



JLL

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Ambitions*

Supplemental Information

2nd Quarter 2018 Earnings Call

August 8, 2018

Global market overview

Q2 2018 Macro-economic operating environment

- Global economic growth continues despite recent equity market volatility and escalating trade friction
- Global growth expected to reach 3.8% this year, a slight increase on a robust 2017
- Central Banks continue move toward interest rate normalization; Bank of England rate increase likely
- U.S. growth firm in face of trade tensions and rising interest rates; tax stimulus and domestic demand boost growth
- European sentiment weakens and growth decelerates
- Asia Pacific steady despite trade tensions continuing to spur volatility

2018 Global real estate outlook



- Stable fundamentals supported by economic growth, significant capital availability and relatively low interest rates
- Investment volumes outlook upgraded to flat in 2018 given strong first half
- Continued robust leasing demand driven by economic growth; vacancy rate remains below long-term average

Notes:

- Source: JLL Research, August 2018
- Leasing, vacancy, rental and capital value projections relate to the office sector

Consolidated financial results

Q2 2018 Highlights

\$1.5B

**Fee
revenue**

\$194M

**Adjusted
EBITDA**

\$2.26

**Adjusted
diluted EPS**

- Healthy consolidated fee revenue growth
 - Real Estate Services fee revenue reflects strength in Americas transactional businesses and continued Corporate Solutions momentum
 - LaSalle growth driven by strong incentive fee performance in Asia Pacific
- Adjusted EBITDA margin performance reflects:
 - Organic margin expansion, particularly in Americas transactional businesses
 - Continued investment into digital capabilities
- Extended credit facility maturity with improved pricing to support growth strategy
- LaSalle announced a double acquisition from [Aviva Investors](#) to position LaSalle in top five global non-listed indirect real estate investment managers
- Launched [JLL Spark Global Venture Fund](#) to invest up to \$100M over next several years into companies that aim to transform the real estate industry through technology
- JLL's [Blackbird](#) proptech application secures U.S. patent that enables clients to view 3-D property renderings based on key real estate and demographic data



Notes:

- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures

Q2 2018 Real Estate Services fee revenue

(\$ in millions; % change over QTD Q2 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$412.8	9%	9%	\$69.7	7%	—%	\$55.3	11%	9%	\$537.8	9%	8%
Capital Markets	\$116.0	18%	18%	\$84.1	(9)%	(15)%	\$43.4	26%	23%	\$243.5	8%	5%
Property & Facility Management	\$108.1	13%	9%	\$100.4	26%	19%	\$69.0	(4)%	(5)%	\$277.5	12%	8%
Project & Development Services	\$90.8	11%	11%	\$68.7	33%	24%	\$37.2	25%	23%	\$196.7	20%	18%
Advisory, Consulting & Other	\$40.5	31%	44%	\$65.4	13%	7%	\$46.4	20%	18%	\$152.3	20%	19%
Total	\$768.2	12%	12%	\$388.3	12%	5%	\$251.3	12%	10%	\$1,407.8	12%	10%

Note: Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures

n.m. – not meaningful as represented by a percentage change of greater than 100%, favorably or unfavorably



YTD Q2 2018 Real Estate Services fee revenue

(\$ in millions; % change over YTD Q2 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$706.1	6%	6%	\$126.7	12%	3%	\$90.1	13%	10%	\$922.9	7%	6%
Capital Markets	\$224.2	12%	12%	\$168.1	13%	3%	\$72.4	15%	13%	\$464.7	13%	9%
Property & Facility Management	\$218.3	14%	12%	\$187.6	18%	8%	\$136.8	—%	(2)%	\$542.7	11%	7%
Project & Development Services	\$169.7	7%	7%	\$133.6	43%	30%	\$67.1	23%	20%	\$370.4	21%	17%
Advisory, Consulting & Other	\$73.4	23%	30%	\$122.7	19%	10%	\$79.3	12%	9%	\$275.4	18%	15%
Total	\$1,391.7	9%	9%	\$738.7	20%	9%	\$445.7	10%	7%	\$2,576.1	12%	9%

Note: Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures

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JLL Capital Markets & Leasing performance

Capital Markets	QUARTERLY		YTD PERFORMANCE		FULL YEAR	
	Q2 2018		Year-to-Date 2018		2018	
	Actual	Research	Actual	Research	Current Forecast	Prior Forecast
	JLL Revenue	Market Volume	JLL Revenue	Market Volume	Market Volume	Market Volume
	USD	USD	USD	USD	USD	USD
Americas	18%	—%	12%	9%	Flat	(12)%
EMEA	(9)%	11%	13%	9%	(5)%	(10)%
Asia Pacific	26%	26%	15%	29%	15%	5%
Total	8% 	10% 	13% 	13% 	Flat ↔	(5 - 10%) 
Leasing	QUARTERLY		YTD PERFORMANCE		FULL YEAR	
	Q2 2018		Year-to-Date 2018		2018	
	Actual	Research	Actual	Research	Current Forecast	Prior Forecast
	JLL Revenue	Gross Absorption	JLL Revenue	Gross Absorption	Gross Absorption	Gross Absorption
	Local Currency	Square Feet	Local Currency	Square Feet	Square Feet	Square Feet
Americas	9%	14%	6%	10%	0 - 5%	Flat
EMEA	—%	5%	3%	6%	(0 - 5%)	(5-10%)
Asia Pacific	9%	45%	10%	29%	0 - 5%	Flat
Total	8% 	15% 	6% 	11% 	Flat ↔	Flat to down 5% 

Notes:

- Source: JLL Research, August 2018
- Capital Markets market research volumes reflect investment sales excluding multi-family assets. JLL Capital Markets revenue includes investment sales, debt financing and other advisory services across all asset types



Consolidated adjusted EBITDA margin performance

LaSalle

Increased incentive fees

Positive organic contribution

Americas transactional performance partially offset by EMEA

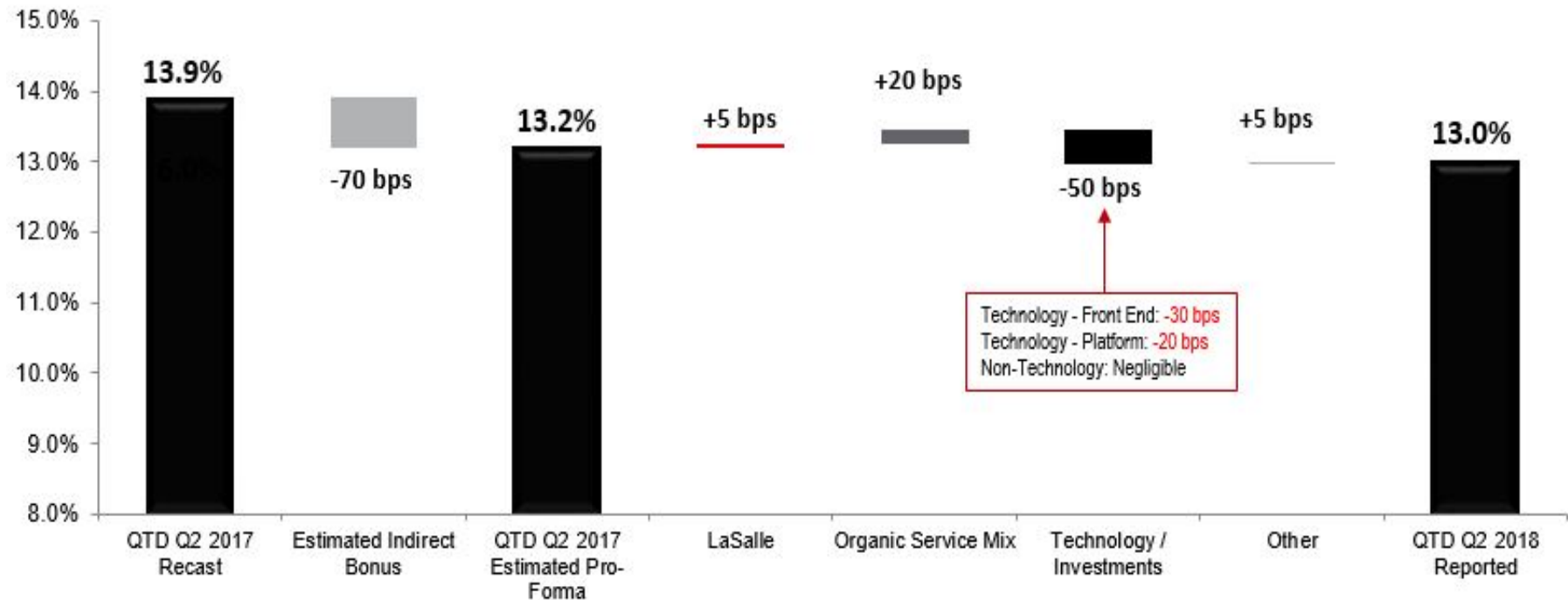
Technology

Continued planned strategic investments

Other

Various discrete items

Q2 2018 Consolidated Adjusted EBITDA Margin



Notes:

- LaSalle assumes ~40% margin on Transaction and Incentive Fees and ~90% margin on equity earnings
- All margin percentage references are on a fee revenue basis and in USD; basis points (bps) are approximated
- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures



Balance sheet & cash flow

Cash Use (\$ in millions)	H1 2018	H1 2017
M&A (Including deferred) ⁽¹⁾	\$52	\$42
Co-investment ⁽²⁾	(7)	—
Dividends	19	16
Capital Expenditures ⁽³⁾	71	63
Total	\$135	\$121

Balance Sheet (\$ in millions)	Q2 2018	Q2 2017
Cash and Cash Equivalents	\$293	\$250
Short Term Borrowings	93	69
Credit Facility ⁽⁴⁾	415	675
Net Bank Debt	\$215	\$494
Long Term Senior Notes ⁽⁴⁾	684	674
Deferred Business Acquisition Obligations	73	99
Total Net Debt	\$972	\$1,267
Net Debt /Adjusted TTM EBITDA ⁽⁵⁾	1.2x	2.0x

Highlights

Investment Grade Ratings

Moody's: Baa1 (Stable)
S&P: BBB+ (Stable)

- S&P upgrade to BBB+ reflects financial strength and continued leverage reduction

\$2.75B Credit Facility

Maturity in May 2023

- Extended credit facility maturity to May 2023 and improved pricing

Senior Notes

€350M 10 & 12 year
\$275M 10 year

- \$295M net debt reduction since Q2 2017 driven by improved working capital efforts
- Cash use reflects disciplined approach to M&A and CapEx



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

(2) Capital contributions are offset by distributions of capital, and include amounts contributed to consolidated less than wholly-owned investments. Excludes distributions from earnings

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

(4) Principal balances shown exclude debt issuance costs of \$20M and \$22M for Q2 2018 and Q2 2017, respectively

(5) Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures . Q2 2017 Net Debt/Adjusted TTM EBITDA does not reflect ASC 606 recast

Segment Details

Americas financial summary

Q2 2018 Highlights

\$768M

Fee
revenue

\$128M

Adjusted
EBITDA

16.7%

Adjusted
EBITDA
margin

YTD Q2 2018 Highlights

\$1.4B

Fee
revenue

\$196M

Adjusted
EBITDA

14.1%

Adjusted
EBITDA
margin

Q2 2018 Highlights

- Revenue growth led by transactional businesses
 - Strong capital markets performance specifically related to debt placement
 - Northwest, New York and Mid-Atlantic markets drive leasing growth reflecting execution of several large leasing transactions
- Adjusted EBITDA margin expansion reflects:
 - Strong organic contribution from transactional growth, partially offset by
 - Continued planned strategic technology investments



Notes:

- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin
- Refer to page 21 for additional Adjusted EBITDA margin detail

EMEA financial summary

Q2 2018 Highlights

\$388M

Fee
revenue

\$11M

Adjusted
EBITDA

2.9%

Adjusted
EBITDA
margin

YTD Q2 2018 Highlights

\$739M

Fee
revenue

\$4M

Adjusted
EBITDA

0.5%

Adjusted
EBITDA
margin

Q2 2018 Highlights

- Revenue expansion led by Property & Facility Management and Project & Development Services
 - Capital Markets lower in UK and Germany due to deal timing
- Adjusted EBITDA margin reflects:
 - Shift in service mix due to annuity, transaction and compensation timing
 - Increased strategic technology and people investments



Notes:

- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin
- Refer to page 21 for additional Adjusted EBITDA margin detail

Asia Pacific financial summary

Q2 2018 Highlights

\$251M

Fee
revenue

\$30M

Adjusted
EBITDA

12.0%

Adjusted
EBITDA
margin

YTD Q2 2018 Highlights

\$446M

Fee
revenue

\$35M

Adjusted
EBITDA

7.9%

Adjusted
EBITDA
margin

Q2 2018 Highlights

- Revenue growth led by Capital Markets and Advisory, Consulting and Other
 - Healthy Capital Markets investment sales performance in Japan and Singapore; balanced performance across the region
 - Advisory, Consulting and Other strength, particularly in China valuations business
- Adjusted EBITDA margin reflects:
 - Strong organic operating performance
 - Disciplined cost management



Notes:

- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin
- Refer to page 21 for additional Adjusted EBITDA margin detail

LaSalle Investment Management results

Q2 2018 Highlights

\$86M
Fee
Revenue

\$24M
Adjusted
EBITDA

28.5%
Adjusted
EBITDA
margin

- Strong revenue growth driven by incentive fees performance in Asia Pacific
- Adjusted EBITDA margin decline primarily reflects lower equity earnings
- AUM up 2% with acquisitions, valuation and foreign exchange increases offset partially by dispositions and withdrawals

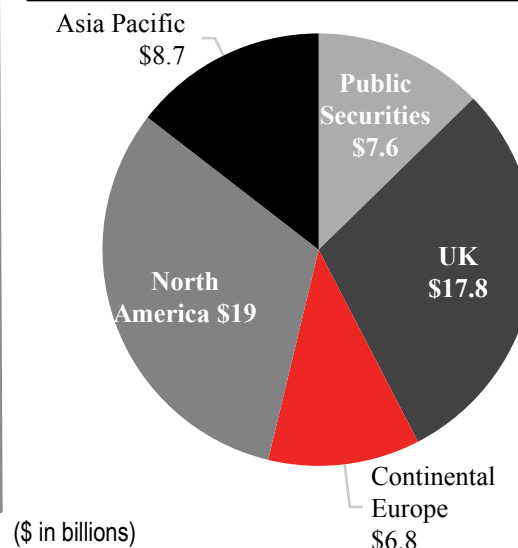
Q2 2018 AUM Highlights

\$60B
AUM

\$1.2B
Capital
raised

\$8B
Dry
powder

Assets Under Management By geography & type



58%
Separate accounts

29%
Fund management

13%
Public securities



Notes:

- AUM data reported on a one-quarter lag
- Pie chart breakout based on real estate investment location
- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin

2018 Operating framework

2018 JLL Priorities

- Leverage Corporate Solutions platform to drive profitable growth
- Broaden Capital Markets capabilities across capital stack
- Drive differentiation through technology
- Focus capital allocation strategy on transformational growth
- Continue working capital focus to generate cash flow
- Accelerate platform transformation as part of planned multi-year implementation
- Deliver Adjusted EBITDA margin range of 12-14% on a recast basis



Notes:

- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures
- Adjusted EBITDA margin range reflects impact of ASC 606 implementation and fee revenue definition change

Appendix

Currency overview

Currency EPS impact

- Minimal EPS Impact in YTD 2018 largely attributable to a higher mix of USD profits

Currency EPS Impact	
Favorable/(Unfavorable)	
Q1 2018	0.01
Q2 2018	0.02
YTD 2018	0.03

Currency exchange rate summary

	Q2			Spot
	2018	2017	% Change	8/1/2018
GBP £	1.36	1.28	6%	1.31
EUR €	1.18	1.12	5%	1.17
AUD \$	0.75	0.75	—%	0.74
JPY ¥	109	111	2%	111
CNY ¥	6.39	6.73	5%	6.82

Notes:

- Average rates calculated based on daily weighted activity in the quarter

Prime Offices - Capital Value Clock

The JLL Property ClocksSM

Q2 2017



Q2 2018



Americas EMEA Asia Pacific

Prime Offices - Rental Clock

The JLL Property ClocksSM

Q2 2017



Q2 2018



Americas EMEA Asia Pacific



Notes:

- Based on notional capital values for Grade A space in CBD or equivalent
- Source: JLL Research, August 2018. The JLL Property ClocksSM

Q2 2018 business wins

	Corporate Solutions	Capital Markets	Leasing & Management
Americas	Purdue University LifeCare Management Services Rush University Medical Center	646 11th Avenue, New York 175 West Jackson, Chicago 5 Bryant Park, New York	Park Tower at Transbay, San Francisco ATL1 Data Center, Alpharetta
EMEA	Moody's Corporation Astra Zeneca Plc	Stockman plc, Helsinki Atrium European Real Estate, Bucharest IV Polar Oy Portfolio, Helsinki	Vente Privee, Tarragona TMG, Egypt Swiss Prime, Zurich
Asia Pacific	AUO Factories, Taiwan HCL Technologies, India Accenture portfolio, Philippines	Accor Hotels, Australia Landmark Tower, Singapore	Unionsun Group, Chengdu IGIS, Republic of Korea Taiping Financial Centre, Beijing

Q2 2018 fee revenue growth drivers

	YoY Growth USD	M&A Contribution	Organic Growth	Currency Impact
Americas	12%	—%	12%	—%
EMEA	12%	—%	5%	7%
APAC	12%	—%	10%	2%
LaSalle	27%	—%	24%	3%
Consolidated	13%	—%	10%	3%

Supplemental EBITDA margin information

The below tables are intended to aid comparability of 2017 to future periods by showing, on a pro forma basis, the estimated changes in indirect bonus expense that would have been recorded in conjunction with the changes in pre-tax earnings from the revenue timing changes associated with the ASC 606 adoption

	Q2 2017			Q2 2018
	Non-GAAP Adjusted EBITDA Margin % Recast	Estimated Indirect Bonus	Non-GAAP Adjusted EBITDA Margin % Estimated Pro Forma	Non-GAAP Adjusted EBITDA Margin % Reported
Americas	16.5%	(-120 bps)	15.3%	16.7%
EMEA	6.1%	(-10 bps)	6.0%	2.9%
APAC	12.3%	(-70 bps)	11.6%	12.0%
LaSalle	33.7%	-	33.7%	28.5%
Consolidated	13.9%	(-70 bps)	13.2%	13.0%

	YTD 2017			YTD 2018
	Non-GAAP Adjusted EBITDA Margin % Recast	Estimated Indirect Bonus	Non-GAAP Adjusted EBITDA Margin % Estimated Pro Forma	Non-GAAP Adjusted EBITDA Margin % Reported
Americas	13.4%	(-50 bps)	12.9%	14.1%
EMEA	0.1%	-	0.1%	0.5%
APAC	9.5%	(-50 bps)	9.0%	7.9%
LaSalle	28.2%	-	28.2%	33.6%
Consolidated	10.3%	(-30 bps)	10.0%	10.9%

Notes:

- Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures

- U.S. Dollar Adjusted EBITDA Margin

Many of our bonus plans are influenced by changes in earnings. The calculations above reflect estimated indirect bonus earned by employees at a rate of 40% of incremental pre-tax earnings, which we believe approximates historical results across our company



Q2 2018 Real Estate Services GAAP revenue

(\$ in millions; % change over QTD Q2 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$422.9	9%	9%	\$72.9	9%	3%	\$58.1	13%	12%	\$553.9	9%	8%
Capital Markets	\$117.8	13%	12%	\$89.9	(7)%	(13)%	\$50.3	39%	36%	\$258.0	9%	6%
Property & Facility Management	\$1,258.4	14%	14%	\$392.3	17%	11%	\$541.6	7%	6%	\$2,192.3	13%	12%
Project & Development Services	\$274.5	4%	4%	\$220.8	38%	29%	\$114.1	4%	2%	\$609.4	14%	11%
Advisory, Consulting & Other	\$78.9	13%	13%	\$70.7	13%	7%	\$48.8	20%	17%	\$198.4	14%	12%
Total	\$2,152.5	11%	12%	\$846.6	17%	11%	\$812.9	9%	8%	\$3,812.0	12%	11%

Note: Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures

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YTD Q2 2018 Real Estate Services GAAP revenue

(\$ in millions; % change over YTD Q2 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$727.4	6%	6%	\$131.8	14%	4%	\$95.9	17%	14%	\$955.1	8%	6%
Capital Markets	\$228.8	12%	12%	\$179.2	15%	4%	\$82.7	26%	23%	\$490.7	15%	11%
Property & Facility Management	\$2,441.9	13%	14%	\$742.6	16%	7%	\$1,061.4	11%	8%	\$4,245.9	13%	11%
Project & Development Services	\$544.1	(2)%	(2)%	\$443.4	47%	32%	\$201.1	7%	4%	\$1,188.6	14%	9%
Advisory, Consulting & Other	\$151.3	15%	14%	\$133.2	19%	10%	\$83.1	11%	8%	\$367.6	15%	11%
Total	\$4,093.5	10%	10%	\$1,630.2	23%	12%	\$1,524.2	11%	9%	\$7,247.9	13%	10%

Note: Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures

n.m. – not meaningful as represented by a percentage change of greater than 100%, favorably or unfavorably

Fee revenue / fee-based operating expenses reconciliation

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 3,903.7	\$ 3,470.3	\$ 7,458.9	\$ 6,588.0
Reimbursements	(1,740.4)	(1,595.8)	(3,404.5)	(3,097.2)
Revenue before reimbursements	2,163.3	1,874.5	4,054.4	3,490.8
Gross contract costs	(668.5)	(543.5)	(1,275.4)	(1,038.5)
Net non-cash MSR and mortgage banking derivative activity	(1.3)	(6.7)	(4.0)	(4.0)
Fee revenue	\$ 1,493.5	\$ 1,324.3	\$ 2,775.0	\$ 2,448.3
Operating expenses	\$ 3,753.9	\$ 3,339.5	\$ 7,255.3	\$ 6,441.8
Reimbursed expenses	(1,740.4)	(1,595.8)	(3,404.5)	(3,097.2)
Gross contract costs	(668.5)	(543.5)	(1,275.4)	(1,038.5)
Fee-based operating expenses	\$ 1,345.0	\$ 1,200.2	\$ 2,575.4	\$ 2,306.1
Operating income	\$ 149.8	\$ 130.8	\$ 203.6	\$ 146.2
Restructuring and acquisition charges	(11.1)	5.4	(10.4)	9.9
Net non-cash MSR and mortgage banking derivative activity	(1.3)	(6.7)	(4.0)	(4.0)
Amortization of acquisition-related intangibles	7.3	8.0	14.6	15.6
Adjusted operating income	\$ 144.7	\$ 137.5	\$ 203.8	\$ 167.7



Note: Restructuring and acquisition charges, Mortgage servicing rights (MSRs) - net non-cash activity, and Amortization of acquisition-related intangibles are excluded from adjusted operating income margin

Reconciliation of GAAP Net Income to Adjusted Net Income and Diluted Earnings Per Share

(\$ in millions except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net income attributable to common shareholders	\$ 107.8	\$ 94.3	\$ 148.1	\$ 101.5
Shares (in 000s)	45,951	45,782	45,922	45,728
GAAP diluted earnings per share	\$ 2.35	\$ 2.06	\$ 3.23	\$ 2.22
GAAP net income attributable to common shareholders	\$ 107.8	\$ 94.3	\$ 148.1	\$ 101.5
Restructuring and acquisition charges	(11.1)	5.4	(10.4)	9.9
Net non-cash MSR and mortgage banking derivative activity	(1.3)	(6.7)	(4.0)	(4.0)
Amortization of acquisition-related intangibles, net	7.3	8.0	14.6	15.6
Tax impact of adjusted items	1.2	(1.6)	(0.1)	(6.6)
Adjusted net income	\$ 103.9	\$ 99.4	\$ 148.2	\$ 116.4
Shares (in 000s)	45,951	45,782	45,922	45,728
Adjusted diluted earnings per share⁽¹⁾	\$ 2.26	\$ 2.17	\$ 3.23	\$ 2.55



(1) Calculated on a local currency basis, the results for the three and six months ended 2018 include a \$0.02 and \$0.03 favorable impact, due to foreign exchange rate fluctuations

Reconciliation of GAAP Net Income attributable to common shareholders to Adjusted EBITDA

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net income attributable to common shareholders	\$ 107.8	\$ 94.3	\$ 148.1	\$ 101.5
Interest expense, net of interest income	14.3	14.6	28.1	27.6
Provision for income taxes	37.6	35.8	51.1	37.1
Depreciation and amortization	46.3	41.2	88.4	80.5
EBITDA	\$ 206.0	\$ 185.9	\$ 315.7	\$ 246.7
Restructuring and acquisition charges	(11.1)	5.4	(10.4)	9.9
Net non-cash MSR and mortgage banking derivative activity	(1.3)	(6.7)	(4.0)	(4.0)
Adjusted EBITDA	\$ 193.6	\$ 184.6	\$ 301.3	\$ 252.6
Net income margin attributable to common shareholders	5.0%	5.0%	3.7%	2.9%
Adjusted EBITDA margin (presented on a local currency basis)	13.1%	13.9%	11.1%	10.3%



Adjusted EBITDA attributable to common shareholders ("Adjusted EBITDA") represents EBITDA attributable to common shareholders ("EBITDA") further adjusted for certain items we do not consider directly indicative of our ongoing performance in the context of certain performance measurements

Non-GAAP Measures

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

- (i) Fee revenue and Fee-based operating expenses,
- (ii) Adjusted operating income,
- (iii) Adjusted EBITDA and Adjusted EBITDA margin,
- (iv) Adjusted net income and Adjusted diluted earnings per share, and
- (v) Percentage changes against prior periods, presented on a local currency basis.

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

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

Gross Contract Costs Certain costs associated with client-dedicated employees and third-party vendors and subcontractors ("gross contract costs") are indirectly reimbursed through the management fee the company receives. These costs are presented on a gross basis in Revenue before reimbursements and Operating expenses. However, as the company generally earns little to no margin on such costs, excluding gross contract costs from both Fee revenue and Fee-based operating expenses more accurately reflects how the company manages its expense base and operating margins and better aligns performance assessment between fixed-price and gross contracts.

Effective January 1, 2018, the company adopted ASC Topic 606, Revenue from Contracts with Customers, ("ASC 606") and changed its definition of fee non-GAAP fee revenue. The adoption of ASC 606, together with the continued changes in our business mix, prompted the company to expand the types of costs excluded from the calculation of the non-GAAP measure "Fee revenue." Specifically, the drivers were (i) the increase in compensation and benefits associated with client-dedicated personnel presented on a gross basis and (ii) the expansion of annuity businesses engaged to provide outsourced services to clients.

The most notable change is the inclusion of compensation and benefits associated with client dedicated employees in gross contract costs. In addition, the previous calculation of gross contract costs applied to only Project & Development Services and Property & Facility Management but now applies to all service lines and businesses. The largest impacts of the change to the company's definition of fee revenue are within Project & Development Services and Property & Facility Management.

Non-GAAP Measures

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

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

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

Percentage Variances—Local Currency

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

Cautionary note regarding forward-looking statements

Statements in this news release regarding, among other things, future financial results and performance, achievements, plans and objectives, and dividend payments may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, achievements, plans and objectives, and dividend payments to be materially different from those expressed or implied by such forward-looking statements. For additional information concerning risks, uncertainties, and other factors that could cause actual results to differ materially from those anticipated in forward-looking statements, and risks to our business in general, please refer to those factors discussed under “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Quantitative and Qualitative Disclosures about Market Risk,” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2017, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, and in other reports filed with the Securities and Exchange Commission (the “SEC”). Any forward-looking statements speak only as of the date of this release, and except to the extent required by applicable securities laws, we expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements contained herein to reflect any change in our expectations or results, or any change in events.

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Thank you