liabilities are recognized as revenue within 90 days. Such contract assets and liabilities are presented below.

| (in millions)            |    | September 30, 2020 | December 31, 2019 |
|--------------------------|----|--------------------|-------------------|
| Contract assets, gross   | \$ | 389.8              | 419.3             |
| Contract asset allowance |    | (3.2)              | —                 |
| Contract assets, net     | \$ | 386.6              | 419.3             |
| Contract liabilities     | \$ | 85.7               | 87.7              |

**Remaining performance obligations** - Remaining performance obligations represent the aggregate transaction price for contracts where our performance obligations have not yet been satisfied. As of September 30, 2020, the aggregate amount of transaction price allocated to remaining performance obligations represented less than 5% of our total revenue. In accordance with ASC Topic 606, excluded from the aforementioned remaining performance obligations are (i) amounts attributable to contracts expected to be completed within 12 months and (ii) variable consideration for services performed as a series of daily performance obligations, such as facilities management, property management, and LaSalle contracts. Contracts within these businesses represent a significant portion of our contracts with customers not expected to be completed within 12 months.

#### 4. BUSINESS SEGMENTS

We manage and report our operations as four business segments:

The three geographic regions of RES including:

- (1) Americas,
- (2) Europe, Middle East and Africa ("EMEA"), and
- (3) Asia Pacific;

and

- (4) LaSalle.

Each geographic region offers our full range of real estate services, including agency leasing and tenant representation, capital markets, property and facility management, project and development management, energy management and sustainability, construction management, and advisory, consulting and valuation services. LaSalle provides investment management services on a global basis to institutional investors and high-net-worth individuals.

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

Segment income does not include (i) restructuring and acquisition charges, (ii) interest expense, net of interest income, (iii) other income, and (iv) provision for income tax, which are otherwise included in Net income on the Consolidated Statements of Comprehensive Income.

The Chief Operating Decision Maker of JLL measures and evaluates the segment results based on Segment income for purposes of making decisions about allocating resources and assessing performance. As of September 30, 2020, we define the Chief Operating Decision Maker collectively as our Global Executive Board, which comprises the following:

- Chief Executive Officer and President
- Chief Financial Officer
- Chief Human Resources Officer
- Chief Executive Officers of each of our four business segments
- Chief Executive Officer of Corporate Solutions
- Chief Executive Officer of Capital Markets
- Co-Chief Executive Officers of JLL Technologies

[Table of Contents](#)

Summarized financial information by business segment is as follows.

| (in millions)                        | Three Months Ended September 30, |                | Nine Months Ended September 30, |                |
|--------------------------------------|----------------------------------|----------------|---------------------------------|----------------|
|                                      | 2020                             | 2019           | 2020                            | 2019           |
| <b>Americas</b>                      |                                  |                |                                 |                |
| Leasing                              | \$ 325.2                         | 472.7          | \$ 1,022.2                      | 1,354.3        |
| Capital Markets                      | 190.8                            | 323.2          | 579.0                           | 553.1          |
| Property & Facility Management       | 1,433.3                          | 1,386.3        | 4,331.6                         | 4,119.2        |
| Project & Development Services       | 336.2                            | 406.0          | 917.9                           | 1,091.5        |
| Advisory, Consulting and Other       | 95.3                             | 99.4           | 282.2                           | 283.2          |
| <b>Revenue</b>                       | <b>\$ 2,380.8</b>                | <b>2,687.6</b> | <b>\$ 7,132.9</b>               | <b>7,401.3</b> |
| <b>Depreciation and amortization</b> | <b>\$ 36.4</b>                   | <b>35.3</b>    | <b>\$ 112.9</b>                 | <b>88.9</b>    |
| <b>Equity earnings</b>               | <b>\$ 4.8</b>                    | <b>1.5</b>     | <b>\$ 20.4</b>                  | <b>1.6</b>     |
| <b>Segment income</b>                | <b>\$ 140.0</b>                  | <b>177.9</b>   | <b>\$ 277.1</b>                 | <b>359.1</b>   |
| <b>EMEA</b>                          |                                  |                |                                 |                |
| Leasing                              | \$ 58.5                          | 72.2           | \$ 153.3                        | 190.3          |
| Capital Markets                      | 73.3                             | 106.2          | 196.5                           | 248.7          |
| Property & Facility Management       | 348.7                            | 387.1          | 1,044.2                         | 1,137.0        |
| Project & Development Services       | 190.8                            | 234.2          | 558.3                           | 633.9          |
| Advisory, Consulting and Other       | 72.5                             | 62.9           | 173.6                           | 194.4          |
| <b>Revenue</b>                       | <b>\$ 743.8</b>                  | <b>862.6</b>   | <b>\$ 2,125.9</b>               | <b>2,404.3</b> |
| <b>Depreciation and amortization</b> | <b>\$ 9.8</b>                    | <b>10.1</b>    | <b>\$ 28.0</b>                  | <b>32.7</b>    |
| <b>Equity earnings (losses)</b>      | <b>\$ 0.8</b>                    | <b>—</b>       | <b>\$ 0.8</b>                   | <b>(1.0)</b>   |
| <b>Segment income (loss)</b>         | <b>\$ (1.9)</b>                  | <b>13.8</b>    | <b>\$ (55.8)</b>                | <b>(17.9)</b>  |
| <b>Asia Pacific</b>                  |                                  |                |                                 |                |
| Leasing                              | \$ 46.6                          | 59.4           | \$ 105.8                        | 161.5          |
| Capital Markets                      | 20.4                             | 50.6           | 66.1                            | 128.2          |
| Property & Facility Management       | 521.3                            | 539.4          | 1,568.5                         | 1,630.6        |
| Project & Development Services       | 104.5                            | 145.7          | 296.5                           | 393.9          |
| Advisory, Consulting and Other       | 50.4                             | 38.7           | 133.7                           | 123.5          |
| <b>Revenue</b>                       | <b>\$ 743.2</b>                  | <b>833.8</b>   | <b>\$ 2,170.6</b>               | <b>2,437.7</b> |
| <b>Depreciation and amortization</b> | <b>\$ 6.9</b>                    | <b>6.5</b>     | <b>\$ 20.5</b>                  | <b>19.3</b>    |
| <b>Equity earnings</b>               | <b>\$ 0.9</b>                    | <b>0.7</b>     | <b>\$ 0.7</b>                   | <b>1.4</b>     |
| <b>Segment income</b>                | <b>\$ 35.8</b>                   | <b>31.5</b>    | <b>\$ 57.4</b>                  | <b>59.5</b>    |
| <b>LaSalle</b>                       |                                  |                |                                 |                |
| Advisory fees                        | \$ 84.6                          | 79.9           | \$ 251.1                        | 237.0          |
| Transaction fees & other             | 17.7                             | 14.2           | 36.1                            | 43.7           |
| Incentive fees                       | 8.0                              | 17.5           | 27.9                            | 58.7           |
| <b>Revenue</b>                       | <b>\$ 110.3</b>                  | <b>111.6</b>   | <b>\$ 315.1</b>                 | <b>339.4</b>   |
| <b>Depreciation and amortization</b> | <b>\$ 1.8</b>                    | <b>1.7</b>     | <b>\$ 5.4</b>                   | <b>4.7</b>     |
| <b>Equity earnings (losses)</b>      | <b>\$ 8.5</b>                    | <b>14.9</b>    | <b>\$ (20.5)</b>                | <b>30.3</b>    |
| <b>Segment income</b>                | <b>\$ 29.5</b>                   | <b>35.5</b>    | <b>\$ 28.8</b>                  | <b>93.0</b>    |

The following table is a reconciliation of Segment income to consolidated Operating income.

| (in millions)                              | Three Months Ended September 30, |        | Nine Months Ended September 30, |         |
|--------------------------------------------|----------------------------------|--------|---------------------------------|---------|
|                                            | 2020                             | 2019   | 2020                            | 2019    |
| Segment income - Americas                  | \$ 140.0                         | 177.9  | \$ 277.1                        | 359.1   |
| Segment income (loss) - EMEA               | (1.9)                            | 13.8   | (55.8)                          | (17.9)  |
| Segment income - APAC                      | 35.8                             | 31.5   | 57.4                            | 59.5    |
| Segment income - LaSalle                   | 29.5                             | 35.5   | 28.8                            | 93.0    |
| Less: Equity earnings                      | (15.0)                           | (17.1) | (1.4)                           | (32.3)  |
| Add: Restructuring and acquisition charges | (33.5)                           | (70.0) | (75.8)                          | (114.3) |
| Operating income                           | \$ 154.9                         | 171.6  | \$ 230.3                        | 347.1   |

## 5. BUSINESS COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS

### 2020 Business Combinations Activity

During the nine months ended September 30, 2020, we completed no new acquisitions and paid \$58.5 million for deferred business acquisition and earn-out obligations for acquisitions completed in prior years.

### 2019 Business Combinations Activity

During the nine months ended September 30, 2020, we made no adjustments to our preliminary allocation of the purchase consideration for certain acquisitions completed in 2019. As of September 30, 2020, we have completed our analysis to assign fair values to all the identifiable intangible and tangible assets acquired for our 2019 acquisitions.

### Earn-Out Payments

| (\$ in millions)                                                                                         | September 30, 2020 |       | December 31, 2019 |       |
|----------------------------------------------------------------------------------------------------------|--------------------|-------|-------------------|-------|
| Number of acquisitions with earn-out payments subject to the achievement of certain performance criteria |                    | 42    |                   | 44    |
| Maximum earn-out payments (undiscounted)                                                                 | \$                 | 221.3 | \$                | 268.9 |
| Short-term earn-out liabilities (fair value) <sup>1</sup>                                                |                    | 77.0  |                   | 53.9  |
| Long-term earn-out liabilities (fair value) <sup>1</sup>                                                 |                    | 18.0  |                   | 94.5  |

<sup>1</sup> Included in Short-term and Long-term acquisition-related obligations on the Condensed Consolidated Balance Sheets.

Assuming the achievement of the applicable performance criteria, we anticipate making these earn-out payments over the next five years. Refer to Note 8, Fair Value Measurements, and Note 11, Restructuring and Acquisition Charges, for additional discussion of our earn-out liabilities.

### Goodwill and Other Intangible Assets

Goodwill and unamortized intangibles as of September 30, 2020 consisted of: (1) goodwill of \$4,164.0 million, (2) identifiable intangibles of \$601.9 million amortized over their remaining finite useful lives, and (3) \$52.0 million of identifiable intangibles with indefinite useful lives that are not amortized. Notable portions of our goodwill and unamortized intangibles are denominated in currencies other than the U.S. dollar, which means a portion of the movements in the reported book value of these balances is attributable to movements in foreign currency exchange rates.

During the three months ended September 30, 2020, as part of our annual impairment test of goodwill, we have considered qualitative and quantitative factors and determined it is not more-likely-than-not that the fair value of our Americas, Asia Pacific, and LaSalle reporting units are less than their carrying values. With respect to our EMEA reporting unit reporting, we performed step 1 of the goodwill impairment analysis which indicated the estimated fair value exceeded the carrying value by over 20%. In performing step 1, we relied on the discounted cash flow ("DCF") method, an income approach, in determining the estimated fair value. Our DCF analysis relied on significant judgments and assumptions in determining the inputs, specifically, forecasted revenue growth, forecasted profitability margin, and the discount rate used to present value the estimated future cash flows.

The following tables detail, by reporting segment, movements in goodwill.

| (in millions)                            | Real Estate Services |              |              |             | Consolidated      |
|------------------------------------------|----------------------|--------------|--------------|-------------|-------------------|
|                                          | Americas             | EMEA         | Asia Pacific | LaSalle     |                   |
| Balance as of December 31, 2019          | \$ 2,877.6           | 915.9        | 317.6        | 57.1        | \$ 4,168.2        |
| <b>Dispositions</b>                      | —                    | (0.7)        | —            | —           | (0.7)             |
| <b>Impact of exchange rate movements</b> | (1.1)                | (4.7)        | 2.6          | (0.3)       | (3.5)             |
| <b>Balance as of September 30, 2020</b>  | <b>\$ 2,876.5</b>    | <b>910.5</b> | <b>320.2</b> | <b>56.8</b> | <b>\$ 4,164.0</b> |

| (in millions)                     | Real Estate Services |        |              |         | Consolidated |
|-----------------------------------|----------------------|--------|--------------|---------|--------------|
|                                   | Americas             | EMEA   | Asia Pacific | LaSalle |              |
| Balance as of December 31, 2018   | \$ 1,452.0           | 906.8  | 316.8        | 22.2    | \$ 2,697.8   |
| Additions, net of adjustments     | 1,392.9              | 1.6    | —            | 35.5    | 1,430.0      |
| Dispositions                      | —                    | (0.9)  | —            | —       | (0.9)        |
| Impact of exchange rate movements | 0.3                  | (37.6) | (4.6)        | (1.8)   | (43.7)       |
| Balance as of September 30, 2019  | \$ 2,845.2           | 869.9  | 312.2        | 55.9    | \$ 4,083.2   |

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

| (in millions)                                | MSRs       | Other Intangibles |        |              |         | Consolidated |
|----------------------------------------------|------------|-------------------|--------|--------------|---------|--------------|
|                                              | Americas   | Americas          | EMEA   | Asia Pacific | LaSalle |              |
| Gross Carrying Amount                        |            |                   |        |              |         |              |
| Balance as of December 31, 2019              | \$ 480.4   | 285.7             | 55.9   | 21.4         | 54.0    | \$ 897.4     |
| Additions, net of adjustments <sup>(1)</sup> | 77.9       | —                 | —      | 0.5          | —       | 78.4         |
| Adjustment for fully amortized intangibles   | (30.9)     | (14.1)            | (0.4)  | —            | —       | (45.4)       |
| Impact of exchange rate movements            | —          | (0.2)             | (1.5)  | 0.3          | 1.9     | 0.5          |
| Balance as of September 30, 2020             | \$ 527.4   | 271.4             | 54.0   | 22.2         | 55.9    | \$ 930.9     |
| Accumulated Amortization                     |            |                   |        |              |         |              |
| Balance as of December 31, 2019              | \$ (104.0) | (68.3)            | (33.1) | (6.7)        | (2.7)   | \$ (214.8)   |
| Amortization, net <sup>(2)</sup>             | (65.5)     | (35.0)            | (5.2)  | (1.1)        | (2.0)   | (108.8)      |
| Adjustment for fully amortized intangibles   | 30.9       | 14.1              | 0.4    | —            | —       | 45.4         |
| Impact of exchange rate movements            | —          | 0.4               | 0.9    | (0.1)        | —       | 1.2          |
| Balance as of September 30, 2020             | \$ (138.6) | (88.8)            | (37.0) | (7.9)        | (4.7)   | \$ (277.0)   |
| Net book value as of September 30, 2020      |            |                   |        |              |         |              |
|                                              | \$ 388.8   | 182.6             | 17.0   | 14.3         | 51.2    | \$ 653.9     |

(1) Included in this amount for MSRs was (i) \$15.3 million relating to prepayments/write-offs due to prepayments of the underlying obligation for which we assumed, acquired or retained the servicing rights and (ii) \$1.9 million relating to a net impairment valuation allowance.

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

| (in millions)                                | MSRs      | Other Intangibles |        |              |         | Consolidated |
|----------------------------------------------|-----------|-------------------|--------|--------------|---------|--------------|
|                                              | Americas  | Americas          | EMEA   | Asia Pacific | LaSalle |              |
| Gross Carrying Amount                        |           |                   |        |              |         |              |
| Balance as of December 31, 2018              | \$ 266.2  | 90.0              | 83.1   | 23.5         | 43.9    | \$ 506.7     |
| Additions, net of adjustments <sup>(1)</sup> | 208.3     | 194.5             | —      | —            | 10.3    | 413.1        |
| Adjustment for fully amortized intangibles   | (21.8)    | (0.7)             | (22.1) | (2.0)        | —       | (46.6)       |
| Impairments                                  | —         | (0.5)             | —      | —            | —       | (0.5)        |
| Impact of exchange rate movements            | —         | —                 | (2.8)  | (0.8)        | (1.6)   | (5.2)        |
| Balance as of September 30, 2019             | \$ 452.7  | 283.3             | 58.2   | 20.7         | 52.6    | \$ 867.5     |
| Accumulated Amortization                     |           |                   |        |              |         |              |
| Balance as of December 31, 2018              | \$ (72.4) | (38.8)            | (51.8) | (6.8)        | —       | \$ (169.8)   |
| Amortization, net <sup>(2)</sup>             | (41.6)    | (18.9)            | (7.5)  | (1.6)        | (2.0)   | (71.6)       |
| Adjustment for fully amortized intangibles   | 21.8      | 0.7               | 22.1   | 2.0          | —       | 46.6         |
| Impairments                                  | —         | 0.5               | —      | —            | —       | 0.5          |
| Impact of exchange rate movements            | —         | —                 | 2.2    | 0.2          | —       | 2.4          |
| Balance as of September 30, 2019             | \$ (92.2) | (56.5)            | (35.0) | (6.2)        | (2.0)   | \$ (191.9)   |
| Net book value as of September 30, 2019      |           |                   |        |              |         |              |
|                                              | \$ 360.5  | 226.8             | 23.2   | 14.5         | 50.6    | \$ 675.6     |

(1) Included in this amount for MSRs was \$10.6 million relating to prepayments/write-offs due to prepayments of the underlying obligation for which we assumed, acquired or retained the servicing rights.

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

The remaining estimated future amortization expense of MSRs and other identifiable intangible assets, by year, as of September 30, 2020, is presented in the following table.

| (in millions)                    | MSRs     | Other Intangibles | Total    |
|----------------------------------|----------|-------------------|----------|
| <b>2020 (remaining 3 months)</b> | \$ 17.2  | 16.0              | \$ 33.2  |
| <b>2021</b>                      | 66.2     | 48.6              | 114.8    |
| <b>2022</b>                      | 59.3     | 42.9              | 102.2    |
| <b>2023</b>                      | 53.0     | 40.5              | 93.5     |
| <b>2024</b>                      | 45.4     | 36.2              | 81.6     |
| <b>2025</b>                      | 37.7     | 18.9              | 56.6     |
| <b>Thereafter</b>                | 110.0    | 10.0              | 120.0    |
| <b>Total</b>                     | \$ 388.8 | 213.1             | \$ 601.9 |

## 6. INVESTMENTS IN REAL ESTATE VENTURES

As of September 30, 2020 and December 31, 2019, we had Investments in real estate ventures of \$389.6 million and \$404.2 million, respectively.

Approximately 90% of our investments, as of September 30, 2020, are primarily (i) direct investments in 48 separate property or commingled funds, where we co-invest alongside our clients and for which we also have an advisory agreement and (ii) investments by JLL Spark in property-technology funds and early-stage companies. The remaining 10% of our Investments in real estate ventures, as of September 30, 2020, were attributable to investment vehicles that use our capital and outside capital primarily provided by institutional investors to invest, primarily, in certain real estate ventures that own and operate real estate. Of our investments attributable to investment vehicles, the majority was invested in LaSalle Investment Company II ("LIC II"), in which we held an effective ownership interest of 48.78%.

We have maximum potential unfunded commitments to direct investments or investment vehicles of \$338.8 million as of September 30, 2020. Of this amount, while we remain contractually obligated, we do not expect a call on the \$60.4 million relating to our investment in LIC II as its fund life terminated in January 2020.

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

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

| (in millions)                                         | September 30, 2020 | December 31, 2019 |
|-------------------------------------------------------|--------------------|-------------------|
| Property and equipment, net                           | \$ 132.9           | 126.3             |
| Investments in real estate ventures                   | 9.2                | 13.2              |
| Other assets                                          | 9.6                | 14.3              |
| Total assets                                          | \$ 151.7           | 153.8             |
| Other current liabilities                             | \$ 2.6             | 3.2               |
| Mortgage indebtedness (included in Other liabilities) | 71.3               | 69.7              |
| Total liabilities                                     | 73.9               | 72.9              |
| Members' equity (included in Noncontrolling interest) | 77.8               | 80.9              |
| Total liabilities and members' equity                 | \$ 151.7           | 153.8             |

| (in millions)                                 | Three Months Ended September 30, |       | Nine Months Ended September 30, |       |
|-----------------------------------------------|----------------------------------|-------|---------------------------------|-------|
|                                               | 2020                             | 2019  | 2020                            | 2019  |
| Revenue                                       | \$ 3.6                           | 1.9   | \$ 10.8                         | 4.9   |
| Operating and other expenses                  | (3.7)                            | (2.1) | (11.9)                          | (5.3) |
| Net gains on sale of investments <sup>1</sup> | 3.1                              | —     | 15.3                            | —     |
| Net income (loss)                             | \$ 3.0                           | (0.2) | \$ 14.2                         | (0.4) |

(1) \$12.2 million of the year-to-date gain is included in Equity earnings; the remaining \$3.1 million is included in Other income.

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

**Impairment**

There were no significant other-than-temporary impairment charges on Investments in real estate ventures for the nine months ended September 30, 2020 and 2019.

**Fair Value**

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

| (in millions)                                 | 2020     | 2019   |
|-----------------------------------------------|----------|--------|
| Fair value investments as of January 1,       | \$ 328.6 | 247.3  |
| Investments                                   | 36.8     | 67.1   |
| Distributions                                 | (58.8)   | (39.2) |
| Change in fair value, net                     | (9.1)    | 29.8   |
| Foreign currency translation adjustments, net | 1.5      | (0.8)  |
| Fair value investments as of September 30,    | \$ 299.0 | 304.2  |

See Note 8, Fair Value Measurements, for additional discussion of our investments in real estate ventures reported at fair value.

## 7. STOCK-BASED COMPENSATION

### Stock Unit Awards

Restricted stock unit ("RSU") and performance stock unit ("PSU") awards activity is presented in the following tables.

|                                          | RSU Shares<br>(in 000's) | PSU Shares<br>(in 000's) | Total Shares<br>(in 000's) | Weighted Average<br>Grant Date<br>Fair Value | Weighted Average<br>Remaining<br>Contractual Life<br>(in years) |
|------------------------------------------|--------------------------|--------------------------|----------------------------|----------------------------------------------|-----------------------------------------------------------------|
| Unvested as of June 30, 2020             | 1,343.2                  | 558.8                    | 1,902.0                    | \$ 137.93                                    | 2.01                                                            |
| <b>Granted</b>                           | <b>11.2</b>              | <b>4.4</b>               | <b>15.6</b>                | <b>107.51</b>                                |                                                                 |
| <b>Vested</b>                            | <b>(213.5)</b>           | <b>—</b>                 | <b>(213.5)</b>             | <b>140.38</b>                                |                                                                 |
| <b>Forfeited</b>                         | <b>(13.0)</b>            | <b>(4.5)</b>             | <b>(17.5)</b>              | <b>134.03</b>                                |                                                                 |
| <b>Unvested as of September 30, 2020</b> | <b>1,127.9</b>           | <b>558.7</b>             | <b>1,686.6</b>             | <b>\$ 137.49</b>                             | <b>1.85</b>                                                     |
| Unvested as of June 30, 2019             | 436.7                    | 259.6                    | 696.3                      | \$ 144.17                                    | 2.25                                                            |
| Granted                                  | 1,130.1                  | —                        | 1,130.1                    | 141.14                                       |                                                                 |
| Vested                                   | (45.8)                   | —                        | (45.8)                     | 122.48                                       |                                                                 |
| Forfeited                                | (8.1)                    | —                        | (8.1)                      | 138.96                                       |                                                                 |
| Unvested as of September 30, 2019        | 1,512.9                  | 259.6                    | 1,772.5                    | \$ 142.82                                    | 2.59                                                            |

  

|                                          | RSU Shares<br>(in 000's) | PSU Shares<br>(in 000's) | Total Shares<br>(in 000's) | Weighted Average<br>Grant Date<br>Fair Value | Weighted Average<br>Remaining<br>Contractual Life<br>(in years) |
|------------------------------------------|--------------------------|--------------------------|----------------------------|----------------------------------------------|-----------------------------------------------------------------|
| Unvested as of December 31, 2019         | 1,532.3                  | 286.8                    | 1,819.1                    | \$ 141.51                                    | 2.39                                                            |
| <b>Granted</b>                           | <b>173.1</b>             | <b>276.4</b>             | <b>449.5</b>               | <b>114.19</b>                                |                                                                 |
| <b>Vested</b>                            | <b>(548.4)</b>           | <b>—</b>                 | <b>(548.4)</b>             | <b>137.92</b>                                |                                                                 |
| <b>Forfeited</b>                         | <b>(29.1)</b>            | <b>(4.5)</b>             | <b>(33.6)</b>              | <b>136.96</b>                                |                                                                 |
| <b>Unvested as of September 30, 2020</b> | <b>1,127.9</b>           | <b>558.7</b>             | <b>1,686.6</b>             | <b>\$ 137.49</b>                             | <b>1.85</b>                                                     |
| Unvested as of December 31, 2018         | 559.6                    | 93.1                     | 652.7                      | \$ 131.32                                    | 2.02                                                            |
| Granted                                  | 1,243.4                  | 166.9                    | 1,410.3                    | 149.22                                       |                                                                 |
| Vested                                   | (268.3)                  | —                        | (268.3)                    | 116.25                                       |                                                                 |
| Forfeited                                | (21.8)                   | (0.4)                    | (22.2)                     | 134.54                                       |                                                                 |
| Unvested as of September 30, 2019        | 1,512.9                  | 259.6                    | 1,772.5                    | \$ 142.82                                    | 2.59                                                            |

As of September 30, 2020, we had \$84.3 million of unamortized deferred compensation related to unvested RSUs and PSUs, which we anticipate recognizing over varying periods into 2024; \$41.5 million relates to the awards issued in conjunction with the HFF acquisition.

## 8. FAIR VALUE MEASUREMENTS

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

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

### Financial Instruments

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

We estimated the fair value of our Long-term debt as \$686.1 million and \$685.9 million as of September 30, 2020 and December 31, 2019, respectively, using dealer quotes that are Level 2 inputs in the fair value hierarchy. The carrying value of our Long-term debt was \$682.9 million and \$664.6 million as of September 30, 2020 and December 31, 2019, respectively, and included debt issuance costs of \$2.7 million and \$3.1 million, respectively.

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

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

For the majority of our investments reported at fair value, we estimate the fair value using the NAV per share (or its equivalent) our investees provide. Critical inputs to NAV estimates included valuations of the underlying real estate assets and borrowings, which incorporate investment-specific assumptions such as discount rates, capitalization rates, rental and expense growth rates, and asset-specific market borrowing rates. As of September 30, 2020 and December 31, 2019, investments in real estate ventures at fair value using NAV were \$192.4 million and \$224.8 million, respectively. As these investments are not required to be classified in the fair value hierarchy, they have been excluded from the following table.

## Recurring Fair Value Measurements

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

| (in millions)                                    | September 30, 2020 |                |              | December 31, 2019 |              |              |
|--------------------------------------------------|--------------------|----------------|--------------|-------------------|--------------|--------------|
|                                                  | Level 1            | Level 2        | Level 3      | Level 1           | Level 2      | Level 3      |
| <b>Assets</b>                                    |                    |                |              |                   |              |              |
| Investments in real estate ventures - fair value | \$ 56.4            | —              | 50.2         | 69.4              | —            | 34.4         |
| Foreign currency forward contracts receivable    | —                  | 3.2            | —            | —                 | 10.5         | —            |
| Warehouse receivables                            | —                  | 1,750.6        | —            | —                 | 527.1        | —            |
| Deferred compensation plan assets                | —                  | 410.7          | —            | —                 | 349.9        | —            |
| Mortgage banking derivative assets               | —                  | —              | 87.0         | —                 | —            | 36.1         |
| <b>Total assets at fair value</b>                | <b>\$ 56.4</b>     | <b>2,164.5</b> | <b>137.2</b> | <b>69.4</b>       | <b>887.5</b> | <b>70.5</b>  |
| <b>Liabilities</b>                               |                    |                |              |                   |              |              |
| Foreign currency forward contracts payable       | —                  | 10.5           | —            | —                 | 4.4          | —            |
| Deferred compensation plan liabilities           | —                  | 388.4          | —            | —                 | 346.1        | —            |
| Earn-out liabilities                             | —                  | —              | 95.0         | —                 | —            | 148.5        |
| Mortgage banking derivative liabilities          | —                  | —              | 80.8         | —                 | —            | 25.9         |
| <b>Total liabilities at fair value</b>           | <b>\$ —</b>        | <b>398.9</b>   | <b>175.8</b> | <b>—</b>          | <b>350.5</b> | <b>174.4</b> |

## Investments in Real Estate Ventures

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

Investments classified as Level 3 in the fair value hierarchy represent investments in early-stage non-public entities where we elected the fair value option. The carrying value was deemed to approximate fair value for the majority of these investments due to the proximity of the investment date to the balance sheet date as well as consideration of investee-level performance updates. To the extent there are changes in fair value, a result of pricing in subsequent funding rounds or changes in business strategy, for example, we recognize such changes through Equity earnings.

## Foreign Currency Forward Contracts

We regularly use foreign currency forward contracts to manage our currency exchange rate risk related to intercompany lending and cash management practices. We determine the fair values of these contracts based on current market rates. The inputs for these valuations are Level 2 inputs in the fair value hierarchy. As of September 30, 2020 and December 31, 2019, these contracts had a gross notional value of \$2.03 billion (\$1.05 billion on a net basis) and \$2.30 billion (\$1.05 billion on a net basis), respectively.

We recognize gains and losses from revaluation of these contracts as a component of Operating, administrative and other expense. They are offset by the gains and losses we recognize on the revaluation of intercompany loans and other foreign currency balances. The impact to net income was not significant for the nine months ended September 30, 2020 or 2019.

We record the asset and liability positions for our foreign currency forward contracts based on the net payable or net receivable position with the financial institutions from which we purchase these contracts. The \$3.2 million asset as of September 30, 2020, was composed of gross contracts with receivable positions of \$3.4 million and payable positions of \$0.2 million. The \$10.5 million liability as of September 30, 2020, was composed of gross contracts with receivable positions of \$1.9 million and payable positions of \$12.4 million. As of December 31, 2019, the \$10.5 million asset was composed of gross contracts with receivable positions of \$10.6 million and payable positions of \$0.1 million. The \$4.4 million liability as of December 31, 2019, was composed of gross contracts with receivable positions of \$0.8 million and payable positions of \$5.2 million.

### ***Warehouse Receivables***

As of September 30, 2020 and December 31, 2019, all of our Warehouse receivables were under commitment to be purchased by government-sponsored enterprises ("GSEs") or by a qualifying investor as part of a U.S. government or GSE mortgage-backed security program.

### ***Deferred Compensation Plan***

We maintain a deferred compensation plan for certain of our U.S. employees that allows them to defer portions of their compensation. We recorded this plan on our Condensed Consolidated Balance Sheet as of September 30, 2020, as Deferred compensation plan assets of \$410.7 million, long-term deferred compensation plan liabilities of \$388.4 million, included in Deferred compensation, and as a reduction of equity, Shares held in trust, of \$5.6 million. We recorded this plan on our Condensed Consolidated Balance Sheet as of December 31, 2019, as Deferred compensation plan assets of \$349.9 million, long-term deferred compensation plan liabilities of \$346.1 million, included in Deferred compensation, and as a reduction of equity, Shares held in trust, of \$5.7 million.

### ***Earn-Out Liabilities***

We classify our earn-out liabilities within Level 3 in the fair value hierarchy because the inputs we use to develop the estimated fair value include unobservable inputs. See Note 5, Business Combinations, Goodwill and Other Intangible Assets, for additional discussion of our earn-out liabilities.

### ***Mortgage Banking Derivatives***

Both our interest rate lock commitments to prospective borrowers and forward sale contracts with prospective investors are undesignated derivatives and considered Level 3 valuations due to significant unobservable inputs related to counterparty credit risk. An increase in counterparty credit risk assumptions would result in a lower fair value measurement.

[Table of Contents](#)

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

|                                                                | Balance as of June 30,<br>2020 | Net change in<br>fair value | Foreign CTA <sup>1</sup> | Purchases /<br>Additions | Settlements | Balance as of September 30,<br>2020 |
|----------------------------------------------------------------|--------------------------------|-----------------------------|--------------------------|--------------------------|-------------|-------------------------------------|
| <b>Investments in real estate ventures</b>                     | \$ 44.3                        | 4.3                         | —                        | 1.6                      | —           | \$ 50.2                             |
| <b>Mortgage banking derivative assets and liabilities, net</b> | (5.5)                          | (2.6)                       | —                        | 48.2                     | (33.9)      | 6.2                                 |
| <b>Earn-out liabilities</b>                                    | 97.8                           | (0.6)                       | 0.7                      | —                        | (2.9)       | 95.0                                |

|                                                         | Balance as of June 30,<br>2019 | Net change in fair<br>value | Foreign CTA <sup>1</sup> | Purchases /<br>Additions | Settlements | Balance as of September 30,<br>2019 |
|---------------------------------------------------------|--------------------------------|-----------------------------|--------------------------|--------------------------|-------------|-------------------------------------|
| Investments in real estate ventures                     | \$ 20.0                        | 0.8                         | —                        | 6.5                      | (0.8)       | \$ 26.5                             |
| Mortgage banking derivative assets and liabilities, net | (1.3)                          | (7.1)                       | —                        | 45.3                     | (9.9)       | 27.0                                |
| Earn-out liabilities                                    | 180.3                          | 0.7                         | (2.4)                    | —                        | (4.8)       | 173.8                               |

| (in millions)                                                  | Balance as of December<br>31, 2019 | Net change in<br>fair value | Foreign CTA <sup>1</sup> | Purchases /<br>Additions | Settlements | Balance as of September 30,<br>2020 |
|----------------------------------------------------------------|------------------------------------|-----------------------------|--------------------------|--------------------------|-------------|-------------------------------------|
| <b>Investments in real estate ventures</b>                     | \$ 34.4                            | 6.8                         | —                        | 9.0                      | —           | \$ 50.2                             |
| <b>Mortgage banking derivative assets and liabilities, net</b> | 10.2                               | (93.2)                      | —                        | 112.9                    | (23.7)      | 6.2                                 |
| <b>Earn-out liabilities</b>                                    | 148.5                              | (8.2)                       | (0.2)                    | —                        | (45.1)      | 95.0                                |

| (in millions)                                           | Balance as of December<br>31, 2018 | Net change in fair<br>value | Foreign CTA <sup>1</sup> | Purchases /<br>Additions | Settlements | Balance as of June 30, 2019 |
|---------------------------------------------------------|------------------------------------|-----------------------------|--------------------------|--------------------------|-------------|-----------------------------|
| Investments in real estate ventures                     | \$ 11.5                            | 0.8                         | —                        | 15.0                     | (0.8)       | \$ 26.5                     |
| Mortgage banking derivative assets and liabilities, net | 6.3                                | (28.8)                      | —                        | 77.8                     | (28.3)      | 27.0                        |
| Earn-out liabilities                                    | 192.0                              | 20.7                        | (2.6)                    | 1.5                      | (37.8)      | 173.8                       |

<sup>1</sup> CTA: Currency translation adjustments

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

| Category of Assets/Liabilities using Unobservable Inputs            | Condensed Consolidated Statements<br>of Comprehensive Income Account Caption |
|---------------------------------------------------------------------|------------------------------------------------------------------------------|
| Earn-out liabilities (Short-term and Long-term)                     | Restructuring and acquisition charges                                        |
| Investments in real estate ventures                                 | Equity earnings                                                              |
| Other current assets - Mortgage banking derivative assets           | Revenue before reimbursements                                                |
| Other current liabilities - Mortgage banking derivative liabilities | Revenue before reimbursements                                                |

## Non-Recurring Fair Value Measurements

We review our investments in real estate ventures, except those investments otherwise reported at fair value, on a quarterly basis, or as otherwise deemed necessary, for indications of whether we may be unable to recover the carrying value of our investments and whether such investments are other-than-temporarily impaired. When the carrying amount of the investment is in excess of the estimated future undiscounted cash flows, we use a discounted cash flow approach or other acceptable method to determine the fair value of the investment in computing the amount of the impairment. Our determination of fair value primarily relies on Level 3 inputs. We did not recognize any significant investment-level impairment losses during either of the three or nine months ended September 30, 2020 or 2019. See Note 6, Investments in Real Estate Ventures, for additional information, including information related to impairment charges recorded at the investee level.

## 9. DEBT

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

| (in millions)                                                                                                          | September 30, 2020 | December 31, 2019 |
|------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| <b>Short-term borrowings:</b>                                                                                          |                    |                   |
| Local overdraft facilities                                                                                             | \$ 12.2            | 44.8              |
| Other short-term borrowings                                                                                            | 94.2               | 75.3              |
| <b>Total short-term borrowings</b>                                                                                     | <b>\$ 106.4</b>    | <b>120.1</b>      |
| Credit facility, net of debt issuance costs of \$9.6 and \$12.3                                                        | 390.4              | 512.7             |
| Long-term senior notes, 4.4%, face amount of \$275.0, due November 2022, net of debt issuance costs of \$0.8 and \$1.2 | 274.2              | 273.8             |
| Long-term senior notes, 1.96%, face amount of €175.0, due June 2027, net of debt issuance costs of \$0.9 and \$0.9     | 204.4              | 195.4             |
| Long-term senior notes, 2.21%, face amount of €175.0, due June 2029, net of debt issuance costs of \$1.0 and \$1.0     | 204.3              | 195.4             |
| <b>Total debt</b>                                                                                                      | <b>\$ 1,179.7</b>  | <b>1,297.4</b>    |

### Credit Facility

We have a \$2.75 billion unsecured revolving credit facility (the "Facility") that matures on May 17, 2023. Pricing on the Facility ranges from LIBOR plus 0.875% to 1.35%, with pricing as of September 30, 2020, at LIBOR plus 0.95%. In addition to outstanding borrowings under the Facility presented in the above table, we had outstanding letters of credit under the Facility of \$0.7 million and \$0.8 million as of September 30, 2020 and December 31, 2019, respectively.

The following tables provides additional information on our Facility.

| (\$ in millions)                                  | Three Months Ended September 30, |         | Nine Months Ended September 30, |       |
|---------------------------------------------------|----------------------------------|---------|---------------------------------|-------|
|                                                   | 2020                             | 2019    | 2020                            | 2019  |
| Average outstanding borrowings under the Facility | \$ 758.9                         | 1,408.5 | \$ 1,014.3                      | 763.9 |
| Effective interest rate on the Facility           | 1.1%                             | 3.1%    | 1.6%                            | 3.2%  |

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

### Short-Term Borrowings and Long-Term Debt

In addition to our Facility, we have the capacity to borrow up to an additional \$85.9 million under local overdraft facilities. Amounts outstanding are presented in the debt table above.

As of September 30, 2020, our issuer and senior unsecured ratings are investment grade: Baa1 from Moody's Investors Service, Inc. and BBB+ from Standard & Poor's Ratings Services.

## Covenants

Our Facility and senior notes are subject to customary financial and other covenants, including cash interest coverage ratios and leverage ratios, as well as event of default conditions. We remained in compliance with all covenants as of September 30, 2020.

## Warehouse Facilities

| (\$ in millions)                                          | September 30, 2020  |                  | December 31, 2019   |                  |
|-----------------------------------------------------------|---------------------|------------------|---------------------|------------------|
|                                                           | Outstanding Balance | Maximum Capacity | Outstanding Balance | Maximum Capacity |
| <b>Warehouse Facilities:</b>                              |                     |                  |                     |                  |
| LIBOR plus 1.15%, October 21, 2020 <sup>1</sup>           | \$ 300.2            | 375.0            | 104.4               | 375.0            |
| LIBOR plus 1.40%, expires September 18, 2021 <sup>2</sup> | 1,016.0             | 1,200.0          | 184.8               | 775.0            |
| LIBOR plus 1.40%, expires August 27, 2021 <sup>3</sup>    | 85.1                | 200.0            | 11.4                | 100.0            |
| Fannie Mae ASAP <sup>4</sup> program, LIBOR plus 1.15%    | 84.3                | n/a              | 53.6                | n/a              |
| LIBOR plus 1.25% <sup>5</sup>                             | 239.2               | 500.0            | 151.6               | 1,000.0          |
| LIBOR plus 1.25%                                          | —                   | —                | 11.0                | 175.0            |
| <b>Gross warehouse facilities</b>                         | <b>1,724.8</b>      | <b>2,275.0</b>   | <b>516.8</b>        | <b>2,425.0</b>   |
| Debt issuance costs                                       | (1.0)               | n/a              | (0.9)               | n/a              |
| <b>Total warehouse facilities</b>                         | <b>\$ 1,723.8</b>   | <b>2,275.0</b>   | <b>515.9</b>        | <b>2,425.0</b>   |

<sup>1</sup> In the third quarter of 2020, JLL extended the Warehouse facility; previously, the facility had a maturity date of September 21, 2020. In October 2020, JLL extended the Warehouse facility to September 20, 2021 with a maximum capacity of \$400 million and an increase to the interest rate (to LIBOR plus 1.40%).

<sup>2</sup> In the third quarter of 2020, JLL extended the Warehouse facility with an increase to the interest rate; previously, the facility had a maturity date of September 19, 2020 and an interest rate of LIBOR plus 1.15%.

<sup>3</sup> In the third quarter of 2020, JLL extended the Warehouse facility with an increase to the interest rate; previously, the facility had a maturity date of August 31, 2020 and an interest rate of LIBOR plus 1.15%.

<sup>4</sup> As Soon As Pooled ("ASAP") funding program

<sup>5</sup> In the third quarter of 2020, the maximum capacity was reduced from \$1.0 billion to \$500 million.

We have lines of credit established for the sole purpose of funding our Warehouse receivables. These lines of credit exist with financial institutions and are secured by the related warehouse receivables. Pursuant to these warehouse facilities, we are required to comply with certain financial covenants regarding (1) minimum net worth, (2) minimum servicing-related loans, and (3) minimum adjusted leverage ratios. We remained in compliance with all covenants under our Warehouse facilities as of September 30, 2020.

## 10. COMMITMENTS AND CONTINGENCIES

We are a defendant in various litigation matters arising in the ordinary course of business, some of which involve claims for damages that are substantial in amount. When a potential loss event occurs, we estimate the ultimate cost of the claim and accrue the amount in Other current and long-term liabilities on our Condensed Consolidated Balance Sheets when probable and estimable. In addition, we have established receivables from third-party insurance providers for claim amounts in excess of the risk retained by our captive insurance company. In total, these receivables were \$41.0 million and \$37.7 million as of September 30, 2020 and December 31, 2019, respectively, and are included in Notes and other receivables and Long-term receivables on our Condensed Consolidated Balance Sheets.

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

|                                                                           |           |             |
|---------------------------------------------------------------------------|-----------|-------------|
| (in millions)                                                             |           |             |
| December 31, 2019                                                         | \$        | 38.1        |
| <b>New claims</b>                                                         |           | <b>5.8</b>  |
| <b>Prior year claims adjustments (including foreign currency changes)</b> |           | <b>0.8</b>  |
| <b>Claims paid</b>                                                        |           | <b>—</b>    |
| <b>September 30, 2020</b>                                                 | <b>\$</b> | <b>44.7</b> |
|                                                                           |           |             |
| December 31, 2018                                                         | \$        | 43.1        |
| New claims                                                                |           | 0.1         |
| Prior year claims adjustments (including foreign currency changes)        |           | (4.4)       |
| Claims paid                                                               |           | (1.1)       |
| September 30, 2019                                                        | \$        | 37.7        |

As a participant in the DUS program, we retain a portion of the risk of loss for loans that are originated and sold under the DUS program. Net losses on defaulted loans are shared with Fannie Mae based upon established loss-sharing ratios. Generally, we share approximately one-third of incurred losses, subject to a cap of 20% of the principal balance of the mortgage at origination. As of September 30, 2020 and December 31, 2019, we had loans subject to such loss-sharing arrangements with an aggregate unpaid principal balance of \$11.0 billion and \$9.7 billion, respectively.

For all DUS program loans with loss-sharing obligations, we record a non-contingent liability equal to the estimated fair value of the guarantee obligations undertaken upon sale of the loan, which reduces our gain on sale of the loan. Subsequently, this liability is amortized over the estimated life of the loan and recognized as Revenue on the Condensed Consolidated Statements of Comprehensive Income. As of September 30, 2020 and December 31, 2019, the loss-sharing guarantee obligations were \$20.7 million and \$20.6 million, respectively, and are included in Other liabilities on our Condensed Consolidated Balance Sheets. There were no loan losses incurred for the three and nine months ended September 30, 2020 and 2019.

## 11. RESTRUCTURING AND ACQUISITION CHARGES

Restructuring and acquisition charges include cash and non-cash expenses. Cash-based charges primarily consist of (1) severance and employment-related charges, including those related to external service providers, incurred in conjunction with a structural business shift, which can be represented by a notable change in headcount, change in leadership, or transformation of business processes, (2) acquisition, transaction and integration-related charges, and (3) other restructuring including lease exit charges. Non-cash charges include (1) stock-based compensation expense for retention awards issued in conjunction with the HFF acquisition and (2) fair value adjustments to earn-out liabilities relating to prior-period acquisition activity. Restructuring and acquisition charges are presented in table below.

| (in millions)                                               | Three Months Ended September 30, |             | Nine Months Ended September 30, |              |
|-------------------------------------------------------------|----------------------------------|-------------|---------------------------------|--------------|
|                                                             | 2020                             | 2019        | 2020                            | 2019         |
| Severance and other employment-related charges              | \$ 19.3                          | 7.2         | \$ 27.6                         | 17.6         |
| Restructuring, pre-acquisition and post-acquisition charges | 8.6                              | 48.1        | 25.9                            | 62.0         |
| Stock-based compensation expense for HFF retention awards   | 6.2                              | 14.0        | 30.5                            | 14.0         |
| Fair value adjustments to earn-out liabilities              | (0.6)                            | 0.7         | (8.2)                           | 20.7         |
| <b>Restructuring and acquisition charges</b>                | <b>\$ 33.5</b>                   | <b>70.0</b> | <b>\$ 75.8</b>                  | <b>114.3</b> |

The following tables show the accrual activity and payments relating to cash-based Restructuring and acquisition charges.

| (in millions)             | Severance & Employment-Related | Lease Exit    | Restructuring, Acquisition and Integration Costs | Total          |
|---------------------------|--------------------------------|---------------|--------------------------------------------------|----------------|
| December 31, 2019         | \$ 24.3                        | 8.4           | 3.8                                              | \$ 36.5        |
| <b>Accruals</b>           | <b>27.6</b>                    | <b>9.3</b>    | <b>16.6</b>                                      | <b>53.5</b>    |
| <b>Payments made</b>      | <b>(22.1)</b>                  | <b>(16.0)</b> | <b>(20.4)</b>                                    | <b>(58.5)</b>  |
| <b>September 30, 2020</b> | <b>\$ 29.8</b>                 | <b>1.7</b>    | <b>—</b>                                         | <b>\$ 31.5</b> |

| (in millions)      | Severance & Employment-Related | Lease Exit | Other Restructuring, Acquisition and Integration Costs | Total   |
|--------------------|--------------------------------|------------|--------------------------------------------------------|---------|
| December 31, 2018  | \$ 14.0                        | 0.6        | 0.5                                                    | \$ 15.1 |
| Accruals           | 17.6                           | 5.8        | 56.2                                                   | 79.6    |
| Payments made      | (21.2)                         | (1.5)      | (54.8)                                                 | (77.5)  |
| September 30, 2019 | \$ 10.4                        | 4.9        | 1.9                                                    | \$ 17.2 |

We expect the majority of accrued severance and other accrued acquisition costs as of September 30, 2020 will be paid during the next twelve months. Lease exit payments depend on the terms of various leases, which extend as far out as 2022.

### HFF Acquisition

Included in Restructuring and acquisition charges were \$13.8 million and \$55.2 million, respectively, for the three and nine months ended September 30, 2020 compared to \$60.1 million and \$69.8 million, respectively, for the three and nine months ended September 30, 2019 of charges relating to the acquisition and integration of HFF (including transaction/deal costs, retention and severance expense, early lease termination costs, and other integration expenses).

During the integration of HFF, we expect to incur significant charges over the two years following the acquisition in an effort to maximize the value of the combined organization. We expect to recognize approximately \$100 million of expense over this two-year window relating to retention awards which have already been paid or granted (in the case of RSUs). In addition, we may incur other costs in connection with the integration including, but not limited to, lease termination charges and other employee-related costs, but are unable to estimate these amounts. We anticipate that other than RSU retention awards granted, substantially all of these cumulative charges will result in cash expenditures.

## 12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT

The tables below present the changes in Accumulated other comprehensive income (loss) ("AOCI") by component. For pension and postretirement benefits, we report amounts reclassified from AOCI relating to employer service cost in Compensation and benefits within the Condensed Consolidated Statements of Comprehensive Income. All other reclassifications relating to pension and postretirement benefits are reported within Other income.

| (in millions)                                                           | Pension and<br>postretirement benefit | Cumulative foreign currency<br>translation adjustment | Total      |
|-------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|------------|
| Balance as of June 30, 2020                                             | \$ (72.0)                             | (465.4)                                               | \$ (537.4) |
| Other comprehensive income before reclassification                      | —                                     | 59.3                                                  | 59.3       |
| Amounts reclassified from AOCI after tax expense of \$ -, \$ - and \$ - | 0.7                                   | —                                                     | 0.7        |
| Other comprehensive income after tax expense of \$ -, \$ - and \$ -     | 0.7                                   | 59.3                                                  | 60.0       |
| Balance as of September 30, 2020                                        | \$ (71.3)                             | (406.1)                                               | \$ (477.4) |

| (in millions)                                                           | Pension and<br>postretirement benefit | Cumulative foreign currency<br>translation adjustment | Total      |
|-------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|------------|
| Balance as of June 30, 2019                                             | \$ (59.2)                             | (390.8)                                               | \$ (450.0) |
| Other comprehensive loss before reclassification                        | —                                     | (34.6)                                                | (34.6)     |
| Amounts reclassified from AOCI after tax expense of \$ -, \$ - and \$ - | 0.1                                   | —                                                     | 0.1        |
| Other comprehensive loss after tax expense of \$ -, \$ - and \$ -       | 0.1                                   | (34.6)                                                | (34.5)     |
| Balance as of September 30, 2019                                        | \$ (59.1)                             | (425.4)                                               | \$ (484.5) |

| (in millions)                                                           | Pension and<br>postretirement benefit | Cumulative foreign<br>currency translation<br>adjustment | Total      |
|-------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------|------------|
| Balance as of December 31, 2019                                         | \$ (72.0)                             | (355.8)                                                  | \$ (427.8) |
| Other comprehensive loss before reclassification                        | —                                     | (50.3)                                                   | (50.3)     |
| Amounts reclassified from AOCI after tax expense of \$ -, \$ - and \$ - | 0.7                                   | —                                                        | 0.7        |
| Other comprehensive loss after tax expense of \$ -, \$ - and \$ -       | 0.7                                   | (50.3)                                                   | (49.6)     |
| Balance as of September 30, 2020                                        | \$ (71.3)                             | (406.1)                                                  | \$ (477.4) |

| (in millions)                                                              | Pension and<br>postretirement benefit | Cumulative foreign currency<br>translation adjustment | Total      |
|----------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|------------|
| Balance as of December 31, 2018                                            | \$ (57.4)                             | (398.8)                                               | \$ (456.2) |
| Other comprehensive income before reclassification                         | —                                     | (26.6)                                                | (26.6)     |
| Amounts reclassified from AOCI after tax expense of \$ -, \$ - and \$ -    | (1.7)                                 | —                                                     | (1.7)      |
| Other comprehensive (loss) income after tax expense of \$ -, \$ - and \$ - | (1.7)                                 | (26.6)                                                | (28.3)     |
| Balance as of September 30, 2019                                           | \$ (59.1)                             | (425.4)                                               | \$ (484.5) |

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

The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements, including the notes thereto, for the three and nine months ended September 30, 2020, and our audited Consolidated Financial Statements, including the notes thereto, for the fiscal year ended December 31, 2019, which are included in our 2019 Annual Report on Form 10-K, filed with the SEC and also available on our website ([www.jll.com](http://www.jll.com)). You should also refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2019 Annual Report on Form 10-K.

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

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

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

### **SUMMARY OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

An understanding of our accounting policies is necessary for a complete analysis of our results, financial position, liquidity and trends. See Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in our 2019 Annual Report on Form 10-K for a complete summary of our significant accounting policies.

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

A discussion of our critical accounting policies and estimates used in the preparation of our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q can be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes to these critical accounting policies and estimates during the nine months ended September 30, 2020.

The following are the critical accounting policies and estimates discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2019:

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

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

## **Quarterly Income Tax Provision**

We base our fiscal year estimated effective tax rate on estimates we update each quarter. Our effective tax rate for the nine months ended September 30, 2020 was 16.2%, resulting in an effective tax rate of 16.0% for the third quarter of 2020. We provide for the effects of income taxes on interim financial statements based on our estimate of the effective tax rate for the full year, which we base on forecasted income by country and expected enacted tax rates; as required, we adjust for the impact of discrete items in the quarters in which they occur. We evaluate our estimated effective tax rate on a quarterly basis to reflect forecast changes in our geographic mix of income and legislative actions on statutory tax rates and other relevant matters effective in the quarter in which the legislation is enacted. Changes in the impact of the COVID-19 pandemic on our forecasted income may affect our forecasted full-year effective tax rate for the remainder of 2020.

The geographic mix of our income can significantly impact our effective tax rate. Very low tax rate jurisdictions (those with effective national and local combined tax rates of 25% or lower) that provide the most significant contributions to our effective tax rate include: Hong Kong (16.5%), Singapore (17%), the United Kingdom (19%) and Saudi Arabia (20%). We do not project any other jurisdictions with effective rates of 25% or lower to materially impact our 2020 global effective tax rate.

## **ITEMS AFFECTING COMPARABILITY**

### **Macroeconomic Conditions**

Our results of operations and the variability of these results are significantly influenced by (1) macroeconomic trends, (2) the geopolitical environment, (3) the global and regional real estate markets, and (4) the financial and credit markets. These macroeconomic and other conditions have had, and we expect will continue to have, a significant impact on the variability of our results of operations. Specifically in 2020, we are experiencing the macroeconomic impact of the COVID-19 pandemic.

### **Acquisitions**

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

### **LaSalle Revenue**

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

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

The comparability of these items can be seen in Note 4, Business Segments, of the Notes to Condensed Consolidated Financial Statements and is discussed further in Segment Operating Results included herein.

### **Foreign Currency**

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

## **Transactional-Based Revenue**

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

## **Seasonality**

Historically, our quarterly revenue and profits have tended to increase from quarter to quarter as the year progresses. This is a result of a general focus in the real estate industry on completing or documenting transactions by calendar year end and the fact that certain expenses are constant through the year. Historically, we have reported a relatively smaller profit in the first quarter and then increasingly larger profits during each of the following three quarters, excluding the recognition of investment-generated performance fees and realized and unrealized co-investment equity earnings and losses (each of which can be unpredictable). Generally, we recognize incentives fees when assets are sold, the timing of which is geared toward the benefit of our clients. In addition, co-investment equity gains and losses are primarily dependent on valuations of underlying investments, the direction and magnitude of changes to such valuations are not predictable. Non-variable operating expenses, which we treat as expenses when incurred during the year, are relatively constant on a quarterly basis. The COVID-19 pandemic may have a material impact on the historical seasonality of our revenue and profits.

A significant portion of our Compensation and benefits expense is from incentive compensation plans, which we generally accrue throughout the year based on progress toward annual performance targets. This quarterly estimation can result in significant fluctuations in quarterly Compensation and benefits expense from period to period. Consequently, the results for the periods ended September 30, 2020 and 2019, are not fully indicative of the results we expect to realize for the full fiscal year.

## RESULTS OF OPERATIONS

### Definitions

- We define market volumes for Leasing as gross absorption of office real estate space in square feet for the U.S., Europe and selected markets in Asia Pacific. We define market volumes for Capital Markets as investment sales transactions globally.
- Assets under management data for LaSalle is reported on a one-quarter lag.
- MENA: Middle East and North Africa. Greater China: China, Hong Kong, Macau and Taiwan.
- n.m.: not meaningful, represented by a percentage change of greater than 100% favorable or unfavorable.

### Consolidated Operating Results

| (\$ in millions)                                                            | Three Months Ended<br>September 30, |           | Change in    |         | % Change in Local<br>Currency |       |
|-----------------------------------------------------------------------------|-------------------------------------|-----------|--------------|---------|-------------------------------|-------|
|                                                                             | 2020                                | 2019      | U.S. dollars |         |                               |       |
| Leasing                                                                     | \$                                  | 430.3     | 604.3        | (174.0) | (29)%                         | (29)% |
| Capital Markets                                                             |                                     | 284.5     | 480.0        | (195.5) | (41)                          | (41)  |
| Property & Facility Management                                              |                                     | 2,303.3   | 2,312.8      | (9.5)   | 0                             | (1)   |
| Project & Development Services                                              |                                     | 631.5     | 785.9        | (154.4) | (20)                          | (21)  |
| Advisory, Consulting and Other                                              |                                     | 218.2     | 201.0        | 17.2    | 9                             | 7     |
| Real Estate Services ("RES") revenue                                        | \$                                  | 3,867.8   | 4,384.0      | (516.2) | (12)%                         | (12)% |
| LaSalle                                                                     |                                     | 110.3     | 111.6        | (1.3)   | (1)                           | (3)   |
| Revenue                                                                     | \$                                  | 3,978.1   | 4,495.6      | (517.5) | (12)%                         | (12)% |
| Reimbursements                                                              |                                     | (1,886.7) | (1,949.8)    | (63.1)  | (3)                           | (4)   |
| Revenue before reimbursements                                               | \$                                  | 2,091.4   | 2,545.8      | (454.4) | (18)%                         | (19)% |
| Gross contract costs                                                        |                                     | (659.1)   | (717.7)      | 58.6    | (8)                           | (9)   |
| Net non-cash MSR and mortgage banking derivative activity                   |                                     | (14.7)    | (12.7)       | (2.0)   | 16                            | 16    |
| Fee revenue                                                                 | \$                                  | 1,417.6   | 1,815.4      | (397.8) | (22)%                         | (23)% |
| Leasing                                                                     |                                     | 412.9     | 588.3        | (175.4) | (30)                          | (30)  |
| Capital Markets                                                             |                                     | 262.8     | 458.6        | (195.8) | (43)                          | (43)  |
| Property & Facility Management                                              |                                     | 302.4     | 293.1        | 9.3     | 3                             | 2     |
| Project & Development Services                                              |                                     | 188.0     | 216.1        | (28.1)  | (13)                          | (14)  |
| Advisory, Consulting and Other                                              |                                     | 145.7     | 153.6        | (7.9)   | (5)                           | (7)   |
| RES fee revenue                                                             | \$                                  | 1,311.8   | 1,709.7      | (397.9) | (23)%                         | (24)% |
| LaSalle                                                                     |                                     | 105.8     | 105.7        | 0.1     | 0                             | (2)   |
| Compensation and benefits excluding gross contract costs                    |                                     | 970.3     | 1,270.5      | (300.2) | (24)                          | (24)  |
| Operating, administrative and other expenses excluding gross contract costs |                                     | 218.7     | 262.4        | (43.7)  | (17)                          | (17)  |
| Depreciation and amortization                                               |                                     | 54.9      | 53.6         | 1.3     | 2                             | 2     |
| Total fee-based operating expenses                                          |                                     | 1,243.9   | 1,586.5      | (342.6) | (22)                          | (22)  |
| Restructuring and acquisition charges                                       |                                     | 33.5      | 70.0         | (36.5)  | (52)                          | (53)  |
| Gross contract costs                                                        |                                     | 659.1     | 717.7        | (58.6)  | (8)                           | (9)   |
| Total operating expenses, excluding reimbursed expenses                     | \$                                  | 1,936.5   | 2,374.2      | (437.7) | (18)%                         | (19)% |
| Operating income                                                            | \$                                  | 154.9     | 171.6        | (16.7)  | (10)%                         | (10)% |
| Equity earnings                                                             | \$                                  | 15.0      | 17.1         | (2.1)   | (12)%                         | (13)% |
| Adjusted EBITDA                                                             | \$                                  | 243.6     | 299.9        | (56.3)  | (19)%                         | (19)% |

**Consolidated Operating Results (continued)**

| (\$ in millions)                                                            | Nine Months Ended September 30, |           | Change in    |       | % Change in<br>Local Currency |
|-----------------------------------------------------------------------------|---------------------------------|-----------|--------------|-------|-------------------------------|
|                                                                             | 2020                            | 2019      | U.S. dollars |       |                               |
| Leasing                                                                     | \$ 1,281.3                      | 1,706.1   | (424.8)      | (25)% | (25)%                         |
| Capital Markets                                                             | 841.6                           | 930.0     | (88.4)       | (10)  | (9)                           |
| Property & Facility Management                                              | 6,944.3                         | 6,886.8   | 57.5         | 1     | 2                             |
| Project & Development Services                                              | 1,772.7                         | 2,119.3   | (346.6)      | (16)  | (16)                          |
| Advisory, Consulting and Other                                              | 589.5                           | 601.1     | (11.6)       | (2)   | (1)                           |
| Real Estate Services ("RES") revenue                                        | \$ 11,429.4                     | 12,243.3  | (813.9)      | (7)%  | (6)%                          |
| LaSalle                                                                     | 315.1                           | 339.4     | (24.3)       | (7)   | (7)                           |
| Revenue                                                                     | \$ 11,744.5                     | 12,582.7  | (838.2)      | (7)%  | (6)%                          |
| Reimbursements                                                              | (5,591.6)                       | (5,727.1) | (135.5)      | (2)   | (2)                           |
| Revenue before reimbursements                                               | \$ 6,152.9                      | 6,855.6   | (702.7)      | (10)% | (10)%                         |
| Gross contract costs                                                        | (1,963.5)                       | (2,073.7) | 110.2        | (5)   | (4)                           |
| Net non-cash MSR and mortgage banking derivative activity                   | (21.7)                          | (17.4)    | (4.3)        | 25    | 25                            |
| Fee revenue                                                                 | \$ 4,167.7                      | 4,764.5   | (596.8)      | (13)% | (12)%                         |
| Leasing                                                                     | 1,231.9                         | 1,655.5   | (423.6)      | (26)  | (25)                          |
| Capital Markets                                                             | 796.3                           | 884.7     | (88.4)       | (10)  | (10)                          |
| Property & Facility Management                                              | 870.2                           | 864.6     | 5.6          | 1     | 2                             |
| Project & Development Services                                              | 554.9                           | 599.5     | (44.6)       | (7)   | (7)                           |
| Advisory, Consulting and Other                                              | 415.0                           | 437.5     | (22.5)       | (5)   | (4)                           |
| RES fee revenue                                                             | \$ 3,868.3                      | 4,441.8   | (573.5)      | (13)% | (12)%                         |
| LaSalle                                                                     | 299.4                           | 322.7     | (23.3)       | (7)   | (7)                           |
| Compensation and benefits excluding gross contract costs                    | 2,963.3                         | 3,366.2   | (402.9)      | (12)  | (11)                          |
| Operating, administrative and other expenses excluding gross contract costs | 753.2                           | 808.7     | (55.5)       | (7)   | (6)                           |
| Depreciation and amortization                                               | 166.8                           | 145.6     | 21.2         | 15    | 15                            |
| Total fee-based operating expenses                                          | 3,883.3                         | 4,320.5   | (437.2)      | (10)  | (10)                          |
| Restructuring and acquisition charges                                       | 75.8                            | 114.3     | (38.5)       | (34)  | (34)                          |
| Gross contract costs                                                        | 1,963.5                         | 2,073.7   | (110.2)      | (5)   | (4)                           |
| Total operating expenses, excluding reimbursed expenses                     | \$ 5,922.6                      | 6,508.5   | (585.9)      | (9)%  | (8)%                          |
| Operating income                                                            | \$ 230.3                        | 347.1     | (116.8)      | (34)% | (34)%                         |
| Equity (losses) earnings                                                    | \$ 1.4                          | 32.3      | (30.9)       | (96)% | (96)%                         |
| Adjusted EBITDA                                                             | \$ 442.5                        | 622.0     | (179.5)      | (29)% | (29)%                         |

### ***Non-GAAP Financial Measures***

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

- (i) Fee revenue and Fee-based operating expenses;
- (ii) Adjusted EBITDA attributable to common shareholders ("Adjusted EBITDA") and Adjusted EBITDA margin; and
- (iii) Percentage changes against prior periods, presented on a local currency basis.

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

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

**Gross contract costs** represent certain costs associated with client-dedicated employees and third-party vendors and subcontractors and are indirectly reimbursed through the fees we receive. These costs are presented on a gross basis in Operating expenses with the equal amount of corresponding fees in Revenue before reimbursements. Consistent with our treatment of directly reimbursed expenses, excluding gross contract costs from both Fee revenue and Fee-based operating expenses more accurately reflects how we manage our expense base and operating margins and also enables a more consistent performance assessment across a portfolio of contracts with varying payment terms and structures, including those with direct versus indirect reimbursement of such costs.

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

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

**Gain on Disposition** reflects the net gain recognized on the sale of property management businesses in continental Europe. Given the low frequency of business disposals by the company historically, the gain directly associated with such activity is excluded as it is not considered indicative of core operating performance.

[Table of Contents](#)

Reconciliation of Non-GAAP Financial Measures

Below are reconciliations of (i) Revenue to fee revenue and (ii) Operating expenses to fee-based operating expenses.

| (in millions)                                             | Three Months Ended September 30, |           | Nine Months Ended September 30, |           |
|-----------------------------------------------------------|----------------------------------|-----------|---------------------------------|-----------|
|                                                           | 2020                             | 2019      | 2020                            | 2019      |
| Revenue                                                   | \$ 3,978.1                       | 4,495.6   | \$ 11,744.5                     | 12,582.7  |
| Less: Reimbursements                                      | (1,886.7)                        | (1,949.8) | (5,591.6)                       | (5,727.1) |
| Revenue before reimbursements                             | 2,091.4                          | 2,545.8   | 6,152.9                         | 6,855.6   |
| <i>Adjustments:</i>                                       |                                  |           |                                 |           |
| Gross contract costs                                      | (659.1)                          | (717.7)   | (1,963.5)                       | (2,073.7) |
| Net non-cash MSR and mortgage banking derivative activity | (14.7)                           | (12.7)    | (21.7)                          | (17.4)    |
| Fee revenue                                               | \$ 1,417.6                       | 1,815.4   | \$ 4,167.7                      | 4,764.5   |
| Operating expenses                                        | \$ 3,823.2                       | 4,324.0   | \$ 11,514.2                     | 12,235.6  |
| Less: Reimbursed expenses                                 | (1,886.7)                        | (1,949.8) | (5,591.6)                       | (5,727.1) |
| Operating expenses, excluding reimbursed expenses         | 1,936.5                          | 2,374.2   | 5,922.6                         | 6,508.5   |
| Less: Gross contract costs                                | (659.1)                          | (717.7)   | (1,963.5)                       | (2,073.7) |
| Fee-based operating expenses                              | \$ 1,277.4                       | 1,656.5   | \$ 3,959.1                      | 4,434.8   |
| Operating income                                          | \$ 154.9                         | 171.6     | \$ 230.3                        | 347.1     |

Below is (i) a reconciliation of Net income attributable to common shareholders to EBITDA and Adjusted EBITDA, (ii) the Net income margin attributable to common shareholders (measured on Revenue before reimbursements), and (iii) the Adjusted EBITDA margin (measured on fee-revenue and presented on a local currency basis).

| (in millions)                                             | Three Months Ended September 30, |        | Nine Months Ended September 30, |        |
|-----------------------------------------------------------|----------------------------------|--------|---------------------------------|--------|
|                                                           | 2020                             | 2019   | 2020                            | 2019   |
| Net income attributable to common shareholders            | \$ 131.9                         | 128.9  | \$ 152.4                        | 260.7  |
| <i>Add:</i>                                               |                                  |        |                                 |        |
| Interest expense, net of interest income                  | 12.3                             | 18.0   | 41.8                            | 41.2   |
| Provision for income taxes                                | 25.7                             | 42.1   | 32.2                            | 77.6   |
| Depreciation and amortization                             | 54.9                             | 53.6   | 166.8                           | 145.6  |
| EBITDA                                                    | \$ 224.8                         | 242.6  | \$ 393.2                        | 525.1  |
| <i>Adjustments:</i>                                       |                                  |        |                                 |        |
| Restructuring and acquisition charges                     | 33.5                             | 70.0   | 75.8                            | 114.3  |
| Gain on disposition                                       | —                                | —      | (4.8)                           | —      |
| Net non-cash MSR and mortgage banking derivative activity | (14.7)                           | (12.7) | (21.7)                          | (17.4) |
| Adjusted EBITDA                                           | \$ 243.6                         | 299.9  | \$ 442.5                        | 622.0  |
| Net income margin attributable to common shareholders     | 6.3%                             | 5.1%   | 2.5%                            | 3.8%   |
| Adjusted EBITDA margin                                    | 17.4%                            | 16.5%  | 10.6%                           | 13.1%  |

In discussing our operating results, we report Adjusted EBITDA margins and refer to percentage changes in local currency, unless otherwise noted. Amounts presented on a local currency basis are calculated by translating the current period results of our foreign operations to U.S. dollars using the foreign currency exchange rates from the comparative period. We believe this methodology provides a framework for assessing performance and operations excluding the effect of foreign currency fluctuations.

The following table reflects the reconciliation to local currency amounts for consolidated (i) Revenue, (ii) Fee revenue, (iii) Operating income, and (iv) Adjusted EBITDA.

| (\$ in millions)                     | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|--------------------------------------|----------------------------------|----------|---------------------------------|----------|
|                                      | 2020                             | % Change | 2020                            | % Change |
| <b>Revenue:</b>                      |                                  |          |                                 |          |
| At current period exchange rates     | \$ 3,978.1                       | (12)%    | \$ 11,744.5                     | (7)%     |
| Impact of change in exchange rates   | (28.5)                           | n/a      | 81.4                            | n/a      |
| At comparative period exchange rates | \$ 3,949.6                       | (12)%    | \$ 11,825.9                     | (6)%     |
| <b>Fee Revenue:</b>                  |                                  |          |                                 |          |
| At current period exchange rates     | \$ 1,417.6                       | (22)%    | \$ 4,167.7                      | (13)%    |
| Impact of change in exchange rates   | (14.5)                           | n/a      | 23.3                            | n/a      |
| At comparative period exchange rates | \$ 1,403.1                       | (23)%    | \$ 4,191.0                      | (12)%    |
| <b>Operating Income:</b>             |                                  |          |                                 |          |
| At current period exchange rates     | \$ 154.9                         | (10)%    | \$ 230.3                        | (34)%    |
| Impact of change in exchange rates   | (1.2)                            | n/a      | (1.5)                           | n/a      |
| At comparative period exchange rates | \$ 153.7                         | (10)%    | \$ 228.8                        | (34)%    |
| <b>Adjusted EBITDA:</b>              |                                  |          |                                 |          |
| At current period exchange rates     | \$ 243.6                         | (19)%    | \$ 442.5                        | (29)%    |
| Impact of change in exchange rates   | (0.1)                            | n/a      | 0.3                             | n/a      |
| At comparative period exchange rates | \$ 243.5                         | (19)%    | \$ 442.8                        | (29)%    |

## COVID-19 Pandemic

The COVID-19 pandemic (the "pandemic") continued to disrupt our operations, most significantly in transaction-based service lines. As with the second quarter, our personnel across the globe, notably in Corporate Solutions and other annuity businesses, partnered with clients to ensure continuity of operations in response to the evolving conditions as well as develop and implement safe return-to-work measures. In response to the pandemic's sustained disruptions to revenue and business operations, we meaningfully expanded both fixed and variable cost mitigation efforts. With actions taken through October, we reduced fixed costs by approximately \$135 million on an annualized basis, primarily compensation and benefits expense. In addition, our expense management actions delivered nearly \$120 million of non-permanent cost savings this quarter (over \$240 million year-to-date), including \$34 million related to various government relief programs around the world (\$67 million year-to-date). These non-permanent savings represent costs likely to return in future periods as business volumes recover.

## Revenue

For the third quarter of 2020 compared with 2019, consolidated RES revenue decreased 12% to \$3.9 billion and consolidated RES fee revenue decreased 24% to \$1.3 billion, a result of the pandemic's significant impact, especially on transaction-based service lines. For the first nine months of 2020, consolidated RES revenue decreased 6% to \$11.4 billion and consolidated RES fee revenue decreased 12% to \$3.9 billion.

The revenue and fee revenue declines were across all three geographic segments and in all service lines except Property & Facility Management, which delivered steady fee revenue driven by our property management and Corporate Solutions teams. Capital Markets experienced the most significant decrease in third-quarter revenue, down 43% over the prior-year quarter, in line with the decline in investment sales market volumes globally according to JLL Research. Capital Markets year-to-date results included \$215.2 million of incremental revenue from the first six months of 2020 related to HFF compared with the prior-year period due to the July 1, 2019, timing of the acquisition. Leasing was down 30% for the quarter and 25% for the first nine months, compared with the prior-year periods, against the backdrop of an over 45% decline in global office market gross absorption for the third quarter (over 40% year-to-date) according to JLL Research.

Geographically across service lines, Americas represented 65% of the RES fee revenue decline for the second quarter on a local currency basis; EMEA represented 22% and Asia Pacific represented 13%. Refer to the segment results discussion for further details.

LaSalle achieved solid advisory fee growth for the quarter and year-to-date, compared with 2019. The overall decline in revenue for the first nine months was primarily due to expected lower incentive fees following a near-record 2019. Refer to the LaSalle segment results discussion for further discussion.

Our consolidated fee revenue decreased 22% in U.S. dollars ("USD") and 23% in local currency for the third quarter of 2020, compared with 2019. The spread was driven by the weakening of the U.S. dollar against several major currencies, especially the British pound sterling, euro and Australian dollar. Our consolidated fee revenue decreased 13% in USD and 12% in local currency for the nine months ended September 30, 2020, compared with the prior year. The strengthening of the U.S. dollar against the Indian rupee, Australian dollar and Chinese yuan drove the spread on year-to-date percentages.

## Operating Expenses

In the third quarter of 2020, consolidated operating expenses, excluding reimbursed expenses, were \$1.9 billion, down 19% from 2019, and consolidated fee-based operating expenses, were \$1.3 billion, down 24% from the prior-year quarter. For the third quarter, the decrease in fee-based operating expenses was driven by Americas (64% of the reduction on a local currency basis), EMEA (20%) and Asia Pacific (16%). Restructuring and acquisition charges were down compared with the prior-year periods; refer to following table for further detail.

| (in millions)                                                                                                                           | Three Months Ended<br>September 30, |      | Nine Months Ended<br>September 30, |       |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------|------------------------------------|-------|
|                                                                                                                                         | 2020                                | 2019 | 2020                               | 2019  |
| <b>Severance and other employment-related charges</b>                                                                                   | \$ 19.3                             | 7.2  | \$ 27.6                            | 17.6  |
| <b>Restructuring, pre-acquisition and post-acquisition charges</b>                                                                      | 14.8                                | 62.1 | 56.4                               | 76.0  |
| <b>Fair value adjustments that resulted in a net increase (decrease) to earn-out liabilities from prior-period acquisition activity</b> | (0.6)                               | 0.7  | (8.2)                              | 20.7  |
| <b>Total restructuring &amp; acquisition charges</b>                                                                                    | \$ 33.5                             | 70.0 | \$ 75.8                            | 114.3 |

Included in the preceding table was \$13.8 million and \$55.2 million for the third quarter and first nine months of 2020, respectively, of acquisition and integration charges relating to HFF. In the prior-year periods, such activity was \$60.1 million and \$69.8 million, respectively. Charges in 2020 include retention expense, early lease termination costs and other integration expenses, while charges in 2019 primarily included transaction/deal costs as well as retention and severance expense, early lease termination costs and other integration expenses. Refer to Note 11, Restructuring and Acquisition Charges, in the Notes to the Condensed Consolidated Financial Statements for further information on Restructuring and acquisition charges.

### ***Equity Earnings***

For the third quarter of 2020, we recognized equity earnings of \$15.0 million, compared with \$17.1 million in the prior-year quarter. For the first nine months of 2020, we recognized equity earnings of \$1.4 million, compared with earnings of \$32.3 million in 2019. LaSalle was a key driver of activity in all periods; refer to the LaSalle segment results discussion for additional details. In addition, \$12.7 million of equity earnings were recognized in the first quarter of 2020 for the Americas segment which were substantially attributable to gains by consolidated variable interest entities in which we held no equity interest. These gains are also reflected in net income attributable to noncontrolling interest and, therefore, had no impact to our Net income attributable to common shareholders.

### ***Income Taxes***

The provision for income taxes was \$25.7 million and \$32.2 million for the three and nine months ended September 30, 2020, respectively, representing effective tax rates of 16.0% and 16.2%, respectively. For the three and nine months ended September 30, 2019, the provision was \$42.1 million and \$77.6 million, respectively, representing effective tax rates of 24.5% and 22.9%, respectively. The tax provision for the nine months ended September 30, 2019, included a \$5.7 million discrete benefit due to a reduction to our reserve for uncertain tax positions during the first quarter of 2019. The lower effective tax rates in 2020 resulted from changes in the geographic distribution of pretax earnings compared to 2019.

### ***Net Income and Adjusted EBITDA***

Net income attributable to common shareholders for the three and nine months ended September 30, 2020 was \$131.9 million and \$152.4 million, respectively, compared with \$128.9 million and \$260.7 million in the respective prior-year periods. Adjusted EBITDA was \$243.6 million and \$442.5 million for the third quarter and first nine months of 2020, respectively, decreases of 19% and 29% from the prior-year periods. Net income margin attributable to common shareholders for the third quarter (against Revenue before reimbursements) was 6.3%, compared with 5.1% in the prior-year quarter. Adjusted EBITDA margin for the third quarter, calculated on a fee-revenue basis, was 17.2% in USD (17.4% in local currency), compared with 16.5% in 2019. The net margin expansion was primarily driven by cost mitigation efforts, including government relief programs, partially offset by net dilution from RES, reflecting the decline in fee revenue, specifically transactional service lines.

## Segment Operating Results

We manage and report our operations as four business segments. Our three geographic RES segments include Americas, EMEA and Asia Pacific. Our fourth segment is LaSalle, our investment management business.

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

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

### Americas - Real Estate Services

| (\$ in millions)                                                                          | Three Months Ended September 30, |           | Change in    |         | % Change             |
|-------------------------------------------------------------------------------------------|----------------------------------|-----------|--------------|---------|----------------------|
|                                                                                           | 2020                             | 2019      | U.S. dollars |         | in Local<br>Currency |
| Revenue                                                                                   | \$                               | 2,380.8   | 2,687.6      | (306.8) | (11)%                |
| Reimbursements                                                                            |                                  | (1,389.6) | (1,430.3)    | 40.7    | (3)                  |
| Revenue before reimbursements                                                             | \$                               | 991.2     | 1,257.3      | (266.1) | (21)%                |
| Gross contract costs                                                                      |                                  | (202.8)   | (200.8)      | (2.0)   | 1                    |
| Net non-cash MSR and mortgage banking derivative activity                                 |                                  | (14.7)    | (12.7)       | (2.0)   | 16                   |
| Fee Revenue                                                                               | \$                               | 773.7     | 1,043.8      | (270.1) | (26)%                |
| Leasing                                                                                   |                                  | 313.6     | 460.9        | (147.3) | (32)                 |
| Capital Markets                                                                           |                                  | 175.5     | 308.8        | (133.3) | (43)                 |
| Property & Facility Management                                                            |                                  | 149.6     | 121.7        | 27.9    | 23                   |
| Project & Development Services                                                            |                                  | 88.7      | 103.3        | (14.6)  | (13)                 |
| Advisory, Consulting and Other                                                            |                                  | 46.3      | 49.1         | (2.8)   | (5)                  |
| Compensation, operating and administrative expenses<br>excluding gross contract costs     |                                  | 616.8     | 844.8        | (228.0) | (27)                 |
| Depreciation and amortization                                                             |                                  | 36.4      | 35.3         | 1.1     | 3                    |
| Segment fee-based operating expenses (excluding<br>restructuring and acquisition charges) |                                  | 653.2     | 880.1        | (226.9) | (26)                 |
| Gross contract costs                                                                      |                                  | 202.8     | 200.8        | 2.0     | 1                    |
| Segment operating expenses (excluding reimbursed<br>expenses)                             | \$                               | 856.0     | 1,080.9      | (224.9) | (21)%                |
| Equity earnings                                                                           | \$                               | 4.8       | 1.5          | 3.3     | n.m.                 |
| Segment income                                                                            | \$                               | 140.0     | 177.9        | (37.9)  | (21)%                |
| Adjusted EBITDA                                                                           | \$                               | 161.9     | 201.0        | (39.1)  | (19)%                |

**Americas - Real Estate Services (continued)**

| (\$ in millions)                                                                              | Nine Months Ended September 30, |           | Change in    |       | % Change          |
|-----------------------------------------------------------------------------------------------|---------------------------------|-----------|--------------|-------|-------------------|
|                                                                                               | 2020                            | 2019      | U.S. dollars |       | in Local Currency |
| <b>Revenue</b>                                                                                | \$ 7,132.9                      | 7,401.3   | (268.4)      | (4)%  | (3)%              |
| Reimbursements                                                                                | (4,128.1)                       | (4,184.8) | 56.7         | (1)   | (1)               |
| <b>Revenue before reimbursements</b>                                                          | \$ 3,004.8                      | 3,216.5   | (211.7)      | (7)%  | (6)%              |
| Gross contract costs                                                                          | (607.9)                         | (580.3)   | (27.6)       | 5     | 7                 |
| Net non-cash MSR and mortgage banking derivative activity                                     | (21.7)                          | (17.4)    | (4.3)        | 25    | 25                |
| <b>Fee Revenue</b>                                                                            | \$ 2,375.2                      | 2,618.8   | (243.6)      | (9)%  | (9)%              |
| Leasing                                                                                       | 986.2                           | 1,318.0   | (331.8)      | (25)  | (25)              |
| Capital Markets                                                                               | 553.6                           | 533.0     | 20.6         | 4     | 4                 |
| Property & Facility Management                                                                | 425.6                           | 348.9     | 76.7         | 22    | 23                |
| Project & Development Services                                                                | 273.2                           | 283.7     | (10.5)       | (4)   | (3)               |
| Advisory, Consulting and Other                                                                | 136.6                           | 135.2     | 1.4          | 1     | 2                 |
| Compensation, operating and administrative expenses excluding gross contract costs            | 2,027.3                         | 2,189.8   | (162.5)      | (7)   | (7)               |
| Depreciation and amortization                                                                 | 112.9                           | 88.9      | 24.0         | 27    | 27                |
| <b>Segment fee-based operating expenses (excluding restructuring and acquisition charges)</b> | 2,140.2                         | 2,278.7   | (138.5)      | (6)   | (6)               |
| Gross contract costs                                                                          | 607.9                           | 580.3     | 27.6         | 5     | 7                 |
| <b>Segment operating expenses (excluding reimbursed expenses)</b>                             | \$ 2,748.1                      | 2,859.0   | (110.9)      | (4)%  | (3)%              |
| <b>Equity earnings</b>                                                                        | \$ 20.4                         | 1.6       | 18.8         | n.m.  | n.m.              |
| <b>Segment income</b>                                                                         | \$ 277.1                        | 359.1     | (82.0)       | (23)% | (23)%             |
| <b>Adjusted EBITDA</b>                                                                        | \$ 357.2                        | 431.1     | (73.9)       | (17)% | (17)%             |

Similar to the second quarter, the pandemic negatively affected the Americas transaction-based service lines this quarter. Although U.S. Leasing revenue for the quarter reflected a notable decrease in office leasing activity, we again outperformed substantial market declines in gross absorption. Continued strong growth in industrial partially offset the reduced activity in office. For the first nine months of 2020, Leasing fee revenue reflected factors largely consistent with the third-quarter drivers and also included our strong first-quarter performance. Notably lower investment sales and debt placement activity led to a decline in Capital Markets revenue for the quarter. Year-to-date, Capital Markets included \$211.5 million of incremental revenue contributions from HFF from the first six months of 2020 (\$216.6 million of fee revenue). Property & Facility Management achieved significant revenue and fee revenue growth for the third quarter and first nine months of 2020 driven by new property management and CS clients as well as expansions of existing CS client relationships.

The decrease in operating expenses and fee-based operating expenses for the third quarter of 2020 compared with 2019 primarily reflected lower fixed and variable expenses associated with both cost mitigation actions taken in 2020. For the first nine months of 2020, the decrease in expenses was less in magnitude compared with the third quarter alone primarily due to the incremental expenses in the first six months of 2020 associated with HFF operations (HFF was acquired July 1, 2019).

Adjusted EBITDA margin for the quarter, calculated on a fee-revenue basis, was 20.9% in USD and in local currency, compared with 19.3% in 2019. An estimated \$56 million of non-permanent cost savings, including government relief programs, coupled with growth in Property & Facility Management more than offset the decline attributable to transaction-based service lines.

**EMEA - Real Estate Services**

| (\$ in millions)                                                                          | Three Months Ended September 30, |         | Change in    |         | % Change             |       |
|-------------------------------------------------------------------------------------------|----------------------------------|---------|--------------|---------|----------------------|-------|
|                                                                                           | 2020                             | 2019    | U.S. dollars |         | in Local<br>Currency |       |
| Revenue                                                                                   | \$                               | 743.8   | 862.6        | (118.8) | (14)%                | (17)% |
| Reimbursements                                                                            |                                  | (149.1) | (174.1)      | 25.0    | (14)                 | (18)  |
| Revenue before reimbursements                                                             | \$                               | 594.7   | 688.5        | (93.8)  | (14)%                | (17)% |
| Gross contract costs                                                                      |                                  | (270.1) | (287.5)      | 17.4    | (6)                  | (10)  |
| Fee Revenue                                                                               | \$                               | 324.6   | 401.0        | (76.4)  | (19)%                | (22)% |
| Leasing                                                                                   |                                  | 56.6    | 71.0         | (14.4)  | (20)                 | (24)  |
| Capital Markets                                                                           |                                  | 69.1    | 102.0        | (32.9)  | (32)                 | (35)  |
| Property & Facility Management                                                            |                                  | 76.9    | 95.3         | (18.4)  | (19)                 | (23)  |
| Project & Development Services                                                            |                                  | 68.1    | 72.4         | (4.3)   | (6)                  | (9)   |
| Advisory, Consulting and Other                                                            |                                  | 53.9    | 60.3         | (6.4)   | (11)                 | (14)  |
| Compensation, operating and administrative expenses<br>excluding gross contract costs     |                                  | 317.5   | 377.1        | (59.6)  | (16)                 | (19)  |
| Depreciation and amortization                                                             |                                  | 9.8     | 10.1         | (0.3)   | (3)                  | (7)   |
| Segment fee-based operating expenses (excluding<br>restructuring and acquisition charges) |                                  | 327.3   | 387.2        | (59.9)  | (15)                 | (18)  |
| Gross contract costs                                                                      |                                  | 270.1   | 287.5        | (17.4)  | (6)                  | (10)  |
| Segment operating expenses (excluding reimbursed<br>expenses)                             | \$                               | 597.4   | 674.7        | (77.3)  | (11)%                | (15)% |
| Equity earnings                                                                           | \$                               | 0.8     | —            | 0.8     | n.m.                 | n.m.  |
| Segment (loss) income                                                                     | \$                               | (1.9)   | 13.8         | (15.7)  | n.m.                 | n.m.  |
| Adjusted EBITDA                                                                           | \$                               | 7.7     | 24.6         | (16.9)  | (69)%                | (66)% |

**EMEA - Real Estate Services (continued)**

| (\$ in millions)                                                                          | Nine Months Ended September 30, |         | Change in    |         | % Change             |       |
|-------------------------------------------------------------------------------------------|---------------------------------|---------|--------------|---------|----------------------|-------|
|                                                                                           | 2020                            | 2019    | U.S. dollars |         | in Local<br>Currency |       |
| Revenue                                                                                   | \$                              | 2,125.9 | 2,404.3      | (278.4) | (12)%                | (11)% |
| Reimbursements                                                                            |                                 | (500.7) | (492.4)      | (8.3)   | 2                    | 2     |
| Revenue before reimbursements                                                             | \$                              | 1,625.2 | 1,911.9      | (286.7) | (15)%                | (15)% |
| Gross contract costs                                                                      |                                 | (722.1) | (814.9)      | 92.8    | (11)                 | (11)  |
| Fee Revenue                                                                               | \$                              | 903.1   | 1,097.0      | (193.9) | (18)%                | (17)% |
| Leasing                                                                                   |                                 | 149.1   | 185.5        | (36.4)  | (20)                 | (19)  |
| Capital Markets                                                                           |                                 | 184.2   | 235.0        | (50.8)  | (22)                 | (21)  |
| Property & Facility Management                                                            |                                 | 221.0   | 291.6        | (70.6)  | (24)                 | (24)  |
| Project & Development Services                                                            |                                 | 193.0   | 205.3        | (12.3)  | (6)                  | (6)   |
| Advisory, Consulting and Other                                                            |                                 | 155.8   | 179.6        | (23.8)  | (13)                 | (13)  |
| Compensation, operating and administrative expenses<br>excluding gross contract costs     |                                 | 931.7   | 1,081.2      | (149.5) | (14)                 | (13)  |
| Depreciation and amortization                                                             |                                 | 28.0    | 32.7         | (4.7)   | (14)                 | (14)  |
| Segment fee-based operating expenses (excluding<br>restructuring and acquisition charges) |                                 | 959.7   | 1,113.9      | (154.2) | (14)                 | (13)  |
| Gross contract costs                                                                      |                                 | 722.1   | 814.9        | (92.8)  | (11)                 | (11)  |
| Segment operating expenses (excluding reimbursed<br>expenses)                             | \$                              | 1,681.8 | 1,928.8      | (247.0) | (13)%                | (13)% |
| Equity earnings (losses)                                                                  | \$                              | 0.8     | (1.0)        | 1.8     | n.m.                 | n.m.  |
| Segment loss                                                                              | \$                              | (55.8)  | (17.9)       | (37.9)  | n.m.                 | n.m.  |
| Adjusted EBITDA                                                                           | \$                              | (26.6)  | 16.0         | (42.6)  | n.m.                 | n.m.  |

EMEA's revenue and fee revenue continued to be impacted by the pandemic this quarter. Transaction-based revenues for the third quarter were meaningfully lower, especially in Germany, the UK and France; however, our Leasing outperformed the drop in market gross absorption. The declines in Property & Facility Management fee revenue, compared with the prior-year periods, were primarily due to (i) approximately \$11 million lower fee revenue this quarter in our UK mobile engineering business (\$31 million year-to-date) and (ii) the absence of approximately \$9 million of prior-year fee revenue relating to property management businesses in continental Europe that were sold in late 2019 (\$27 million year-to-date).

The decreases in operating expenses, excluding reimbursed expenses, and fee-based operating expenses, excluding restructuring and acquisition charges, compared with the prior-year periods were primarily due to lower variable and revenue-related expenses as well as the benefit from government relief programs (\$4 million for the third quarter and \$18 million year-to-date). In addition, the impact of cost mitigation actions taken in 2020 was more prominent this quarter.

Adjusted EBITDA margin for the third quarter, calculated on a fee-revenue basis, was 2.4% in USD (2.7% in local currency), compared with 6.1% in the prior-year quarter. The decline in profitability resulted primarily from transaction-based revenue declines, partially offset by an estimated \$23 million of non-permanent cost savings, including government relief programs.

**Asia Pacific - Real Estate Services**

| (\$ in millions)                                                                          | Three Months Ended September 30, |         | Change in    |        | % Change             |       |
|-------------------------------------------------------------------------------------------|----------------------------------|---------|--------------|--------|----------------------|-------|
|                                                                                           | 2020                             | 2019    | U.S. dollars |        | in Local<br>Currency |       |
| Revenue                                                                                   | \$                               | 743.2   | 833.8        | (90.6) | (11)%                | (12)% |
| Reimbursements                                                                            |                                  | (347.2) | (343.6)      | (3.6)  | 1                    | (1)   |
| Revenue before reimbursements                                                             | \$                               | 396.0   | 490.2        | (94.2) | (19)%                | (20)% |
| Gross contract costs                                                                      |                                  | (182.5) | (225.3)      | 42.8   | (19)                 | (19)  |
| Fee Revenue                                                                               | \$                               | 213.5   | 264.9        | (51.4) | (19)%                | (20)% |
| Leasing                                                                                   |                                  | 42.7    | 56.4         | (13.7) | (24)                 | (25)  |
| Capital Markets                                                                           |                                  | 18.2    | 47.8         | (29.6) | (62)                 | (63)  |
| Property & Facility Management                                                            |                                  | 75.9    | 76.1         | (0.2)  | —                    | (2)   |
| Project & Development Services                                                            |                                  | 31.2    | 40.4         | (9.2)  | (23)                 | (23)  |
| Advisory, Consulting and Other                                                            |                                  | 45.5    | 44.2         | 1.3    | 3                    | 1     |
| Compensation, operating and administrative expenses<br>excluding gross contract costs     |                                  | 171.7   | 227.6        | (55.9) | (25)                 | (26)  |
| Depreciation and amortization                                                             |                                  | 6.9     | 6.5          | 0.4    | 6                    | 5     |
| Segment fee-based operating expenses (excluding<br>restructuring and acquisition charges) |                                  | 178.6   | 234.1        | (55.5) | (24)                 | (25)  |
| Gross contract costs                                                                      |                                  | 182.5   | 225.3        | (42.8) | (19)                 | (19)  |
| Segment operating expenses (excluding reimbursed<br>expenses)                             | \$                               | 361.1   | 459.4        | (98.3) | (21)%                | (22)% |
| Equity earnings                                                                           | \$                               | 0.9     | 0.7          | 0.2    | 29 %                 | 36 %  |
| Segment income                                                                            | \$                               | 35.8    | 31.5         | 4.3    | 14 %                 | 14 %  |
| Adjusted EBITDA                                                                           | \$                               | 42.7    | 37.7         | 5.0    | 13 %                 | 13 %  |

**Asia Pacific - Real Estate Services (continued)**

| (\$ in millions)                                                                          | Nine Months Ended September 30, |         | Change in    |         | % Change             |       |
|-------------------------------------------------------------------------------------------|---------------------------------|---------|--------------|---------|----------------------|-------|
|                                                                                           | 2020                            | 2019    | U.S. dollars |         | in Local<br>Currency |       |
| Revenue                                                                                   | \$                              | 2,170.6 | 2,437.7      | (267.1) | (11)%                | (9)%  |
| Reimbursements                                                                            |                                 | (959.1) | (1,044.3)    | 85.2    | (8)                  | (6)   |
| Revenue before reimbursements                                                             | \$                              | 1,211.5 | 1,393.4      | (181.9) | (13)%                | (11)% |
| Gross contract costs                                                                      |                                 | (621.5) | (667.4)      | 45.9    | (7)                  | (5)   |
| Fee Revenue                                                                               | \$                              | 590.0   | 726.0        | (136.0) | (19)%                | (17)% |
| Leasing                                                                                   |                                 | 96.6    | 152.0        | (55.4)  | (36)                 | (36)  |
| Capital Markets                                                                           |                                 | 58.5    | 116.7        | (58.2)  | (50)                 | (49)  |
| Property & Facility Management                                                            |                                 | 223.6   | 224.1        | (0.5)   | —                    | 1     |
| Project & Development Services                                                            |                                 | 88.7    | 110.5        | (21.8)  | (20)                 | (18)  |
| Advisory, Consulting and Other                                                            |                                 | 122.6   | 122.7        | (0.1)   | —                    | 2     |
| Compensation, operating and administrative expenses<br>excluding gross contract costs     |                                 | 512.8   | 648.6        | (135.8) | (21)                 | (19)  |
| Depreciation and amortization                                                             |                                 | 20.5    | 19.3         | 1.2     | 6                    | 8     |
| Segment fee-based operating expenses (excluding<br>restructuring and acquisition charges) |                                 | 533.3   | 667.9        | (134.6) | (20)                 | (19)  |
| Gross contract costs                                                                      |                                 | 621.5   | 667.4        | (45.9)  | (7)                  | (5)   |
| Segment operating expenses (excluding reimbursed<br>expenses)                             | \$                              | 1,154.8 | 1,335.3      | (180.5) | (14)%                | (12)% |
| Equity earnings                                                                           | \$                              | 0.7     | 1.4          | (0.7)   | (50)%                | (47)% |
| Segment income                                                                            | \$                              | 57.4    | 59.5         | (2.1)   | (4)%                 | (5)%  |
| Adjusted EBITDA                                                                           | \$                              | 78.2    | 78.6         | (0.4)   | (1)%                 | (1)%  |

Consistent with the second quarter, Asia Pacific's transaction-based revenue was meaningfully impacted by the pandemic this quarter. Capital Markets third-quarter revenue reflected a shift in deal activity away from large transactions. For the quarter, the declines were most notable in Japan and Greater China; year-to-date, Singapore also experienced a notable decline. Leasing fee revenue improved from the second quarter as office leasing activity increased. Property & Facility Management revenue and fee revenue demonstrated continued resiliency as property management and CS teams partnered with clients to execute on enhanced facilities management and reentry plans.

Segment operating expenses, excluding reimbursed expenses, and fee-based operating expenses, excluding restructuring and acquisition charges, for the third quarter and first nine months of 2020 were lower compared with the prior-year periods due to reduced fixed and variable costs as well as the impact of grants and subsidies from certain government relief programs established in response to the pandemic (approximately \$15 million for the third quarter and \$35 million year-to-date).

Adjusted EBITDA margin for the quarter, calculated on a fee-revenue basis, was 20.0% in USD (20.2% in local currency), compared with 14.2% last year. Asia Pacific's margin expansion was driven by an estimated \$35 million of non-permanent cost savings, including government relief programs, which more than offset the decline attributable to transaction-based revenue.

**LaSalle**

| (\$ in millions)                                                                          | Three Months Ended September 30, |       |       | Change in    |       | % Change             |
|-------------------------------------------------------------------------------------------|----------------------------------|-------|-------|--------------|-------|----------------------|
|                                                                                           |                                  | 2020  | 2019  | U.S. dollars |       | in Local<br>Currency |
| Revenue                                                                                   | \$                               | 110.3 | 111.6 | (1.3)        | (1)%  | (3)%                 |
| Reimbursements                                                                            |                                  | (0.8) | (1.8) | 1.0          | (56)  | (57)                 |
| Revenue before reimbursements                                                             | \$                               | 109.5 | 109.8 | (0.3)        | — %   | (2)%                 |
| Gross contract costs                                                                      |                                  | (3.7) | (4.1) | 0.4          | (10)  | (9)                  |
| Fee Revenue                                                                               | \$                               | 105.8 | 105.7 | 0.1          | — %   | (2)%                 |
| Advisory fees                                                                             |                                  | 81.0  | 76.6  | 4.4          | 6     | 4                    |
| Transaction fees & other                                                                  |                                  | 16.8  | 11.7  | 5.1          | 44    | 41                   |
| Incentive fees                                                                            |                                  | 8.0   | 17.4  | (9.4)        | (54)  | (55)                 |
| Compensation, operating and administrative expenses<br>excluding gross contract costs     |                                  | 83.0  | 83.4  | (0.4)        | —     | (2)                  |
| Depreciation and amortization                                                             |                                  | 1.8   | 1.7   | 0.1          | 6     | 7                    |
| Segment fee-based operating expenses (excluding<br>restructuring and acquisition charges) |                                  | 84.8  | 85.1  | (0.3)        | —     | (2)                  |
| Gross contract costs                                                                      |                                  | 3.7   | 4.1   | (0.4)        | (10)  | (9)                  |
| Segment operating expenses (excluding reimbursed<br>expenses)                             | \$                               | 88.5  | 89.2  | (0.7)        | (1)%  | (2)%                 |
| Equity earnings                                                                           | \$                               | 8.5   | 14.9  | (6.4)        | (43)% | (43)%                |
| Segment income                                                                            | \$                               | 29.5  | 35.5  | (6.0)        | (17)% | (19)%                |
| Adjusted EBITDA                                                                           | \$                               | 31.3  | 36.5  | (5.2)        | (14)% | (17)%                |

**LaSalle (continued)**

| (\$ in millions)                                                                              | Nine Months Ended September 30, |        | Change in     |              | % Change          |
|-----------------------------------------------------------------------------------------------|---------------------------------|--------|---------------|--------------|-------------------|
|                                                                                               | 2020                            | 2019   | U.S. dollars  |              | in Local Currency |
| <b>Revenue</b>                                                                                | <b>\$ 315.1</b>                 | 339.4  | <b>(24.3)</b> | <b>(7)%</b>  | <b>(7)%</b>       |
| Reimbursements                                                                                | (3.7)                           | (5.6)  | 1.9           | (34)         | (33)              |
| <b>Revenue before reimbursements</b>                                                          | <b>\$ 311.4</b>                 | 333.8  | <b>(22.4)</b> | <b>(7)%</b>  | <b>(7)%</b>       |
| Gross contract costs                                                                          | (12.0)                          | (11.1) | (0.9)         | 8            | 8                 |
| <b>Fee Revenue</b>                                                                            | <b>\$ 299.4</b>                 | 322.7  | <b>(23.3)</b> | <b>(7)%</b>  | <b>(7)%</b>       |
| Advisory fees                                                                                 | 239.5                           | 227.2  | 12.3          | 5            | 5                 |
| Transaction fees & other                                                                      | 32.0                            | 36.9   | (4.9)         | (13)         | (14)              |
| Incentive fees                                                                                | 27.9                            | 58.6   | (30.7)        | (52)         | (53)              |
| Compensation, operating and administrative expenses excluding gross contract costs            | 244.7                           | 255.3  | (10.6)        | (4)          | (4)               |
| Depreciation and amortization                                                                 | 5.4                             | 4.7    | 0.7           | 15           | 15                |
| <b>Segment fee-based operating expenses (excluding restructuring and acquisition charges)</b> | <b>250.1</b>                    | 260.0  | <b>(9.9)</b>  | <b>(4)</b>   | <b>(4)</b>        |
| Gross contract costs                                                                          | 12.0                            | 11.1   | 0.9           | 8            | 8                 |
| <b>Segment operating expenses (excluding reimbursed expenses)</b>                             | <b>\$ 262.1</b>                 | 271.1  | <b>(9.0)</b>  | <b>(3)%</b>  | <b>(3)%</b>       |
| <b>Equity (losses) earnings</b>                                                               | <b>\$ (20.5)</b>                | 30.3   | <b>(50.8)</b> | <b>n.m.</b>  | <b>n.m.</b>       |
| <b>Segment income</b>                                                                         | <b>\$ 28.8</b>                  | 93.0   | <b>(64.2)</b> | <b>(69)%</b> | <b>(70)%</b>      |
| <b>Adjusted EBITDA</b>                                                                        | <b>\$ 33.7</b>                  | 96.4   | <b>(62.7)</b> | <b>(65)%</b> | <b>(66)%</b>      |

LaSalle achieved solid advisory fee growth for the third quarter and first nine months of 2020, driven by strong private equity capital raising over the trailing twelve months. An outsized 2019 performance drove the expected decline in incentive fees during the first nine months of 2020.

Equity earnings in the third quarter of 2020 were substantially attributable to an increased share price of a co-investment in a LaSalle-managed publicly traded REIT in Japan. Equity losses for the first nine months of 2020 were driven by decreases to the estimated fair value of underlying real estate investments within LaSalle's co-investment portfolio, a direct result of the pandemic's expected impact on real estate prices. This decrease was partially offset by the net year-to-date increase in the share price of the aforementioned co-investment in Japan.

Adjusted EBITDA margin for the quarter was 29.5% in USD (29.3% local currency), compared with 34.5% last year. The margin decline was attributable to lower Equity earnings (approximately a 600 basis point impact on margin), partially offset by improved profitability of LaSalle's annuity revenues (Advisory fees plus Transaction fees).

AUM was \$65.7 billion as of September 30, 2020, an increase of 1% in USD and local currency from \$65.0 billion as of June 30, 2020. The AUM increase resulted from (i) \$1.4 billion of acquisitions and (ii) \$0.5 billion of foreign currency increases, partially offset by (iii) \$1.0 billion dispositions and withdrawals and (iv) \$0.2 billion of net valuation decreases.

## **LIQUIDITY AND CAPITAL RESOURCES**

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

### **Cash Flows from Operating Activities**

Operating activities provided \$363.1 million of cash in the first nine months of 2020, compared with \$251.5 million of cash used during the same period in 2019. The substantial change in cash flows from operating activities is driven by strong cash collection on trade receivables in the last six months and our participation in government relief programs this year (including deferral of payments to governments for payroll tax and other social charges). These items were partially offset by lower year-to-date net income in 2020 as well as increased annual incentive compensation paid in the first quarter of 2020 compared with 2019.

### **Cash Flows from Investing Activities**

We used \$124.2 million of cash for investing activities during the first nine months of 2020, as compared to \$994.1 million used during the same period in 2019. The decrease in cash used was driven by an absence of business acquisitions (HFF, Inc. was acquired in July 2019) and a decrease in acquisitions of investment properties (less than wholly-owned) this year. We discuss these key drivers individually below in further detail.

### **Cash Flows from Financing Activities**

Financing activities used \$243.8 million of cash during the first nine months of 2020, as compared to \$1,194.6 million provided by financing activities during the same period in 2019. The net decrease of \$1,438.4 million in cash flows from financing activities is substantially driven by greater net repayments on our Facility, the result of strong operating cash inflows during the second and third quarter of 2020. In 2019, financing activities was substantially driven by the increase in the outstanding borrowings on our Facility to fund the cash consideration for acquisitions.

### **Debt**

Our \$2.75 billion Facility matures on May 17, 2023. As of September 30, 2020, we had outstanding borrowings under the Facility of \$400.0 million and outstanding letters of credit of \$0.7 million. As of December 31, 2019, we had \$525.0 million of outstanding borrowings under the Facility and outstanding letters of credit of \$0.8 million. The average outstanding borrowings under the Facility were \$758.9 million and \$1,408.5 million during the three months ended September 30, 2020 and 2019, respectively, and \$1,014.3 million and \$763.9 million during the nine months ended September 30, 2020 and 2019.

In addition to our Facility, we had the capacity to borrow up to \$85.9 million under local overdraft facilities as of September 30, 2020. We had Short-term borrowings (including financing lease obligations, overdrawn bank accounts and local overdraft facilities) of \$106.4 million and \$120.1 million as of September 30, 2020 and December 31, 2019, respectively, of which \$12.2 million and \$44.8 million, respectively, were attributable to local overdraft facilities.

We will continue to use the Facility for working capital needs (including payment of accrued incentive compensation), co-investment activities, dividend payments, share repurchases, capital expenditures and business acquisitions. See Note 9, Debt, in the Notes to Condensed Consolidated Financial Statements for additional information on our Facility, Long-term debt and Short-term borrowings.

### **Investment Activity**

As of September 30, 2020, we had a carrying value of \$389.6 million in investments, primarily related to LaSalle co-investments in real estate ventures. For the nine months ended September 30, 2020, and 2019, funding of investments exceeded return of capital by \$32.7 million, and \$41.2 million, respectively. We expect to continue to pursue strategic co-investment opportunities with our investment management clients globally as co-investment remains an important foundation to the continued growth of LaSalle's business. In addition, we expect continued investments by JLL Spark venture funds.

See Note 6, Investments in Real Estate Ventures, in the Notes to Condensed Consolidated Financial Statements for additional information on our investment activity.

## **Share Repurchase and Dividend Programs**

On October 31, 2019, our Board of Directors approved a new share repurchase program (the "Program") authorizing the repurchase of up to \$200 million of our common stock in the open market and privately negotiated transactions. During the three months ended September 30, 2020 we repurchased approximately 258,000 shares for \$25.0 million; during the nine months ended September 30, 2020 we repurchased nearly 446,000 shares for \$50.0 million. As of September 30, 2020, \$150.0 million remained authorized for repurchases under the Program. There were no shares repurchased in 2019.

## **Capital Expenditures**

Net capital additions for the nine months ended September 30, 2020 and 2019, were \$112.5 million and \$131.1 million, respectively. Our capital expenditures in 2020 were primarily for software, computer-related hardware, and improvements to leased office spaces.

In addition, net capital additions made by consolidated VIEs in which we held no equity interest for the nine months ended September 30, 2020 and 2019, were \$10.2 million and \$67.6 million, respectively, primarily to acquire real estate (net of real estate sales).

## **Business Acquisitions**

During the nine months ended September 30, 2020, we completed no new acquisitions and paid \$58.5 million for deferred business acquisition and earn-out obligations related to acquisitions completed in prior years, which are primarily reflected in cash flows from financing activities. During the nine months ended September 30, 2019, we paid \$789.2 million for business acquisitions, predominantly relating to the acquisition of HFF in the third quarter of 2019, and \$59.9 million for deferred business acquisition and earn-out obligations related to acquisitions completed in prior years.

Terms for many of our past acquisitions have typically included cash paid at closing with provisions for additional deferred consideration and earn-out payments subject to certain contract requirements, including the passage of time and performance, respectively. Deferred business acquisition obligations totaled \$37.2 million as of September 30, 2020. These obligations represent the current discounted values of payments due to sellers of businesses for which our acquisition had been completed as of the balance sheet date and for which the only remaining condition on those payments is the passage of time. As of September 30, 2020, we had the potential to make earn-out payments for a maximum of \$221.3 million on 42 completed acquisitions subject to the achievement of certain performance conditions. Refer to Note 5, Business Combinations, Goodwill and Other Intangible Assets, in the Notes to the Condensed Consolidated Financial Statements for further information on Business Acquisitions.

We will continue to consider acquisitions that we believe will strengthen our market position, increase our profitability, and supplement our organic growth.

## **Repatriation of Foreign Earnings**

Based on our historical experience and future business plans, we do not expect to repatriate our foreign-sourced earnings to the United States. We believe our policy of permanently investing earnings of foreign subsidiaries does not significantly impact our liquidity. As of September 30, 2020 and December 31, 2019, we had total cash and cash equivalents of \$440.0 million and \$451.9 million, respectively, of which approximately \$351.7 million and \$385.4 million, respectively, was held by foreign subsidiaries.

## **Restricted Net Assets**

We face regulatory restrictions in certain countries that limit or prevent the transfer of funds to other countries or the exchange of the local currency to other currencies. However, we generally face no such restrictions with regard to the use or application of funds for ordinary course business activities within such countries. The assets of these countries aggregated to approximately 4% and 5% of our total assets as of September 30, 2020 and December 31, 2019, respectively.

## **Off-Balance Sheet Arrangements**

We have unfunded capital commitments to investment vehicles and direct investments for future co-investments, totaling a maximum of \$338.8 million as of September 30, 2020. See our discussion of unfunded commitments in Note 6, Investments in Real Estate Ventures, in the Notes to Condensed Consolidated Financial Statements.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This report, including this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains "forward-looking statements" within the meaning of the federal securities laws. All such statements are qualified by this cautionary note, which is provided pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may also be included in our other public filings, press releases, our website, and oral and written presentations by management.

Statements in the future tense, and all statements accompanied by terms such as "believe," "project," "expect," "estimate," "assume," "intend," "anticipate," "target," "plan" and variations thereof and similar terms, are intended to be forward-looking statements. Such statements relate to our intent, belief and current expectations about our strategic direction, prospects and future results, and give our current expectations or forecasts of future events, including, but not limited to, our expectations regarding the potential impact of the COVID-19 outbreak and global pandemic; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made.

Forward-looking statements are subject to certain risks, uncertainties, assumptions, and other factors that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. Some of these risks, uncertainties, assumptions, and other factors are described in our Annual Report on Form 10-K for the year ended December 31, 2019 in Part I, Item 1A. Risk Factors and in our Quarterly Report on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, and may also be described from time to time in our subsequent filings with the Securities and Exchange Commission. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake to update any forward-looking statements to reflect events, circumstances, developments, changes in expectations or the occurrence of unanticipated events after the date of those statements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk****MARKET AND OTHER RISK FACTORS****Interest Rates**

We assess interest rate sensitivity to estimate the potential effect of rising short-term interest rates on our variable-rate debt. If short-term interest rates were 50 basis points higher during 2020 on our variable-rate debt, our results would reflect an increase of \$3.8 million to Interest expense, net of interest income, for the nine months ended September 30, 2020.

**Foreign Exchange**

The following outlines the significant functional currencies of our revenue, highlighting where exposure to movements in foreign exchange impact our operations in international markets.

|                                           | Nine Months Ended September 30, |      |
|-------------------------------------------|---------------------------------|------|
|                                           | 2020                            | 2019 |
| British Pound                             | 8%                              | 9%   |
| Euro                                      | 8                               | 8    |
| Other                                     | 26                              | 27   |
| Revenue exposed to foreign exchange rates | 42%                             | 44%  |
| United States Dollar                      | 58                              | 56   |
| Total Revenue                             | 100%                            | 100% |

To show the impact foreign currencies have on our results of operations, we present the change in local currency for revenue and operating expenses on a consolidated basis and by operating segment in Management's Discussion and Analysis of Financial Condition and Results of Operations included herein. For additional detail of the impact of foreign exchange rates on our results of operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations included herein.

We enter into forward foreign currency exchange contracts to manage currency risks associated with intercompany lending and cash management practices. See Note 8, Fair Value Measurements, for further discussion of our forward contracts.

**Item 4. Controls and Procedures**

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

Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures were effective as of the end of the period covered by this report. There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Part II. Other Information****Item 1. Legal Proceedings**

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

**Item 1A. Risk Factors**

There have been no material changes to our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table provides information about our purchases of equity securities that are registered by us pursuant to Section 12 of the Exchange Act during the quarter ended September 30, 2020:

| Period                                 | Total number of<br>shares purchased | Weighted average price<br>paid per share | Total number of<br>shares purchased as<br>part of publicly<br>announced plan | Approximate dollar<br>value of shares that may<br>yet be purchased under<br>the plan (in millions) |
|----------------------------------------|-------------------------------------|------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| July 1, 2020 - July 31, 2020           | —                                   | \$ —                                     | —                                                                            | \$ 175.0                                                                                           |
| August 1, 2020 - August 31, 2020       | —                                   | \$ —                                     | —                                                                            | \$ 175.0                                                                                           |
| September 1, 2020 - September 30, 2020 | 258,131                             | \$ 96.82                                 | 258,131                                                                      | \$ 150.0                                                                                           |
| <b>Total</b>                           | <b>258,131</b>                      |                                          | <b>258,131</b>                                                               |                                                                                                    |

**Item 6. Exhibits**

| <b>Exhibit Number</b>  | <b>Description</b>                                                                                                                                                            |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">31.1</a> * | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                            |
| <a href="#">31.2</a> * | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                                                            |
| <a href="#">32.1</a> * | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS                | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document         |
| 101.SCH                | Inline XBRL Taxonomy Extension Schema Document                                                                                                                                |
| 101.CAL                | Inline XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                  |
| 101.DEF                | Inline XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                   |
| 101.LAB                | Inline XBRL Taxonomy Extension Label Linkbase Document                                                                                                                        |
| 101.PRE                | Inline XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                 |
| 104                    | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                      |

\*Filed herewith

**Signature**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 2nd day of November, 2020.

JONES LANG LASALLE INCORPORATED

By: /s/ Karen Brennan  
Karen Brennan  
*Chief Financial Officer*  
*(Authorized Officer and Principal Financial Officer)*

**CERTIFICATION**

I, Christian Ulbrich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jones Lang LaSalle Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2020

/s/ Christian Ulbrich

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Christian Ulbrich

Chief Executive Officer and President

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**CERTIFICATION**

I, Karen Brennan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jones Lang LaSalle Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2020

/s/ Karen Brennan

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Karen Brennan  
Chief Financial Officer

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**Certification of Chief Executive Officer Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Jones Lang LaSalle Incorporated (the "Company") on Form 10-Q for the period ending September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christian Ulbrich, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 2, 2020

/s/ Christian Ulbrich

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Christian Ulbrich  
Chief Executive Officer and President

**Certification of Chief Financial Officer Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Jones Lang LaSalle Incorporated (the "Company") on Form 10-Q for the period ending September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Karen Brennan, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 2, 2020

/s/ Karen Brennan

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Karen Brennan  
Chief Financial Officer

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